GENOR BIOPHARMA

嘉和生物藥業(開曼)控股有限公司

GENOR BIOPHARMA HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code: 6998

2023

Annual Report

CONTENTS

COMPANY PROFILE

OUR MISSION

Our mission is to become a biopharmaceutical engine in discovery, research, development, manufacturing and commercialisation of innovative therapeutics initially for patients in China and gradually for patients globally.

OVERVIEW

Founded in 2007, the Group has operated for over 15 years. The Group has been striving to "provide innovative therapeutics initially for patients in China and gradually for patients globally". Since our inception in 2007, we have been strategically focused on major therapeutic areas with substantial unmet medical needs in oncology, autoimmune and other chronic diseases.

In 2023, the Group has adhered to the development strategy of "focus, optimization, acceleration, expansion", and run its business with high efficiency, created opportunities and sought for room of development amid the complicated and extremely challenging economic environment.

During the Reporting Period, the Group's core products such as GB491 (Lerociclib), GB261 (CD20/CD3, BsAb) and GB263T (EGFR/cMET/cMET, TsAb) and early-stage developing pipeline products have been exhibited at global industry conferences for several times and have been highly recognised internationally, demonstrating the Group's progress in the pipeline products and early research.

- The research results of the GB491 (Lerociclib) LEONARDA-1 have been presented in the poster discussion session of the Metastatic Breast Cancer session at the 2023 ASCO. The relevant information of LEONARDA-1 was also selected by ASCO for the ASCO Daily Release, which fully demonstrated the differentiated advantages in terms of efficacy and safety of GB491 (Lerociclib).

- At the annual meeting of the 65th American Society of Hematology (ASH) held from 9 to 12 December 2023, the Group presented the preliminary clinical safety and efficacy results of phase I/II study of GB261 (CD20/CD3, BsAb) led by Beijing Cancer Hospital in the poster discussion session.

- On 1 December 2023, the Group published preliminary dose escalation results from a phase I/II study of GB263T, the first EGFR/cMET/cMET trispecific antibody, on Molecular Cancer Therapeutics on AACR journal.

- From 1 to 5 November 2023, the Company also participated at the 38th Annual Meeting of The SITC in 2023, and shared research data of two innovative drug molecules in the poster discussion session.

On 28 March 2023, the NMPA officially accepted the NDA for GB491 (Lerociclib), the Group's core product, in combination with Fluvestran as the treatment of HR+/HER2 – locally advanced or metastatic breast cancer patients with disease progression following previous endocrine therapy. As at the date of this annual report, the relevant clinical on-site inspection has been completed.

In addition, the efficacy data analysis of phase III clinical trial for the first line advanced breast cancer of Lerociclib (GB491) has reached the primary endpoint. The Company submitted the NDA to the NMPA officially on 28 February 2024. The NMPA has officially accepted the application on 13 March 2024.

In terms of the highly differentiated bi-specific/multi-specific antibody products, phase I/II clinical trial of the Group's GB261 (CD20/CD3, BsAb) and GB263T (EGFR/cMET/cMET, TsAb) have completed dose escalation. Not only are we achieving faster progress than our peers, but we are also validating the highly differentiated advantages of these two products.

During the Reporting Period, the Group has carried out further optimization and suspension of the production and operation in our plant at Yuxi, Yunan. In terms of early-stage research and development, the Group focused on molecules with potential to be the global FIC and BIC products featuring with the best potential to become clinically beneficial and commercially viable drugs. Currently, five PCC molecules have been developed, all of which are the FIC/BIC bi-specific/multi-specific antibody projects. Abstracts of two of tri-specific antibody molecules have been accepted for publication at the 2024 Annual Meeting of the AACR, and one project has entered the IND enabling stage.

Through paralleled efforts in origin innovation and strategic cooperation, the Company is committed to developing its global innovation and actively expanding external cooperation in various aspects such as early-stage research and development and commercialisation. Recently, the Group has entered into a technology transfer agreement with Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd ("**Zhongmei Huadong**"), under which an antibody drug and related IP rights of the Group were transferred to Zhongmei Huadong.

The Shareholders possess abundant resources and industry expertise, including global and Chinese biotechnology-focused specialist funds and biopharma platforms experienced in supporting and developing biopharmaceutical companies. The core management team members of the Group have more than 20 years of industry experience on average with a proven track record and a well-balanced combination of expertise spanning research and discovery, clinical development, manufacturing, registration affairs and financing.

With a clear objective and strategy, the passion and motivation to tackle difficulties and its profound expertise accumulated, the Company has achieved rapid progress in key projects during the Reporting Period, which not only allowed it to become an industry leader in many areas, but also laid a solid foundation for the consequent achievements.

COMPANY PROFILE

THE GROUP'S DRUG CANDIDATES

As at the date of this annual report, the Group has built up rich innovative drug candidates pipelines. Relying on the highly specialised departments and the close collaboration between different departments, the Company accelerates the application for clinical trials of pipeline innovative drugs and rapidly advances clinical progress, including focusing on Chinese and Asia Pacific products.

PRODUCT PIPELINE

The following chart shows our robust pipeline of drug candidates that are currently under development in China and worldwide across various therapeutic areas and the development status of antibody drug candidates in clinical stage as at the date of this annual report:

Product	Target/MoA (reference drug)	Indication	Classification	Commercial Rights	Discovery	Pre-Clinical	IND Enabling	Phase I	Phase II	Phase III	NDA
GB491 (Lerociclib)	CDK4/6+AI (combo w/ letrozole)	1L HR+/HER2-BC	Novel (In-license)	APAC, ex-JP [1]							
	CDK4/6+SERD (combo w/ fulvestrant)	2L HR+/HER2-BC									
	CDK4/6+EGFR (combo w/ osimertinib)	EGFR-Mutant NSCLC						By G1 Therapeutics			
GB261	CD20×CD3	NHL	Novel (In-house)	Worldwide				Phase I/II			
GB263T	EGFRxc-Metxc-Met	NSCLC	Novel (In-house)	Worldwide				Phase I/II			
GB242 (Infliximab)	TNF-α	RA, AS, Ps, CD, UC	Biosimilar (In-house)	Worldwide					NDA Approved		
GB226 (Geptanolimab)	PD-1	2L+ Cervical Cancer	Novel (In-license)	China							
		ASPS									
		r/r PMBCL									
	PD-1+VEGFR (combo w/ fruquintinib)	2L/3L+ EGFR+ NSCLC									
		2L+ mCRC									
GB492 (IMSA101)	PD-1 (combo w/ GB226^)+STING	Solid Tumours	Novel (In-license)	APAC ex-JP [2]							
								By ImmuneSensor Therapeutics			
GB221 (Coprelotamab)	HER2	HER2+ 1L/2L+ mBC	Novel (In-house)	Worldwide							
GB223	RANKL	GCTB, PMO	Novel (Co-develop)	Worldwide							
GB241 (Rituximab)	CD20 (rituximab)	1L DLBCL	Biosimilar (In-house)	Co-development							
GB251	HER2 ADC	HER2+ 1L/2L+ mBC	Novel (Co-develop)	Worldwide							
GB262	PD-L1×CD55	Cancers	Novel (In-house)	Worldwide							
GB264	Claudin 18.2×CD3	GI Cancers	Novel (In-house)	Worldwide							
GB266	PD-L1xL.AG3xLAG3	Cancers	Novel (In-house)	Worldwide							
GB267	Undisclosed	Cancers	Novel (In-house)	Worldwide							
GB268	Undisclosed	Cancers	Novel (In-house)	Worldwide							
***	Undisclosed	Cancers	Novel (In-house)	Worldwide							

Notes:

(1) Clinical trials are sponsored by G1 Therapeutics, Inc (NASDAQ: GTHX) ("**G1 Therapeutics**").
(2) Clinical trial is sponsored by ImmuneSensor Therapeutics.
* five undisclosed candidate molecules in discovery stage

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Dr. Guo Feng (郭峰) *(Chief Executive Officer and Chairman of the Board)*

Non-Executive Directors

Dr. Lyu Dong (呂東)
Mr. Chen Yu (陳宇) *(Resigned on 2 January 2024)*
Mr. Yu Tieming (于鐵銘) *(Appointed on 2 January 2024)*
Mr. Liu Yi (劉逸)

Independent Non-Executive Directors

Mr. Zhou Honghao (周宏灝)
Mr. Fung Edwin (馮冠豪)
Mr. Chen Wen (陳文)

AUDIT COMMITTEE

Mr. Fung Edwin (馮冠豪) *(Chairman)*
Mr. Liu Yi (劉逸)
Mr. Zhou Honghao (周宏灝)

COMPENSATION COMMITTEE

Mr. Chen Wen (陳文) *(Chairman)*
Mr. Chen Yu (陳宇) *(Resigned on 2 January 2024)*
Mr. Yu Tieming (于鐵銘) *(Appointed on 2 January 2024)*
Mr. Fung Edwin (馮冠豪)

NOMINATION COMMITTEE

Mr. Chen Wen (陳文) *(Chairman)*
Dr. Lyu Dong (呂東)
Mr. Fung Edwin (馮冠豪)

COMPANY SECRETARY

Mr. Ip Tak Wai (葉德偉)

AUTHORISED REPRESENTATIVES

Mr. Chen Yu (陳宇) *(Resigned on 2 January 2024)*
Mr. Yu Tieming (于鐵銘) *(Appointed on 2 January 2024)*
Mr. Ip Tak Wai (葉德偉)

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and Registered Public Interest Entity Auditor
22/F, Prince's Building
Central, Hong Kong

REGISTERED OFFICE

Maples Corporate Services Limited
PO Box 309, Ugland House
Grand Cayman
KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Room 401-17, Building 6
690 Bibo Road
Pudong New District
Shanghai 201203
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F Manulife Place
348 Kwun Tong Road
Kowloon
Hong Kong

CORPORATE INFORMATION

LEGAL ADVISORS

As to Hong Kong law:
Haiwen & Partners LLP
Suites 1101-1104, 11/F
One Exchange Square
8 Connaught Place
Central, Hong Kong

As to PRC law:
Haiwen & Partners
20/F, Fortune Financial Center
5 Dong San Huan Central Road
Chaoyang District
Beijing 100020
China

As to Cayman Islands law:
Maples and Calder (Hong Kong) LLP
26th Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR

Maples Fund Services (Cayman) Limited
PO Box 1093
Boundary Hall
Cricket Square
KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

JP Morgan Chase Bank N.A.
Hong Kong Branch
228 Queen's Road East
Wanchai
Hong Kong

China Merchants Bank Co., Ltd.
Shanghai Eastern Branch
1192 Century Avenue
Shanghai
PRC

STOCK CODE

6998

COMPANY WEBSITE

www.genorbio.com

FINANCIAL HIGHLIGHTS

- **Total revenue** was nil for the Reporting Period, as compared with approximately RMB15.9 million for the year ended 31 December 2022.

- **Research and development expenses** were approximately RMB564.3 million for the Reporting Period, as compared with approximately RMB583.9 million for the year ended 31 December 2022. The spending was mainly attributable to (i) our new drugs development fee and ongoing clinical trials expenses; (ii) our employee salary and related benefit costs and (iii) raw material and consumables used.

- **Total comprehensive loss** was approximately RMB676.0 million for the Reporting Period, as compared with approximately RMB731.8 million for the year ended 31 December 2022. The decrease was primarily due to the decrease in expenses.

- Under **Non-HKFRS measures**, our adjusted loss(1) was RMB614.3 million for the Reporting Period, as compared with approximately RMB682.2 million for the year ended 31 December 2022.

(1) Adjusted loss is calculated as loss for the years of 2023 and 2022 excluding share-based payment expenses. For details of the reconciliation of the loss for the Reporting Period to the adjusted loss of the Group, please refer to the section headed "Financial Review" in this annual report.

BUSINESS HIGHLIGHTS

During the Reporting Period, we have continued to make remarkable progress in the development of our drug candidates in pipeline and business operations. The major milestones for our pipeline products and corporate achievements are as follows:

GB491 (Lerociclib) – a differential oral CDK4/6 inhibitor which is developed for breast cancer patients with better safety and excellent efficacy

- On 28 March 2023, the NMPA has officially accepted the NDA for GB491 (Lerociclib) in combination with Fluvestran as the treatment of HR+/HER2 – locally advanced or metastatic breast cancer patients with disease progression following previous endocrine therapy. Clinical on-site inspection was completed successfully in the second half of the year of 2023.

- GB491 (Lerociclib) has garnered international recognition at the 2023 ASCO annual meeting, which was successfully held in Chicago from 2 June to 6 June 2023:

    - the research results of the LEONARDA-1 study were announced in the poster discussion session of the Metastatic Breast Cancer session with the title "Phase III randomized study of lerociclib plus fulvestrant in patients with HR+/HER2 – locally advanced or metastatic breast cancer that has progressed on prior endocrine therapy";

    - the data from the Phase III clinical study of LEONARDA-1 were selected by ASCO for the ASCO Daily Release, which was published in the ASCO Daily News Column on its website on 25 May 2023 (EST) with the title "Lerociclib/Fulvestrant May Reduce Risk of Disease Progression in Advanced HR-Positive/ HER2-Negative Breast Cancer";

    - the LEONARDA-1 research report and article cited the views of the lead author Prof. Binghe Xu, MD, PhD, the academician of the Chinese Academy of Engineering, the Head of Medical Oncology at Cancer Hospital affiliated with Chinese Academy of Medical Sciences;

    - according to the efficacy and safety data demonstrated in the LEONARDA-1 research, GB491 (Lerociclib) has demonstrated superior efficacy, better safety and tolerability profile to patients with HR+/ HER2 – advanced breast cancer for whom prior endocrine therapy failed, providing a more reliable clinical option. It could become a preferred option among CDK4/6 inhibitors for refractory patients and patients with suboptimal recovery of myelosuppression after chemotherapy and suboptimal gastrointestinal/hepatic function or patients with poor tolerability.

- Phase III clinical trial for the first line treatment of advanced breast cancer indication of GB491 (Lerociclib) has completed patient enrolment. The efficacy data analysis reached the primary endpoint.

BUSINESS HIGHLIGHTS

GB261 (CD20/CD3, BsAb) – potential BIC CD20/CD3 bi-specific antibodies

- Multiple GB261 (CD20/CD3, BsAb) phase I/II clinical study centers have been activated in Australia and China. We have obtained the preliminary clinical POC data in the FIH clinical trial of GB261 (CD20/CD3, BsAb) in Australia in 3mg dose-escalation cohort, which were consistent with the molecular design mechanism of GB261 (CD20/CD3, BsAb), indicating a good safety, pharmacokinetic profile and clinical antitumor activities.

- As at October 2023, the dose-escalation was completed in the phase I/II clinical trial, which demonstrated promising efficacy and a favorable safety profile. The anti-tumor activities were also seen in patients who have failed prior CD20/CD3 (mosunetuzumab), CAR-T, and CD3/CD19 therapies.

- At the annual meeting of the 65th American Society of Hematology (ASH) held from 9 to 12 December 2023, the Group presented the preliminary clinical safety and efficacy results of the phase I/II study of GB261 (CD20/CD3, BsAb) led by Beijing Cancer Hospital in the poster session.

    - GB261, a CD20/CD3, BsAb that has Fc functions and affinity adjustment to CD3, demonstrated a highly advantageous safety/efficacy balance in the FIH study in patients with relapsed/refractory non-Hodgkin B-cell Lymphoma (Poster Number: 1719)

    - Preliminary clinical data showed favourable tolerability: All cases of CRS were grade 1 (8.5%, 4/47) or 2 (4.3%, 2/47), no grade 3 (Lee et al., ASTCT criteria), no interruptions of treatment, and no administration of Tocilizumab. The median duration of CRS was 7 hours. No ICANS was reported.

    - PK: long half-life, supports tri-weekly dosing. Effective half-life appeared to be 2-3 weeks which supports every 3-4 weeks dosing.

    - The clinical trial conclusion is that in heavily pretreated B-NHL patients, GB261 (CD20/CD3, BsAb) showed a highly advantageous safety/efficacy balance. The safety profile is excellent especially for the CRS which is very mild, transient and less frequent compare with other GB261 (CD20/CD3, BsAb) bispecific antibodies. The response after GB261 (CD20/CD3, BsAb) treatment was early, deep and durable. Additionally, clinical benefit seen in other GB261 (CD20/CD3, BsAb) bispecific antibody failed patients provides clinical support to the unique and differentiated mechanism of action of GB261 (CD20/CD3, BsAb).

BUSINESS HIGHLIGHTS

GB263T (EGFR/cMET/cMET, TsAb)

- As at August 2023, the dose-escalation of 1,680 mg was completed in the phase I/II clinical trial and radiological responses were observed.

- In pre-clinical studies, GB263T (EGFR/cMET/cMET, TsAb) effectively thwarted ligand-induced phosphorylation of EGFR and c-MET compared to its Amivantamab (JNJ-372) analogue, and demonstrated better dual inhibition of EGFR and cMET signaling pathways. Meanwhile, GB263T (EGFR/cMET/cMET, TsAb) effectively induced the endocytosis of EGFR and cMET, and significantly reduced the protein expression levels of EGFR and cMET. GB263T (EGFR/cMET/cMET, TsAb) played a significant dosage-dependent role in tumor suppression in several different tumor models including EGFR exon 20 insertions, EGFR exon 19 deletions, C797S mutations and various cMET expression abnormalities. In toxicology studies in cynomolgus monkeys, no significant toxic side effects were observed after 4 weeks of observation, even in the highly-dosed group.

- On 1 December 2023, the Group published preliminary dose escalation results from a phase I/II study of GB263T, a novel EGFR/cMET/cMET TsAb, on Molecular Cancer Therapeutics of the AACR journal.

    - Dose-escalation results from a FIH, phase I/II study of GB263T, a novel EGFR/cMET/cMET TsAb, in patients with advanced EGFR-mutated (EGFRm) non-small cell lung cancer (NSCLC) (Abstract Number C114).

    - Results to date demonstrate a good safety profile of GB263T (EGFR/cMET/cMET, TsAb) with promising efficacy at the therapeutic dose range (1,260-1,680 mg).

    - Preliminary clinical data demonstrated good safety and tolerability, with an infusion reaction rate (IRR) of 35.7%, significantly lower than that of the compound in the same class (66%), and were mild with only graded 1/2. No MET target-related peripheral edema was reported.

BUSINESS HIGHLIGHTS

Research and Development of the Global Innovative New Drugs

- The Company's R&D team focused on developing targeted antibodies and projects with FIC potential.

- From 1 to 5 November 2023, the Company participated in the 38th Annual Meeting of The SITC, 2023, and shared research data of two innovative drug molecules in the poster discussion session:

    - GBD201 (CCR8/CTLA-4, BsAb) (Abstract Number: 491):

      GBD201 is a bispecific antibody targeting CCR8/CTLA-4 developed independently by the Company. This bispecific antibody is equipped with a unique molecular design and highly-differentiate functions to maximally reduce the potential toxicity caused by CTLA4 inhibition (such as ipilimumab or tremelimumab).

    - GBD209 (PD-1/CTLA-4/TIGIT, TsAb) (Abstract Number: 492):

      GBD209 is the first tri-specific antibody independently developed by the Company targeting these three immune checkpoints. By simultaneously blocking the PD-1/CTLA-4/TIGIT inhibitory pathways on T cells, it better relieves immune suppression on T effector cells and produces better anti-tumor synergistic effects.

- As at 31 December 2023,

    - Five PCC molecules have been developed, all of which are the FIC/BIC bi-specific/multi-specific antibody projects.

    - Abstracts of two of TsAb projects have been accepted for publication at the 2024 Annual Meeting of the AACR; and

    - GB268 (TsAb) has entered the IND enabling stage.

BUSINESS HIGHLIGHTS

Strategic Cooperation and Commercialization

- During the Reporting Period, Jiayoujian 佳佑健® (GB242, Infliximab) has been made available for online procurement in 26 provinces and cities across China.

Drive continuous optimization of Chemistry, Manufacturing and Controls (CMC) quality and efficiency

- During the Reporting Period, the Company continued to promote efficient innovation and development in technology, research and development, processes, management and other areas.

- In addition to solving the industry pain points such as low heterologous pairing rate, high polymer content, removal of homodimer impurities, unstable intermediates, difficulty in activity analysis methods and difficulty in the development of formulations, especially high-concentration formulations, the CMC team of the Company also demonstrated industry-leading strength and rapid execution in the process technology development of GB261 (CD20/CD3, BsAb), GB263T (EGFR/cMET/cMET, TsAb), GB268 (TsAb) and other products.

RECENT DEVELOPMENT AFTER THE REPORTING PERIOD

We continued to make significant progress in our drug pipeline and business operations after the Reporting Period, including the following major milestones and achievements:

- The efficacy data analysis of the phase III clinical study of GB491 (Lerociclib) in first line treatment for advanced patients has reached the primary end, and the Company submitted the NDA to the NMPA officially on 28 February 2024. The NMPA has officially accepted the application on 13 March 2024.

- On 19 January 2024, the Company entered into an antibody molecules and technology transfer agreement with Zhongmei Huadong, under which an antibody drug and the related IP rights of the Company were transferred to Zhongmei Huadong.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, we have continued to make remarkable progress in the development of our drug candidates in pipeline and business operations, including the following major milestones for our pipeline products and corporate achievements:

BUSINESS REVIEW

1. Events during the Reporting Period

Accelerated Registration and Clinical Trials

During the Reporting Period, the Company has achieved rapid application, approval and promotion of clinical trials of product pipelines in China and Australia, which were attributable to the high specialization of and close cooperation across departments:

- Based on in-depth perception of product science, mechanisms and features, the Group has developed its registration and clinical development strategies. The Group has continuously enhanced communication with industry leaders in relevant treatment fields, drug regulatory authorities, drug review agencies, and clinical research centers.

- Relying on plentiful experience and extensive resources, efficient, quality and speedy accomplishment was achieved in the layout and establishment of the research centre, project initiating and management, selection and enrolment of, and the entering of agreements with patients and subjects.

During the Reporting Period, the NDA of GB491 (Lerociclib) has been quickly accepted by NMPA.

During the Reporting Period, we have continued our efforts in promoting the clinical pipelines development and achieved milestones as follows:

1) Phase III clinical trials for first line of GB491 (Lerociclib) have completed patient enrolment on 6 January 2023. The efficacy data analysis reached the primary endpoint.

2) The dose-escalation was completed in the phase I/II clinical trial of GB261(CD20/CD3, BsAb), which demonstrated promising efficacy and a favorable safety profile.

3) The dose-escalation of 1680mg was completed in the phase I/II clinical trial of GB263T(EGFR/cMET/cMET, TsAb) and radiological responses were observed.

GB491 (Lerociclib) – a differentiated oral CDK4/6 inhibitor which is developed for breast cancer patients with better safety and excellent efficacy

GB491 (Lerociclib), is a novel, potent, selective oral bioavailable CDK4/6 inhibitor co-developed by the Group and G1 Therapeutics, for use in combination with endocrine therapy in advanced breast cancer.

Patient enrolment of the Phase III trials for both first and second line has been completed quickly via adaptive and seamless experiment design, scientific reference and data bridging, seamless registration strategy, and excellent execution.

On 28 March 2023, the NMPA has officially accepted the NDA for GB491 (Lerociclib) in combination with Fluvestran as the treatment of HR+/HER2 – locally advanced or metastatic breast cancer patients with disease progression following previous endocrine therapy. Clinical on-site inspection was completed successfully in the second half of the year of 2023.

GB491 (Lerociclib) has garnered international recognition at the 2023 ASCO annual meeting, which was successfully held in Chicago from 2 June to 6 June 2023:

- the research results of the LEONARDA-1 study were announced in the poster discussion session of the Metastatic Breast Cancer session with the title "Phase III randomized study of lerociclib plus fulvestrant in patients with HR+/HER2 – locally advanced or metastatic breast cancer that has progressed on prior endocrine therapy";

- the data from the Phase III clinical study of LEONARDA-1 were selected by ASCO for the ASCO Daily Release, which was published in the ASCO Daily News Column on its website on 25 May (EST) with the title "Lerociclib/Fulvestrant May Reduce Risk of Disease Progression in Advanced HR-Positive/HER2-Negative Breast Cancer";

- the LEONARDA-1 research report and article cited the views of the lead author Prof. Binghe Xu, MD, PhD, the academician of the Chinese Academy of Engineering, the Head of Medical Oncology at Cancer Hospital affiliated with Chinese Academy of Medical Sciences;

- according to the efficacy and safety data demonstrated in the LEONARDA-1 research, GB491 (Lerociclib) has demonstrated superior efficacy, better safety and tolerability profile to patients with HR+/HER2 – advanced breast cancer for whom prior endocrine therapy failed, providing a more reliable clinical option. It could become a preferred option among CDK4/6 inhibitors for refractory patients and patients with suboptimal recovery of myelosuppression after chemotherapy and suboptimal gastrointestinal/hepatic function or patients with poor tolerability.

GB491 (Lerociclib) will create a new landscape for the treatment of HR+/HER2-advanced breast cancer:

- HR+/HER2 – is the most common subtype of advanced breast cancer, and its treatment has entered the era of targeted therapy. Combination therapy with CDK4/6 inhibitors has been recommended in multiple guidelines as the preferred regimen for patients with advanced breast cancer following previous failed endocrine therapy.

- The innovative molecular structure with its unique PK/PD has allowed for continuous oral administration of Lerociclib without the need for treatment breaks. It has achieved sustained target inhibition and antitumor effects while significantly reducing the common adverse effects of CDK4/6 inhibitors, such as severe myelosuppression and diarrhea.

- The LEONARDA-1 clinical study demonstrated that the combination therapy of Lerociclib with Fluvestran significantly reduced the risk of disease progression and death as compared to Fluvestran as a monotherapy. The investigator-assessed HR was 0.451 and the BICR-assessed HR was 0.353. The mPFS (months) assessed by the investigator and BICR were 11.07 vs. 5.49 and 11.93 vs. 5.75, respectively. Furthermore, the results of all predefined subgroups were consistent with the overall efficacy.

- The LEONARDA-1 clinical study showed that, in comparison with other marketed CDK4/6 inhibitors, Lerociclib demonstrated significant comprehensive advantages in terms of safety and tolerability profile with a low incidence rate of diarrhea at 19.7% (only grade 1/2), a relatively low percentage of grade 3/4 myelosuppression, and only a 5.1% incidence rate of grade 4 neutropenia.

- LEONARDA-1 has enrolled a high proportion of patients with poor prognosis, including patients with liver metastasis, treated with primary resistance, with 4 or more metastatic sites, received first-line chemotherapy at the advanced stage. The use of Lerociclib substantially improved the PFS of the patients with poor prognosis, indicating a superior efficacy with advantages in terms of safety and tolerance profile and hence fully demonstrating the differentiation advantage of Lerociclib for clinical purposes.

- Phase III clinical trial for the first line treatment of advanced breast cancer indication of GB491 (Lerociclib) has completed patient enrolment. The efficacy data analysis has reached the primary endpoint.

- The Group has officially submitted the NDA to the NMPA for the first line breast cancer indication of GB491 (Lerociclib) on 28 February 2024. The NMPA has officially accepted the application on 13 March 2024.

Currently, the Company is moving forward with commercial cooperation in respect of GB491 (Lerociclib).

The transfer of technology for local manufacture of GB491 (Lerociclib) has also been initiated.

GB261 (CD20/CD3, BsAb) – potential BIC CD20/CD3 bi-specific antibodies

GB261 (CD20/CD3, BsAb) is the first T-cell engager with low affinity to bind CD3 and has Fc functions (ADCC and CDC). GB261 (CD20/CD3, BsAb) significantly inhibits rituximab-resistant cancer cell proliferation in both in vitro assays and in vivo models; meanwhile with T-cell activation, GB261 (CD20/CD3, BsAb) induces less cytokine release compared with compound in the same class. Thus, GB261 (CD20/CD3, BsAb) is a highly potent bispecific therapeutic antibody for B cell malignancies. It has potential to be a better and safer T-cell engager with competitive advantages over other CD3/CD20 agents.

Multiple GB261 (CD20/CD3, BsAb) phase I/II clinical study centers have been activated in Australia and China. We have obtained the preliminary clinical POC data in the FIH clinical trial of GB261 (CD20/CD3, BsAb) in Australia in 3mg dose-escalation cohort, indicating a good safety, pharmacokinetic profile and clinical antitumor activities.

As at October 2023, the dose-escalation was completed in the phase I/II clinical trial of GB261 (CD20/CD3, BsAb), which demonstrated promising efficacy and a favorable safety profile. The anti-tumor activities were also seen in patients who have failed prior CD20/CD3 (mosunetuzumab), CAR-T, and CD3/CD19 therapies.

At the annual meeting of the 65th American Society of Hematology (ASH) held from 9 to 12 December 2023, the Group presented the preliminary clinical safety and efficacy results of the phase I/II study of GB261 (CD20/CD3, BsAb) led by Beijing Cancer Hospital in the poster session.

- GB261, a CD20/CD3, BsAb that has Fc functions and affinity adjustment to CD3, demonstrated a highly advantageous safety/efficacy balance in the FIH study in patients with relapsed/refractory non-Hodgkin B-cell Lymphoma (Poster Number: 1719).

- As at 17 June 2023, 47 r/r B-NHL patients (DLBCL: 76.6%; FL: 23.4%) were enrolled at flat or step-up doses of GB261 (CD20/CD3, BsAb) ranging from 1mg to 300mg.

- In efficacy evaluable patients (n=22) from 3mg to 100mg, the overall response rate was 73% (16/22), and complete response rate was 45.5% (10/22).

- Preliminary clinical data showed favourable tolerability: In safety evaluable patients (n=47), CRS occurred in 12.8% (6/47) patients, was mild and transient. CRS in 100mg was also less frequent, which was 14.3% (2/14). All cases of CRS were grade 1 (8.5%, 4/47) or 2 (4.3%, 2/47), no grade 3 (Lee et al., ASTCT criteria), no interruptions of treatment, and no administration of Tocilizumab. The median duration of CRS was 7 hours. No ICANS were reported.

- PK: long half-life, supports tri-weekly dosing. The PK profile of GB261 (CD20/CD3, BsAb) appeared to be linear across dose ranges tested (1mg-100mg). Effective half-life appeared to be 2-3 weeks which supports every 3-4 weeks dosing.

- The clinical trial concluded that in heavily pretreated B-NHL patients, GB261 (CD20/CD3, BsAb) showed a highly advantageous safety/efficacy balance. The safety profile is excellent especially for the CRS which is very mild, transient and less frequent compare with other CD20/CD3 bispecific antibodies. The response after GB261 (CD20/CD3, BsAb) treatment was early, deep and durable. Additionally, clinical benefit seen in other CD20/CD3 bispecific antibody failed patients provides clinical support to the unique and differentiated mechanism of action of GB261 (CD20/CD3, BsAb).

Currently, the Company is actively pushing forward the negotiation with global clinical development/ commercialisation partners in respect of GB261 (CD20/CD3, BsAb). As at 31 December 2023, it has primarily approached more than ten companies and engaged in multiple rounds of in-depth exchanges with various companies. It plans to enter into cooperation agreements in 2024.

GB263T (EGFR/cMET/cMET, TsAb)

GB263T (EGFR/cMET/cMET, TsAb) is the first tri-specific antibody of EGFR/cMET/cMET in the world, targeting EGFR and two different epitopes of cMET, therefore, to enhance its safety and efficacy. With highly differentiated design, GB263T (EGFR/cMET/cMET, TsAb) exhibits multiple mechanisms of action to inhibit primary and secondary EGFR mutations and cMET signaling pathway simultaneously.

In pre-clinical studies, GB263T (EGFR/cMET/cMET, TsAb) effectively thwarted ligand-induced phosphorylation of EGFR and c-MET compared to its Amivantamab (JNJ-372) analogue, and demonstrated better dual inhibition of EGFR and cMET signaling pathways. Meanwhile, GB263T (EGFR/cMET/cMET, TsAb) effectively induced the endocytosis of EGFR and cMET, and significantly reduced the protein expression levels of EGFR and cMET. GB263T (EGFR/cMET/cMET, TsAb) played a significant dosage-dependent role in tumor suppression in several different tumor models including EGFR exon 20 insertions, EGFR exon 19 deletions, C797S mutations and various cMET expression abnormalities. In toxicology studies in cynomolgus monkeys, no significant toxic side effects were observed after 4 weeks of observation, even in the highly-dosed group.

As at August 2023, the dose-escalation of 1680mg was completed in the phase I/II clinical trial of GB263T (EGFR/cMET/cMET, TsAb). Radiological responses were observed in the 1,260mg and 1,680mg dose groups.

On 1 December 2023, the Group published preliminary dose escalation results from a phase I/II study of GB263T, a novel EGFR/cMET/cMET TsAb, on Molecular Cancer Therapeutics of the AACR journal:

- Dose-escalation results from a FIH, phase I/II study of GB263T in patients with advanced EGFR-mutated (EGFRm) non-small cell lung cancer (NSCLC) (Abstract Number C114).

- Results to date demonstrate a good safety profile of GB263T with promising efficacy at the therapeutic dose range (1,260-1,680 mg).

- Preliminary clinical data demonstrated good safety and tolerability, with an infusion reaction rate ("**IRR**") of 35.7%, significantly lower than that of the compound in the same class (66%), and were mild with only graded 1/2. No MET target-related peripheral edema was reported.

- As at 5 July 2023, 13 patients were treated: 140 mg (n=1), 420 mg (n=1), 840 mg (n=3), 1,260 mg (n=3), 1,680 mg (n=5). The enrolment of the 1,680 mg cohort is ongoing. All patients had received previous third-generation EGFR-TKI and platinum-based chemotherapy. Median number of prior lines of systemic therapy was 3 (range 1-7). One patient at 1,680 mg of GB263T (EGFR/cMET/cMET, TsAb) experienced dose-limiting toxicity (DLT) (grade 3 oral mucositis, which has resolved after symptomatic treatment). The most common treatment-related adverse events ("**TRAEs**") were rash (61.5%), IRR (38.5%), fatigue (30.8%) and myalgia (23.1%), and all are mild (grade 1/2). Only one patient developed ≥ grade 3 TRAE (grade 3 oral mucositis). There were no treatment-related discontinuations. Among 10 response-evaluable patients, two achieved partial response ("**PR**") and four achieved stable disease ("**SD**") with tumor shrinkage observed in 3/4 SD patients. The disease control rate (DCR) is 60%. The objective response rate at the therapeutic dose range (1,260-1,680 mg) is 40% (2/5). Two PR patients and two SD patients remained on treatment at data cutoff.

Research and Development of the Global Innovative New Drugs

The Company's R&D team focused on developing targeted antibodies and projects with FIC potential.

From 1 to 5 November 2023, the Company participated in the 38th Annual Meeting of The SITC in 2023, and shared research data of the following two innovative drug molecules in the poster discussion session:

- GBD201 (CCR8/CTLA-4, BsAb) (Abstract Number: 491):

  GBD201 is a bispecific antibody targeting CCR8/CTLA-4 developed independently by the Company. This bispecific antibody is equipped with a unique molecular design and highly-differentiate functions to maximally reduce the potential toxicity caused by CTLA4 inhibition (such as ipilimumab or tremelimumab).

  - CCR8 is predominantly expressed on regulatory T cells ("**Tregs**") in the tumor microenvironment. Leveraging on such characteristic of CCR8, GBD201 combined with CCR8 with high affinity, driving the BsAb to efficiently combine with Tregs in the tumor microenvironment. In contrast, a partial blocker was selected for the CTLA-4 arm, which only partially blocked the binding of CTLA-4 and CD80/CD86. Furthermore, GBD201 exhibited a combination dependent on the expression of CCR8 and blocked the interactions of CTLA-4, further reducing the peripheral toxicity of CTLA-4 inhibition.

  - GBD201 is a tetravalent antibody composed of CCR8 monoclonal antibody and CTLA-4 VHH nanobody, with a symmetric structure. Its anti-tumor efficacy is mainly achieved through the following mechanisms: 1) GBD201 targeting CCR8+CTLA4-4+ double-positive cells and killing Tregs in the tumor microenvironment by enhancing ADCC function; 2) GBD201 blocking the interaction of CCR8 and CCL1 on Treg cells, thereby inhibiting Treg migration; 3) special epitope of CTLA4 in GBD201 that only partially blocking the interaction of CTLA-4 and its ligands CD80/86, which is highly dependent on the expression of CCR8 on the cell membrane, with very weak blocking activity on CTLA-4 single-positive cells, and intentionally designed to reduce the immune-related toxicity of CTLA-4 inhibition in the periphery.

  - On hCCR8/hCTLA-4 double KI mice, GBD201 significantly inhibited tumor growth in the bladder cancer model MB49 and the colorectal cancer model MC38, demonstrating similar or slightly better tumor inhibition effect compared to Ipilimumab, with much better efficacy than that of anti-CCR8 monoclonal antibody. In Tumor Infiltrating Lymphocytes (TIL) analysis, it was found that GBD201 significantly reduced Treg while CD8+T cells significantly increased. The most important differentiation of GBD201 may lie in its significantly improved safety profile. In hCCR8/hCTLA-4 mice, the combination of Ipilimumab (20 mpk) and anti-mouse PD1 antibody could induce obvious joint inflammation, while GBD201 at the same molar dose (23.3 mpk) or five times higher molar dose (116.7 mpk) combined with anti-mouse PD1 antibody did not trigger any joint inflammation. Therefore, GBD201 exhibits excellent anti-tumor activity in preclinical mouse tumor models, and its safety profile is at least 5 times higher than that of Ipilimumab in toxicology model of mice. It has the potential to become a more effective and safe immune checkpoint inhibitor, and may achieve better efficacy and tolerance in clinical treatment in combination with other drugs.

- GBD209 (PD-1/CTLA-4/TIGIT, TsAb) (Abstract Number: 492):

  GBD209 is the first tri-specific antibody independently developed by the Company targeting these three immune checkpoints. By simultaneously blocking the PD-1/CTLA-4/TIGIT inhibitory pathways on T cells, it better relieves immune suppression on T effector cells and produces better anti-tumor synergistic effects.

  - GBD209 has a hexavalent symmetric structure composed of VHH nanobody. GBD209 achieves anti-tumor efficacy through the following mechanisms: 1) completely blocking both PD-1 and TIGIT signaling pathways, while partially blocking the CTLA-4 mediated signaling pathway; 2) high affinity for binding PD-1 and TIGIT, but the interaction of CTLA-4 is highly dependent on the expression of PD-1 on the cell membrane; 3) inducing target endocytosis of PD-1, TIGIT, and CTLA-4; 4) nanobody with smaller molecular weights providing better tissue penetration.

  - In the humanized mouse melanoma A375 model, GBD209 showed better anti-tumor activity compared to PD1/CTLA-4 bsAb as well as the combination therapy of anti-PD-1, CTLA-4, and TIGIT antibodies. In the toxicology model of mice, the safe dose of GBD209 is at least 15 times higher than that of Ipilimumab. In the toxicological model of mouse arthritis, GBD209 demonstrated a favorable safety profile. In hPD-1/hCTLA-4/hTIGIT triple transgenic mice, the combination of Ipilimumab (15mpk) and nivolumab induced obvious joint inflammation and resulted in 60% of mouse deaths, while GBD209 only induced mild joint inflammation in a few animals at 5 times higher molar dose (62.5 mpk) or 15 times higher molar dose (187.5 mpk), with no mouse deaths. This result indicates that GBD209 has significantly improved safety profile compared to Ipilimumab, and has the potential to become a low toxicity and efficient next-generation immune checkpoint inhibitor. It can also be further combined with other therapies (such as ADC), which may significantly improve clinical efficacy.

As at 31 December 2023,

- Five PCC molecules have been developed, all of which are the FIC/BIC bi-specific/multispecific antibody projects;

- Abstracts of two of TsAb projects have been accepted for publication at the 2024 Annual Meeting of the AACR; and

- GB268 (TsAb) has entered the IND enabling stage.

Strategic Cooperation and Commercialization

- During the Reporting Period, Jiayoujian 佳佑健® (GB242, Infliximab) has been made available for online procurement in 26 provinces and cities across China.

Aibining®艾比寧® (GB226, Geptanolimab)

In June 2023, the Company has been notified by the NMPA that the NDA approval of Aibining®艾比寧® (GB226, Geptanolimab) as a treatment for relapsed/refractory peripheral T-cell lymphoma (PTCL) was not granted, while other clinical trials would not be affected.

GB221 (Her2, monoclonal antibody)

The last patient in GB221-004, a randomized, double-blind, multi-center phase III clinical study evaluating GB221 (Her2, monoclonal antibody) or trastuzumab in combination with docetaxel in patients with HER2+mBC in the first-line setting, has been enrolled to complete his/her treatment.

Drive continuous optimization of Chemistry, Manufacturing and Controls quality and efficiency.

In accordance with the Company's strategy of "focus and optimization", CMC continued to promote the platform based construction of the internal and external cooperation workflow of the project.

- Through the domestic exploration of culture medium, chromatographic filler, disposable products (dispensing bags, storage bags, filling bags and filters) and auxiliary materials, we, without affecting the quantity and quality of products, have significantly reduced production costs, improved the stability of the supply chain, reduced storage costs, and enhanced liquidity efficiency.

- We continued to promote the establishment and optimization of a molecular developable assessment platform for rapid protein expression, high-throughput purification, full range of characterization and process applicability assessment, and also facilitating the development and application of high-concentration preparation development platform in line with the demand of projects.

- We further improved the quality control and study platform. We strengthened the construction of applicable quality system and MAH-related quality system and initiated the establishment of the drug variety archive. We supervised the conformity of CDMO's process and method development methods, production process and testing process according to the quality manual formulated by GMP, released according to the conformity of the final product, and further optimized the working mode and cooperation efficiency.

2. Events after the Reporting Period

- On 28 February 2024, the Company officially submitted the NDA of GB491 (Lerociclib) for the first line breast cancer indication to the NMPA, and the NMPA has officially accepted the application on 13 March 2024.

- On 19 January 2024, the Company entered into an antibody molecules and technology transfer agreement with Zhongmei Huadong, under which an antibody drug and related IP rights of the Company were transferred to Zhongmei Huadong.

Cautionary Statement required by Rule 18A.08(3) of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"): Apart from Jiayoujian 佳佑健® (GB242, Infliximab Biosimilar), the Company cannot guarantee that it will be able to develop, and ultimately market, any of the other drug candidates successfully. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the shares of the Company.

BUSINESS OUTLOOK

The Group will further concentrate its efforts on potential global FIC and BIC innovation pipelines, optimize and maximize its existing product portfolio by developing and executing a comprehensive strategy to conduct research on molecules with the best potential to become clinically beneficial and commercially viable drugs, with a view to achieving the mission of addressing unmet medical needs in China and globally.

With regards to concentration and optimization, the Company plans to achieve the approval of the NDA for GB491 (Lerociclib) in combination with Fluvestran as the treatment of HR+/HER2 – locally advanced or metastatic breast cancer patients with disease progression following previous endocrine therapy in the coming twelve months. The Group will actively seek partners to introduce safe, effective and well tolerated novel therapies, in order to address the treatment needs of large number of patients with breast cancer in China and around the world. The transfer of technology for local production of GB491 (Lerociclib) has also been initiated simultaneously.

As for bi-specific and tri-specific antibody drug candidates, the Group will actively expand external partnership in its clinical programs on the basis of the clinical concept validation data for GB261 (CD20/CD3, BsAb) and GB263T (EGFR/cMET/cMET, TsAb).

FINANCIAL REVIEW

The Reporting Period compared to year ended 31 December 2022

	Notes	Year ended 31 December 2023 RMB'000	2022 RMB'000
Revenue	2	–	15,932
Cost of revenue	3	–	(983)
Gross profit		–	14,949
Selling expenses	4	–	(83,143)
Administrative expenses	5	(125,237)	(134,130)
Research and development expenses	6	(564,278)	(583,881)
Net impairment losses on financial assets		(8,922)	–
Other income – net	7	5,649	9,855
Other losses – net		(18,408)	(6,369)
Operating loss		(711,196)	(782,719)
Finance income	8	34,739	53,314
Finance costs	8	(1,039)	(3,015)
Finance income – net		33,700	50,299
Loss before income tax		(677,496)	(732,420)
Income tax credit		2,280	2,024
Loss for the Reporting Period	9	(675,216)	(730,396)

MANAGEMENT DISCUSSION AND ANALYSIS

1. Overview

During the Reporting Period, the revenue of the Group was nil, as compared to RMB15.9 million for the year ended 31 December 2022, and the loss for the Reporting Period were RMB675.2 million, as compared to a loss of RMB730.4 million for the year ended 31 December 2022.

Research and development expenses of the Group were RMB564.3 million for the Reporting Period, as compared to RMB583.9 million for the year ended 31 December 2022. Administrative expenses were RMB125.2 million for the Reporting Period, as compared to RMB134.1 million for the year ended 31 December 2022. Selling expenses of the Group was nil for the Reporting Period, as compared to RMB83.1 million for the year ended 31 December 2022.

2. Revenue

Revenue for the Reporting Period was nil. Revenue for the year ended 31 December 2022 was RMB15.9 million.

3. Cost of Revenue

Cost of revenue for the Reporting Period was nil, as compared to RMB1.0 million for the year ended 31 December 2022. This change was primary due to the decrease in our revenue.

4. Selling Expenses

Selling expenses decreased by 100% from RMB83.1 million in 2022 to nil in 2023, primarily due to the decrease in the number of commercial employees.

5. Administrative Expenses

Administrative expenses decreased by 6.6% from RMB134.1 million in 2022 to RMB125.2 million in 2023, primarily due to the decrease in employee benefits expenses.

6. Research and Development Expenses

Research and development expenses decreased by 3.4% from RMB583.9 million in 2022 to RMB564.3 million in 2023, primarily due to (i) the decrease in employee benefits expenses for research and development personnel; (ii) the decrease in our new drugs development fee and clinical trial expenses; and (iii) the decrease in raw material and consumables used.

The following table summarises the components of the research and development expenses of the Group for the years ended 31 December 2023 and 2022:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Development fee and clinical trial expenses	**194,298**	239,733
Employee benefits expenses	**127,361**	185,668
Impairment of non-current assets	**79,286**	–
Depreciation and amortisation	**69,951**	46,761
Raw material and consumables used	**34,399**	69,019
Write down of inventories	**33,832**	–
Traveling and transportation expenses	**9,881**	9,068
Professional and technical service fee	**8,732**	22,663
Others	**3,540**	5,091
Utilities	**2,998**	5,878
Total	**564,278**	583,881

7. Other Income – Net

Other income – net primarily consists of government grants and net fair value gains on contingent consideration payable to AB Studio Inc. ("**ABS**"). Government grants amounted to RMB3.7 million and RMB4.9 million in 2023 and 2022, separately. Net fair value gains on contingent consideration payable to ABS decreased from RMB4.9 million in 2022 to RMB1.3 million in 2023.

8. Finance Income and Costs

Finance income decreased from RMB53.3 million in 2022 to RMB34.7 million in 2023, primarily due to the fluctuation of the foreign exchange rates.

Finance costs decreased from RMB3.0 million in 2022 to RMB1.0 million in 2023, primarily due to the decrease of the interests on bank borrowings.

9. Loss for the Reporting Period

As a result of the foregoing, our losses decreased from RMB730.4 million in 2022 to RMB675.2 million in 2023.

10. Liquidity and Source of Funding and Borrowing

Our management monitors and maintains a level of cash and bank balances deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flow. We rely on equity financing as the major source of liquidity. Historically, we had borrowed loans from bank. As at 31 December 2023, the short-term borrowings from bank was nil (as at 31 December 2022: nil).

As at 31 December 2023, our cash and bank balances decreased to RMB1,165.5 million from RMB1,588.7 million as at 31 December 2022. The decrease was mainly due to the operating loss for the Reporting Period.

11. Capital Structure and Treasury Policies

The business activities of the Group are mainly financed by equity. The Directors will continue to follow a prudent policy in managing the Group's financial resources such as cash with the objective of maintaining a strong and healthy liquidity position to ensure that the Group is placed to seize future growth opportunities as and when such opportunities appear. We did not use any financial instruments for hedging purposes nor any derivative contracts to hedge against our exposure to currency risk during the Reporting Period. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. For details, please refer to the section headed "Foreign Exchange Exposure" in this report below.

12. Non-HKFRS Measure

To supplement the Group's consolidated financial statements which are prepared in accordance with the HKFRS, the Company also uses adjusted loss as an additional financial measure, which is not required by, or presented in accordance with HKFRS. The Company believes that this non-HKFRS financial measure is useful for understanding and assessing underlying business performance and operating trends. The Company also believes that the Company's management and investors may benefit from referring to this non-HKFRS financial measure in assessing the Group's financial performance by eliminating the impact of certain items that the Group does not consider indicative of the performance of the Group's business. However, the presentation of this non-HKFRS financial measure is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with HKFRS. The use of this non-HKFRS measure has limitations as an analytical tool, and investors should not view the non-HKFRS financial results on a stand-alone basis or as a substitute for results under HKFRS, or as being comparable to results reported or forecasted by other companies.

The following table reconciles our Adjusted Loss for the Reporting Period to the most directly comparable financial measure calculated and presented in accordance with HKFRS:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
HKFRS Loss for the year	**(675,216)**	(730,396)
Add:		
Share-based payment expenses	**60,910**	48,238
Adjusted Loss for the year	**(614,306)**	(682,158)

13. Key Financial Ratios

The following table sets forth the key financial ratios for the details indicated:

	As at 31 December 2023	As at 31 December 2022
Current ratio[1]	**5.41**	6.61
Quick ratio[2]	**5.25**	6.24
Gearing ratio[3]	**0.18**	0.15

Notes:

1. Current ratio is calculated using current assets divided by current liabilities as at the same date.
2. Quick ratio is calculated using current assets less inventories and prepayments and divided by current liabilities as at the same date.
3. Gearing ratio is calculated using total liabilities divided by total assets as at the same date.

14. Significant Investments

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5 per cent or more of the Company's total assets as at 31 December 2023) during the Reporting Period.

15. Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the Reporting Period (for the year ended 31 December 2022: nil).

16. Charges on Group Assets

As at 31 December 2023, none of the Group's assets were charged (as at 31 December 2022: nil).

17. Contingent Liabilities

As at 31 December 2023, the Group had no significant contingent liabilities (as at 31 December 2022: nil).

18. Foreign Exchange Exposure

During the Reporting Period, we operated in the PRC with most of the transactions settled in Renminbi. Our presentation and functional currency is Renminbi. We were not exposed to significant foreign exchange risk as there were no significant financial assets or liabilities of us denominated in the currencies other than Renminbi, except for the cash at bank in USD which were primarily received from the investors as capital contributions and the proceeds obtained from the Global Offering.

As at 31 December 2023, if RMB weakened or strengthened by 10% against USD, with all other variables held constant, loss for the year of the Group would have been approximately RMB18,461,000 lower or higher (2022: RMB22,555,000 lower or higher).

We did not use any derivative contracts to hedge against our exposure to currency risk during the Reporting Period. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

19. Employees and Remuneration

As at 31 December 2023, the Group had a total of 104 employees including 103 employees in Shanghai, 1 employee in San Francisco, United States. The following table sets forth the total number of employees by function as at 31 December 2023:

	Number of employees	% of total
Function		
Research and Development	36	34%
Clinical Development	39	38%
General and Administration	29	28%
Total	**104**	**100%**

The total remuneration cost incurred by the Group for the Reporting Period was RMB225.4 million, as compared to RMB333.0 million for the year ended 31 December 2022.

Our employees' remuneration comprises salaries, bonuses, share-based payment expenses, social security contributions and other welfare payments. In accordance with applicable Chinese laws, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees. As at 31 December 2023, we had complied with all statutory social security insurance fund and housing fund obligations applicable to us under Chinese laws in all material aspects.

The Company has also adopted the Pre-IPO Share Option Plan, the Post-IPO Share Option Plan, the 2021 RSU Plan, the 2023 Share Option Plan and the 2023 RSU Plan to provide incentives or rewards to eligible participants for their contribution to the Group. The Post-IPO Share Option Plan and 2021 RSU Plan were terminated on 27 October 2023. All outstanding share options (to the extent not already exercised) granted under the Post-IPO Share Option Plan shall continue to be valid and exercisable in accordance with the terms of the Post-IPO Share Option Plan and the relevant grant agreement. All unvested RSUs shall continue to be valid and shall vest in accordance with the terms of the 2021 RSU Plan and the relevant grant agreement.

Please refer to the section headed "Statutory and General Information – D. Share Option Schemes" in Appendix IV to the Prospectus for further details of the Pre-IPO Share Option Plan and the Post-IPO Share Option Plan, the announcements of the Company dated 3 June 2021, dated 27 August 2021 and dated 5 October 2022 for further details of the 2021 RSU Plan, and the circular of the Company dated 12 October 2023 for further details of the 2023 Share Option Plan and 2023 RSU Plan.

During the Reporting Period, the Group did not experience significant labour disputes or difficulties in recruiting employees.

REPORT OF DIRECTORS

The Board is pleased to present this report of Directors together with the consolidated financial statements of the Group for the Reporting Period.

DIRECTORS

The Directors who held office during the Reporting Period and up to the date of this annual report are:

Executive Director

Dr. Guo Feng (郭峰) *(Chief Executive Officer and Chairman of the Board)*

Non-Executive Directors

Dr. Lyu Dong (呂東)
Mr. Chen Yu (陳宇) *(Resigned on 2 January 2024)*
Mr. Yu Tieming (于鐵銘) *(Appointed on 2 January 2024)*
Mr. Liu Yi (劉逸)

Independent Non-Executive Directors

Mr. Zhou Honghao (周宏灝)
Mr. Fung Edwin (馮冠豪)
Mr. Chen Wen (陳文)

Biographical details of the Directors are set out in the section headed "Directors and Senior Management" on pages 65 to 70 of this annual report.

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 10 April 2017 as an exempted limited liability company. The Shares were listed on the Main Board of the Stock Exchange on 7 October 2020.

PRINCIPAL ACTIVITIES

We are a commercial-ready biopharmaceutical company focusing on developing and commercialising oncology and autoimmune drugs. Our mission is to become a biopharmaceutical engine in discovery, research, development, manufacturing and commercialisation of innovative therapeutics initially for patients in China and gradually for patients globally.

RESULTS

The results of the Group for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 96 to 97 of this annual report.

REPORT OF DIRECTORS

BUSINESS REVIEW

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business is set out in the sections headed "Business Review" and "Business Outlook" of this report. These discussions form part of this annual report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Management Discussion and Analysis – Business Review – Events after the Reporting Period" in this annual report. An account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company is set out in the "Environmental, Social and Governance Report".

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties facing the Group, some of which are beyond its control:

- the financial position and need for additional capital;
- uncertain outcomes of clinical development of our drug candidates;
- its ability to identify, discover or in-license new drug candidates;
- all material aspects of the research, development and commercialisation of pharmaceutical products are heavily regulated;
- commercialisation of our drug candidates;
- reliance on third parties;
- the patent and other intellectual property protection for our drug candidates; and
- risks related to industry, business and operations.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment, giving back to the community and achieving sustainable growth. The Directors are not aware of any material non-compliance with the environmental laws and regulations during the Year. Further information on the Group's environmental policy and performance will be set out in the "Environmental, Social and Governance Report" to be published on the same date as this report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

During the Reporting Period, the revenue of the Group was nil and thus no reportable major customers for the year ended 31 December 2023. The sales to the Group's five largest customers accounted for approximately 91.39% of the Group's revenue in the year ended 31 December 2022. The Group's largest customer accounted for approximately 36.89% of the Group's revenue for the year ended 31 December 2022.

Major Suppliers

For the Reporting Period, purchases from the Group's five largest suppliers accounted for approximately 34.37% (2022: 39.16%) of the Group's total purchase amount in the same year. The Group's largest supplier for the Reporting Period accounted for approximately 19.17% (2022: 20.17%) of the Group's total purchase amount for the same year.

During the Reporting Period, none of the Directors, their respective close associates, or any shareholder of the Company who, to the knowledge of the Directors, owns more than 5% of the Company's issued capital, has any interest in any of the Group's five largest suppliers or customers.

During the Reporting Period, the Group did not experience significant disputes with its customers or suppliers.

FINANCIAL SUMMARY

A summary of the audited consolidated results, assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 183 of this annual report. This summary does not form part of the audited consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 10 to the consolidated financial statements.

REPORT OF DIRECTORS

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 13 to the consolidated financial statements.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Group for the Reporting Period and details of the Shares issued during the Reporting Period are set out in Note 20 to the consolidated financial statements.

DONATION

During the Reporting Period, the Group made no charitable donations (2022: nil).

DEBENTURE ISSUED

The Group did not issue any debenture during the Reporting Period.

EQUITY-LINKED AGREEMENTS

Save for the Pre-IPO Share Option Plan, the Post-IPO Share Option Plan, the 2021 RSU Plan, the 2023 Share Option Plan and the 2023 RSU Plan as set out in this annual report, and ABT Subscription and Stock Purchase Agreement as set out in the Prospectus, no equity-linked agreements were entered into by the Group, or existed during the Reporting Period.

FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the Reporting Period (2022: nil). The Board is not aware of any shareholders who have waived or agreed to waive any dividends.

PERMITTED INDEMNITY

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices.

Such permitted indemnity provision for the benefit of the Directors and officers of the Company is currently in force as at the date of this Annual Report and has been in force throughout the Reporting Period. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

DISTRIBUTABLE RESERVES

The Company may pay dividends out of the share premium account, retained earnings and any other reserves provided that immediately following the payment of such dividends, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

As at 31 December 2023, the Company had distributable reserves for share premium of RMB9,397,851,000 (2022: RMB9,375,785,000).

Details of movements in the reserves of the Group and the Company during the Reporting Period are set out in the consolidated statement of changes in equity on pages 100 to 101 and in Note 20, Note 22 and Note 36 to the consolidated financial statements, respectively.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2023, the short-term borrowings from bank was nil (as at 31 December 2022: nil).

DIRECTORS' SERVICE CONTRACTS

The executive Director has entered into a service contract with the Company for an initial term of three years with effect from the date of their service contracts or until the third annual general meeting of the Company since the Listing Date (whichever is sooner), and renewable automatically thereafter for successive terms of three years until terminated by giving to the other party no less than three months prior notice in writing.

Each of the non-executive Directors has signed a letter of appointment with the Company for an initial term of three years with effect from the date of his letter of appointment, and renewable automatically thereafter for successive terms of three years until terminated by giving to the other party no less than three months prior notice in writing.

Each of the independent non-executive Directors has signed a letter of appointment with the Company for an initial term of three years with effect from 29 June 2023 and renewable automatically thereafter for successive periods of three years until terminated by giving to the other party no less than three months prior notice in writing or the relevant independent non-executive Director is not re-elected at the annual general meeting of the Company upon his retirement by rotation in accordance with the Articles of Association.

The above appointments are always subject to the provisions of retirement and rotation of directors under the Articles of Association.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with members of the Group that is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the Note 35 to the consolidated financial statements, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the Reporting Period.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Hillhouse has ceased to be the Company's controlling shareholders immediately after the completion of the Global Offering. The Company has no Controlling Shareholders after the Listing Date.

MANAGEMENT CONTRACTS

No contract, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 December 2023, the interests and short positions of the Directors or chief executives of our Company in any of the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix C3 to the Listing Rules were as follows:

Name of Director	Capacity/Nature of interest	Number of ordinary Shares	Approximate percentage of holding[(1)]	Long position/ Short position
Dr. Guo Feng	Beneficial owner	21,158,108[(2)]	4.17%	Long position

Notes:

(1) The calculation is based on the total number of 507,520,025 Shares in issue as at 31 December 2023.

(2) These Shares include Dr. Guo's entitlement to receive, subject to the conditions of those options and RSUs, (i) up to 4,920,095 Shares pursuant to the exercise of options held by MaplesFS (BVI) Limited under the Pre-IPO Share Option Scheme on behalf of AKQM Partner Trust; (ii) up to 5,000,000 Shares pursuant to the exercise of Options under the Post-IPO Share Option Scheme; (iii) up to 5,579,054 Shares pursuant to the exercise of options under the 2023 Share Option Plan and (iv) up to 4,210,000 Shares pursuant to the vesting of restricted share units under the 2023 RSU Plan. For further details of these Options and RSUs, please refer to the section headed "EQUITY PLANS" below.

Save as disclosed above, as at 31 December 2023, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2023, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of ordinary Shares	Approximate percentage of holding[1]	Long position/ Short position
HHJH Holdings Limited[2]	Beneficial owner	126,239,103	24.87%	Long position
HH BIO Investment Fund L.P.[2]	Interest in a controlled corporation	126,239,103	24.87%	Long position
Hillhouse Fund IV, L.P.[2]	Interest in a controlled corporation	126,239,103	24.87%	Long position
Hillhouse Investment Management, Ltd.[2]	Investment manager	127,989,103	25.22%	Long position
Walga Biotechnology Limited[3]	Beneficial owner	37,560,998	7.40%	Long position
Shanghai Walga Biotechnology Co., Ltd. 上海沃嘉生物技術有限公司[3]	Interest in a controlled corporation	37,560,998	7.40%	Long position
Yunnan Walvax Biotechnology Co., Ltd. 雲南沃森生物技術股份有限公司[3]	Interest in a controlled corporation	37,560,998	7.40%	Long position
Aranda Investments Pte. Ltd.[4]	Beneficial owner	29,157,348	5.75%	Long position
Seletar Investments Pte Ltd[4]	Interest in a controlled corporation	29,157,348	5.75%	Long position
Temasek Capital (Private) Limited[4]	Interest in a controlled corporation	29,157,348	5.75%	Long position
Temasek Holdings (Private) Limited[4]	Interest in a controlled corporation	31,157,348	6.14%	Long position

Notes:

(1) The calculation is based on the total number of 507,520,025 Shares in issue as at 31 December 2023.

(2) HHJH Holdings Limited is wholly-owned by HH BIO Investment Fund, L.P. ("**HH BIO**"). While the general partner of HH BIO is HH BIO Holdings GP, Ltd., all investment related decisions of HH BIO, including but not limited to acquisition and disposition of the investments, requires prior approval of its sole limited partner, Hillhouse Fund IV, L.P. ("**Hillhouse Fund IV**"), pursuant to a limited partnership agreement governing HH BIO. Hillhouse Investment Management, Ltd. acts as the sole management company of Hillhouse Fund IV. Besides, Hillhouse Investment Management, Ltd. also holds about 0.34% of the Shares in issue indirectly through other entities.

(3) Walga is wholly-owned by Shanghai Walga Biotechnology Co., Ltd. (上海沃嘉生物技術有限公司), which is in turn wholly-owned by Walvax, a company listed on the Shenzhen Stock Exchange (stock code: 300142). As such, under the SFO, Shanghai Walga Biotechnology Co., Ltd. and Walvax are deemed to be interested in the 37,560,998 Shares held by Walga. Walga is an indirect wholly-owned subsidiary of Yunnan Walvax Biotechnology Co., Ltd. (雲南沃森生物技術股份有限公司).

(4) Aranda Investments Pte. Ltd. ("**Aranda Investments**") is a company incorporated in Singapore and its principal activity is investment trading and investment holding. Aranda Investments is wholly-owned by Seletar Investments Pte Ltd, which in turn is wholly-owned by Temasek Capital (Private) Limited. Temasek Capital (Private) Limited is a wholly-owned subsidiary of Temasek Holdings (Private) Limited. Besides, Temasek Holdings (Private) Limited also holds about 0.40% of the Shares in issue indirectly through other entities.

Save as disclosed above and other than the Directors or chief executives of the Company whose interests are set out in this annual report, as at 31 December 2023, no other persons had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

EQUITY PLANS

1. Pre-IPO Share Option Plan

The following is a summary of the principal terms of the Pre-IPO Share Option Plan of the Company as adopted on 19 August 2019 and amended and restated on 16 April 2020 and 31 July 2020.

(a) Purpose

The purpose of the Pre-IPO Share Option Plan is to advance the interests of the Company by providing for the grant to participants of the options, and to motivate the selected participants to contribute to the Company's growth and development. The Pre-IPO Share Option Plan, which will be in the form of options, will enable the Company to recruit, incentivize and retain key employees.

(b) Participants

The Administrator will select participants from among employees, directors, consultants and advisors of the Company and its affiliates, or any other persons approved by the Administrator to participate in the Pre-IPO Share Option Plan (each an "**Eligible Person**"). Such Eligible Persons will become participants with the approval of the Administrator, and upon entering into a grant agreement with the Company. Unless otherwise approved by the Administrator, "Eligible Person" means such person who maintains an active employment relationship (employees and directors) or contractual relationship (consultants and advisors) with the Company, and the employment or contractual relationship is not terminated, whether on the grounds that he has been guilty of misconduct pursuant to the rules and regulations promulgated by the Company, or has committed an act of bankruptcy or has become insolvent or has made an arrangement or composition with creditors generally, or has been convicted of a criminal offence involving his integrity or honesty, or on any other ground on which an employer would be entitled to terminate his employment or contractual relationship forthwith pursuant to applicable laws or under the participant's employment or other contract, provided that a person who is on long term medical leave shall be deemed to have failed to maintain an active employment relationship with the Company.

(c) Total Number of Shares Available for Issue

The total number of Shares available for issue under the Pre-IPO Share Option Scheme at any time shall not exceed 58,573,872 Shares, representing approximately 11.53% of the Shares in issue (i.e. 507,856,625 Shares) as at the date of this annual report (i.e. 27 March 2024).

(d) Maximum Entitlement of Each Participant

There is no maximum entitlement of each Eligible Person under the Pre-IPO Share Option Plan.

(e) Exercise Period and Vesting Period of the Options Granted

Any vested part of an option shall be eligible to be exercised only after the completion of the Global Offering, except as otherwise agreed and set forth in the grant agreement. Any exercise of an option shall be at all times subject to the terms and provisions of the grant agreement, the trading policy as adopted or amended by the Company from time to time and any applicable laws.

The Administrator may determine the time or times at which an option will vest or become exercisable and the terms on which an option will remain exercisable. Such terms and conditions should be set out in the grant agreement.

(f) Consideration for Application or Acceptance of the Options

Nil consideration was required to be paid by the grantees for the application or acceptance of the options granted under the Pre-IPO Share Option Plan.

(g) Exercise Price

The exercise price of options was determined by the Administrator. Options, once granted, may be repriced only in accordance with the applicable requirements of the Pre-IPO Share Option Plan and the grant agreement. There is no basis in determining the exercise price under the Pre-IPO Share Option Plan.

(h) Remaining Life of the Pre-IPO Share Option Plan

The Pre-IPO Share Option Plan will expire on 19 August 2029. The remaining life of the Pre-IPO Share Option Plan is approximately 5.4 years from the date of this annual report (i.e. 27 March 2024).

(i) Outstanding Share Options under the Pre-IPO Share Option Plan

The tables below show the details of the movement of the outstanding options granted to all grantees under the Pre-IPO Share Option Plan during the Reporting Period. No further options may be granted after 18 September 2020 and no further options were granted since then.

Name	Role	Date of Grant	Vesting Period[2]	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2023	Exercised during the Reporting Period[4]	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2023
Dr. GUO Feng[3]	Executive Director, Chief Executive Officer and Chairman of the Board	30 April 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$0.0002	3,343,754	–	–	–	3,343,754
		30 April 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$2	4,458,338	–	4,458,338	–	–
		30 April 2020	Milestone Achievement	10 years from Date of Grant	US$0.0002	1,576,341	–	–	–	1,576,341
		30 April 2020	Milestone Achievement	10 years from Date of Grant	US$2	1,910,716	–	1,910,716	–	–
Total:						**11,289,149**	**–**	**6,369,054**	**–**	**4,920,095**

Date of Grant	Vesting Period[2]	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2023	Exercised during the Reporting Period[4]	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2023
Employees Group A (MaplesFS (BVI) Limited on behalf of AKQM Partner Trust)[3]								
16 September 2019	Date of Grant-4.5 years from Date Grant	10 years from Date of Grant	US$0.0002	91,088	–	–	18,199	72,889
16 September 2019	Milestone Achievement	10 years from Date of Grant	US$0.0002	125	–	–	–	125
16 September 2019	Date of Grant-4.5 years from Date of Grant	10 years from Date of Grant	US$2	731,176	–	–	36,397	694,779
16 April 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$0.0002	2,755,021	–	–	–	2,755,021
16 April 2020	Milestone Achievement	10 years from Date of Grant	US$0.0002	209,470	–	–	208,952	518
16 April 2020	Milestone Achievement	10 years from Date of Grant	US$2	695,000	–	–	364,000	331,000
31 July 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$0.0002	650,000	–	–	–	650,000
31 July 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$2	2,800,000	–	1,300,000		1,500,000
Employees Group B								
16 September 2019	Date of Grant-4.5 years from Date Grant	10 years from Date of Grant	US$0.0002	122,000	12,500	–	–	109,500
16 September 2019	Milestone Achievement	10 years from Date of Grant	US$0.0002	27,212	–	–	–	27,212
16 September 2019	Date of Grant-4.5 years from Date of Grant	10 years from Date of Grant	US$2	270,000	–	–	–	270,000
16 September 2019	Milestone Achievement	10 years from Date of Grant	US$2	62,500	–	–	–	62,500
29 February 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$0.0002	198,500	70,000	–	37,500	91,000
29 February 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$2	632,000	–	–	340,000	292,000
16 April 2020	Milestone Achievement	10 years from Date of Grant	US$0.0002	754,623	678,221	–	16,437	59,965
16 April 2020	Milestone Achievement	10 years from Date of Grant	US$2	728,981	–	–	616,981	112,000
30 April 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$0.0002	84,750	34,250	–	18,750	31,750

Date of Grant	Vesting Period[2]	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2023	Exercised during the Reporting Period[4]	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2023
30 April 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$2	200,000	–	–	100,000	100,000
31 July 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$0.0002	192,500	–	–	62,500	130,000
31 July 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$2	410,000	–	–	150,000	260,000
31 August 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$0.0002	422,000	90,750	–	53,750	277,500
31 August 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$2	844,000	–	–	289,000	555,000
Total				**12,880,946**	**885,721**	**1,300,000**	**2,312,466**	**8,382,759**

Notes:

(1) Save as disclosed above, none of the grantees were (i) directors, chief executive or substantial Shareholders of the Company, or their respective associates; (ii) participants with options granted and to be granted in excess of the 1% individual limit; (iii) related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of Shares in issue as set out in Rule 17.07 of the Listing Rules.

(2) The options are vested based on the grantees' performance or milestone achievement. For those options vested based on the grantees' performance, the respective vesting period is listed in the above table. For those options vested based on milestone achievement, the options shall vest upon achievement of the relevant milestones with respect to the clinical development status, launching status, business development partnering status and/or manufacturing status of the Company's drug candidates.

(3) The outstanding options granted to these grantees are held by MaplesFS (BVI) Limited on behalf of AKQM Partner Trust.

(4) The weighted average closing price of the shares immediately before the dates on which the options were exercised during the Reporting Period was HK$1.8959 per share.

2. Post-IPO Share Option Plan

The Post-IPO Share Option Plan was adopted on 18 September 2020 and terminated with effect from the adoption of the 2023 Share Option Plan and 2023 RSU Plan (i.e. 27 October 2023). Upon the termination of the Post-IPO Share Option Plan, no option was available for grant but all outstanding options (to the extent not already exercised) granted under the Post-IPO Share Option Plan shall continue to be valid and exercisable in accordance with the terms of the Post-IPO Share Option Plan and the relevant grant agreements. The following is a summary of the principal terms of the Post-IPO Share Option Plan:

(a) Purpose

The purpose of the Post-IPO Share Option Plan is to advance the interests of the Company by motivating the selected participants to contribute to the Company's growth and development. The Post-IPO Share Option Plan will enable the Company to recruit, incentivize and retain key employees.

(b) Participants

The Administrator will select participants from among employees, directors, consultants and advisors of the Company and its affiliates, or any other persons approved by the Administrator (each an "**Eligible Person**") to participate in the Post-IPO Share Option Plan. The basis of eligibility of any Eligible Persons to the grant of the options shall be determined by the Administrator from time to time on the basis of their contribution to the development and growth of the Group.

Such Eligible Person will become participants with the approval of the Administrator and upon entering into a grant agreement with the Company. Unless otherwise approved by the Administrator, "Eligible Person" means such person who maintains an active employment relationship (employees and directors) or contractual (consultants and advisors) with the Company, and the employment or contractual relationship is not terminated, whether on the grounds that he has been guilty of misconduct pursuant to the rules and regulations promulgated by the Company, or has committed an act of bankruptcy or has become insolvent or has made an arrangement or composition with creditors generally, or has been convicted of a criminal offence involving his integrity or honesty, or on any other ground on which an employer would be entitled to terminate his employment or contractual relationship forthwith pursuant to applicable laws or under the participant's employment or other contract. Provided, a person who is on long term medical leave shall be deemed to have failed to maintain an active employment relationship with the Company.

The Administrator shall comply with the requirements under Chapter 17 of the Listing Rules when selecting the consultants and advisors of the Company and its affiliates as Eligible Persons.

(c) Total Number of Shares Available for Issue

The maximum number of Shares in respect of which options might be granted under the Post-IPO Share Option Plan is 48,109,150, representing approximately 9.47% of the Shares in issue (i.e. 507,856,625 Shares) as at the date of this annual report (i.e. 27 March 2024). As at the date of this annual report, no further option could be granted under the Post-IPO Share Option Plan.

(d) *Maximum Entitlement of Each Participant*

Unless approved by Shareholders in a general meeting, the maximum number of Shares underlying the options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue for the time being.

(e) *Exercise Period and Vesting Period of the Options granted*

Unless the Administrator otherwise determined and stated in the grant agreement, a participant is not required to achieve any performance targets before any options granted under the Post-IPO Share Option Plan can be exercised and there is no minimum period for which any option must be held before it can be exercised. The exercise period is from the relevant date of vesting of the option to ten (10) years from the date of grant. Any exercise of an option shall be at all times subject to the terms and provisions of the grant agreement, the trading policy as adopted or amended by the Company from time to time and any applicable laws.

The Administrator might determine the time or times at which an option will vest or become exercisable and the terms on which an option will remain exercisable. Such terms and conditions should be set out in the grant agreement. The Administrator shall comply with the requirements under Chapter 17 of the Listing Rules when determining the vesting period of the Options.

(f) *Consideration for Application or Acceptance of the Options*

Nil consideration was required to be paid by the grantees for the application or acceptance of the options granted under the Post-IPO Share Option Plan.

(g) *Exercise Price*

The exercise price of options was determined by the Administrator, in compliance with Chapter 17 of the Listing Rule. The exercise price of options must be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares. Options, once granted, may be repriced only in accordance with the applicable requirements of the Post-IPO Share Option Plan and the grant agreement.

(h) *Remaining Life of the Post-IPO Share Option Plan*

The Post-IPO Share Option Plan was terminated with effect from the adoption of the 2023 Share Option Plan and 2023 RSU Plan (i.e. 27 October 2023).

(i) *Outstanding Share Options under the Post-IPO Share Option Plan*

The tables below show the details of the movement of the outstanding options granted to all grantees under the Post-IPO Share Option Plan during the Reporting Period.

Name	Role	Date of Grant	Vesting Period[2]	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2023	Granted during the Reporting Period	Exercised during the Reporting Period[3]	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2023
Dr. GUO Feng	Executive Director, Chief Executive Officer and Chairman of the Board	25 May 2023	25 May 2023 – 25 May 2027	10 years from Date of Grant	HK$1.808	–	3,250,000	–	–	–	3,250,000
		25 May 2023	Milestone Achievement	10 years from Date of Grant	HK$1.808	–	1,750,000	–	–	–	1,750,000
Total:						**–**	**5,000,000**	**–**	**–**	**–**	**5,000,000**

Date of Grant	Vesting Period[2]	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2023	Granted during the Reporting Period	Exercised during the Reporting Period[3]	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2023
Employees									
3 June 2021	Date of entry – 4 years from Date of entry	10 years from Date of Grant	HKD 17.080	2,945,500	–	–	1,140,000	571,800	1,233,700
27 August 2021	Date of entry – 4 years from Date of entry	10 years from Date of Grant	HKD 10.848	933,000	–	–	–	118,000	815,000
5 October 2022	Date of entry – 4 years from Date of entry	10 years from Date of Grant	HKD 1.728	2,251,500	–	–	–	165,000	2,086,500
25 May 2023	25 May 2023 – 30 July 2024	10 years from Date of Grant	HKD 1.808	–	1,300,000	–	–	–	1,300,000
25 May 2023	25 May 2023 – 25 May 2025	10 years from Date of Grant	HKD 1.808	–	1,140,000	–	–	–	1,140,000
25 May 2023	25 May 2023 – 25 May 2026	10 years from Date of Grant	HKD 1.808	–	682,500	–	–	–	682,500
25 May 2023	25 May 2023 – 25 May 2027	10 years from Date of Grant	HKD 1.808	–	2,021,500	–	–	–	2,021,500
25 May 2023	Milestone Achievement	10 years from Date of Grant	HKD 1.808	–	1,456,000	–	–	–	1,456,000
31 August 2023	02 September 2024 – 02 September 2027	10 years from Date of Grant	HKD 1.500	–	9,578,867	–	–	–	9,578,867
Total				**6,130,000**	**16,178,867**	**–**	**1,140,000**	**854,800**	**20,314,067**

Notes:

(1) Save as disclosed above, none of the grantees were (i) directors, chief executive or substantial Shareholders of the Company, or their respective associates; (ii) participants with options granted and to be granted in excess of the 1% individual limit; (iii) related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of Shares in issue as set out in Rule 17.07 of the Listing Rules.

(2) The options are vested based on the grantees' performance or milestone achievement. For those options vested based on the grantees' performance, the respective vesting period is listed in the above table. For those options vested based on milestone achievement, the options shall vest upon achievement of the relevant milestones with respect to the clinical development status, launching status, business development partnering status and/or manufacturing status of the Company's drug candidates.

(j) *Further Information in relation to the Options granted and to be granted under the Post-IPO Share Option Plan*

During the Reporting Period, 11,600,000 and 9,578,867 options were granted to Dr. Guo Feng and certain employees under the Post-IPO Share Option Plan on 25 May 2023 and 31 August 2023, the closing prices of the Shares immediately before the date on which the share options were granted are HK$1.81 and HK$1.51 respectively.

The grants of options under the Post-IPO Share Option Plan consist of (i) performance grants; and (ii) milestone grants.

The options granted under performance grants shall vest conditional upon the relevant grantee having fulfilled the performance evaluation conducted under the Company's employee performance evaluation system; and the options to be vested on the relevant vesting date shall be adjusted based on the grantee's annual performance results for the preceding fiscal year prior to the relevant vesting date as follows:

i. 100% of the options can be vested on the relevant vesting date shall vest, if annual performance of the grantee is rated "B+" or above;

ii. 60% of the options can be vested on the relevant vesting date shall vest, if annual performance of the grantee is rated "B";

iii. none of the options shall vest, if the probation review is failed or annual performance of the grantee is rated under "B"; and

iv. the Administrator shall determine at its discretion the grantee's level of performance with respect to each fiscal year under the Company's employee performance evaluation system and such determination shall be binding and conclusive upon the grantee.

The options granted under milestone grants shall vest conditional upon fulfillment of milestones with respect to the clinical development status, launching status, business development partnering status and/or manufacturing status of the Company's drug candidates as set out in the relevant granting agreement entered into between the relevant grantee and the Company.

The fair value of the options granted on 25 May 2023 was between RMB0.6637 to RMB0.8549 per share. The fair value of the options granted on 31 August 2023 was between RMB0.6102 to RMB0.6737 per share. The fair value at grant date is independently determined using binomial option pricing model by an independent qualified valuer, for further details please refer to Note 23(b) to the condensed consolidated financial statements.

The number of options available for grant under the Post-IPO Share Option Plan was 41,979,150 on 1 January 2023. The Post-IPO Share Option Plan was terminated with effect from the adoption of the 2023 Share Option Plan and 2023 RSU Plan (i.e. 27 October 2023). Accordingly, no option was available for grant under the Post-IPO Share Option Plan on 31 December 2023.

3. 2021 RSU Plan

The 2021 RSU Plan was adopted on 3 June 2021 and terminated with effect from the adoption of the 2023 Share Option Plan and 2023 RSU Plan (i.e. 27 October 2023). Upon the termination of the 2021 RSU Plan, no RSU was available for grant but all unvested RSUs granted under the 2021 RSU Plan shall continue to be valid and shall vest in accordance with the terms of the 2021 RSU Plan and the relevant grant agreements. The following is a summary of the principal terms of the 2021 RSU Plan:

(a) Purpose

The purpose of the 2021 RSU Plan is to (i) advance the interests of the Company by motivating the selected participants to contribute to the Company's growth and development; (ii) recruit, incentivise and retain key employees; (iii) recognise the contributions by the participants with an opportunity to acquire a proprietary interest in the Company; and (iv) motivate the participants to maximise the value of the Company for the benefits of both the participants and the Company, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the participants directly to the Shareholders through ownership of Shares.

(b) Participants

The Administrator will select participants from among employees, directors, consultants and advisors of the Company and its Affiliates, or any other persons approved by the Administrator (each an "**Eligible Person**") to participate in the 2021 RSU Plan. The basis of eligibility of any Eligible Persons to the grant of the award shall be determined by the Administrator from time to time on the basis of their contribution to the development and growth of the Group.

The Administrator shall comply with the requirements under Chapter 17 of the Listing Rules when selecting the consultants and advisors of the Company and its affiliates as Eligible Persons.

(c) Total Number of Shares Available for Issue

The maximum number of Shares in respect of which RSUs may be granted under the 2021 RSU Plan is 14,730,911, representing approximately 2.90% of the Shares in issue (i.e. 507,856,625 Shares) as at the date of this annual report (i.e. 27 March 2024). As at the date of this annual report, no further RSU could be granted under the 2021 RSU Plan.

(d) Maximum Entitlement of Each Participant

Unless approved by Shareholders in a general meeting, the maximum number of Shares underlying the RSUs granted to each eligible participant in any 12-month period shall not exceed 1% of the Shares in issue for the time being.

(e) Vesting Period of the RSUs granted

The Administrator may determine the time or terms and conditions at which a RSU will vest, including without limitation, the granting date, the number of RSUs, the vesting dates and other conditions and rules. Such terms and conditions shall be set out in the grant agreement. The Administrator shall comply with the requirements under Chapter 17 of the Listing Rules when determining the vesting period of the RSUs.

(f) Consideration for Application or Acceptance of the RSUs

Nil consideration is required to be paid by the grantees for the application or acceptance of the RSUs granted under the 2021 RSU Plan.

(g) *Purchase Price of the RSUs*

Nil purchase price is required to be paid by the grantees for the RSUs granted under the 2021 RSU Plan.

(h) *Remaining Life of the 2021 RSU Plan*

The 2021 RSU Plan was terminated with effect from the adoption of the 2023 Share Option Plan and 2023 RSU Plan (i.e. 27 October 2023).

(i) *RSUs Granted under the 2021 RSU Plan*

The tables below show the details of the movement of the RSUs granted to all grantees under the 2021 RSU Plan during the Reporting Period.

Date of Grant	Vesting Period[2]	Unvested as at 1 January 2023	Granted during the Reporting Period	Vested during the Reporting Period[3]	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as at 31 December 2023
Employees							
3 June 2021	Date of entry – 4 years from Date of entry	1,421,600	–	446,700	–	197,450	777,450
27 August 2021	Date of entry – 4 years from Date of entry	352,500	–	110,000	–	37,000	205,500
5 October 2022	Date of entry – 4 years from Date of entry	860,050	–	267,825	–	66,975	525,250
25 May 2023	25 May 2023 – 25 May 2026	–	682,500	–	–	–	682,500
25 May 2023	25 May 2023 – 25 May 2027	–	1,371,500	–	–	–	1,371,500
25 May 2023	Milestone Achievement	–	2,206,000	–	–	–	2,206,000
31 August 2023	02 September 2024 – 02 September 2027	–	4,739,893	–	–	–	4,739,893
Total		**2,634,150**	**8,999,893**	**824,525**	**–**	**301,425**	**10,508,093**

Notes:

(1) None of the grantees were (i) directors, chief executive or substantial Shareholders of the Company, or their respective associates; (ii) participants with option granted and to be granted in excess of the 1% individual limit; (iii) related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of Shares in issue as set out in Rule 17.07 of the Listing Rules.

(2) The RSUs are vested based on the grantees' performance or milestone achievement. For those RSUs vested based on grantees' performance, the respective vesting period is listed in the above table. For those RSUs vested based on milestone achievement, the RSUs shall vest upon the first anniversary of the date of grant or achievement of the relevant milestones with respect to the clinical development status, launching status, business development partnering status and/or manufacturing status of the Company's drug candidates, whichever is later.

(3) The weighted average closing price of the shares immediately before the dates on which the RSUs were vested during the Reporting Period was HK$1.8019 per share.

(j) *Further Information in relation to the RSUs granted and to be granted under the 2021 RSU Plan*

During the Reporting Period, 4,260,000 and 4,739,893 RSUs were granted under the 2021 RSU Plan on 25 May 2023 and 31 August 2023, the closing price of the Shares immediately before the date on which the RSUs were granted are HK$1.81 and HK$1.51 respectively.

The grants of RSUs under the 2021 RSU Plan consist of (i) performance grants; and (ii) milestone grants.

The RSUs granted under performance grants shall vest conditional upon the relevant grantee having fulfilled the performance evaluation conducted under the Company's employee performance evaluation system; and the RSU to be vested on the relevant vesting date shall be adjusted based on the grantee's annual performance results for the preceding fiscal year prior to the relevant vesting date as follows:

i. 100% of the RSUs can be vested on the relevant vesting date shall vest, if annual performance of the grantee is rated "B+" or above;

ii. 60% of the RSUs can be vested on the relevant vesting date shall vest, if annual performance of the grantee is rated "B";

iii. None of the RSUs shall vest, if the probation review is failed or annual performance of the grantee is rated under "B"; and

iv. The Administrator shall determine at its discretion the grantee's level of performance with respect to each fiscal year under the Company's employee performance evaluation system and such determination shall be binding and conclusive upon the grantee.

The RSUs granted under milestone grants shall vest conditional upon fulfillment of milestones with respect to the clinical development status, launching status, business development partnering status and/or manufacturing status of the Company's drug candidates as set out in the relevant granting agreement entered into between the relevant grantee and the Company.

The fair value of the RSUs granted on 25 May 2023 and 31 August 2023 were RMB1.56 per Share and RMB1.37 per Share, based on the closing prices on the dates of grant. Further details refer to Note 23(d) to the condensed consolidated financial statements.

The number of RSUs available for grant under the 2021 RSU Plan was 10,483,774 on 1 January 2023. The 2021 RSU Plan was terminated with effect from the adoption of the 2023 Share Option Plan and 2023 RSU Plan (i.e. 27 October 2023). Accordingly, no RSU was available for grant under the 2021 RSU Plan on 31 December 2023.

4. 2023 Share Option Plan

The following is a summary of the principal terms of the 2023 Share Option Plan which was adopted on 27 October 2023:

(a) Purpose

The purposes of the 2023 Share Option Plan are (i) to advance the interests of the Company by motivating the eligible participants of the 2023 Share Option Plan ("**Eligible Participants**") to contribute to the Company's growth and development; and (ii) to enable the Company to recruit, incentivize and retain key employees.

(b) Participants

Eligible Participants are persons eligible to participate in the 2023 Share Option Plan and shall comprise director(s) (including executive director(s), non-executive director(s) and independent non-executive director(s)) and employee(s) (whether full-time or part-time) of any member of the Group, including any person who is granted options under the 2023 Share Option Plan as an inducement to enter into employment contracts with any member of the Group.

In determining the eligibility of an Eligible Participant, the Administrator may take into account various factors that it in its sole and absolute discretion considers relevant in assessing his contribution to the long-term development and growth of the Group, including (i) individual performance; (ii) time commitment; (iii) responsibilities or employment conditions according to the prevailing market practice and industry standard; (iv) the length of engagement with the Group; and (v) the actual and/or potential contribution to the development and growth of the Group.

(c) Total Number of Shares Available for Issue

The total number of Shares which may be issued in respect of all options to be granted under the 2023 Share Option Plan shall not exceed 21,449,808 Shares, representing approximately 4.22% of the Shares in issue (i.e. 507,856,625 Shares) as at the date of this annual report (i.e. 27 March 2024).

(d) Maximum Entitlement of Each Participant

Unless approved by Shareholders in a general meeting with such Eligible Participant and his close associates (or associates if such Eligible Participant is a connected person of the Company) abstaining from voting, the maximum number of Shares underlying the options granted to each eligible participant (excluding any options and awards lapsed in accordance with the terms of all effective share plans of the Company which are governed by Chapter 17 of the Listing Rules) in any 12-month period shall not exceed 1% of the Shares in issue for the time being.

(e) *Exercise Period and Vesting Period of the Options granted*

The Administrator may in its sole and absolute discretion determine the exercise period of the option(s), but in all circumstances the exercise period shall not be more than ten (10) years from the grant date.

The vesting period of the options shall not be less than twelve (12) months, save and except that options to be granted to an Eligible Participant may be subject to a vesting period of less than twelve (12) months (or no vesting period) in the following circumstances:

a. grants of "make-whole" options to a new joiner to replace the options he forfeited when leaving his previous employers;

b. grants to an Eligible Participant whose employment is terminated due to death or disability or occurrence of any out of control event;

c. grants with performance-based vesting conditions in lieu of time-based vesting criteria;

d. grants that are made in batches during a year for administrative and compliance reasons. They may include options that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which the options would have been granted; and;

e. grants with a mixed or accelerated vesting schedule such as where the options may vest evenly over a period of 12 months

(f) *Consideration for Application or Acceptance of the Options*

The grantee shall not be required to pay any amount for the application or acceptance of the grant of options.

(g) *Exercise Price*

The exercise price of the options granted under the 2023 Share Option Plan shall be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the grant date; and (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five (5) Business Days immediately preceding the grant date.

(h) *Remaining Life of the 2023 Share Option Plan*

Subject to any early termination as determined by the Board, the 2023 Share Option Plan shall be valid and effective for a period of ten (10) years commencing from its effective date (i.e. 27 October 2023). The 2023 Share Option Plan will expire on 27 October 2033. The remaining life of the 2023 Share Option Plan is approximately 9.6 years from the date of this annual report (i.e. 27 March 2024).

(i) *Outstanding Share Options under the 2023 Share Option Plan*

The table below show the details of the movement of the outstanding options granted to all grantees under the 2023 Share Option Plan during the Reporting Period.

Name	Role	Date of Grant	Vesting Period[2]	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2023
Dr. GUO Feng	Executive Director, Chief Executive Officer and Chairman of the Board	31 August 2023[3]	2 September 2024 – 2 September 2027	10 years from the relevant date of vesting of the options	HK$1.50	–	3,626,385	–	–	–	3,626,385
		31 August 2023[3]	Milestone Achievement	10 years from the relevant date of vesting of the options	HK$1.50	–	1,952,669	–	–	–	1,952,669
Total:						**–**	**5,579,054**	**–**	**–**	**–**	**5,579,054**

Notes:

(1) Save as disclosed above, none of the grantees were (i) directors, chief executive or substantial Shareholders of the Company, or their respective associates; (ii) participants with options granted and to be granted in excess of the 1% individual limit; (iii) related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of Shares in issue as set out in Rule 17.07 of the Listing Rules.

(2) The options are vested based on the grantees' performance or milestone achievement. For those options vested based on the grantees' performance, the respective vesting period is listed in the above table. For those options vested based on milestone achievement, the options shall vest upon achievement of the relevant milestones with respect to the clinical development status, launching status, business development partnering status and/or manufacturing status of the Company's drug candidates.

(3) The grant of share options were approved by the Board on 31 August 2023 and approved by the Shareholders at the extraordinary general meeting held on 27 October 2023.

(j) *Further Information in relation to the Options granted and to be granted under the 2023 Share Option Plan*

During the Reporting Period, 5,579,054 options were granted to Dr. Guo Feng under the 2023 Share Option Plan on 31 August 2023, the closing price of the Shares immediately before the date on which the options were granted is HK$1.51.

The grants of options under the 2023 Share Option Plan consist of (i) performance grants; and (ii) milestone grants.

The options granted under performance grants shall vest conditional upon the relevant grantee having fulfilled the performance evaluation conducted under the Company's employee performance evaluation system; and the options to be vested on the relevant vesting date shall be adjusted based on the grantee's annual performance results for the preceding fiscal year prior to the relevant vesting date as follows:

i. 100% of the options can be vested on the relevant vesting date shall vest, if annual performance of the grantee is rated "B+" or above;

ii. 60% of the options can be vested on the relevant vesting date shall vest, if annual performance of the grantee is rated "B";

iii. none of the options shall vest, if the annual performance of the grantee is rated under "B"; and

iv. the Administrator shall determine at its discretion the grantee's level of performance with respect to each fiscal year under the Company's employee performance evaluation system and such determination shall be binding and conclusive upon the grantee.

The options granted under milestone grants shall vest conditional upon fulfillment of milestones with respect to the clinical development status, launching status, business development partnering status and/or manufacturing status of the Company's drug candidates as set out in the relevant granting agreement entered into between the relevant grantee and the Company.

The fair value of the options under the 2023 Share Option Plan was between RMB0.4074 to RMB0.4573 per share. The fair value at grant date is independently determined using binomial option pricing model by an independent qualified valuer, for further details please refer to Note 23(c) to the condensed consolidated financial statements.

The 2023 Share Option Plan was adopted on 27 October 2023. The number of options available for grant under the 2023 Share Option Plan was 15,870,754 on 31 December 2023.

5. 2023 RSU Plan

The following is a summary of the principal terms of the 2023 RSU Plan which was adopted on 27 October 2023:

(a) Purpose

The purposes of the 2023 RSU Plan are (i) to advance the interests of the Company by motivating the eligible participants of the 2023 RSU Plan ("**Eligible Participants**") to contribute to the Company's growth and development; (ii) to recruit, incentivise and retain key employees; (iii) to recognise the contributions by the Eligible Participants with an opportunity to acquire a proprietary interest in the Company; and (iv) to motivate the Eligible Participants to maximise the value of the Company for the benefits of both the Eligible Participants and the Company, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Eligible Participants directly to the Shareholders through ownership of Shares.

(b) Participants

Eligible Participants are persons eligible to participate in the 2023 RSU Plan and shall comprise director(s) (including executive director(s), non-executive director(s) and independent non-executive director(s)) and employee(s) (whether full-time or part-time) of any member of the Group, including any person who is granted awards under the 2023 RSU Plan as an inducement to enter into employment contracts with any member of the Group.

In determining the eligibility of an Eligible Participant, the Administrator may take into account various factors that it in its sole and absolute discretion considers relevant in assessing his contribution to the long-term development and growth of the Group, including (i) individual performance; (ii) time commitment; (iii) responsibilities or employment conditions according to the prevailing market practice and industry standard; (iv) the length of engagement with the Group; and (v) the actual and/or potential contribution to the development and growth of the Group.

(c) Total Number of Shares Available for Issue

The total number of Shares which may be issued in respect of all RSUs to be granted under the 2023 RSU Plan shall not exceed 5,964,556 Shares, representing approximately 1.17% of the Shares in issue (i.e. 507,856,625 Shares) as at the date of this annual report (i.e. 27 March 2024).

(d) Maximum Entitlement of Each Participant

Unless approved by Shareholders in a general meeting with such Eligible Participant and his close associates (or associates if such Eligible Participant is a connected person of the Company) abstaining from voting, the maximum number of Shares underlying the Awards granted to each eligible participant (excluding any options and awards lapsed in accordance with the terms of all effective share plans of the Company which are governed by Chapter 17 of the Listing Rules) in any 12-month period shall not exceed 1% of the Shares in issue for the time being.

(e) *Vesting Period of the Awards granted*

The vesting period of the awards shall not be less than twelve (12) months, save and except that awards to be granted to an Eligible Participant may be subject to a vesting period of less than twelve (12) months (or no vesting period) in the following circumstances:

a. grants of "make-whole" awards to a new joiner to replace the Awards he forfeited when leaving his previous employers;

b. grants to an Eligible Participant whose employment is terminated due to death or disability or occurrence of any out of control event;

c. grants with performance-based vesting conditions in lieu of time-based vesting criteria;

d. grants that are made in batches during a year for administrative and compliance reasons. They may include awards that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which the awards would have been granted; and

e. grants with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of 12 months.

(f) *Consideration for Application or Acceptance of the Awards*

The grantee shall not be required to pay any amount for the application or acceptance of the grant of awards.

(g) *Purchase Price of RSUs*

No purchase price is to be paid by the grantee upon vesting of the RSUs under the 2023 RSU Plan.

(h) *Remaining Life of the 2023 RSU Plan*

Subject to any early termination as determined by the Board, the 2023 RSU Plan shall be valid and effective for a period of ten (10) years commencing from its effective date (i.e. 27 October 2023). The 2023 RSU Plan will expire on 27 October 2033. The remaining life of the 2023 RSU Plan is approximately 9.6 years from the date of this annual report (i.e. 27 March 2024).

(i) *Unvested RSUs granted under the 2023 RSU Plan*

The table below show the details of the movement of the unvested RSUs granted to all grantees under the 2023 RSU Plan during the Reporting Period.

Name	Role	Date of Grant	Vesting Period[2]	Unvested as at 1 January 2023	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as at 31 December 2023
Dr. GUO Feng	Executive Director, Chief Executive Officer and Chairman of the Board	31 August 2023[3]	2 September 2024 – 2 September 2027	–	2,736,500	–	–	–	2,736,500
		31 August 2023[3]	Milestone Achievement	–	1,473,500	–	–	–	1,473,500
Total:				**–**	**4,210,000**	**–**	**–**	**–**	**4,210,000**

Notes:

(1) Save as disclosed above, none of the grantees were (i) directors, chief executive or substantial Shareholders of the Company, or their respective associates; (ii) participants with options granted and to be granted in excess of the 1% individual limit; (iii) related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of Shares in issue as set out in Rule 17.07 of the Listing Rules.

(2) The RSUs are vested based on the grantees' performance or milestone achievement. For those RSUs vested based on the grantees' performance, the respective vesting period is listed in the above table. For those RSUs vested based on milestone achievement, the RSUs shall vest upon achievement of the relevant milestones with respect to the clinical development status, launching status, business development partnering status and/or manufacturing status of the Company's drug candidates.

(3) The grant of RSUs were approved by the Board on 31 August 2023 and approved by the Shareholders at the extraordinary general meeting held on 27 October 2023.

(j) *Further Information in relation to the RSUs granted and to be granted under the 2023 RSU Plan*

During the Reporting Period, 4,210,000 RSUs were granted to Dr. Guo Feng under the 2023 RSU Plan on 31 August 2023, the closing price of the Shares immediately before the date on which the RSUs were granted is HK$1.51.

The grants of RSUs under the 2023 RSU Plan consist of (i) performance grants; and (ii) milestone grants.

The RSUs granted under performance grants shall vest conditional upon the relevant grantee having fulfilled the performance evaluation conducted under the Company's employee performance evaluation system; and the RSUs to be vested on the relevant vesting date shall be adjusted based on the grantee's annual performance results for the preceding fiscal year prior to the relevant vesting date as follows:

i. 100% of the RSUs can be vested on the relevant vesting date shall vest, if annual performance of the grantee is rated "B+" or above;

ii. 60% of the RSUs can be vested on the relevant vesting date shall vest, if annual performance of the grantee is rated "B";

iii. none of the RSUs shall vest, if the annual performance of the grantee is rated under "B"; and

iv. the Administrator shall determine at its discretion the grantee's level of performance with respect to each fiscal year under the Company's employee performance evaluation system and such determination shall be binding and conclusive upon the grantee.

The RSUs granted under milestone grants shall vest conditional upon fulfillment of milestones with respect to the clinical development status, launching status, business development partnering status and/or manufacturing status of the Company's drug candidates as set out in the relevant granting agreement entered into between the relevant grantee and the Company.

The fair value of the RSUs under the 2023 RSU Plan was RMB1.07 per share. The fair value at grant date is independently determined using binomial option pricing model by an independent qualified valuer, for further details please refer to Note 23(e) to the condensed consolidated financial statements.

The 2023 RSU Plan was adopted on 27 October 2023. The number of RSUs available for grant under the 2023 RSU Plan was 1,754,556 on 31 December 2023.

The number of shares that may be issued in respect of options and RSUs granted under all schemes of the Company (i.e the Pre-IPO Share Option Plan, the Post-IPO Share Option Plan, the 2021 RSU Plan, the 2023 Share Option Plan and the 2023 RSU Plan) during the Reporting Period divided by the weighted average number of the Shares in issue for the Reporting Period is 2.1%.

REPORT OF DIRECTORS

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed in this annual report, at no time during and at the end of the Reporting Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

In compliance with Rule 3.25 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules, the Company has established the Compensation Committee to formulate remuneration policies. The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Compensation Committee. The Directors and the senior management personnel are eligible participants of the Equity Plans. Details of the remuneration of the Directors, senior management and the five highest paid individuals are set out in Notes 8, 33(c) and 35, respectively to the consolidated financial statements.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of our Directors had any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

CONNECTED TRANSACTIONS

The Group has no non-exempt connected transaction or continuing connected transactions for the Group during the Reporting Period. Details of related party transactions of the Group for the Reporting Period are set out in Note 33 to the consolidated financial statements.

The Board confirms that the related party transactions as disclosed in Note 33 to the consolidated financial statements does not fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

Save for the share options and share awards granted as disclosed under the section headed "EQUITY PLANS" in this annual report, for the year ended 31 December 2023, no other convertible securities, options, warrants or similar rights were issued or granted by the Company or any of its subsidiaries or were exercised. As at 31 December 2023, save for the outstanding share options and share awards as disclosed under the section headed "EQUITY PLANS" in this annual report, no convertible securities, options, warrants or similar rights remained outstanding.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries or consolidated affiliated entities purchased, sold or redeemed any of the Company's listing securities during the Reporting Period.

LOAN ARRANGEMENTS GRANTED TO ENTITIES

For the year ended 31 December 2023, the Group did not grant any loan to any entity which is subject to disclosure requirements under Rule 13.13 of the Listing Rules.

BREACH OF LOAN AGREEMENTS

For the year ended 31 December 2023, there was no breach of the loan agreements by the Company in which the loan involved would have a significant impact on the business operations of the Company.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

For the year ended 31 December 2023, there was no financial assistance or guarantee to affiliated companies by the Company which is subject to disclosure.

GUARANTEE REGARDING THE FINANCIAL PERFORMANCE OF A COMPANY OR BUSINESS ACQUIRED

For the year ended 31 December 2023, there was no guarantee regarding the financial performance of a company or business acquired which is subject to disclosure requirements under Rule 14.36B and/or Rule 14A.63 of the Listing Rules.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The Company's shares were listed on the Stock Exchange on 7 October 2020 with a total of 129,683,500 offer shares (including shares issued as a result of the partial exercise of the over-allotment option) issued and the net proceeds raised during the global offering were approximately HK$2,923 million (the "**Net Proceeds**"). As set out in the Company's announcement dated 28 October 2020, the Company shall utilise the additional Net Proceeds raised from the partial exercise of the over-allotment option on a pro-rata basis for the purposes set out in the Prospectus. There has been no issue for cash of equity securities by the Company during the Reporting Period.

The Company had used the Net Proceeds in accordance with the plan disclosed in the Prospectus and the change in use of net proceeds from the global offering allocated to different stages of each of our Core Products, other key products and other pipeline products as set out in the interim results announcement of the Company for the six months ended 30 June 2022 (the "**2022 Interim Results Announcement**"). During the Reporting Period, due to the reasons set out in the section headed "Reasons for the Change in Use of Net Proceeds" below, the Board has resolved to further change the use of the Net Proceeds (the "**Change**") as disclosed in the interim results announcement of the Company for the six months ended 30 June 2023 (the "**2023 Interim Results Announcement**").

The unutilised Net Proceeds are approximately RMB864.8 million as at 31 December 2023, which will be allocated and used in accordance with the purposes and proportions as set out in the 2023 Interim Results Announcement. The Company will gradually utilise the residual amount of the Net Proceeds in accordance with such intended purposes depending on actual business needs.

Details of the use of the Net Proceeds before and after the Change during the Reporting Period are set out respectively as below.

Before the Change:

	Allocation of Net Proceeds in the proportion disclosed in the Prospectus (Note 1) RMB million	Unutilised Net Proceeds as at 1 January 2023 RMB million	Net Proceeds utilised during the year ended 31 December 2023 RMB million	Utilised Net Proceeds as at 31 December 2023 RMB million	Unutilised Net Proceeds as at 31 December 2023 RMB million	Expected timeline to fully utilise the remaining unutilised Net Proceeds (Note 2)
Fund research and development activities of our Core Products, including ongoing and planned clinical trials, indication expansion and preparation for registration filings, and commercialisation	1,065.1	**494.5**	**20.5**	**591.1**	**474.0**	On or before 31 December 2025
Fund research and development activities of our other key products, including ongoing and planned clinical trials, indication expansion and preparation for registration filings	583.3	**186.5**	**173.0**	**569.8**	**13.5**	On or before 31 December 2024
Fund ongoing and planned clinical trials, indication expansion and preparation for registration filings of the other drug candidates in our pipeline	380.4	**240.6**	**62.9**	**202.7**	**177.7**	On or before 31 December 2025
Fund the expansion of our drug pipeline	253.6	**180.1**	**32.3**	**105.8**	**147.8**	On or before 31 December 2025
General corporate purposes	253.6	**77.7**	**25.9**	**201.8**	**51.8**	On or before 31 December 2024
Total	**2,536.0**	**1,179.4**	**314.6**	**1,671.2**	**864.8**	

Notes:

1. The Net Proceeds figure has been translated to Renminbi for the allocation and the utilisation calculation, and has been adjusted slightly due to the fluctuation of the foreign exchange rates since the Listing.

2. The expected timeline for fully utilising the remaining unutilised Net Proceeds was based on the best estimation of the future market conditions made by the Group. It might be subject to change based on the current and future development of market conditions.

The table below specifies further breakdown for the Net Proceeds to be allocated to different stages of each of our Core Products (has the meaning ascribed to it under the Chapter 18A of the Listing Rules), other key products and other pipeline products and their utilisation during the year ended 31 December 2023 before the Change.

	Revised Net Proceeds to be Allocated to Each Stage as stated in the 2022 Interim Results Announcement (Note 1)							
	Pre-clinical RMB million	Clinical RMB million	Commercialization (including registration) RMB million	Unutilised Net Proceeds as at 1 January 2023 RMB million	Net Proceeds utilised during the year ended 31 December 2023 RMB million	Utilised Net Proceeds as at 31 December 2023 RMB million	Unutilised Net Proceeds as at 31 December 2023 RMB million	Expected timeline to fully utilise the remaining unutilised Net Proceeds (Note 2)
Core Products								
GB226, including combination trials with GB492	–	380.4	253.6	**294.3**	**15.9**	**355.6**	**278.4**	On or before 31 December 2025
GB221	–	126.8	126.8	**126.8**	**–**	**126.8**	**126.8**	On or before 31 December 2025
GB242	–	51.5	126.0	**73.4**	**4.6**	**108.7**	**68.8**	On or before 31 December 2024
Other Key Products								
GB491	–	576.1	–	**186.5**	**173.0**	**562.6**	**13.5**	On or before 31 December 2024
GB223	–	7.2	–	**–**	**–**	**7.2**	**–**	
Other Pipeline Products								
(including GB261, GB263 and other products) (Note 3)	125.5	254.9	–	**240.6**	**62.9**	**202.7**	**177.7**	On or before 31 December 2025
Total				**921.6**	**256.4**	**1,363.6**	**665.2**	

Notes:

1. The Net Proceeds figure has been translated to Renminbi for the allocation and the utilisation calculation, and has been adjusted slightly due to the fluctuation of the foreign exchange rates since the Listing.

2. The expected timeline for fully utilising the remaining unutilised Net Proceeds was based on the best estimation of the future market conditions made by the Group. It might be subject to change based on the current and future development of market conditions.

3. As set out in the Prospectus and the 2022 Interim Results Announcement, other products include GB241, GB222, GB224, GB235, GB251, GB232, GB262, GB264, and also GB223 moved from other key products. The Company will make investment on those products according to the current and future development conditions and market competition environment.

After the Change:

	Revised Allocation of Net Proceeds[Note 1] RMB million	Unutilised Net Proceeds as at 1 January 2023 RMB million	Net Proceeds utilised during the year ended 31 December 2023 RMB million	Utilised Net Proceeds as at 31 December 2023 RMB million	Unutilised Net Proceeds as at 31 December 2023 RMB million	Expected timeline to fully utilise the remaining unutilised Net Proceeds [Note 2]
Fund research and development activities of GB491, GB261 and GB263, including ongoing and planned clinical trials, indication expansion and preparation for registration filings, and commercialisation	1,329.2	827.2	235.7	737.7	591.5	On or before 31 December 2026
Fund the expansion of our drug pipeline	253.6	180.1	32.3	105.8	147.8	On or before 31 December 2026
Fund ongoing and planned clinical trials, preparation for registration filings, and commercialization of GB226 (including combination trials with GB492), GB242 and the other drug candidates in our pipeline	699.6	94.4	20.7	625.9	73.7	On or before 31 December 2026
General corporate purposes	253.6	77.7	25.9	201.8	51.8	On or before 31 December 2025
Total	**2,536.0**	**1,179.4**	**314.6**	**1,671.2**	**864.8**	

Notes:

1. The Net Proceeds figure has been translated to Renminbi for the allocation and the utilisation calculation, and has been adjusted slightly due to the fluctuation of the foreign exchange rates since the Listing.

2. The expected timeline for fully utilising the remaining unutilised Net Proceeds is based on the best estimation of the future market conditions made by the Group. It may be subject to change based on the current and future development of market conditions.

The table below specifies further breakdown for the Net Proceeds to be allocated to different stages of our products and their utilisation during the year ended 31 December 2023 after the Change.

	Revised Allocation of Net Proceeds to Each Stage (Note 1)							
	Pre-clinical RMB million	Clinical RMB million	Commercialization (including registration) RMB million	Unutilised Net Proceeds as at 1 January 2023 RMB million	Net Proceeds utilised during the year ended 31 December 2023 RMB million	Utilised Net Proceeds as at 31 December 2023 RMB million	Unutilised Net Proceeds as at 31 December 2023 RMB million	Expected timeline to fully utilise the remaining unutilised Net Proceeds (Note 2)
GB491	–	736.4	100	446.8	173.0	562.6	273.8	On or before 31 December 2026
GB261	55.8	277.1	–	271.4	48.4	109.9	223.0	On or before 31 December 2026
GB263	45.8	114.1	–	109.0	14.3	65.2	94.7	On or before 31 December 2026
GB242, GB226, GB492 and other products (Note 3)	23.9	549.7	126	94.4	20.7	625.9	73.7	On or before 31 December 2026
Total				921.6	256.4	1,363.6	665.2	

Notes:

1. The Net Proceeds figure has been translated to Renminbi for the allocation and the utilisation calculation, and has been adjusted slightly due to the fluctuation of the foreign exchange rates since the Listing.

2. The expected timeline for fully utilising the remaining unutilised Net Proceeds is based on the best estimation of the future market conditions made by the Group. It may be subject to change based on the current and future development of market conditions.

3. Other products include GB221, GB223, GB241, GB251, GB262, and GB264. The Company will make investment on those products according to the current and future development conditions and market competition environment.

Reasons for the Change in Use of Net Proceeds

Considering the rapidly changing market competition environment, reflecting the Company's strategy of focusing on the therapeutic areas with substantial unmet medical needs, prioritizing and accelerating highly differentiated product pipelines, the Board has decided to reprioritize our pipeline products and concentrate more on the research and development of GB491, GB261 and GB263. Moreover, since we have cut down our expenses significantly and can devote more resources to our highly differentiated product pipelines, the expected timeline to fully utilise the remaining unutilised Net Proceeds has been postponed by one to two years. Please refer to "Management Discussion and Analysis – Business Review" above for further information about GB491, GB261 and GB263. The Board confirms that there is no material change in the business nature of the Company as set out in the Prospectus and considers that the above changes in the use of the Net Proceeds is in the best interests of the Company and its Shareholders as a whole.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed percentage of public float under the Listing Rules.

AUDITOR

The consolidated financial statements of the Group have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment at the AGM. There has been no change of auditor for the past three years.

IMPORTANT EVENTS AFTER THE REPORTING DATE

Save as disclosed in this annual report, no important events affecting the Company occurred since the Reporting Period and up to the date of this annual report.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this annual report, we do not have other plans for material investments and capital assets.

By the order of the Board
Dr. Guo Feng
Executive Director, Chief Executive Officer and Chairman of the Board

Hong Kong
27 March 2024

The Board consists of one executive Director, three non-executive Directors and three independent non-executive Directors.

DIRECTORS

Executive Director

Dr. Guo Feng (郭峰), aged 54, is an Executive Director of the Company and Chief Executive Officer of the Group, and the Chairman of the Board. Dr. Guo joined the Group in April 2020. He was appointed as a Director of the Board on 16 April 2020 and Chairman of the Board on 2 November 2021. Dr. Guo also holds the positions of director of Genor Biopharma, executive director of Yuxi Genor, director of Genor Biopharma (HK) Limited. Dr. Guo is primarily responsible for the overall management, business and strategy of the Group. Dr. Guo has accumulated over 20 years of experience in biopharmaceutical industry, particularly in its management and in research and development.

Prior to joining the Group, Dr. Guo was the chairman and director of Xuanzhu (Beijing) Pharmaceutical Technology Limited (軒竹(北京)醫藥科技有限公司) from February 2019 to April 2020 and was responsible for supervising and managing its long-term development strategies and clinical operations. Dr. Guo was the executive director and vice president of Sihuan Pharmaceutical Holdings Group Limited (四環醫藥控股集團有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 460), from December 2017 to April 2018 and from August 2017 to December 2018, respectively. Dr. Guo served as the chief executive officer of Tayu Huaxia Biotech Medical Group Co., Ltd. (大有華夏生物醫藥集團有限公司), a company specialising in research and development of advanced immunotherapy drugs, from October 2016 to May 2017. He served at Merck Serono (Beijing) Pharmaceutical R&D Co., Ltd. as the head of its China R&D Hub and vice president, from May 2013 to September 2016. From January 2002 to April 2013, Dr. Guo served with Pfizer, Inc., a company listed on NYSE (ticker symbol: PFE), and held a number of senior positions, including as the associate director at Pfizer Global R&D Headquarter based in Connecticut, the United States and the head of its Clinical Pharmacology Asia in China from January 2002 to June 2011, the director of its China R&D Center and the head of its Wuhan Research and Development Centre, China.

Dr. Guo obtained a Ph.D. in clinical pharmacology from the University of Toronto in Canada in May 2001.

Save as disclosed above, Dr. Guo has no other relationship with any other Directors, senior management, substantial and controlling Shareholders (as defined in the Listing Rules) and has not held any position with the Company.

DIRECTORS AND SENIOR MANAGEMENT

Non-executive Directors

Dr. Lyu Dong (呂東), aged 49, was appointed as a non-executive Director of the Company on 2 November 2021. He is a member of the Nomination Committee. Dr. Lyu joined the Group in November 2021. Dr. Lyu also holds the position of a director of Genor Biopharma. Dr. Lyu is primarily responsible for providing overall guidance on the business, strategies and development of the Group.

Dr. Lyu is currently the managing director of Zhuhai Gao Ling Equity Investment Management Co., Ltd. (珠海高瓴股權投資管理有限公司). Dr. Lyu served as a vice president of the pharmaceutical and medical device investment department of Shanghai Panxin Equity Investment Management Co., Ltd (上海磐信股權投資管理有限公司) from July 2011 to July 2016. He then served as the managing director of PAG Growth (Zhuhai) Holding Investment Management Co., Ltd (太盟成長(珠海)股權投資管理有限公司) for four years from September 2016 to September 2020. After his service at PAG Growth (Zhuhai) Holding Investment Management Co., Ltd (太盟成長(珠海)股權投資管理有限公司), he joined Zhuhai Gao Ling Equity Investment Management Co., Ltd (珠海高瓴股權投資管理有限公司) in September 2020 and has served as its managing director as at the date of this annual report. Dr. Lyu is currently serving as a non-executive director of Jacobio Pharmaceuticals Group Co., Ltd. (加科思藥業集團有限公司) (stock code: 1167), which is a company listed on the Stock Exchange. Dr. Lyu was a non-executive director of Keymed Biosciences Inc. (康諾亞生物醫藥科技有限公司) (a company listed on the Stock Exchange, stock code: 2162) from March 2021 to March 2022 and a non-executive director of Clover Biopharmaceuticals, Ltd. (三葉草生物製藥有限公司) (a company listed on the Stock Exchange, stock code: 2197) from March 2021 to October 2022.

Dr. Lyu obtained his bachelor's degree in pharmacy from Beijing Medical University (北京醫科大學) (currently known as Peking University Health Science Center (北京大學醫學部)) in July 1996, his master's degree in pharmaceutics from Peking University (北京大學) in June 2003 and his PHD in social and administrative pharmacy from China Pharmaceutical University (中國藥科大學) in June 2010.

Save as disclosed above, Dr. Lyu has no other relationship with any other Directors, senior management, substantial and controlling Shareholders (as defined in the Listing Rules) and has not held any position with the Company, or any other member of the Group.

Mr. Yu Tieming (于鐵銘), aged 42, was appointed as a non-executive Director of the Company on 2 January 2024. He is also a member of the Compensation Committee. Mr. Yu is primarily responsible for providing overall guidance on the business, strategies and development of the Group.

Mr. Yu is currently a partner at Hillhouse Investment. From July 2006 to October 2011, Mr. Yu served as the manager of Global Capital Market Group at PricewaterhouseCoopers Zhong Tian LLP. From October 2011 to May 2014, Mr. Yu served as the manager of Capital Market and Accounting Consulting Services at PricewaterhouseCoopers of Sydney. From May 2014 to February 2016, Mr. Yu served as the senior investment manager at Keytone Ventures. Since February 2016, Mr. Yu has joined Hillhouse Investment and now serves as a partner. From April 2021 to May 2022, Mr. Yu has also served as a director of Zhejiang Hisun Pharmaceutical Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600267.SH).

Mr. Yu holds a Bachelor Degree in Financial Management from Northern Jiaotong University (currently known as Beijing Jiaotong University), a Master's Degree in Accounting from Beijing Jiaotong University and an EMBA Degree from China Europe International Business School (CEIBS). Mr. Yu is also a member of the Chinese Institute of Certified Public Accountants (CICPA) and CPA Australia.

Save as disclosed above, Mr. Yu has no other relationship with any other Directors, senior management, substantial and controlling Shareholders (as defined in the Listing Rules) and has not held any position with the Company, or any other member of the Group.

Mr. Liu Yi (劉逸), aged 34, was appointed as a non-executive Director of the Company on 29 July 2022. He is also a member of the Audit Committee. Mr. Liu is primarily responsible for providing overall guidance on the business, strategies and development of the Group.

Mr. Liu has approximately eight years of experience in biopharmaceutical business consulting and venture investment. Mr. Liu currently serves as an investment director at Shanghai TF Venture Capital Management Co., Ltd (上海泰甫創業投資管理有限公司). From January 2016 to July 2017, Mr. Liu was an associate consultant at IMS Market Research Consulting (Shanghai) Co., Ltd. (艾美仕市場調研諮詢(上海)有限公司). From September 2017 to July 2019, Mr. Liu was a senior associate at Shanghai TF Venture Capital Management Co., Ltd (上海泰甫創業投資管理有限公司). From July 2019 to May 2020, Mr. Liu was an associate at Quan Capital Management (Shanghai) Co., Ltd (泉創企業管理諮詢(上海)有限公司).

Mr. Liu holds a Master Degree in Cell Biology from Xiamen University.

Save as disclosed above, Mr. Liu has no other relationship with any other Directors, senior management, substantial and controlling Shareholders (as defined in the Listing Rules) and has not held any position with the Company, or any other member of the Group.

Independent Non-executive Directors

Mr. Zhou Honghao (周宏灝), aged 84, was appointed as an Independent non-executive Director of the Company on 23 September 2020. He is a member of the Audit Committee. Mr. Zhou is primarily responsible for supervising and providing independent judgment to the Board.

Mr. Zhou has served various positions in Xiangya School of Medicine, Central South University (中南大學湘雅醫學院) (formerly known as Hunan Medical University), including the director of Xiangya Medical Laboratory (湘雅醫學檢驗所), the director of the Institute of Clinical Pharmacology (臨床藥理研究所). Prior to that, Mr. Zhou was the vice president of the former Hunan Medical University and the director of the Institute of Clinical Pharmacology of Central South University. Mr. Zhou has also served as the director of Hunan Genetalks Biotechnology Co. Ltd. (湖南省人和未來生物科技有限公司) since May 2020.

Mr. Zhou graduated from Wuhan Medical College (which is now known as Tongji Medical College of Huazhong University of Science and Technology) with a bachelor's degree in clinical medicine in September 1962. In January 2018, a project led by Mr. Zhou won the second prize in the 2018 National Science and Technology Awards granted by the Central Committee of the Communist Party and the State Council of the PRC.

Mr. Zhou has served in different capacities in the following associations and organisations in the PRC:

- as an Academician of the Chinese Academy of Engineering (中國工程院) since 2005;
- as a committee member of the pharmacogenomics committee of the Chinese Pharmacological Society (中國藥理學會藥物基因組學專業委員會) since November 2011;
- as a fellow of the Chinese Academy of Medical Sciences (中國醫學科學院) since August 2019;
- as a chairman of the Hunan Pharmaceutical Association (湖南省藥學會) from 2003 to 2016; and
- as a committee member of the drug metabolism committee of the Chinese Pharmacological Society (中國藥理學會藥物代謝專業委員會) from 2000 to 2003.

Save as disclosed above, Mr. Zhou has no other relationship with any other Directors, senior management, substantial and controlling Shareholders (as defined in the Listing Rules) and has not held any position with the Company, or any other member of the Group.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Fung Edwin (馮冠豪), aged 59, was appointed as an independent non-executive Director of the Company on 16 June 2020. He is the Chairman of the Audit Committee and a member of the Compensation Committee and Nomination Committee. Mr. Fung is responsible for providing independent judgment to the Board; advising on matters relating to audit, remuneration and nomination matters of the Group.

Mr. Fung has over 35 years of experience in an international accounting firm. He joined KPMG in Hong Kong in July 1986. Mr. Fung held various senior positions in KPMG, including the founding chairman of KPMG's Global China Practice, the senior partner of KPMG Northern China region and Beijing office, and the Vice Chairman of KMPG China before he retired from KPMG in September 2017. Mr. Fung was an independent director of Wanda Sports Group Company Limited, a company listed on NASDAQ (ticker symbol: WSG) from May 2019 to January 2021, and an independent director of Phoenix Tree Holdings Limited, a company listed on the New York Stock Exchange (stock code: DNK) from January 2020 to December 2020. He was the director of Beijing Vantone Real Estate Co., Ltd. (北京萬通地產股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600246) from June 2019 to December 2019. Mr. Fung currently acts as the advisor to the Sino-International Entrepreneurs Federation. Mr. Fung served as an independent non-executive Director of Poly Culture Group Corporation Limited (保利文化集團股份有限公司) from June 2022 to November 2023, a company previously listed on Hong Kong Stock Exchange (previous stock code: 3636).

He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Fung obtained a diploma in accounting from Hong Kong Institution of Vocational Education in July 1986.

Save as disclosed above, Mr. Fung has no other relationship with any other Directors, senior management, substantial and controlling Shareholders (as defined in the Listing Rules) and has not held any position with the Company, or any other member of the Group.

Mr. Chen Wen (陳文), aged 55, was appointed as an Independent non-executive Director on 16 June 2020. He is the chairman of each of the Compensation Committee and the Nomination Committee. Mr. Chen is primarily responsible for supervising and providing independent judgment to the Board.

Mr. Chen has over 11 years of experience in clinical research and business development of pharmaceutical companies. Prior to joining the Group, Mr. Chen was the deputy general manager and general manager of the business development department of Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300347) and the Hong Kong Stock Exchange (stock code: 3347) from September 2010 to February 2020 and from May 2009 to February 2020, respectively. Mr. Chen currently serves as a partner of healthcare investment at Shanghai Yonghua Investment Management Co., Ltd. (上海湧鏵投資管理有限公司).

Mr. Chen graduated from Purdue University, the United States with a bachelor's degree of science in May 1992. He obtained his master's degree in medicine in Washington University in St. Louis, the United States, and his master's degree in business administration in the University of Durham in the UK in May 1997 and December 1999, respectively.

Save as disclosed above, Mr. Chen has no other relationship with any other Directors, senior management, substantial and controlling Shareholders (as defined in the Listing Rules) and has not held any position with the Company, or any other member of the Group.

SENIOR MANAGEMENT

Dr. Guo Feng (郭峰), see the section headed "Executive Director" for details.

Mr. Liang Qibin (梁其斌), aged 67, has been appointed as the Chief Technology Officer of the Group since October 2021. Mr. Liang is primarily responsible for the manufacturing science and technology of drug products and quality control of the Group, to further strengthen the innovation ability of core technologies and achieve efficient innovation in technology, research and development, processes, management and other areas.

Mr. Liang has around 30 years of experience in the operation and management in the CMC and manufacturing of globally renowned biopharmaceutical companies. Mr. Liang has been responsible for the development and scale-up of biopharmaceutical process, technology transfer and the quality management during his time at Bayer Corporation, Genentech Inc. and Progenics Pharmaceuticals, Inc. etc. in the United States. Apart from his experience in the United States, Mr. Liang has also led the establishment and operation of 3 Chinese biopharmaceutical companies, including Wuxi AppTec, MabPlex International and CMAB Biopharma Inc.

Mr. Liang obtained his bachelor's degree in chemical engineering from the East China University of Science and Technology and obtained a master's degree also in chemical engineering from the University of Idaho.

Save as disclosed above, Mr. Liang has no other relationship with any Directors, other senior management, substantial and controlling Shareholders (as defined in the Listing Rules).

Dr. Han Shuhua (韓淑華), aged 64, has been appointed as the Chief Scientist of the Group since January 2021. Dr. Han is primarily responsible for establishing the global first-in-class/differential research and development platform for early identifying bi-specific/multi-specific antibodies in immune-oncology, building new drug discovery teams and conducting molecules research on potential global first-in-class and best-in-class products, which will become clinically beneficial and commercially viable drugs with the best potential.

Dr. Han has over 25 years of academic research and drug discovery experience, especially in the fields of oncology, immune-oncology, inflammation and autoimmune diseases. Prior to joining the Group, Dr. Han has served in various positions in WuXi AppTec (Shanghai) Co., Ltd, including the vice president of its Domestic Discovery Service Unit, the executive director and head of Immunology Center, and the senior director of Biology and Pharmacology. Dr. Han also worked at the Department of Immunology of Baylor College of Medicine, Houston, Texas, the United States as an assistant professor from 1999 to 2007, and as a tenured associate professor from 2007 to 2011.

Dr. Han obtained her bachelor's degree in medicine and master's degree in immunology from Shanghai Medical School, Fudan University and obtained a Ph.D. in immunology from Imperial College, University of London.

Save as disclosed above, Dr. Han has no other relationship with any Directors, other senior management, substantial and controlling Shareholders (as defined in the Listing Rules).

Ms. Li Tong (李彤), aged 55, has been serving as the Group's Chief Medical Officer since August 2020. Ms. Li is primarily responsible for the overall management of clinical trials and clinical development of the Group.

Before joining the Group, Ms. Li worked at the clinical development department of Xuanzhu (Beijing) Biopharmaceutical Technology Limited (軒竹(北京)醫藥科技有限公司) as the senior vice president and the head of clinical development from November 2018 to July 2020. Ms. Li also served at Janssen China Research & Development Center, a division of Johnson & Johnson (China) Investment Ltd. from April 2016 to November 2018, where she last served as the senior director and the head of the clinical development department. From January 2010 to April 2016, Ms. Li served at the Beijing Branch of Xian Janssen Pharmaceutical Ltd. (西安楊森製藥有限公司), a subsidiary of Johnson & Johnson (China) Investment Ltd, including serving as TA head (internal medicine). Prior to that, she worked as a medical affairs manager of Beijing Merck Pharmaceutical Consulting, Ltd. (北京默克藥業諮詢有限公司), currently known as Merck Serono (Beijing) Pharmaceutical Research and Development Co., Ltd. (默克雪蘭諾(北京)醫藥研發有限公司), from September 2008 to January 2010. From September 2006 to September 2008, Ms. Li worked at Pfizer Investment Co., Ltd. (輝瑞投資有限公司), where she last served as the clinical research clinician. Before that, Ms. Li held the position of research associate, in Ontario Cancer Institute in Toronto, Canada from April 1998. From August 1992 to July 1995, Ms. Li worked as a physician in China Rehabilitation Research Center.

Ms. Li graduated from Beijing Medical University, currently known as Peking University Health Science Center with a bachelor's degree in clinical medicine in July 1992. In May 1998, she received a master's degree of science from Queen's University at Kingston, Ontario, Canada.

Save as disclosed above, Ms. Li has no other relationship with any Directors, other senior management, substantial and controlling Shareholders (as defined in the Listing Rules).

CHANGES TO DIRECTORS' INFORMATION

Changes in information of the Directors during the financial year ended 31 December 2023 and up to the date of this annual report, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Positions Held in the Group

(a) Mr. Chen Yu ("**Mr. Chen**") tendered his resignation as a non-executive Director, an authorized representative of the Company ("**Authorised Representative**") and a member of the Compensation Committee with effect from 2 January 2024 due to his decision to devote more time on his other business commitments.

(b) Following the resignation of Mr. Chen, Mr. Yu Tieming has been appointed as a non-executive Director, an Authorised Representative of the Company and a member of the Compensation Committee with effect from 2 January 2024.

CORPORATE GOVERNANCE REPORT

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the year ended 31 December 2023.

CORPORATE GOVERNANCE CULTURE

As a biopharmaceutical company listed in Hong Kong, we know well that strengthening corporate governance and enhancing risk management is an important cornerstone for the Group's sustainable and rapid development in a volatile situation. In order to achieve long-term steady corporate development, the Group insists on quality safety management, innovation and talent development and conducts business according to the ethical standards of anti-bribery, diversity, fairness and inclusion, integrity and transparency, with a view to ensuring the long-term benefits of our shareholders, partners, employees, and patients.

We believe that each and every employee is a driving force in achieving our vision and goals, serving as a pillar for sustainable development. Therefore, the Board has established the following values to guide the conducts, behaviors and business activities of employees, and to ensure that these values spread through the Company's ambition, mission, policies and business strategies:

- Big picture – Make all decisions with the core goals and interests of the Company in mind and keep them in alignment with the strategic objectives of the Company.
- Entrepreneurial spirit – Dare to take actions and work steadfastly towards achievements by pushing yourself and others forward.
- Build trust – Be an expert in the designated area, with clear and unambiguous communication and direct and honest feedback.
- Respect each other – Treat people equally, act fairly, discuss openly; to be realistic, express different views and give constructive feedback openly.
- Dare to take responsibilities – Maximize individual capabilities, take responsibilities, promote and support changes, stimulate interest, and pursue unremittingly.

Meanwhile, we are constantly reviewing the changing market conditions and will adjust our business strategies as and when necessary, for the sake of taking prompt and proactive measures to respond to changes, meet market needs and promote the sustainable development of the Group.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has applied the principles of the CG Code to its corporate governance practices as described in this report.

During the Reporting Period, to the best knowledge of the Board, the Company has complied with all the code provisions set out in the CG Code, save for deviation from code provision C.2.1 as explained in this report.

CORPORATE GOVERNANCE REPORT

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code and maintain a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code 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 of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2023.

The Company has also established written guidelines (the "**Employees Written Guidelines**") no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board shall regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The composition of the Board during the year ended 31 December 2023 and up to the date of this annual report is set out below:

Executive Directors

Dr. Guo Feng *(Chief Executive Officer and Chairman)*

Non-executive Directors

Dr. Lyu Dong
Mr. Yu Tieming *(appointed on 2 January 2024)*
Mr. Chen Yu *(resigned on 2 January 2024)*
Mr. Liu Yi

Independent non-executive Directors

Mr. Zhou Honghao
Mr. Fung Edwin
Mr. Chen Wen

Mr. Yu Tieming, who has been appointed as a non-executive Director on 2 January 2024, has obtained the legal advice referred to in Rule 3.09D of the Listing Rules and on Hong Kong law as regards the requirements under the Listing Rules that are applicable to him as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 8 December 2023, and he has confirmed he understood his obligations as a director of a listed issuer.

The biographical information of the Directors is set out in the section headed "Directors and Senior Management" on pages 65 to 70 of this annual report for the Reporting Period.

None of the members of the Board is related to one another.

Board Meetings

The Directors are continually updated with the regulatory requirements, business activities and development of the Company to facilitate the discharge of their responsibilities. Through regular Board meetings, all Directors are kept abreast of the conduct, business activities and development of the Company.

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance.

Regular Board meetings should be held at least four times a year at approximately quarterly intervals involving active participation, either in person or through electronic means of communication, of the Directors. Notice of regular Board meetings is served to all Directors at least 14 days before the meeting. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least three days before each Board meeting or committee meeting to keep Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management where necessary.

Minutes of the Board and committee meetings are prepared and kept by the company secretary of the Group and are open for inspection by Directors upon request. All Directors have access to the advice and services of the company secretary and are allowed to seek external professional advice if needed.

Where necessary, the senior management shall attend regular Board meetings and other Board and committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance, and other major aspects of the Company.

CORPORATE GOVERNANCE REPORT

Directors' Attendance Records

During the Reporting Period, four Board meetings, two Audit Committee meetings, one Compensation Committee meeting, one Nomination Committee meeting and two general meeting were held. The attendance of each Director during the Reporting Period is set out in the table below:

	Attendance/Eligible to Attend				
Directors	**Board**	**Audit Committee**	**Compensation Committee**	**Nomination Committee**	**General Meeting**
Executive Director					
Dr. Guo Feng	4/4	N/A	N/A	N/A	1/2
Non-executive Directors					
Dr. Lyu Dong	4/4	N/A	N/A	1/1	2/2
Mr. Chen Yu[(1)]	4/4	N/A	1/1	N/A	2/2
Mr. Yu Tieming[(2)]	N/A	N/A	N/A	N/A	N/A
Mr. Liu Yi	4/4	2/2	N/A	N/A	2/2
Independent Non-executive Directors					
Mr. Zhou Honghao	4/4	2/2	N/A	N/A	1/2
Mr. Fung Edwin	4/4	2/2	1/1	1/1	2/2
Mr. Chen Wen	4/4	N/A	1/1	1/1	2/2

Notes:

(1) Mr. Chen Yu resigned as a non-executive Director with effect from 2 January 2024.

(2) Mr. Yu Tieming was appointed as a non-executive Director and a member of the Compensation Committee with effect from 2 January 2024.

Apart from regular Board meetings, a meeting between the chairman of the Board and independent non-executive Directors without the presence of other Director was held during the Reporting Period in order to comply with the code provision C.2.7 of the CG Code.

Chairman and Chief Executive Officer

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Dr. Guo Feng ("**Dr. Guo**"), the executive Director, performs both the roles as the chairman and the chief executive officer of the Company with effect from 2 November 2021. This deviates from code provision C.2.1 of the CG Code which requires that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

After evaluation of the current situation of the Company and taking into account of the experience and past performance of Dr. Guo, the Board is of the opinion that it is appropriate and in the best interests of the Company at the present stage for Dr. Guo to hold both positions as the chairman and the chief executive officer of the Company as it helps to facilitate the execution of the Group's business strategies and boost effectiveness of its operation. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance. In addition, under the supervision of the Board which is comprised one executive Director, three non-executive Directors and three independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders.

Independent Non-executive Directors

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Board Independence Evaluation

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the Reporting Period, all Directors has completed the independence evaluation in the form of a questionnaire individually. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

During the Reporting Period, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

CORPORATE GOVERNANCE REPORT

Appointment and Re-election of Directors

The non-executive Directors (including independent non-executive Directors) are appointed for a specific term of three years, subject to renewal after the expiry of the then current term.

All the Directors are subject to retirement by rotation and re-election at the annual general meetings. Under the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Articles of Association also provides that any Directors so appointed to fill a causal vacancy or as an addition to the Board shall hold office only until the next following general meeting of the Company and shall be eligible for re-election.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board shall assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate.

All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the Reporting Period, the Company organized training sessions conducted by the qualified professionals for all Directors. The training sessions covered a wide range of relevant topics including directors' duties and responsibilities, corporate governance and regulatory updates. In addition, relevant reading materials including compliance manual/legal and regulatory updates/seminar handouts have been provided to the Directors for their reference and studying.

The record of continuous professional development relating to director's duties and regulatory and business development that have been received by the Directors during the Reporting Period are summarized as follows:

	Areas		
Directors	**Legal, regulatory and corporate governance**	**Businesses of the Group**	**Directors' roles, functions and duties**
Executive Directors			
Dr. Guo Feng	✓	✓	✓
Non-executive Directors			
Dr. Lyu Dong	✓	✓	✓
Mr. Chen Yu *(resigned on 2 January 2024)*	✓	✓	✓
Mr. Yu Tieming *(appointed on 2 January 2024)*[(1)]	N/A	N/A	N/A
Mr. Liu Yi	✓	✓	✓
Independent Non-executive Directors			
Mr. Zhou Honghao	✓	✓	✓
Mr. Fung Edwin	✓	✓	✓
Mr. Chen Wen	✓	✓	✓

(1) Mr. Yu Tieming was appointed as a non-executive Director with effect from 2 January 2024.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Compensation Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Compensation Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 5 of this annual report.

Audit Committee

The Audit Committee consists of three members, a non-executive Director, namely Mr. Liu Yi and two independent non-executive Directors, namely Mr. Fung Edwin and Mr. Zhou Honghao. Mr. Fung Edwin who holds the appropriate professional qualifications is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the Reporting Period, the Audit Committee held two meetings to (i) review the annual results for the year ended 31 December 2022, interim results for the six months ended 30 June 2023 as well as the audit report prepared by the external auditor relating to accounting issues and major findings in course of audit and review the external auditor's audit work planning for the year ended 31 December 2023; (ii) review the risk management and internal control systems and the effectiveness of internal audit function; and (iii) make recommendation to the Board on the re-appointment of external auditor and relevant scope of works.

The Audit Committee also met with the external auditor three times without the presence of the executive Directors during the Reporting Period.

Compensation Committee

The Compensation Committee consists of three members, a non-executive Director, namely Mr. Yu Tieming (appointed on 2 January 2024) and two independent non-executive Directors, namely Mr. Fung Edwin and Mr. Chen Wen. Mr. Chen Wen is the chairman of the Compensation Committee. Mr. Chen Yu has resigned as a non-executive Director and a member of the Compensation Committee since 2 January 2024.

The terms of reference of the Compensation Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Compensation Committee include making recommendations to the Board on the policy and structure for the remuneration of Directors and senior management, and establishing a formal and transparent procedure for developing such remuneration policy and structure and to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

During the Reporting Period, the Compensation Committee held one meeting to (i) review and determine the Company's policy and structure for the remuneration of all Directors and senior management; (ii) make recommendations to the Board on the remuneration packages of individual executive Directors and senior management of the Company; (iii) assess performance of executive directors and approve the terms of Directors' service contracts; (iv) approve the grant of RSUs under the 2021 RSU Plan and the 2023 RSU Plan; (v) approve the grant of share options under the Post-IPO Share Option Plan and the 2023 Share Option Plan; (vi) approve the adoption of the 2023 Share Option Plan and 2023 RSU Plan; and (vii) approve the termination of the Post-IPO Share Option Plan and the 2021 RSU Plan.

Details of the emolument of the members of the senior management of the Group by band for the Reporting Period are set out below:

Emolument	**Number of persons[2]**
Nil – RMB1,000,000	–
RMB1,000,001 – RMB10,000,000	2
RMB10,000,001 – RMB50,000,000	3
RMB50,000,001 – RMB75,000,000	–

Note:

1. The emolument mainly comprises of salaries, bonuses and share-based payment expenses, and the share-based payment expenses were recognised based on the fair value at the grant date. Details are set out in Note 8, Note 23 and Note 33(c) to the consolidated financial statements.

2. The senior management includes both the persons disclosed in the section headed "Directors and Senior Management" and the senior management who has resigned during the Reporting Period.

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive Directors are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each executive Director. The remuneration for the executive Directors comprises basic salary, allowance benefits, performance bonus and share options. The remuneration policy for non-executive Directors and independent non-executive Directors is to ensure that non-executive Directors and independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the non-executive Directors and independent non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board. Non-executive Directors and independent non-executive Directors did not receive options and awards to be granted under the Company's share option scheme and share award scheme. Individual Directors and senior management have not been involved in deciding their own remuneration.

The Compensation Committee also made recommendations to the Board on the terms of the appointment letter of the new non-executive Director appointed as at the date of this Annual Report.

Nomination Committee

The Nomination Committee consists of three members, a non-executive Director, namely Dr. Lyu Dong and two independent non-executive Directors, namely Mr. Fung Edwin and Mr. Chen Wen. Mr. Chen Wen is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include identifying, considering and recommending to the Board appropriate candidates to serve as directors of the Company, overseeing the process for evaluating the performance of the Board, and developing and recommending to the Board the nomination guidelines, which shall be consistent with any applicable laws, regulations and listing standards.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Board Diversity Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the Reporting Period, the Nomination Committee held one meeting to (i) review the structure, size and composition of the Board and the independence of the independent non-executive Directors; and (ii) recommended to the Board on re-election of Directors.

Board Diversity Policy

The Company has adopted a Board Diversity Policy on 17 September 2020 which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board comprises seven members, including one executive Director, three non-executive Directors and three independent non-executive Directors. The Directors age from 34 to 84 and have a balanced mix of experiences, including management and strategic development, finance and investment and accounting experiences in addition to biopharmaceutical industry knowledge.

The Nomination Committee will report annually a summary of the Board Diversity Policy and, where applicable, measurable objectives that the Board has adopted for implementation of the Board Diversity Policy and the progress made towards achieving these objectives in the Company's corporate governance report.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at 31 December 2023:

	Female	Male
Board	0	7

	Female	Male
Senior Management	50%	50%
	2	2
Other employees	78%	22%
	78	22
Overall workforce	77%	23%
	80	24

The Board is committed to improving greater gender diversity in the Board and wishes to appoint at least one female Director by the end of 31 December 2024.

As at the date of this Annual Report, the Nomination Committee is in progress of identifying suitable female candidate(s) for appointment to the Board on merit against objective criteria.

The Board had targeted to achieve and had achieved at least 40% of female senior management and 40% of female employees of the Group and considers that the above current gender diversity is satisfactory.

Process of appointment of directors

In accordance with the strategic needs of the Board, suitable candidates are identified for consideration by the Nomination Committee. The Nomination Committee would consider such candidates based on various factors such as the gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience set out in the Board Diversity Policy. Recommendation will be made to the Board based on meritocracy and objective criteria, having due regard for the benefits of diversity on the Board. The Board will ultimately decide on the merits of the candidate and their potential contributions to the Board. New directors so appointed shall be re-elected at the Company's general meeting as required by the Articles of Association.

Corporate Governance Functions

The Audit Committee is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the Reporting Period, the Audit Committee had determined, developed and reviewed the Company's corporate governance policies and practices and made recommendations to the Board, reviewed and monitored training and continuous professional development of directors and senior management, reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements, developed, reviewed and monitored the compliance of the Model Code and Written Employee Guidelines, and reviewed the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The review covers all material controls, including financial, operational and compliance controls.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. The Board always regards risk management as an important task and believes that effective corporate risk management is an essential element of good corporate governance.

The Audit Committee assists the Board by providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Company, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

The Company had adopted the risk management framework formulated by the Committee of Sponsoring Organisations (COSO) of the Treadway Commission in the United States as recommended by the Hong Kong Institute of Certified Public Accountants (HKICPA). The purpose of the Company's risk management process is to identify and manage risks in such a way that the Company is able to meet its strategic and financial targets.

The key elements of the Company's risk management and internal control structure are as follows:

- The Audit Committee assists the Board in overseeing the design, implementation and monitoring of the risk management and internal control systems.

- Well-defined organizational structure with appropriate segregation of duties, limit of authority, reporting lines and responsibilities.

- Clear and written policies and procedures have been established and regularly reviewed for major functions and operations, such as research and development, procurement, human resources, financial reporting and management.

- Important business functions or activities are managed by experienced, qualified and suitably key staff.

- The Company has formulated a number of policies to ensure that the Company complies with the Listing Rules, including but not limited to corporate governance, inside information, conflict of interest and Directors' securities transactions.

- The Internal Audit Department plays a major role in monitoring the internal governance of the Company. The major tasks of the Internal Audit Department are reviewing the risk management and internal control of the Company as well as conducting comprehensive audits of all branches and subsidiaries of the Company on a regular basis. The review covers all material controls including financial, operational, compliance controls and risk management. Review results and recommendations in the form of written reports are submitted to the Audit Committee for discussion and review. Follow up actions will be taken up by the Internal Audit Department to ensure that material weaknesses previously identified have been properly resolved and the business operations continue to meet the Company's system requirements as well as external regulatory requirements.

RISK MANAGEMENT

The Company seeks to have risk management features embedded in the day-to-day operations. We have adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis as well as to resolve material internal control defects. The assessment includes potential likelihood and impact of the identified risks. For the risks identified, the Company determines the action plans and management targets.

All departments conducted risk management and internal control assessment regularly to identify risks that potentially impact the business of the Company and various aspects including key operational and financial processes, regulatory compliance and information security, and implement measures to mitigate such risks.

The senior management of the Company, in coordination with division/department heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress. No significant control deficiencies or weaknesses have been identified during the Reporting Period.

Internal Audit Department monitors the implementation of risk management, and continuously reviews and assesses the efficiency and adequacy of action plans in regular basis. Such assessment results will be regularly communicated and reported to Audit Committee and the Board.

INTERNAL CONTROL

In addition to the arrangements we have put in place pursuant to our risk management framework, we have adopted a series of internal control policies, measures and procedures designed to provide reasonable assurance for achieving objectives, including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Below is a summary of the internal control policies, measures and procedures we have implemented and/or plan to implement:

- We have adopted various measures and procedures regarding each aspect of our operation, such as protection of trademark, management and protection of intellectual property rights.

- We have developed standard operating procedures governing our activities including production, research and development as well as office security.

- We provided our employees with our employee handbook, as amended from time to time. To strengthen compliance awareness, we established the employee orientation program and also provide periodic internal and external compliance training to our employees as part of our employee training program.

- We have evaluated the design and operating effectiveness of the internal control systems of the Company and did not identify any material weaknesses as a result of the evaluation.

Effectiveness of Risk Management and Internal Controls

The management has confirmed to the Board and the Audit Committee on the effectiveness and adequacy of the risk management and internal control systems for the Reporting Period.

During the Reporting Period, the Board, through the Audit Committee, reviewed the overall effectiveness of the Company's risk management and internal control systems, covering financial, operational and compliance controls and risk management functions, which included the adequacy of resources, qualifications and experience of staff, training programs and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's ESG performance and reporting.

At the meetings held in August 2023 and March 2024, the Audit Committee reviewed the effectiveness of the risk management and internal control systems of the Group for the six months ended 30 June 2023 and for the year 2023 respectively, and considered the systems effective and adequate.

The Board believes that there are no material internal control deficiencies that may affect the shareholders of the Company. An effective and adequate risk management and internal control system is in place to safeguard the assets of the Company. The Audit Committee monitors the implementation of risk management policies on an ongoing basis to ensure the policies and implementation are effective and sufficient.

The Company has in place the Whistleblowing Policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the internal compliance department, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

During the Reporting Period, there were no non-compliance cases in relation to bribery and corruption.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Reporting Period.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 91 to 95 of this annual report.

AUDITORS' REMUNERATION

The Company appointed PricewaterhouseCoopers as the external auditor for the Reporting Period.

Details of the fees paid/payable in respect of the audit and non-audit services provided by PricewaterhouseCoopers for the Reporting Period are set out in the table below:

Services rendered for the Company	**Total fees paid and payable RMB'000**
Annual audit services (including review on interim results)	3,030
Non-audit services (including other services)	113
Total	3,143

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

Mr. Ip Tak Wai has been appointed as the Company's company secretary. Mr. Ip is an executive director of Share Registry & Issuer Services in Tricor Services Limited. Mr. Ip has confirmed that he has taken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules during the Reporting Period.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Mr. Yu Tieming, a non-executive Director, has been designated as the primary contact person at the Company which would work and communicate with Mr. Ip on the Company's corporate governance and secretarial and administrative matters.

SHAREHOLDERS' RIGHTS

The Company engages with Shareholders through various communication channels.

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Procedures for Shareholders to convene an Extraordinary General Meeting and Putting Forward Proposal at General Meeting

Article 12.3 of the Company's Articles of Association provides that the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitionist(s). If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

There are no provisions under the Articles regarding procedures for the Company's shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders of the Company may follow the procedures set out above to convene a general meeting for any business specified in such written requisition.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the Company:

Address:	5/F Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong (For the attention of the Board of Directors/Company Secretary)
Telephone:	+86 21 61690700
Email:	ir@genorbio.com

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. For this purpose, the Company has set up a website (https://www.genorbio.com), where relevant latest information, the up-to-date status of the Company's business operation and development, the Company's financial information and corporate governance practices and other data are available to the public.

The Company endeavours to maintain an on-going dialogue with Shareholders and, in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

CORPORATE GOVERNANCE REPORT

POLICIES RELATING TO SHAREHOLDERS

Shareholders' Communication Policy

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(a) Corporate Communication

"Corporate Communication" as defined under the Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to the following documents of the Company: (a) the Directors' report, annual accounts together with a copy of the auditor's report and, where applicable, its summary annual report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form. The Corporate Communication of the Company will be published on the Stock Exchange's website (www.hkex.com.hk) in a timely manner as required by the Listing Rules. Corporate Communication will be provided to Shareholders and non-registered holders of the Company's securities in both English and Chinese versions or where permitted, in a single language, in a timely manner as required by the Listing Rules. Shareholders and non-registered holders of the Company's securities shall have the right to choose the language (either English or Chinese) or means of receipt of the Corporate Communication (in printed form or through electronic means).

(b) Announcements and Other Documents pursuant to the Listing Rules

The Company shall publish announcements (on inside information, corporate actions and transactions etc.) and other documents (e.g. Memorandum and Articles of Association) on the Stock Exchange's website in a timely manner in accordance with the Listing Rules.

(c) Corporate Website

Any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website (www.genorbio.com). Other corporate information about the Company's business developments, goals and strategies, corporate governance and risk management will also be available on the Company's website.

(d) Shareholders' Meetings

The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its Shareholders. The Company shall provide Shareholders with relevant information on the resolutions(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Where appropriate or required, the Chairman of the Board and other Board members, the chairmen of board committees or their delegates, and the external auditors should attend general meetings of the Company to answer Shareholders' questions (if any). The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent Shareholders' approval.

(e) Shareholders' Enquiries

Enquiries about Shareholdings

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, by online platform at https://www-uk.computershare.com/Investor/#Contact/Enquiry?cc=hk&lang=en, or calling its telephone hotline at +852 2862 8555, or going in person to its investor enquiry counter at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

Enquiries about Corporate Governance or Other Matters to be put to the Board and the Company

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send any enquiries to the Board by email: ir@genorbio.com or by post to Building 3, 1690 Zhangheng Road, Pudong New District, Shanghai 201203, China. Shareholders may call the Company at +86 21 61690700 for any assistance.

(f) Other Investor Relations Communication Platforms

Investor/analysts briefings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums etc. will be launched on a regular basis.

The Company's communication policy ensured the Shareholders be provided with ready, equal, and timely access to balanced and understandable information about the Company at all times. The Company's communication policy has been implemented effectively during the Reporting Period.

CORPORATE GOVERNANCE REPORT

Amendments to Constitutional Documents

During the Reporting Period, the Company has made changes to its Memorandum and Articles of Association for the purpose complying with the core shareholder protection standards set out in Appendix 3 of the Listing Rules which took effect on 1 January 2022. An up to date version of the Company's Memorandum and Articles of Association is also available on the Company's website and the Stock Exchange's website.

As disclosed in the announcement of the Company dated 27 March 2024, the Company proposed to amend and restate its current Memorandum and Articles of Association mainly for the purpose complying with the expansion of the paperless listing regime set out in Rule 2.07A of the Listing Rules which took effect on 31 December 2023. A circular containing, amongst others, further details of the proposed amendments to the Memorandum and Articles of Association, the adoption of the Eighth Amended and Restated Memorandum and Articles of Association will be despatched to the Shareholders in due course.

Dividend Policy

The Company has adopted a Dividend Policy on payment of dividends. The Company does not have any predetermined dividend pay-out ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Genor Biopharma Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Genor Biopharma Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 96 to 182, comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is related to impairment assessment of property, plant and equipment.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of property, plant and equipment Refer to Note 4.1(c) and Note 13(b) to the consolidated financial statements. As at 31 December 2023, the Group had property, plant and equipment with carrying amount of RMB53,417,000. Management reviews for impairment whenever events or changes indicate that carrying amount of an asset may not be recoverable. For the year of 2023, management identified impairment indicators of certain property, plant and equipment. Management performed impairment assessments on these assets. Based on management's impairment assessment, provision for impairment loss of RMB39,924,000 was recorded for property, plant and equipment during the year of 2023. Management engaged an independent external valuer to assist them in assessing the recoverable amounts of these assets, which were determined as the higher of value in use or fair value less cost of disposal. Management performed fair value less cost of disposal calculations of property, plant and equipment based on market approach. The determination of recoverable amounts involved a variety of assumptions, such as lack of marketability discount rate and realization rates.	We obtained an understanding of the management's internal control and assessment process of impairment assessment of property, plant and equipment and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias. We assessed the competence, capabilities and objectivity of the external valuer engaged by management. We involved our internal valuation expert in assessing the appropriateness of valuation model applied and reasonableness of certain parameter inputs used in the model. We assessed the significant estimates and judgments used in determining the fair value less cost of disposal based on the reasonable analysis of the lack of marketability discount rate and realization rates of the same type assets with similar age, and by reference to an independent medical equipment recycler's quotation. We assessed the sensitivity analysis performed by management to consider the extent to which adverse changes, either individually or in aggregate, would result in further impairment.

Key Audit Matter	How our audit addressed the Key Audit Matter
We focused on this area because the estimation of recoverable amounts is subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment is considered significant due to subjectivity of key assumptions used.	We assessed the adequacy of the disclosures related to impairment assessment in the context of the applicable financial reporting framework. Based on the above, we considered that key assumptions applied in the impairment assessment of property, plant and equipment were supportable by the evidence obtained and procedures performed.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Tsun.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2023	2022
	Notes	**RMB'000**	RMB'000
Revenue		**–**	15,932
Cost of revenue	*7*	**–**	(983)
Gross profit		**–**	14,949
Selling expenses	*7*	**–**	(83,143)
Administrative expenses	*7*	**(125,237)**	(134,130)
Research and development expenses	*7*	**(564,278)**	(583,881)
Net impairment losses on financial assets	*18*	**(8,922)**	–
Other income – net		**5,649**	9,855
Other losses – net		**(18,408)**	(6,369)
Operating loss		**(711,196)**	(782,719)
Finance income	*9*	**34,739**	53,314
Finance costs	*9*	**(1,039)**	(3,015)
Finance income – net		**33,700**	50,299
Loss before income tax		**(677,496)**	(732,420)
Income tax credit	*11*	**2,280**	2,024
Loss for the year		**(675,216)**	(730,396)
Loss is attributable to:			
Owners of the Company		**(674,362)**	(730,214)
Non-controlling interests		**(854)**	(182)
		(675,216)	(730,396)
Other comprehensive loss			
Items that may be reclassified to profit or loss			
– Exchange differences on translation of foreign operations		**(745)**	(1,389)
Total comprehensive loss for the year		**(675,961)**	(731,785)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2023	2022
	Notes	**RMB'000**	RMB'000
Total comprehensive loss for the year is attributable to:			
Owners of the Company		**(675,107)**	(731,603)
Non-controlling interests		**(854)**	(182)
		(675,961)	(731,785)
Loss per share attributable to the ordinary equity holders of the Company			
Basic loss per share (in RMB)	*12*	**(1.33)**	(1.45)
Diluted loss per share (in RMB)	*12*	**(1.33)**	(1.45)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

	Notes	As at 31 December 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	*13*	**53,417**	179,990
Right-of-use assets	*14*	**6,720**	25,227
Intangible assets	*15*	**110,099**	163,208
Other receivables, deposits and prepayments	*18*	**27,168**	19,600
Deferred income tax assets	*28*	**8,350**	6,913
Total non-current assets		**205,754**	394,938
Current assets			
Inventories	*17*	**5,667**	47,404
Contract cost		**1,341**	1,341
Other receivables, deposits and prepayments	*18*	**68,634**	82,703
Cash and bank balances	*19*	**1,165,481**	1,588,705
Total current assets		**1,241,123**	1,720,153
Total assets		**1,446,877**	2,115,091
LIABILITIES			
Non-current liabilities			
Lease liabilities	*14*	**3,924**	21,823
Amounts due to related parties	*27*	**559**	1,232
Deferred income		**10,574**	13,984
Deferred income tax liabilities	*28*	**11,595**	12,439
Total non-current liabilities		**26,652**	49,478

CONSOLIDATED BALANCE SHEET

	Notes	As at 31 December 2023 RMB'000	2022 RMB'000
Current liabilities			
Trade payables	*24*	**141,661**	132,158
Contract liabilities	*25*	**4,893**	4,893
Other payables and accruals	*26*	**75,883**	109,643
Lease liabilities	*14*	**3,231**	6,763
Amounts due to related parties	*27*	**165**	1,360
Provisions		**–**	1,886
Deferred income		**3,692**	3,692
Total current liabilities		**229,525**	260,395
Total liabilities		**256,177**	309,873
EQUITY			
Equity attributable to the ordinary equity holders of the Company			
Share capital	*20*	**69**	69
Share premium	*20*	**9,397,851**	9,375,785
Treasury shares	*20, 21*	**(5,198)**	(5,198)
Other reserves	*22*	**(1,413,572)**	(1,452,204)
Accumulated losses		**(6,790,336)**	(6,115,974)
		1,188,814	1,802,478
Non-controlling interests		**1,886**	2,740
Total equity		**1,190,700**	1,805,218
Total equity and liabilities		**1,446,877**	2,115,091

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 96 to 182 were approved by the Board of Directors on 27 March 2024 and were signed on its behalf.

Guo Feng
Director

Lyu Dong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company						
	Notes	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2022		68	9,290,903	(5,198)	(1,409,824)	(5,385,760)	2,922	2,493,111
Comprehensive loss								
– Loss for the year		–	–	–	–	(730,214)	(182)	(730,396)
– Other comprehensive loss		–	–	–	(1,389)	–	–	(1,389)
Transaction with owners								
– Share-based payment	*23*	–	–	–	48,238	–	–	48,238
– Shares exercised under employee option plan and RSU plan	*23*	1	89,234	-*	(89,229)	–	–	6
– Shares repurchased and cancelled	*20*	-*	(5,134)	–	–	–	–	(5,134)
– Issuance of shares as consideration for a business combination	*27(a)*	-*	782	–	–	–	–	782
Balance at 31 December 2022		69	9,375,785	(5,198)	(1,452,204)	(6,115,974)	2,740	1,805,218

* The balance stated above was less than RMB1,000.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company						
	Notes	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2023		69	9,375,785	(5,198)	(1,452,204)	(6,115,974)	2,740	1,805,218
Comprehensive loss								
– Loss for the year		–	–	–	–	(674,362)	(854)	(675,216)
– Other comprehensive loss		–	–	–	(745)	–	–	(745)
Transaction with owners								
– Share-based payment	*23*	–	–	–	60,910	–	–	60,910
– Shares exercised under employee option plan and RSU plan	*23*	-*	21,536	–	(21,533)	–	–	3
– Issuance of shares as consideration for a business combination	*27(a)*	-*	530	–	–	–	–	530
Balance at 31 December 2023		69	9,397,851	(5,198)	(1,413,572)	(6,790,336)	1,886	1,190,700

* The balance stated above was less than RMB1,000.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 December	
		2023	2022
	Notes	**RMB'000**	RMB'000
Cash flows from operating activities			
Cash used in operations	*30*	**(447,388)**	(605,721)
Interest received		**22,268**	28,114
Net cash outflow from operating activities		**(425,120)**	(577,607)
Cash flows from investing activities			
Payments for property, plant and equipment		**(1,034)**	(9,040)
Payments for intangible assets		**–**	(3,915)
Proceeds from disposals of property, plant and equipment		**7,021**	15
Net cash inflow/(outflow) from investing activities		**5,987**	(12,940)
Cash flows from financing activities			
Proceeds from bank borrowings		**–**	69,300
Repayments of bank borrowings		**–**	(99,000)
Interest paid		**–**	(1,067)
Principal elements of lease payments		**(5,936)**	(19,702)
Interest of lease payments		**(888)**	(1,789)
Repurchase of ordinary shares		**–**	(5,134)
Proceeds from issuance of shares exercised under employee option plan		**2**	–
Net cash outflow from financing activities		**(6,822)**	(57,392)
Net decrease in cash and bank balances		**(425,955)**	(647,939)
Cash and bank balances at the beginning of the year		**1,588,705**	2,200,641
Exchange gains on cash and bank balances		**2,731**	36,003
Cash and bank balances at the end of the year		**1,165,481**	1,588,705

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

General information

Genor Biopharma Holdings Limited (the "Company"), previously known as JHBP (CY) Holdings Limited, and its subsidiaries (together the "Group"), have principally engaged in developing and commercializing oncology and autoimmune drugs in the People's Republic of China (the "PRC").

The Company was incorporated in the Cayman Islands on 10 April 2017 as an exempted company with limited liability under the Companies Law (Cap.22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

These financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

The financial position and performance of the group was particularly affected by the following events and transactions during the reporting period:

A review of the research and development milestone and drug commercial plans, which led to redundancies and impairment charges of property, plant and equipment, licenses and goodwill.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Genor Biopharma Holdings Limited and its subsidiaries.

(a) Compliance with HKFRS and the disclosure requirements of HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

(b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(c) New and amended standards adopted by the Group

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2023:

- HKFRS 17 Insurance Contracts
- Definition of Accounting Estimates – amendments to HKAS 8
- International Tax Reform – Pillar Two Model Rules – amendments to HKAS 12
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to HKAS 12
- Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

The Group has changed its accounting policies following the adoption of amendments to HKAS 12. From the effective date on 1 January 2023, the Group recognised deferred income tax assets and deferred income tax liabilities for the temporary differences arising on leases that gave rise to equal amounts of taxable and deductible temporary differences on initial recognition date. The details of which are disclosed in Note 28.

(d) New standards and interpretations not yet adopted

		Effective for annual periods beginning on or after
• Hong Kong Interpretations 5 (Revised)	Presentation of financial statements-classification by the borrower of a term loan that contains a repayment on demand clause	01-Jan-24
• Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	01-Jan-24
• Amendments to HKAS 1	Non-current Liabilities with Covenants	01-Jan-24
• Amendments to HKFRS 16	Lease liability in a sale and leaseback	01-Jan-24
• Amendments to HKAS 21	Lack of exchangebility	01-Jan-25
• Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements	01-Jan-24
• Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(d) New standards and interpretations not yet adopted (Continued)

Certain amendments to accounting standards and interpretation have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

(a) Market Risk

(i) Foreign exchange risk

Foreign currency risk is the risk that the value of a financial instrument fluctuates because of the change in foreign exchange rates.

The Group mainly operates in the PRC with most of the transactions settled in RMB. The Company's presentation and currency of the primary economic environment in which the entity operates (the "functional currency") is RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the functional currency of the relevant group entity.

As at 31 December 2023, the Group had foreign currency of Hong Kong dollars ("HKD"), United States dollars ("USD") and Australian dollars ("AUD") and was exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD.

The amounts denominated on the currency other than the functional currency of the Group were as follows:

	As at 31 December 2023			As at 31 December 2022		
	HKD	**USD**	**AUD**	HKD	USD	AUD
	RMB'000	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000
Cash and bank balances	**3,696**	**184,607**	**1**	3,638	225,549	5

The aggregate net foreign exchange gains recognised in profit were:

	Years ended 31 December	
	2023	2022
	RMB'000	RMB'000
Net foreign exchange gains included in finance income	**5,070**	25,200

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market Risk (Continued)

(i) Foreign exchange risk (Continued)

As at 31 December 2023, if RMB weakened or strengthened by 10% against USD, with all other variables held constant, loss for the year of the Group would have been RMB18,461,000 lower or higher (2022: RMB22,555,000 lower or higher).

(b) Credit Risk

Credit risk mainly arises from cash and bank balances, trade and other receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet.

The credit risk of cash and bank balances is relatively limited, because the counterparties are mainly state-owned or public listed commercial banks.

(i) Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- Trade receivables,
- Other receivables, and
- Amounts due from related parties

While cash and bank balances is subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, other receivables and amounts due from related parties.

Trade receivables, other receivables and amounts due from related parties are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables, other receivables and amounts due from related parties are presented as net impairment losses within profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit Risk (Continued)

(i) Impairment of financial assets (Continued)

For trade and other receivables, management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records and past experience and adjusts for forward looking information.

As at 31 December 2023, the Group had no balance in respect of trade receivables nor amounts due from related parties.

The Group assesses the 12-month expected credit losses of other receivables upon initial recognition. Once there is a significant increase in credit risk, lifetime expected credit losses shall be assessed (stage 2). Once it's credit impaired (e.g. default), lifetime expected credit losses shall still be assessed (stage 3).

As at 31 December 2023, the Group had RMB39,618,000 in respect of other receivables, of which RMB30,706,000 was receivables from employees. Considering a significant increase in credit risk since initial recognition is identified on receivables from employees, the expected credit loss is measured on lifetime basis (stage 2). The remaining other receivables are at stage 1 and 12-month expected credit losses was assessed.

On that basis, the expected credit loss rate of the financial assets measured at amortised cost is determined as 29.06%.

As at 31 December 2023, the loss allowance of trade receivables, other receivables and amounts due from related parties was RMB8,922,000 (2022: nil).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity Risk

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2023					
Trade payables	**141,661**	**–**	**–**	**–**	**141,661**
Other payables and accruals (excluding non-financial liabilities)	**52,179**	**–**	**–**	**–**	**52,179**
Lease liabilities	**3,460**	**2,409**	**1,495**	**–**	**7,364**
	197,300	**2,409**	**1,495**	**–**	**201,204**
At 31 December 2022					
Trade payables	132,158	–	–	–	132,158
Other payables and accruals (excluding non-financial liabilities)	66,543	–	–	–	66,543
Lease liabilities	8,038	8,579	12,544	2,914	32,075
	206,739	8,579	12,544	2,914	230,776

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital Risk Management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors its capital structure on the basis of liability-to-asset ratio, which is calculated as total liabilities divided by total assets. The liability-to-asset ratio of the Group as at 31 December 2023 and 2022 was as follows:

	As at 31 December	
	2023	2022
Gearing ratio	**17.71%**	14.65%

There were no changes in the Group's approach to capital management for the year ended 31 December 2023.

3.3 Fair value estimation

(a) Financial assets and liabilities

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels as following:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

(i) Fair value hierarchy (Continued)

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the Group's financial liabilities that are measured at fair value at 31 December 2023 and 2022.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2023				
Contingent consideration in amounts due to related parties	**–**	**724**	**–**	**724**
As at 31 December 2022				
Contingent consideration in amounts due to related parties	–	2,592	–	2,592

There were no transfers between levels 1, 2 and 3 during the year.

(ii) Valuation techniques used to determine fair values level 2 fair values

The valuation techniques used to determine the fair value of the Group's level 2 instruments are based on quoted market prices and the probability of the contingencies at the year ended. The group did not change any valuation techniques in determining the level 2 fair values.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

(iii) Fair value measurements using significant unobservable inputs (level 2)

The following table presents the changes in level 2 items for the years ended 31 December 2023 and 2022:

	Contingent consideration in amounts due to related parties Years ended 31 December	
	2023	2022
	RMB'000	RMB'000
Opening balance	**2,592**	8,327
Issued shares *(Note 27(a))*	**(530)**	(782)
Gains recognised in other income	**(1,338)**	(4,953)
Closing balance	**724**	2,592

(b) Non-financial assets

This section explains the judgements and estimates made in determining the fair values of certain non-financial assets during management's impairment assessment on the idle assets in property, plant and equipment. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its non-financial assets into the three levels prescribed under the accounting standards. An explanation of each level is provided in note 3.3(a).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(b) Non-financial assets (Continued)

(i) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2023				
Idle assets in property, plant and equipment	–	–	**36,858**	**36,858**

Property, plant and equipment is stated at historical cost less depreciation. As impairment indicators of certain idle assets were identified during the year of 2023, the Group assessed the recoverable amount of these assets based on the higher of value in use ("VIU") and fair value less costs of disposal ("FVLCD"). There were no transfers between levels 1, 2 and 3 during the year.

(ii) Valuation techniques used to determine level 3 fair values

The Group assessed the fair value of its idle assets in property, plant and equipment, taking into account the most recent independent valuations.

The Group determines an asset's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar assets. Where such information is not available, the Group considers using market approach to assess the fair value of these assets with the supports of an independent valuer. The Group used market approach to determine the fair value of these assets, the key inputs under this approach are lack of marketability discount rate and realization rate.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(b) Non-financial assets (Continued)

(iii) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements (see Note 3.3(b)(ii) above for the valuation techniques adopted):

Description	Fair value at 31 December 2023	Valuation technique	Unobservable inputs	Range of inputs at 31 December 2023	Relationship of unobservable inputs to fair value
Idle assets in property, plant and equipment	36,858	Market approach	Lack of marketability discount rate	25%	The higher the lack of marketability discount rate, the lower the fair value
			Realization rate	0.13~0.54	The higher the realization rate, the higher the fair value

(iv) Valuation processes

The group engaged an independent external valuer to determine the fair value of the group's idle assets in property, plant and equipment at the end of the year. The main level 3 inputs used by the group are derived and evaluated as follows:

Lack of marketability discount rate and realization rate are estimated by the valuer based on public source.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.4 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. the Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

There was no offset during the year.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4.1 Recognition of share-based payment expenses

As mentioned in Note 23, share-based payment was granted to the employees. The management have used the binomial option pricing model to determine the total fair value of the awarded options granted to employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the expected price volatility, expected option life, risk-free interest rate and estimation of achievement of non-vesting condition, is required to be made by the management in applying the binomial model. The management applies judgements and estimates, such as employee performance, employee forfeiture rate and achievement of performance and service conditions, in determining share-based payment expenses each period.

4.2 Impairment assessment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 15.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 Impairment assessment of goodwill (Continued)

The basis for the key assumptions used in the impairment testing as of 31 December 2023 are as follows:

(i) Revenue (% compound growth rates)

The revenue compound growth rates for a fifteen-year projection period are based on the Company's forecast of its average revenue growth rate from 2024 to 2038. The Company considers the business strategy and the management's expectation for the market development in estimating these growth rates.

(ii) Research and development expenses (% compound growth rates)

The research and development expenses (% compound growth rates) are determined on the basis of management's expectation and the progress of clinical trials.

(iii) Pre-tax discount rate

The discount rates for the forecast period and after that period are determined by reference to discount rates provided by the management. Discount rates were estimated based on the weighted average cost of capital ("WACCs") with reference to the industry risk premium and the debt to equity ratio of some guideline companies in biopharmaceutical sector.

4.3 Impairment assessment of property, plants and equipment

The Group assesses whether there is any indication that the Group's property, plant and equipment may be impaired. To determine whether an impairment indicator exist, management considers both internal and external source of information, including the plan and progress of the research and development projects and the prospect of the technology. If any such indication exists, the Group will estimate the recoverable amount of the asset. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amounts were determined based on the higher of FVLCD and VIU calculations which require the use of estimates. When applying valuation technique, the Group relies on a number of factors and judgements, including, among others, historical results, business plans, forecasts and market data.

4.4 Impairment assessment of licenses

The Group assesses whether there is any indication that the Group's licenses may be impaired. To determine whether an impairment indicator exist, management considers both internal and external source of information, including the plan and progress of the research and development projects and the prospect of the technology. If any such indication exists, the Group will estimate the recoverable amount of the asset. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amounts were determined based on the higher of FVLCD and VIU calculations which require the use of estimates. When applying valuation technique, the Group relies on a number of factors and judgements, including, among others, historical results, business plans, forecasts and market data.

5 SEGMENT

Management has determined the operating segments based on the reports reviewed by chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Group.

The Group has been operating in single reporting segment, engaging in the discovery, development and commercialisation of biopharmaceutical products for human use. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the Group regards that there is only one segment which is used to make strategic decisions.

The major operating entities of the Group are domiciled in the PRC. Accordingly, the Group's operating results were primarily derived in the PRC.

6 MATERIAL PROFIT OR LOSS ITEMS

The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

		Year ended 31 December	
		2023	2022
	Notes	**RMB'000**	RMB'000
Share-based payment expenses	*23*	**60,910**	48,238
Impairment of property, plants and equipment	*13*	**39,924**	–
Impairment of intangible assets	*15*	**39,363**	–
		140,197	48,238

7 EXPENSES BY NATURE

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Employee benefits expenses *(Note 8)*	**225,410**	332,982
Development fee and clinical trial expenses	**194,298**	240,522
Depreciation and amortization	**76,887**	53,677
Impairment of property, plants and equipment	**39,924**	–
Impairment of intangible assets	**39,363**	–
Raw material and consumables used	**34,399**	69,019
Write down and provision of inventories	**33,832**	9,882
Professional and technical service fee	**18,802**	35,603
Traveling and transportation expenses	**11,533**	10,362
Utilities	**3,656**	8,256
Marketing and promotion expenses	**–**	27,428
Auditor's remuneration		
– Audit services	**3,030**	3,100
– Non-audit services	**113**	348
Others	**8,268**	10,958
	689,515	802,137

8 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Salaries, bonuses and other benefits	**124,739**	225,349
Share-based payment expenses *(Note 23)*	**60,910**	48,238
Termination benefits	**22,037**	26,613
Social security costs and housing benefits	**9,808**	18,041
Pension-defined contribution plan *(i)*	**7,916**	14,741
	225,410	332,982

(i) The Group did not have any forfeited contribution for the year ended 31 December 2023 (2022: Nil) in connection with the defined contribution plan operated by local governments.

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2022: one) director, whose emoluments are reflected in the analysis presented in Note 35. The emoluments payable to the remaining four (2022: four) individuals were as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Basic salaries, housing allowances, share options, other allowances and benefits in kind	**23,191**	27,461
Contribution to pension scheme	**66**	120
Discretionary bonuses	**3,560**	4,218
	26,817	31,799

During the year, no emoluments have been paid to the five highest individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office (2022: Nil).

8 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(a) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Year ended 31 December	
	2023	2022
	no. of individuals	no. of individuals
Emolument bands (in HKD)		
HKD3,000,001 – HKD3,500,000	**1**	1
HKD3,500,001 – HKD4,000,000	**1**	–
HKD6,500,001 – HKD7,000,000	**–**	1
HKD11,000,001 – HKD11,500,000	**2**	–
HKD13,000,001 – HKD13,500,000	**–**	2

9 FINANCE INCOME AND COSTS

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Finance income		
Interest from bank deposits	**29,669**	28,114
Net foreign currency exchange gain	**5,070**	25,200
	34,739	53,314
Finance costs		
Interest on lease liabilities	**(888)**	(1,789)
Interest on bank borrowings	**–**	(1,067)
Others	**(151)**	(159)
	(1,039)	(3,015)
Financial income – net	**33,700**	50,299

10 SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country/ place and principal country/place of operation and date of incorporation/ establishment and kind of legal entity	Registered/ Issued and paid-up capital	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
			2023	2022	**2023**	2022
Directly owned:						
Genor Biopharma (HK) Limited ("GBHK")	Hong Kong, Hong Kong, 24 October 2016, limited liability company	1 ordinary share, HKD0.001	**100.00%**	100.00%	**–**	–
Genor Biopharma (USA), Inc. ("GBUS")	United States of America ("USA"), USA, 23 November 2020, corporation	100 ordinary shares, USD0.001	**100.00%**	100.00%	**–**	–
AB Therapeutics Inc. ("ABT")	USA, USA, 19 August 2019, limited liability company	10,000,000 ordinary shares, USD100	**80.00%**	80.00%	**20.00%**	20.00%
Genor Biopharma PTY LTD ("GBAUS") *(i)*	Australian, Australian, 19 May 2022, Limited liability company	100 ordinary shares, AUD100	**–**	100.00%	**–**	–
Indirectly owned:						
Genor Biopharma Co., Ltd. (嘉和生物藥業有限公司) ("Genor Biopharma")	The PRC, The PRC, 4 December 2007, limited liability company*	RMB 831,338,351	**100.00%**	100.00%	**–**	–
Yuxi Genor Biotechnology Co., Ltd. (玉溪嘉和生物技術有限公司)	The PRC, The PRC, 8 July 2014, limited liability company	RMB 400,000,000	**100.00%**	100.00%	**–**	–
Shanghai Genor Pharmaceutical Technology Co., Ltd. (上海嘉和醫藥科技有限公司) *(i)*	The PRC, The PRC, 3 February 2021, limited liability company	RMB 400,000,000	**–**	100.00%	**–**	–

* Registered as wholly foreign owned enterprises under PRC law

(i) Genor Biopharma PTY LTD cancelled its registration on 10 September 2023. Shanghai Genor Pharmaceutical Technology Co., Ltd. cancelled its registration on 15 March 2023.

10 SUBSIDIARIES (CONTINUED)

(a) Restrictions

As at 31 December 2023, cash and bank balances of RMB977,147,000 (2022: RMB1,085,704,000) are held in Mainland China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

(b) Investments in subsidiaries

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Interests in subsidiaries, net	**406,565**	880,210
Deemed capital contribution to subsidiaries *(i)*	**601,650**	540,740
	1,008,215	1,420,950

(i) The amounts represent the equity-settled share-based payments in respect of the respective share options granted by the Company to certain employees of certain subsidiaries for employees' services rendered to the respective subsidiaries under the Company's employee option plan as disclosed in Note 23. Since the subsidiaries have no obligation to reimburse such expenses, the amounts are treated as deemed capital contribution by the Company to the subsidiaries and included in the Company's cost of investments in subsidiaries.

The Company settling a share-based payment transaction when another entity in the Group receives the goods or services shall recognize the transaction as an equity-settled share-based payment transaction only if it is settled in the Company's own equity instruments. Otherwise, the transaction shall be recognised as a cash-settled share-based payment transaction. In its separate financial statements, the Company records a debit, recognizing an increase in the investment in subsidiaries as a capital contribution from the parent and a credit to equity as no goods or services are received by the Company. The Company records a debit, recognizing the cash the employee paid when exercising the equity-settled share-based payment along with a decrease in reserves and a credit, recognizing share capital and share premium of the Company.

11 INCOME TAX CREDIT

(a) Income tax credit

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Current tax		
Current tax on profits for the year	**–**	–
Total current tax expense	**–**	–
Deferred income tax		
Decrease/(increase) in deferred tax assets *(Note 28 (a))*	**3,190**	(1,654)
Decrease in deferred tax liabilities *(Note 28 (b))*	**(5,470)**	(370)
Total deferred tax credit	**(2,280)**	(2,024)
Income tax credit	**(2,280)**	(2,024)

(b) Numerical reconciliation of loss before income tax to income tax credit

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Loss before income tax	**(677,496)**	(732,420)
Calculated at the PRC taxation rate of 25%	**(169,374)**	(183,105)
Effect of different tax rates of operating entities in other jurisdictions	**11,700**	9,903
Effect of preferential tax rates	**44,780**	59,164
Expenses not deductible for taxation purposes		
– *Share-based payment expenses*	**11,976**	6,920
– *Others*	**918**	1,722
Super deduction of research and development expenses*(i)*	**(34,189)**	(62,025)
Unused tax loss not recognised as deferred tax assets	**131,909**	165,397
Income tax credit	**(2,280)**	(2,024)

11 INCOME TAX CREDIT (CONTINUED)

(b) Numerical reconciliation of loss before income tax to income tax credit (Continued)

(i) Accounting for research and development tax credit

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense.

(ii) Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly is exempted from Cayman Islands income tax.

(iii) Hong Kong Profits Tax

Hong Kong profits tax rate is 16.5% for the year ended 31 December 2023 (2022: 16.5%). No Hong Kong profit tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax for the years ended 31 December 2023 and 2022.

(iv) USA Corporate Income Tax

The corporate income tax rate of ABT and GBUS are subject to both federal income tax rate and California income tax rate, which is 29.84% in total for the year ended 31 December 2023 (2022: 29.84%). No USA profit tax was provided for as there was no estimated assessable profit that was subject to USA profits tax for the years ended 31 December 2023 and 2022.

(v) PRC Corporate Income Tax

In 2022, a "Certificate of New Hi-tech Enterprise" was granted to Genor Biopharma with a valid period of 3 years, and then Genor Biopharma becomes eligible for a preferential corporate income tax rate of 15% for the year ended 31 December 2023 (2022: 15%).

Other subsidiaries established and operated in Mainland China are subject to the PRC corporate income tax at the rate of 25% for the year ended 31 December 2023 (2022: 25%).

(vi) Australian Corporate Income Tax

Australian corporate tax rate is 25% for the year ended 31 December 2023. No Australian corporate tax was provided for as there was no estimated assessable profit that was subject to Australian corporate tax for the year ended 31 December 2023 and 2022.

11 INCOME TAX CREDIT (CONTINUED)

(b) Numerical reconciliation of loss before income tax to income tax credit (Continued)

(vii) Investment allowances and similar tax incentives

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense.

(c) Tax losses

The expiry date of tax losses is as follow:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
As at 31 December 2023	**–**	87,504
As at 31 December 2024	**86,061**	86,061
As at 31 December 2025	**134,917**	134,917
As at 31 December 2026	**169,177**	169,177
As at 31 December 2027	**198,990**	198,990
Later than 31 December 2028 *(i)*	**4,211,892**	3,427,089
Deductible losses without expiry date *(Note 28 (b))*	**36,324**	29,233
Total	**4,837,361**	4,132,971

(i) The tax losses of the Company's Mainland China subsidiaries with the exception of those of Genor Biopharma will expire within five years. Genor Biopharma, as a High and New Technology Enterprise can carry forward losses for 10 years.

12 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Year ended 31 December	
	2023	2022
Loss attributable to owners of the Company (in RMB'000)	**(674,362)**	(730,214)
Weighted average number of ordinary shares in issue (in thousand)	**506,245**	504,301
Basic loss per share (in RMB)	**(1.33)**	(1.45)

(b) Diluted loss per share

The Group has potential dilutive shares throughout for the year ended 31 December 2023 in relation to the shares held for employee option plan (Note 23) and shares to be issued to Ab Studio Inc. ("ABS") (Note 27(a)). Due to the Group's losses during the year ended 31 December 2023, the potential dilutive shares have anti-dilutive effect on the Group's loss per share. Thus, the diluted loss per share is the same as basic loss per share.

13 PROPERTY, PLANT AND EQUIPMENT

Non-current	Leasehold improvements RMB'000	Equipment and instruments RMB'000	Motor vehicles RMB'000	Office Equipment and furniture RMB'000	Construction-in-progress RMB'000	Total RMB'000
At 1 January 2022						
Cost	84,398	278,957	602	8,822	13,734	386,513
Accumulated depreciation	(47,591)	(132,842)	(495)	(5,552)	–	(186,480)
Net book amount	36,807	146,115	107	3,270	13,734	200,033
Year ended 31 December 2022						
Opening net book amount	36,807	146,115	107	3,270	13,734	200,033
Additions	–	1,492	–	26	11,263	12,781
Transfer upon completion	–	14,982	–	331	(15,313)	–
Disposals	–	(1,998)	–	(473)	–	(2,471)
Depreciation charge *(a)*	(5,661)	(23,497)	(74)	(1,121)	–	(30,353)
Closing net book amount	31,146	137,094	33	2,033	9,684	179,990
At 31 December 2022						
Cost	84,398	280,673	602	6,289	9,684	381,646
Accumulated depreciation	(53,252)	(143,579)	(569)	(4,256)	–	(201,656)
Net book amount	31,146	137,094	33	2,033	9,684	179,990
Year ended 31 December 2023						
Opening net book amount	**31,146**	**137,094**	**33**	**2,033**	**9,684**	**179,990**
Additions	**3**	**103**	**–**	**–**	**880**	**986**
Transfer upon completion	**783**	**3,352**	**–**	**–**	**(4,135)**	**–**
Disposals	**–**	**(31,228)**	**(11)**	**(172)**	**–**	**(31,411)**
Depreciation charge *(a)*	**(31,113)**	**(24,225)**	**(2)**	**(884)**	**–**	**(56,224)**
Impairment charge *(b)*	**–**	**(35,481)**	**–**	**(211)**	**(4,232)**	**(39,924)**
Closing net book amount	**819**	**49,615**	**20**	**766**	**2,197**	**53,417**
At 31 December 2023						
Cost	**85,184**	**196,749**	**387**	**4,958**	**6,429**	**293,707**
Accumulated depreciation and impairment	**(84,365)**	**(147,134)**	**(367)**	**(4,192)**	**(4,232)**	**(240,290)**
Net book amount	**819**	**49,615**	**20**	**766**	**2,197**	**53,417**

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Depreciation methods and useful lives

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

–	Leasehold improvements	Shorter of remaining lease term or estimated useful lives
–	Equipment and instruments	5 - 10 years
–	Office equipment and furniture	5 years
–	Motor vehicles	5 years

Depreciation charges in the following categories:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Research and development expenses	**54,547**	26,414
Administrative expenses	**1,677**	984
Manufacturing costs	**–**	2,928
Selling expenses	**–**	27
	56,224	30,353

(b) Impairment charges

In the year of 2023, the Group performed a review of the research and development milestone and drug commercial plans, which led to impairment charges of RMB39,924,000 in relation to idle assets in property, plant and equipment. The impairment losses of RMB39,924,000 was included in research and development expenses in the consolidated financial statements of profit and loss and other comprehensive income.

The idle assets in property, plant and equipment were written down to their recoverable amounts of RMB36,858,000. The Group uses FVLCD to determine its recoverable amount as it's higher than VIU. Details of the determination of the fair value of the idle assets in property, plant and equipment, refer to Note 3.3(b).

14 LEASES

(a) Amounts recognised in the statement of financial position

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Right-of-use assets		
Properties	**6,720**	25,227
Lease liabilities		
Current	**3,231**	6,763
Non-current	**3,924**	21,823
	7,155	28,586

Additions to the right-of-use assets in 2023 were RMB8,889,000 (2022: RMB14,099,000).

(b) Amounts recognised in the statement of profit or loss and other comprehensive income

The statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Properties	**6,917**	14,502
Interest expense (included in finance cost)	**888**	1,789
Expense relating to short-term leases (included in research and development expenses, selling expenses and administrative expenses)	**904**	640
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in research and development expenses, selling expenses and administrative expenses)	**27**	34

The total cash outflow for leases in 2023 was approximately RMB7,755,000 (2022: RMB22,165,000).

(c) The Group's leasing activities and how these are accounted for

The Group leases various offices and vehicles. Rental contracts are typically made for fixed periods of 1 year to 4 years.

15 INTANGIBLE ASSETS

Non-current assets	Goodwill RMB'000 *(Note b)*	Computer software RMB'000	Licenses RMB'000 *(Note c)*	Total RMB'000
At 1 January 2022				
Cost	21,753	12,054	162,402	196,209
Accumulated amortisation	–	(5,451)	(19,715)	(25,166)
Net book amount	21,753	6,603	142,687	171,043
Year ended 31 December 2022				
Opening net book amount	21,753	6,603	142,687	171,043
Additions	–	1,557	2,358	3,915
Amortisation	–	(2,514)	(9,236)	(11,750)
Closing net book amount	21,753	5,646	135,809	163,208
At 31 December 2022				
Cost	21,753	13,611	164,760	200,124
Accumulated amortization	–	(7,965)	(28,951)	(36,916)
Net book amount	21,753	5,646	135,809	163,208
Year ended 31 December 2023				
Opening net book amount	**21,753**	**5,646**	**135,809**	**163,208**
Amortisation*	**–**	**(4,685)**	**(9,061)**	**(13,746)**
Impairment charge**	**(3,934)**	**–**	**(35,429)**	**(39,363)**
Closing net book amount	**17,819**	**961**	**91,319**	**110,099**
At 31 December 2023				
Cost	**21,753**	**13,611**	**164,760**	**200,124**
Accumulated amortisation and impairment	**(3,934)**	**(12,650)**	**(73,441)**	**(90,025)**
Net book amount	**17,819**	**961**	**91,319**	**110,099**

15 INTANGIBLE ASSETS (CONTINUED)

* Amortisation charges were expensed in the following categories in the consolidated statements of profit or loss and other comprehensive income:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Research and development expenses	**9,256**	9,587
Administrative expenses	**4,490**	1,708
Selling expenses	**–**	455
	13,746	11,750

** The carrying amount of the original groups of cash-generating units ('CGUs') of therapeutic antibody research and development department (the "Therapeutic Antibody CGUs") and licenses have been reduced to their recoverable amounts through recognition of impairment losses against goodwill and licenses. The losses are included in research and development expenses in the consolidated statements of profit or loss and other comprehensive income.

(a) Amortisation methods and periods

(i) Goodwill

Goodwill is measured as described in Note 37.2. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 5).

(ii) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software into usage. These costs are amortised using the straight-line method over shorter of their estimated useful lives of 5 years or remaining years of use. Costs associated with maintaining computer software programmes are recognised as expense as incurred.

15 INTANGIBLE ASSETS (CONTINUED)

(a) Amortisation methods and periods (Continued)

(iii) Licenses

Licenses acquired separately or as part of a business combination are recognised as intangible assets at historical cost and amortised using the straight-line method over their estimated useful lives of 10 to 20 years, which are determined by reference to the authorized useful lives and the management's estimation. The estimation is made considering the duration of the patent right and the technique advancement of the licenses. They are subsequently carried at cost less accumulated amortisation and impairment losses.

(iv) Research and development

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

(i) The technical feasibility to complete the development project so that it will be available for use or sale;

(ii) The intention to complete the development project to use or sell the product;

(iii) The ability to use or sell the product;

(iv) The manner in which the development project will generate probable future economic benefits for the Group;

(v) The availability of adequate technical, financial and other resources to complete the development and to use or sell the product; and

(vi) The expenditure attributable to the asset during its development can be reliably measured.

The cost of an internally generated intangible asset is the sum of the expenditure incurred from the date the asset meets the recognition criteria above to the date when it is available for use. The costs capitalized in connection with the intangible asset include costs of materials and services used or consumed, testing fee, employee costs incurred in the creation of the asset and an appropriate portion of relevant overheads.

15 INTANGIBLE ASSETS (CONTINUED)

(a) Amortisation methods and periods (Continued)

(iv) Research and development (Continued)

Capitalized development costs are amortised using the straight-line method over the life of the related product. Amortisation shall begin when the asset is available for use.

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

(b) Impairment tests for goodwill

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

During the year ended 31 December 2023, as a new product application of Geptanolimab (GB226) as a treatment for relapsed/refractory peripheral T-cell lymphoma (PTCL) was not approved by the China National Medical Products Administration, future net cashflows forecast of the Therapeutic Antibody CGUs was adversely affected. The directors of the Company performed impairment tests on the Therapeutic Antibody CGUs, and concluded the impairment losses on goodwill totaling RMB3,934,000. during the year ended 31 December 2023.

15 INTANGIBLE ASSETS (CONTINUED)

(b) Impairment tests for goodwill (Continued)

The following is a summary of goodwill allocation for the Therapeutic Antibody CGUs:

	Opening	Addition	Impairment	Closing
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023				
Therapeutic Antibody CGUs	**21,753**	**–**	**(3,934)**	**17,819**
Year ended 31 December 2022				
Therapeutic Antibody CGUs	21,753	–	–	21,753

(c) Impairment on licenses

In 2023, GB226 was not approved as stated in Note 15(b), and the Group changed the research and development strategy to focus on certain pipelines, which was identified as an impairment indicator of relevant licenses. The Group has assessed the recoverable amounts of these relevant licenses and accrued impairment provision of RMB35,429,000 in research and development expenses. The recoverable amounts are determined based on the VIU method, which is higher than that under FVLCD. The pre-tax discount rate used in VIU is 26.72%.

16 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Financial Assets		
Financial assets at amortised cost		
Other receivables, deposits and prepayments (excluding prepayments and VAT input tax to be deducted)	**48,127**	35,325
Cash and bank balances	**1,165,481**	1,588,705
	1,213,608	1,624,030

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Financial Liabilities		
Financial liabilities at amortised cost		
Trade payables	**141,661**	132,158
Other payables and accruals (excluding accrued employee benefits and tax payable)	**52,179**	66,543
Lease liabilities	**7,155**	28,586
Financial liabilities at fair value		
Contingent consideration in amounts due to related parties *(Note 27(a))*	**724**	2,592
	201,719	229,879

The Group's exposure to various risks associated with the financial instruments are discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

The trade payables and other payables are unsecured. Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

17 INVENTORIES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Current assets		
Consumables	**20,300**	30,682
Raw materials	**7,925**	14,559
Work in progress	**11,471**	11,471
	39,696	56,712
Less: provisions for inventories	**(34,029)**	(9,308)
	5,667	47,404

(i) Amounts recognised in profit or loss

Inventories recognised as an expense during the year ended 31 December 2023 amounted to RMB29,288,000 (2022: RMB40,412,000). These were included in research expense and administrative expense.

18 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Current		
Tax prepayment of share option and RSU plans	**30,706**	31,905
Prepayment for inventories and clinical fee	**27,453**	44,030
Receivable from disposals of property, plant and equipment	**7,434**	–
Interest receivables	**7,401**	–
Rental deposits	**1,260**	3,312
Prepayment for equipment and software	**–**	440
Others	**3,302**	3,016
	77,556	82,703
Less: provision for impairment	**(8,922)**	–
	68,634	82,703
Non-current		
VAT input tax to be deducted	**24,425**	15,748
Advance payment for equipment	**1,499**	3,852
Rental deposits	**1,244**	–
	27,168	19,600
Less: provision for impairment	**–**	–
	27,168	19,600

The carrying amounts of other receivables and deposits are mainly denominated in RMB and approximate their fair values.

19 CASH AND BANK BALANCES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Cash on hand	**614**	414
Cash at banks		
– RMB	**976,563**	1,359,099
– HKD	**3,696**	3,638
– USD	**184,607**	225,549
– AUD	**1**	5
Cash and bank balances	**1,165,481**	1,588,705

20 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of shares	**Nominal value of shares** USD
Authorised ordinary shares		
As at 31 December 2023	1,000,000,000	20,000

20 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (CONTINUED)

	Number of shares	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Total RMB'000
Issued ordinary shares					
As at 1 January 2022	502,473,536	68	9,290,903	(5,198)	9,285,773
Shares exercised under employee option plan and RSU plan	3,673,698	1	89,234	–	89,235
Shares repurchased and cancelled	(1,417,000)	-*	(5,134)	–	(5,134)
Issuance of shares as consideration for the acquisition of business *(Note 27(a))*	511,364	-*	782	–	782
As at 31 December 2022	505,241,598	69	9,375,785	(5,198)	9,370,656
Shares exercised under employee option plan and RSU plan	**1,767,064**	**-***	**21,536**	**–**	**21,536**
Issuance of shares as consideration for the acquisition of business *(Note 27(a))*	**511,363**	**-***	**530**	**–**	**530**
As at 31 December 2023	**507,520,025**	**69**	**9,397,851**	**(5,198)**	**9,392,722**

* The balance stated above was less than RMB1,000.

21 TREASURY SHARES

	2023 RMB'000	2022 RMB'000
Shares held for employee share scheme	**5,198**	5,198

	2023 Shares	2022 Shares
Shares held for employee share scheme *(a)*	**3,786,684**	3,786,684

(a) In 2023, no treasury shares were exercised under employee option plan and RSU plan.

22 OTHER RESERVES

	Other Reserves			
	Capital reserve RMB'000	Share-based payment reserve RMB'000	Other comprehensive loss RMB'000	Total RMB'000
At 1 January 2022	(1,703,265)	296,394	(2,953)	(1,409,824)
Other comprehensive loss	–	–	(1,389)	(1,389)
Share-based payment *(Note 23)*	–	48,238	–	48,238
Shares exercised under employee option plan and RSU plan	–	(89,229)	–	(89,229)
At 31 December 2022	(1,703,265)	255,403	(4,342)	(1,452,204)
At 1 January 2023	**(1,703,265)**	**255,403**	**(4,342)**	**(1,452,204)**
Other comprehensive loss	**–**	**–**	**(745)**	**(745)**
Share-based payment *(Note 23)*	**–**	**60,910**	**–**	**60,910**
Shares exercised under employee option plan and RSU plan	**–**	**(21,533)**	**–**	**(21,533)**
At 31 December 2023	**(1,703,265)**	**294,780**	**(5,087)**	**(1,413,572)**

23 SHARE-BASED PAYMENTS

(a) 2020 Employee Option Plan

Set out below are summaries of options granted:

	Category I	
	Exercise price per share	Number of options
As at 1 January 2022	USD0.0002	15,711,060
Exercised	USD0.0002	(4,000,567)
Forfeited	USD0.0002	(1,310,446)
As at 31 December 2022	USD0.0002	10,400,047
Vested and exercisable at 31 December 2022	USD0.0002	3,717,137
As at 1 January 2023	**USD0.0002**	**10,400,047**
Exercised	**USD0.0002**	**(885,721)**
Forfeited	**USD0.0002**	**(416,088)**
As at 31 December 2023	**USD0.0002**	**9,098,238**
Vested and exercisable at 31 December 2023	**USD0.0002**	**5,796,288**

	Category II	
	Exercise price per share	Number of options
As at 1 January 2022	USD2.0000	16,911,626
Forfeited	USD2.0000	(3,218,915)
As at 31 December 2022	USD2.0000	13,692,711
Vested and exercisable at 31 December 2022	USD2.0000	6,808,151
As at 1 January 2023	**USD2.0000**	**13,692,711**
Forfeited	**USD2.0000**	**(9,565,432)**
As at 31 December 2023	**USD2.0000**	**4,127,279**
Vested and exercisable at 31 December 2023	**USD2.0000**	**3,565,554**

23 SHARE-BASED PAYMENTS (CONTINUED)

(a) 2020 Employee Option Plan (Continued)

	Category III (A)	
	Exercise price per share	Number of options
As at 1 January 2022	USD0.0002	1,230,200
Exercised	USD0.0002	(1,202,863)
As at 31 December 2022	USD0.0002	27,337
Vested and exercisable at 31 December 2022	USD0.0002	27,337
As at 1 January 2023	**USD0.0002**	**27,337**
As at 31 December 2023	**USD0.0002**	**27,337**
Vested and exercisable at 31 December 2023	**USD0.0002**	**27,337**

	Category III (B)	
	Exercise price per share	Number of options
As at 1 January 2022	USD2.0000	50,000
As at 31 December 2022	USD2.0000	50,000
Vested and exercisable at 31 December 2022	USD2.0000	50,000
As at 1 January 2023	**USD2.0000**	**50,000**
As at 31 December 2023	**USD2.0000**	**50,000**
Vested and exercisable at 31 December 2023	**USD2.0000**	**50,000**

The fair value of the options under Category I ranged from RMB6.3224 to RMB8.5361. The fair value of the options under Category II ranged from RMB1.5520 to RMB4.2642. And the fair value of the options under Category III ranged from RMB3.8199 to RMB6.3224.

23 SHARE-BASED PAYMENTS (CONTINUED)

(a) 2020 Employee Option Plan (Continued)

Share options outstanding as at 31 December 2023 had the following exercise prices:

	Exercise price per share	Share options as at 31 December 2023
Category I	USD0.0002	**9,098,238**
Category II	USD2.0000	**4,127,279**
Category III (A)	USD0.0002	**27,337**
Category III (B)	USD2.0000	**50,000**
Total		**13,302,854**

(b) Post-IPO Share Option Plan

On 18 September 2020, the board of directors of the Company approved Post-IPO Share Option Plan. Under the plan, the Company granted options to executive directors and key employees to award their previous contributions and to acquire their long-term service in future.

The share-based payment under the Post-IPO Share Option Plan is equity-settled share-based payments with exercise price of HKD17.08, HKD10.85, HKD1.73, HKD1.81 or HKD1.50. The Company entered into agreements with certain employees on 3 June 2021 ("Batch I"), 27 August 2021 ("Batch II"), 5 October 2022 ("Batch III"), 25 May 2023 ("Batch IV") and 31 August 2023 ("Batch V"). Under these agreements, the options are vested based on service conditions or performance conditions. The service conditions are designed to acquire service from certain employees for a specified period. In addition, the performance conditions also include specified performance targets, such as the achievement of certain research and development programs and the achievement of financing activities.

23 SHARE-BASED PAYMENTS (CONTINUED)

(b) Post-IPO Share Option Plan (Continued)

Set out below are summaries of options and shares granted:

	Batch I	
	Exercise price per share	Number of options
As at 1 January 2022	HKD17.08	4,942,799
Forfeited	HKD17.08	(1,997,299)
As at 31 December 2022	HKD17.08	2,945,500
Vested and exercisable at 31 December 2022	HKD17.08	953,375
As at 1 January 2023	**HKD17.08**	**2,945,500**
Forfeited	**HKD17.08**	**(1,711,800)**
As at 31 December 2023	**HKD17.08**	**1,233,700**
Vested and exercisable at 31 December 2023	**HKD17.08**	**815,850**

	Batch II	
	Exercise price per share	Number of options
As at 1 January 2022	HKD10.85	2,529,000
Forfeited	HKD10.85	(1,596,000)
As at 31 December 2022	HKD10.85	933,000
Vested and exercisable at 31 December 2022	HKD10.85	233,250
As at 1 January 2023	**HKD10.85**	**933,000**
Forfeited	**HKD10.85**	**(118,000)**
As at 31 December 2023	**HKD10.85**	**815,000**
Vested and exercisable at 31 December 2023	**HKD10.85**	**407,500**

23 SHARE-BASED PAYMENTS (CONTINUED)

(b) Post-IPO Share Option Plan (Continued)

	Batch III	
	Exercise price per share	Number of options
As at 1 January 2022		–
Grant	HKD1.73	2,251,500
As at 31 December 2022	HKD1.73	2,251,500
Vested and exercisable at 31 December 2022	HKD1.73	476,250
As at 1 January 2023	**HKD1.73**	**2,251,500**
Forfeited	**HKD1.73**	**(165,000)**
As at 31 December 2023	**HKD1.73**	**2,086,500**
Vested and exercisable at 31 December 2023	**HKD1.73**	**999,750**

	Batch IV	
	Exercise price per share	Number of options
As at 1 January 2023		–
Granted	HKD1.81	11,600,000
As at 31 December 2023	HKD1.81	11,600,000
Vested and exercisable at 31 December 2023	HKD1.81	–

	Batch V	
	Exercise price per share	Number of options
As at 1 January 2023		–
Granted	HKD1.50	9,578,867
As at 31 December 2023	HKD1.50	9,578,867
Vested and exercisable at 31 December 2023	HKD1.50	–

23 SHARE-BASED PAYMENTS (CONTINUED)

(b) Post-IPO Share Option Plan (Continued)

The fair value of the options under the Post-IPO Share Option Plan ranged from RMB0.6149 to RMB6.9810.

Fair value of options granted

The fair value at grant date is independently determined using binomial option pricing model by an independent qualified valuer. The significant inputs were listed as below:

Post-IPO Share Option Plan	Batch I	Batch II	Batch III	Batch IV	Batch V
Expected price volatility	51.95% to 52.08%	52.40% to 52.54%	53.42% to 53.51%	53.35%	53.04%
Expected option life (year)	10	10	10	10	10
Risk free interest rate	1.26% to 1.40%	1.09% to 1.20%	3.49% to 3.51%	3.51%	3.80%
Spot price of ordinary shares (HKD)	17.08	10.85	1.73	1.73	1.50

The volatility factor estimated was based on the historical daily share price volatility of the comparable companies for the period close to the expected time to exercise. The risk free interest rate was referred to the market yield of government bond with similar issuing dates and maturity dates as of the respective grant dates.

(c) 2023 Share Option Plan

On 27 October 2023, the shareholders of the Company approved 2023 Share Option Plan. Under the plan, the Company granted options to executive directors and key employees to award their previous contributions and to acquire their long-term service in future.

The share-based payment under the 2023 Share Option Plan is equity-settled share-based payments with exercise price of HKD1.50. The Company entered into agreements with certain employees on 27 October 2023 ("Batch I"). Under these agreements, the options are vested based on service conditions or performance conditions. The service conditions are designed to acquire service from certain employees for a specified period. In addition, the performance conditions also include specified performance targets, such as the achievement of certain research and development programs and the achievement of financing activities.

23 SHARE-BASED PAYMENTS (CONTINUED)

(c) 2023 Share Option Plan (Continued)

Set out below are summaries of options and shares granted:

	Batch I	
	Exercise price per share	Number of options
As at 1 January 2023		–
Granted	HKD1.50	5,579,054
As at 31 December 2023	HKD1.50	5,579,054
Vested and exercisable at 31 December 2023	HKD1.50	–

The fair value of the options under the 2023 Share Option Plan ranged from RMB0.4074 to RMB0.4573.

Fair value of options granted

The fair value at grant date is independently determined using binomial option pricing model by an independent qualified valuer, the significant inputs were listed as below:

Post-IPO Share Option Plan	Batch I
Expected price volatility	52.88%
Expected option life (year)	10
Risk free interest rate	4.31%
Spot price of ordinary shares (HKD)	1.16

The volatility factor estimated was based on the historical daily share price volatility of the comparable companies for the period close to the expected time to exercise. The risk free interest rate was referred to the market yield of government bond with similar issuing dates and maturity dates as of the respective grant dates.

23 SHARE-BASED PAYMENTS (CONTINUED)

(d) 2021 RSU Plan

On 3 June 2021, the board of directors of the Company approved 2021 restricted share unit plan (the "2021 RSU Plan"). Under the plan, the Company granted RSUs to employees to recruit, incentivize and retain key employees.

The share-based payment under the 2021 RSU Plan is equity-settled share-based payments with exercise price of nil. The Company entered into agreements with certain employees on 3 June 2021, 27 August 2021, 5 October 2022, 25 May 2023 and 31 August 2023. Under these agreements, the shares are vested based on service conditions or performance conditions. The service conditions are designed to acquire service from certain employees for a specified period. In addition, the performance conditions also include specified performance targets, such as the achievement of certain research and development programs and the achievement of financing activities.

Set out below are summaries of shares granted:

	2021 RSU Plan	
	Exercise price per share	Number of shares
As at 1 January 2022	–	3,940,400
Granted	–	1,145,300
Exercised	–	(1,256,950)
Forfeited	–	(1,194,600)
As at 31 December 2022	–	2,634,150
Vested and exercisable at 31 December 2022	–	–
As at 1 January 2023	**–**	**2,634,150**
Granted	**–**	**8,999,893**
Exercised	**–**	**(824,525)**
Forfeited	**–**	**(301,425)**
As at 31 December 2023	**–**	**10,508,093**
Vested and exercisable at 31 December 2023	**–**	**–**

The fair value of the RSUs under the 2021 RSU Plan granted on 25 May 2023 and 31 August 2023 were RMB1.56 per share and RMB1.37 per share respectively, based on the closing price on the date of grant.

23 SHARE-BASED PAYMENTS (CONTINUED)

(e) 2023 RSU Plan

On 27 October 2023, the shareholders of the Company approved 2023 restricted share unit plan (the "2023 RSU Plan"). Under the plan, the Company granted RSUs to employees to recruit, incentivize and retain key employees.

The share-based payment under the 2023 RSU Plan is equity-settled share-based payments with exercise price of nil. The Company entered into agreements with certain employees on 27 October 2023. Under these agreements, the shares are vested based on service conditions or performance conditions. The service conditions are designed to acquire service from certain employees for a specified period. In addition, the performance conditions also include specified performance targets, such as the achievement of certain research and development programs and the achievement of financing activities.

Set out below are summaries of shares granted:

	2023 RSU Plan	
	Exercise price per share	Number of shares
As at 1 January 2023	–	–
Granted	–	4,210,000
As at 31 December 2023	–	4,210,000
Vested and exercisable at 31 December 2023	–	–

The fair value of the RSUs under the 2023 RSU Plan was RMB1.07 per share, based on the closing price on the date of grant.

No options and shares expired during the year covered by the above tables in Note 23(a), (b), (c), (d) and (e).

Weighted average remaining contractual life of options and shares outstanding covered by the above tables in Note 23(a), (b), (c), (d) and (e) as at 31 December 2023 was 7.38 years (2022: 7.63 years).

23 SHARE-BASED PAYMENTS (CONTINUED)

(f) Share subscription and purchase agreement

On 26 September 2019, the Company entered into a subscription agreement with ABS, Dr. Yue Liu and ABT. Pursuant to the subscription agreement, the Company shall allot and issue 8,181,819 new ordinary shares to ABS and 909,091 new ordinary shares to Dr. Yue Liu. After the shares consolidated on 3 September 2020, the number of the above new ordinary shares changed to 4,090,910 and 454,546 for ABS and Dr. Yue Liu, respectively.

Out of 4,090,910 ordinary shares to be issued to ABS, 2,045,455 shares would be evenly issued on each anniversary of the closing of subscription agreement ("Closing") through the fourth anniversary of the Closing, and 2,045,455 shares would be issued based on the level of achievement of ABT's completion of milestones with respect to certain research and development programs.

Out of 454,546 ordinary shares to be issued to Dr. Yue Liu, 227,273 shares would be evenly issued on each anniversary of the Closing through the fourth anniversary of the Closing ("ABT Batch I"), and 227,273 shares would be issued based on the level of achievement of ABT's completion of milestones with respect to certain research and development program ("ABT Batch II").

On 17 October 2023, being the fourth anniversary of the Closing, the Company issued 511,363 shares and 56,818 shares to ABS and Dr. Yue Liu, respectively.

(g) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised for the years ended 31 December 2023 and 2022 as part of employee benefit expenses were as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Employee option plan		
– Equity-settled share-based payment	**60,377**	47,527
Share-based payment to Dr. Yue Liu	**533**	711
	60,910	48,238

23 SHARE-BASED PAYMENTS (CONTINUED)

(h) Equity-settled share-based payment transactions

The Group operates an equity-settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (including shares or share options) of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions
- excluding the impact of any service and non-market performance vesting conditions (for example, remaining an employee of the entity over a specified time period)
- including the impact of any non-vesting conditions (for example, the fulfillment of each applicable milestones with respect to certain research and development program).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of share options that are expected to vest based on the non-market performance and service conditions, irrespective of whether those non-vesting conditions are satisfied. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

24 TRADE PAYABLES

The aging analysis, based on invoice date, of trade payables as at the consolidated balance sheet date were as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Within 1 year	**139,012**	130,964
1-2 years	**2,397**	397
2-3 years	**252**	797
	141,661	132,158

The carrying amounts of trade payables are denominated in RMB. The carrying amounts approximate their fair values due to short-term maturities.

25 CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract liabilities:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Contract liabilities	**4,893**	4,893
Less: non-current portion	**–**	–
Current portion	**4,893**	4,893

The Group classifies these contract liabilities as current because the Group expects to realize them in their normal operating cycle, which are expected within one year.

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Revenue recognised relating to carried-forward contract liabilities	**–**	755

Transaction price allocated to the unsatisfied performance obligations.

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Aggregate amount of transaction price allocated to FFS contracts that are partially or fully unsatisfied	**12,104**	12,104

The above remaining performance obligation expected to be recognized mainly related to the contract of service. Management expects that the amount of RMB10,377,000 of the transaction in relation to unsatisfied obligations as of 31 December 2023 will be recognized as revenue within next one year (2022: RMB10,377,000). The remaining will be recognized in more than one year. The amounts disclosed above do not include variable consideration which is constrained.

26 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Payables to project funding *(a)*	**37,423**	38,012
Accrued employee benefits	**21,860**	40,863
Payables to suppliers of services and fixed assets	**10,553**	24,607
Tax payable	**1,844**	2,237
Others	**4,203**	3,924
	75,883	109,643

(a) Genor Biopharma entered into two agreements with National Health Commission (the "NHC") of the PRC in relation to two major new drug development projects in previous years. Based on the assessment of the given conditions of the two agreements, the total amount of RMB37,423,000 is expected to be settled in the coming twelve months.

The carrying amounts of accruals, other payables and provisions are mainly denominated in RMB. The carrying amounts approximate their fair values due to their short-term maturities.

27 BALANCES WITH RELATED PARTIES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Amounts due to related parties		
Non-trade in nature		
ABS *(a)*	**724**	2,592
Less: non-current portion	**(559)**	(1,232)
Current portion	**165**	1,360

28 DEFERRED INCOME TAX

The Group has applied amendments to HKAS12 for its annual reporting period commencing 1 January 2023 to recognise deferred tax assets and deferred tax liabilities for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities separately on a gross basis. Accordingly, the comparative figures are represented as blow.

(a) Deferred income tax assets

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
The balance comprises temporary differences attributable to:		
Lease liabilities	**1,680**	6,307
Tax losses of ABT *(i)*	**8,350**	6,913
	10,030	13,220
Set-off of deferred tax assets pursuant to set-off provisions	**(1,680)**	(6,307)
Net deferred tax assets	**8,350**	6,913

Movements	**Lease liability**	**Tax losses**	**Total**
	RMB'000	RMB'000	RMB'000
At 1 January 2022	5,834	5,732	11,566
Credited to the profit or loss	473	1,181	1,654
At 31 December 2022	6,307	6,913	13,220
At 1 January 2023	**6,307**	**6,913**	**13,220**
Credited to the profit or loss	**(4,627)**	**1,437**	**(3,190)**
At 31 December 2023	**1,680**	**8,350**	**10,030**

28 DEFERRED INCOME TAX (CONTINUED)

(a) Deferred income tax assets (Continued)

(i) As at 31 December 2023, ABT had net operating losses amounting to RMB27,982,000 (2022: RMB23,167,000). Under federal tax regulations, the net operating losses can be carried forward and deductible for income tax purposes indefinitely. Under California state tax regulations, the net operating losses can generally be carried forward 20 years following the year of the loss incurred. Accordingly, the Company recognised deferred tax assets amounting to RMB8,350,000.

(b) Deferred income tax liabilities

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
The balance comprises temporary differences attributable to:		
Right-of-use assets	**1,680**	6,307
Intangible assets	**11,595**	12,439
	13,275	18,746
Set-off of deferred tax liabilities pursuant to set-off provisions	**(1,680)**	(6,307)
Net deferred tax liabilities	**11,595**	12,439

28 DEFERRED INCOME TAX (CONTINUED)

(b) Deferred income tax liabilities (continued)

Movements	Right of uses RMB'000	Intangible assets RMB'000	Total RMB'000
At 1 January 2022	5,833	13,282	19,115
Credited to the profit or loss	473	(843)	(370)
At 31 December 2022	6,306	12,439	18,745
At 1 January 2023	**6,306**	**12,439**	**18,745**
Credited to the profit or loss	**(4,626)**	**(844)**	**(5,470)**
At 31 December 2023	**1,680**	**11,595**	**13,275**

29 DIVIDEND

No dividend has been paid or declared by the Company during the years ended 31 December 2023 and 2022.

30 NET CASH USED IN OPERATIONS

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Loss before income tax	**(677,496)**	(732,420)
Adjustments for:		
– Provision for impairment of inventories, intangible assets, property, plants and equipment	**113,119**	9,882
– Depreciation of property, plant and equipment	**56,224**	27,425
– Share-based payment expenses	**60,910**	48,238
– Provision for impairment of financial assets	**8,922**	–
– Amortisation of right-of-use assets and intangible assets	**20,663**	26,252
– Losses on disposal of property, plants and equipment	**16,956**	2,456
– (Gains)/Losses on disposal of right-of-use assets	**(3,904)**	4,184
– Finance cost	**888**	2,856
– Interest income	**(29,669)**	(28,114)
– Gains from asset related government grants	**(3,692)**	(3,692)
– Foreign exchange gains	**(3,478)**	(37,392)
– Net fair value gains on contingent consideration payable to ABS	**(1,338)**	(4,953)
	(441,895)	(685,278)
Changes in working capital (excluding the effects of acquisition and currency translation differences on consolidation):		
– Other receivables, deposits and prepayments	**9,621**	104,937
– Trade payables	**9,503**	2,492
– Contract cost	**–**	414
– Other payables, accruals and provisions	**(32,804)**	(23,620)
– Restricted bank deposits	**–**	2,000
– Inventories	**7,905**	(4,705)
– Contract liabilities	**–**	(755)
– Deferred income of reimbursement of future expenses	**282**	(473)
– Amounts due to related parties	**–**	(733)
Net cash used in operations	**(447,388)**	(605,721)

30 NET CASH USED IN OPERATIONS (CONTINUED)

Net debt reconciliation is shown below:

	Lease liabilities RMB'000	Bank borrowings RMB'000	Total debts RMB'000
At 1 January 2022	27,708	29,700	57,408
Cash flows	(21,491)	(29,700)	(51,191)
Non-cash movements	22,369	–	22,369
At 31 December 2022	28,586	–	28,586
Cash flows	(6,824)	–	(6,824)
Non-cash movements	(14,607)	–	(14,607)
At 31 December 2023	**7,155**	**–**	**7,155**

31 CONTINGENCIES

As at 31 December 2023, there were no significant contingencies for the Group and the Company.

32 COMMITMENTS

(a) Capital commitments

The following is the details of capital expenditure contracted for but not provided in the financial information.

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Contracted but not provided for		
– Property, plant and equipment	**1,435**	4,069

32 COMMITMENTS (CONTINUED)

(b) Operating lease commitments for short-term and low value leases

The Group has recognized right-of-use assets for these leases, except for short-term and low-value leases, see Note 14 for further information. The following is the details of operating lease commitments for short-term and low value leases.

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Less than 1 year	**11**	670
Between 1 and 5 years	**24**	4
	35	674

33 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related because they are subject to common control, common significant influence or joint control in the controlling shareholder's families. Members of key management and their close family member of the Group are also considered as related parties.

The executive directors are of the view that the following parties that had transactions or balances with the Group are related parties:

Name	Relationship with the Group
ABS	Minority shareholder of ABT

The following significant transactions were carried out between the Group and its related parties for the years ended 31 December 2023 and 2022. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

33 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Purchase of rental services and utilities from		
– ABS	**534**	513
Purchase of research and development services from		
– ABS	**343**	1,530
	877	2,043

(b) Balances with related parties

Balances with related parties as at 31 December 2023 and 2022 were disclosed in Note 27.

(c) Key management compensation

Key management includes directors and senior managements. The compensation paid or payable to key management for employee services was shown below:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Salaries, bonuses and other benefits	**20,435**	27,247
Share-based payment expenses *(i)*	**28,552**	33,335
Pension, social security costs and housing benefits	**1,935**	1,443
	50,922	62,025

(i) The share-based payment expenses were recognised based on the fair value at the grant date, see Note 23 for further details.

34 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There is no subsequent event after the reporting period which has material impact to the consolidated financial statements of the Group.

35 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the years ended 31 December 2023 and 2022 were set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking						
	Director's fees RMB'000	Salaries *(i)* RMB'000	Discretionary bonuses RMB'000	Share-based payment expenses *(i)* RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Social security costs, housing benefits and other employee benefits RMB'000	Total RMB'000
For the year ended 31 December 2023							
Name of directors							
Dr. Guo Feng	–	4,500	1,500	16,617	–	1,668	24,285
Dr. Lyu Dong	–	–	–	–	–	–	–
Mr. Chen Yu	–	–	–	–	–	–	–
Mr. Liu Yi	–	–	–	–	–	–	–
Mr. Zhou Honghao	420	–	–	–	–	–	420
Mr. Fung Edwin	420	–	–	–	–	–	420
Mr. Chen Wen	420	–	–	–	–	–	420
	1,260	4,500	1,500	16,617	–	1,668	25,545
For the year ended 31 December 2022							
Name of directors							
Dr. Guo Feng	–	4,500	1,500	24,813	–	1,364	32,177
Dr. Zhou Joe Xin Hua	–	728	–	–	–	2	730
Dr. Lyu Dong	–	–	–	–	–	–	–
Dr. Ni Lin	–	–	–	–	–	–	–
Mr. Chen Yu	–	–	–	–	–	–	–
Mr. Liu Yi	–	–	–	–	–	–	–
Mr. Zhou Honghao	420	–	–	–	–	–	420
Mr. Fung Edwin	420	–	–	–	–	–	420
Mr. Chen Wen	420	–	–	–	–	–	420
	1,260	5,228	1,500	24,813	–	1,366	34,167

35 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive's emoluments (Continued)

(i) The share-based payment expenses were recognised based on the fair value at the grant date, see Note 23 for further details.

The salaries paid to a director is generally an emolument paid or receivable in respect of that person's other services in connection with the management of the affairs of the company or its subsidiary undertakings.

Mr. Liu Yi was appointed as the director of the Company and Dr. Ni Lin was resigned on 29 July 2022.

Mr. Zhou Joe Xin Hua was resigned on 15 April 2022.

In 2023, none of directors waived or agreed to waive any emoluments (2022: Nil). In addition, no emoluments were paid to directors as an inducement to join or upon joining the Group or as compensation for loss of office (2022: Nil).

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 December 2023 and 2022.

No loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate and connected entities, subsisted at the end of the year or at any time for the year ended 31 December 2023.

The Company did not provide any consideration to third parties for making available directors' services for the year ended 31 December 2023.

36 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	Notes	As at 31 December 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Intangible assets		**73,360**	102,120
Investments in subsidiaries		**1,008,215**	1,420,950
Financial assets at fair value through profit or loss		**13,602**	12,785
Total non-current assets		**1,095,177**	1,535,855
Current assets			
Other receivables and prepayments		**7,454**	439
Cash and bank balances		**185,985**	496,018
Total current assets		**193,439**	496,457
Total assets		**1,288,616**	2,032,312
EQUITY			
Equity attributable to owners of the Company			
Share capital		**69**	69
Share premium		**9,397,851**	9,375,785
Treasury shares		**(5,198)**	(5,198)
Other reserves	*(a)*	**(1,165,405)**	(1,204,782)
Accumulated losses	*(a)*	**(6,939,988)**	(6,142,298)
Total equity		**1,287,329**	2,023,576

36 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Statement of financial position of the Company (Continued)

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
LIABILITIES		
Non-current liabilities		
Amounts due to related parties	**559**	1,232
Total non-current liabilities	**559**	1,232
Current liabilities		
Other payables and accruals	**563**	1,268
Amounts due to related parties	**165**	6,236
Total current liabilities	**728**	7,504
Total liabilities	**1,287**	8,736
Total equity and liabilities	**1,288,616**	2,032,312

36 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Statement of financial position of the Company (Continued)

(a) Reserve movement of the Company

	Other reserves RMB'000	Accumulated losses RMB'000
At 1 January 2022	(1,163,791)	(4,078,573)
Loss for the year	–	(2,063,725)
Share based payment	48,238	–
Shares exercised under employee option plan and RSU plan	(89,229)	–
At 31 December 2022	(1,204,782)	(6,142,298)
At 1 January 2023	**(1,204,782)**	**(6,142,298)**
Loss for the year	**–**	**(797,690)**
Share based payment	**60,910**	**–**
Shares exercised under employee option plan and RSU plan	**(21,533)**	**–**
At 31 December 2023	**(1,165,405)**	**(6,939,988)**

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

37.1 Principles of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 37.2).

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and balance sheet respectively.

(b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate for an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.2 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.2 Business combinations (Continued)

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

37.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM, who is responsible for allocating resources, assessing performance of the operating segments, and has been identified as the executive directors of the Group that make strategic decisions.

The Group has only one operating segment during the reporting period, so no segment information is presented.

37.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the functional currency. Since the majority of the operations of the Group are located in the PRC, the consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income, within finance income or finance costs.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.5 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 13(b)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other (losses)/gains – net" in the statement of profit or loss and other comprehensive income.

Construction-in-progress (the "CIP") represents equipment and decorations under construction, and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction and acquisition and capitalized borrowing costs. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the cost are transferred to leasehold improvements as well as equipment and instruments and depreciated in accordance with the policy as stated above.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.7 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.7 Financial assets (Continued)

(c) Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other (losses)/gains – net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other (losses)/gains – net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other (losses)/gains – net" and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "other (losses)/gains – net" in the period in which it arises.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.7 Financial assets (Continued)

(c) Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1 for further details.

37.8 Inventories

Consumbles, raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.9 Trade and other receivables

Trade receivables are amounts due from customers for fee-for-service ("FFS") services performed and sales of goods in the ordinary course of business. They are generally settled by payment term within one year and therefore all classified as current.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less allowance for impairment. See Note 3.1 for a description of the Group's impairment policies.

37.10 Cash and bank balances

For the purpose of presentation in the statement of cash flows, cash and bank balances include cash on hand and deposits held at call with banks.

37.11 Share capital and shares held for employee share scheme

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, those instruments are deducted from equity. The consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

Shares held by the MaplesFS (BVI) Limited on behalf of AKQM Partner Trust are disclosed as treasury shares and deducted from contributed equity.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.12 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

37.13 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.13 Current and deferred income tax (Continued)

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(c) Investment allowances and similar tax incentives

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.14 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Post-employment obligations

The Group's subsidiaries mainly incorporated in the PRC contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan organized by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to the existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separate from the Group.

The employees in the USA are covered by other defined contribution pension plans sponsored by the respective local governments. The Group pays contributions to publicly or privately administered pension insurance plans on a contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.15 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.16 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to costs or expenses are deferred and recognised in the profit or loss over the period necessary to match them with the costs or expenses that they are intended to compensate. Where the grants relating to an expense item, it is recognised as income on a systematic basis over the period that the costs, which it is intended to compensate, are expensed. Where the grants relating to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss and other comprehensive income over the expected useful life of the relevant asset on straight-line basis.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

For government grants relate to ordinary course of business, they are recognised as other income in the statement of profit or loss and other comprehensive income.

For government grants not relate to ordinary course of business, they are recognised as other gains in the statement of profit or loss and other comprehensive income.

37.17 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 9. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.18 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.18 Leases (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, for example, term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.18 Leases (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise information technology equipment and small items of office furniture.

FIVE YEARS FINANCIAL SUMMARY

	Year ended 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**–**	15,932	–	10,331	13,039
Loss before income tax	**(677,496)**	(732,420)	(866,306)	(3,036,310)	(523,637)
Income tax credit	**2,280**	2,024	932	5,806	891
Loss for the year	**(675,216)**	(730,396)	(865,374)	(3,030,504)	(522,746)
Loss for the year is attributable to:					
Owners of the Company	**(674,362)**	(730,214)	(865,224)	(3,027,102)	(522,082)
Non-controlling interests	**(854)**	(182)	(150)	(3,402)	(664)

	As at 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**1,446,877**	2,115,091	2,862,841	3,573,449	732,835
Total liabilities	**256,177**	309,873	369,730	336,324	507,375
Total equity	**1,190,700**	1,805,218	2,493,111	3,237,125	225,460
Equity attributable to:					
Owners of the Company	**1,188,814**	1,802,478	2,490,189	3,234,053	218,986
Non-controlling interests	**1,886**	2,740	2,922	3,072	6,474

DEFINITIONS

"2021 RSU Plan"	the RSU plan adopted by the Company on 3 June 2021
"2022 Interim Results Announcement"	the interim results announcement of the Company for the six months ended 30 June 2022 dated 30 August 2022
"2023 Interim Results Announcement"	the interim results announcement of the Company for the six months ended 30 June 2023 dated 30 August 2023
"2023 Share Option Plan"	the 2023 Share Option Plan adopted by the Company on 27 October 2023
"2023 RSU Plan"	the 2023 RSU Plan adopted by the Company on 27 October 2023
"AACR"	American Association of Cancer Research
"Administrator"	the Compensation Committee or its delegates which administer the operation of the Pre-IPO Share Option Plan, the Post-IPO Share Option Plan and the 2021 RSU Plan
"AGM"	the annual general meeting of the Company to be held on 27 June 2024
"Articles of Association"	the seventh amended and restated articles of association of the Company adopted on 29 June 2023 with effect from Listing, as amended from time to time
"ASCO"	American Society of Clinical Oncology
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Award(s)"	award(s) of RSU(s) granted to a grantee pursuant to the terms of the 2021 RSU Plan or the 2023 RSU Plan
"BIC"	best-in-class
"BICR"	the Blinded Independent Central Review
"Board" or "Board of Directors"	the board of directors of our Company
"Business Day(s)"	any day on which the Stock Exchange is open for the business of dealing in securities
"CDE"	Centre for Drug Evaluation
"CDMO"	contract development and manufacturing organization

"CG Code"	the Corporate Governance Code set out in Appendix C1 of the Listing Rules
"China" or the "PRC"	the People's Republic of China, and for the purpose of this report only, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Compensation Committee"	the compensation committee of the Company
"Company", "our Company" or "the Company"	Genor Biopharma Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 10 April 2017
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"CMC"	chemistry, manufacturing and controls
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transactions"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"CRS"	Cytokine Release Syndrome
"Director(s)"	the director(s) of our Company
"Equity Plans"	all share plans of the Company including the Pre-IPO Share Option Plan, the Post-IPO Share Option Plan, the 2021 RSU Plan, the 2023 Share Option Plan and the 2023 RSU Plan
"FIC"	first-in-class
"FIH"	first-in-human
"GMP"	Good Manufacturing Practice
"Genor Biopharma"	Genor Biopharma Co., Ltd. (嘉和生物藥業有限公司), a company established under the laws of the PRC on 4 December 2007 and one of the Company's principal subsidiaries
"Global Offering"	the offer of Shares for subscription by the public in Hong Kong and the conditional placing of the Shares, as further described in the section headed "Structure of the Global Offering" in the prospectus of the Company dated 23 September 2020

DEFINITIONS

"Group", "our Group", "the Group", "we", "us" or "our"	the Company and its subsidiaries from time to time
"HR"	hazard-ratio
"HHJH"	HHJH Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 1 June 2018, a member of Hillhouse and one of our Pre-IPO Investors
"Hillhouse"	refers to HHJH, HH BIO Investment Fund, L.P., Hillhouse Fund IV, L.P., and Hillhouse Investment Management, Ltd.
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"ICANS"	Immune effector cell-associated neurotoxicity syndrome
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"IPO"	initial public offering
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	7 October 2020, the date on which the Shares are listed and on which dealings in the Shares are fist permitted to take place on the Stock Exchange
"Listing Rules"	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"mPFS"	median progression-free survival
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
"NDA"	new drug application

"NMPA"	China National Medical Products Administration (國家藥品監督管理局), successor to the China Food and Drug Administration (國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of the Company
"NSCLC"	non-small cell lung cancer
"Option(s)"	Option(s) granted to a grantee to subscribe for Shares pursuant to the terms of the Pre-IPO Share Option Plan, Post-IPO Share Option Plan or the 2023 Share Option Plan
"PCC"	preclinical candidate compounds
"PFS"	progression free survival
"PK"	Pharmacokinetics
"PK/PD"	pharmacokinetics/pharmacodynamics
"POC"	Proof of Concept
"Post-IPO Share Option Plan"	The Post-IPO Share Option Plan adopted by the Company on 18 September 2020 and effective from the Listing Date (i.e. 7 October 2020)
"Pre-IPO Share Option Plan"	the Pre-IPO Share Option Plan adopted by the Company on 19 August 2019 and amended and restated on 16 April 2020 and 31 July 2020
"Prospectus"	the prospectus of the Company dated 23 September 2020
"RMB" or "Renminbi"	Renminbi, the lawful currency of PRC
"Reporting Period"	the year ended 31 December 2023
"RSU(s)"	restricted share unit(s) granted under the 2021 RSU Plan or the 2023 RSU Plan
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company, currently with a par value of US$0.00002 each
"Shareholder(s)"	holder(s) of the Share(s)
"SITC"	Society for Immunotherapy of Cancer

DEFINITIONS

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"Walga"	Walga Biotechnology Limited (沃嘉生物技術有限公司), a business company incorporated under the laws of the British Virgin Islands on 5 June 2019 and an indirect wholly-owned subsidiary of Walvax and one of our substantial shareholders
"Walvax"	Yunnan Walvax Biotechnology Co., Ltd. (雲南沃森生物技術股份有限公司), a public company established under the laws of the PRC on 16 January 2001 and listed on the Shenzhen Stock Exchange (stock code: 300142)
"Yuxi Genor"	Yuxi Genor Biotechnology Co., Ltd. (玉溪嘉和生物技術有限公司), a company established under the laws of the PRC on 8 July 2014 and one of the Company's principal subsidiaries
"%"	per cent