

GENOR

B I O P H A R M A

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

2022

Annual Report

The background of the page features a large, stylized blue microscope. The lens of the microscope is positioned in the upper right, focusing on a circular inset on the left. This inset contains a white globe with blue landmasses, set against a dark blue background with a hexagonal pattern. The word "CONTENTS" is written in white, bold, uppercase letters across the globe. The overall color scheme is various shades of blue, with bright highlights from the microscope's light source.

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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 been striving to “provide innovative therapeutics initially for patients in China and gradually for patients globally”. The Company is committed to creating an innovative, platform-based and integrated company capable of drugs innovation, research and development, pre-clinical study, clinical development, registration, CMC development and commercialized manufacturing based in China, with global reach.

Faced with multiple changes in the biomedical industry in 2022, the Company welcomed challenges, realized stable development and achieved opportunities following the strategy of “focus, optimization, acceleration”. It always strategically focuses on therapeutic areas with substantial unmet medical needs in oncology, autoimmune and other diseases. The Company implemented efficient operation in the early-stage research and development, CMC, clinic and production.

In terms of early-stage research and development, the Company has successfully established the research and development platform for global FIC/differential T-cell Engager, bispecific/multi-specific antibodies in immunoncology and BsADC, focusing 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.

With the aim of rapid promotion of IND applications and clinical trials, the new drug R&D team carried out adequate evaluation and research on the pre-clinical pharmacology toxicology for IND applications; the CMC team of the Company constantly optimized the technological advantages of process development; the clinical R&D team and top-grade clinical experts cooperated to formulate the clinical development strategy for the maximum product value and scientific and comprehensive clinical trial proposal to promote the implementation of clinical trials in an efficient and high-quality manner; the Registration Affairs Department cooperated with various functional departments to efficiently prepare the IND application materials in accordance with the regulatory requirements in China and Australia, and maintained close communication with drug regulatory authorities and review agencies, which laid solid foundation for the optimization of clinical trial design and acceleration of application and approval.

The in-depth perception of product science, mechanisms and features by each department subordinate to the Company, efficient, professional, thorough and complete preparations and close cooperation across different departments contributed to the rapid celebration of clinical trials. In 2022, several of our clinical trials – GB491 (Lerociclib), GB261 (CD20/CD3, BsAb) and GB263T (EGFR/cMET/cMET, TsAb) achieved rapid progress in a rate higher than the industrial level despite the great difficulties brought forth by the pandemic in various regions. We are pleased to note that the NMPA has officially accepted the new drug application 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. We hope to provide this safer and effective CDK4/6 inhibitor as a meaningful new treatment option to Chinese breast cancer patients soon.

COMPANY PROFILE

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 commercialization. In terms of early-stage research and development, we entered into strategic cooperation with enterprises with the technical platform advantages including Abogen to complement each other and jointly promote the discovery and development of mRNA drugs for tumor treatment with great potential. In terms of commercialization, our Jiayoujian 佳佑健® (GB242, Infliximab Biosimilar) obtained approval from the NMPA, which provided another treatment choice for patients suffering from 6+1 indications of Rheumatoid Arthritis, Ankylosing Spondylitis, Psoriasis, Adult Ulcerative Colitis, Adult and over 6 years old Pediatric Crohn's Disease, and Fistulising Crohn's Disease.

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, combined with the internationally advanced process development capability, pre-clinical and clinical drugs manufacturing capability, improved analysis and test capability, comprehensive quality control system and commercial production capability, the Company 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.

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.

- Phase 3 clinical trial for the second line breast cancer indication of GB491 (Lerociclib) has completed patient enrolment.
- Phase 3 clinical trial for the first line breast cancer indication of GB491 (Lerociclib) is progressing rapidly as planned.

COMPANY PROFILE

Focusing on the strategic direction of global innovation, the Group focuses on the research and development of innovative drugs with the potential FIC/BIC. Fueled by the strong antibody discovery platform of the Company:

- Two highly differentiated bi-specific/multi-specific antibody drugs, namely GB261 (CD20/CD3, BsAb) and GB263T (EGFR/cMET/cMET, TsAb) have made breakthroughs and are progressing rapidly. Both drugs have been dosed to patients in FIH clinical trials in Australia and Phase I/II clinical trials approved by the NMPA in China, and are advancing rapidly.
- Five FIC/BIC bi-specific/multi-specific antibody projects were carried out and nearly 10 differentiated innovation projects involving different molecular forms were in the early stage of research and development.
- The NDA of Aibining 艾比寧® (GB226, Geptanolimab) was under technical review.

Jiayoujian® 佳佑健® (GB242, Infliximab Biosimilar) was officially approved for marketing by NMPA on 23 February 2022 for the treatment of Rheumatoid Arthritis, Ankylosing Spondylitis, Psoriasis, Adult Ulcerative Colitis, Adult and Pediatric Crohn's Disease and Fistulising Crohn's Disease. As at 31 December 2022, Jiayoujian® 佳佑健® (GB242, Infliximab Biosimilar) has been made available for online procurement in 17 provinces and cities across China, and the sales amount reached approximately RMB11.9 million.

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	Phase 1	Phase 2	Phase 3	NDA Review
GB491 (Le rociclib)	CDK4/6+AI (combo w/ letrozole)	1L HR+ /HER2-BC									
	CDK4/6+SERD (combo w/ fulvestrant)	2L HR+/HER2-BC	Novel (In-house)	APAC ex-JP (1)				By G1 Therapeutics			
	CDK4/6+ EGFR (combo w/ osimertinib)	EGFR-Mutant NSCLC						By G1 Therapeutics			
GB261	CD20 x CD3	NHL	Novel (In-house)	Worldwide				Phase 1 / 2			
GB263 T	EGFRx-Metx-Met	NSCLC	Novel (In-house)	Worldwide							
GB242 (Infliximab)	TNF- α (infliximab)	RA, AS, Ps, CD, UC	Biosimilar (In-house)	Worldwide				NDA Approved			
		r/r PTCL						NDA under priority review			
GB226 (Geptanolimab)	PD -1	2L+ Cervical Cancer		China							
		ASPS	Novel (In-house)								
		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-house)	APAC ex-JP (2)				By ImmuneSensor Therapeutics			
GB221 (Coprolotamab)	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-L1x CD55	Cancers	Novel (In-house)	Worldwide							
GB264	Claudin 18.2xCD3	GI Cancers	Novel (In-house)	Worldwide							
GB266	PD-L1xLAG3xLAG3	Cancers	Novel (In-house)	Worldwide							
GB267	Undisclosed	Cancers	Novel (In-house)	Worldwide							
***	Undisclosed	Cancers	Novel (In-house)	Worldwide							

Notes:

(1) Clinical trials are sponsored by G1 Therapeutics, Inc. (NASDAC: GTHX).

(2) Clinical trial is sponsored by ImmuneSensor Therapeutics,.

* Five undisclosed candidate molecules in discovery stage

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Zhou Joe Xin Hua (周新華) (*Resigned on 15 April 2022*)
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)
Dr. Ni Lin (倪琳) (*Resigned on 29 July 2022*)
Mr. Liu Yi (劉逸) (*Appointed on 29 July 2022*)

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*)
Dr. Ni Lin (倪琳) (*Resigned on 29 July 2022*)
Mr. Liu Yi (劉逸) (*Appointed on 29 July 2022*)
Mr. Zhou Honghao (周宏灝)

COMPENSATION COMMITTEE

Mr. Chen Wen (陳文) (*Chairman*)
Mr. Chen Yu (陳宇)
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

Ms. Ho Siu Pik (何小碧) (*Resigned on 30 June 2022*)
Mr. Ip Tak Wai (葉德偉) (*Appointed on 30 June 2022*)

AUTHORISED REPRESENTATIVES

Mr. Chen Yu (陳宇)
Ms. Ho Siu Pik (何小碧) (*Resigned on 30 June 2022*)
Mr. Ip Tak Wai (葉德偉) (*Appointed on 30 June 2022*)

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COMPANY WEBSITE

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FINANCIAL HIGHLIGHTS

- **Total revenue** was RMB15.9 million for the Reporting Period, primarily generated by (i) drug sales of Jiayoujian 佳佑健® (GB242, Infliximab Biosimilar), and (ii) providing research and manufacturing services to our customers under fee-for-service contracts.
- **Research and development expenses** were RMB583.9 million for the Reporting Period, as compared with RMB612.7 million for the year ended 31 December 2021. The spending was mainly attributable to (i) our new drugs development fee and ongoing clinical trials expenses and (ii) our employee salary and related benefit costs. The decrease was mainly due to the decrease in employee benefits expenses.
- **Total comprehensive loss** was RMB731.8 million for the Reporting Period, as compared with RMB865.8 million for the year ended 31 December 2021. The decrease was primarily due to (i) decrease in expenses and (ii) total revenue generated for the Reporting Period.
- Under **Non-HKFRS measures**, our adjusted loss⁽¹⁾ was RMB682.2 million for the Reporting Period, as compared with RMB731.1 million for the year ended 31 December 2021.

(1) Adjusted loss is calculated as loss for the years of 2022 and 2021 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, including the following major milestones for our pipeline products and corporate achievements:

GB491 (Lerociclib) – a CDK4/6 inhibitor with better efficacy and tolerance for breast cancer patients

- In January 2022, the first patient was dosed in a phase III clinical trial of GB491 (Lerociclib) in combination with Letrozole in first line HR+/HER2 – advanced breast cancer.
- Phase III clinical trial for the second-line has completed patient enrolment.
- Phase III clinical trial for the first-line is progressing rapidly as planned.

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

- Several clinical centers have been opened in Australia and China.
- We observed efficacy in the FIH clinical trial in Australia in the dose escalation up to 3mg with preliminary clinical POC data, which were consistent with the molecular design mechanism of GB261, indicating a good safety, pharmacokinetic profile and clinical antitumor activities. As at the date of this annual report, a high-dose escalation is in progress.
- On 23 May 2022, implied permission was obtained from the NMPA for the phase I/II clinical trial of GB261 (CD20/CD3, BsAb) for the treatment of patients with relapsed or refractory B-cell non-Hodgkin Lymphoma (B-NHL) and Chronic Lymphocytic Leukemia/Small Lymphocytic Lymphoma (CLL/SLL).
- On 8 September 2022, the first patient was dosed in the phase I/II clinical trial of GB261(CD20/CD3, BsAb) in China.

GB263T (EGFR/cMET/cMET, TsAb)

- On 28 March 2022, the FIH clinical trial application for GB263T (EGFR/cMET/cMET, TsAb) was approved by Bellberry HREC in Australia to treat advanced NSCLC.
- On 18 May 2022, the first patient was dosed in the FIH clinical trial of GB263T (EGFR/cMET/cMET, TsAb).
- On 2 June 2022, phase I/II clinical trials of GB263T (EGFR/cMET/cMET, TsAb) were approved by NMPA to treat advanced NSCLC.
- On 14 October 2022, the first patient was dosed in the phase I/II clinical trials of GB263T (EGFR/cMET/cMET, TsAb). As at the date of this annual report, a high-dose escalation is in progress.

BUSINESS HIGHLIGHTS

GB492 (IMSA101)

- In January 2022, GB492 (IMSA101) was approved by the CDE to conduct the dose escalation research of GB492 (IMSA101) with PD-1 in subjects with advanced refractory malignancies, and the 400ug monotherapy dose group escalation of clinical trial was completed.
- The clinical trial of the new drug combining GB492 (IMSA101) with Aibining® (GB226, Geptanolimab) was approved by the Human Genetic Resources Administration Office of the PRC.

Strategic Cooperation and Commercialization

Cooperative Development Agreement with Abogen

- In May 2022, the Company entered into a cooperative development agreement with Abogen to jointly develop globally innovative mRNA products and related pharmaceuticals, and research and develop mRNA drugs for tumor treatment. As at the date of this annual report, the project is in good progress, and one of the cooperation projects is in the pre-clinical candidate compounds (pcc) stage.

Jiayoujian 佳佑健® (GB242, Infliximab Biosimilar)

- On 23 February 2022, we obtained approval from the NMPA for the launch of Jiayoujian 佳佑健® (GB242, Infliximab Biosimilar) in the treatment of Rheumatoid Arthritis, Ankylosing Spondylitis, Psoriasis, Adult Ulcerative Colitis, Adult and over 6 years old Pediatric Crohn's Disease, and Fistulising Crohn's Disease.
- During the Reporting Period, Jiayoujian 佳佑健® (GB242, Infliximab Biosimilar) has been made available for online procurement in 17 provinces and cities across China, and the sales amount has reached approximately RMB11.9 million.

New Drugs Research and Development

- The R&D team of the Company focused on developing targeted antibodies and projects with FIC potential, and continued to promote the research and development platform for discovering FIC/BIC potential T-cell Engager, bi-specific/multi-specific antibodies in immuno-oncology and BsADC.
- As of December 31, 2022, five FIC/BIC bi-specific/multi-specific antibody projects were carried out and nearly 10 differentiated innovation projects involving different molecular forms were in the early stage of research and development.

Chemistry, Manufacturing and Controls (CMC)

- 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) and other products.

BUSINESS HIGHLIGHTS

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:

GB491 (Lerociclib)

- Phase III clinical trial of GB491 (Lerociclib) for the first line HR+/HER2- advanced breast cancer has completed patient enrolment.
- The NMPA has officially accepted the new drug application 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 on 28 March 2023.

Jiayoujian 佳佑健® (GB242, Infliximab Biosimilar)

- Jiayoujian 佳佑健® (GB242, Infliximab Biosimilar) has been made available for online procurement in 22 cities and provinces across China.

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

Research and Development of the Global Innovative New Drugs

The R&D team of the Company focused on developing targets and projects with FIC potential, and continued to promote the global research and development platform for FIC/BIC potential T-cell Engager, bi-specific/multi-specific antibodies and BsADC in immune-oncology.

As at 31 December 2022,

- Five FIC/BIC bi-specific/multi-specific antibody projects were carried out.
- Nearly 10 differentiated innovation projects involving different molecular forms were in the early stage of research and development.

Continuous Promotion of the Establishment of CMC Platform

The CMC team of the Company continued to promote the platform-based construction of internal and external workflow of the project, and practiced the “focus and optimization” strategy of the Company.

- Through the domestic exploration of culture medium, chromatographic filler, disposable products (dispensing bags, storage bags, filling bags and filters) and auxiliary materials, we, without the prejudice against the quantity and quality of products, 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. We facilitated 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Accelerated Registration and Clinical Trials

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

- Based on in-depth perception of product science, mechanisms and features, the Group developed the registration and clinical development strategies, and continuously enhanced communication with industry leaders in relevant treatment fields, drug regulatory authorities, review agencies, and clinical research centers.
- Relying on plentiful experience and extensive resources, the Group carried out the layout and establishment of the research centre, project initiating and management, selection and recruitment of, and the entering of agreements with patients and subjects in an efficient and quality manner.
- **CMC Process Technology R&D Centre** fully supported the advancement of projects at different stages. It promoted and completed the validation of API process for the project at late clinical stage (i.e. GB491 (Lerociclib)), and initiated the validation of the preparation process and packaging of such project; and facilitated the preparation of relevant research and data for approval of IND projects (i.e. GB261 (CD20/CD3, BsAb) and GB263T (EGFR/cMET/cMET, TsAb)) with clinical approvals successfully obtained. Moreover, it facilitated the development of early research projects to IND.

During the Reporting Period, three IND/Clinical Trials Notification (“**CTN**”) approvals were quickly granted to our core products including GB261(CD20/CD3, BsAb) IND, GB261(CD20/CD3, BsAb) CTN, and GB263T(EGFR/cMET/cMET, TsAb) IND.

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

- 1) Two Phase III trials of GB491 (Lerociclib) completed patient enrolment. The NMPA has officially accepted the new drug application 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 on 28 March 2023.
- 2) GB261 (CD20/CD3, BsAb) obtained the preliminary clinical POC data, and is in the process of high dose escalation; Phase I/II clinical trials have achieved first patient dosed in China.
- 3) GB263T (EGFR/cMET/cMET, TsAb) was approved by the Bellberry HREC for the first FIH clinical trial in Australia and approved by the NMPA for Phase I/II clinical trials in China, and the first patient was dosed.
- 4) GB226-008 pivotal Phase II trial enrolment was completed.
- 5) The monotherapy clinical trial of dose escalation up to 400ug of GB492(IMS101) was completed.

MANAGEMENT DISCUSSION AND ANALYSIS

6) GB221-004 Phase III clinical trial was enrolled to complete 12 months of treatment.

GB491 (Lerociclib) – a 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.

Based on the data published at European Society for Medical Oncology (ESMO) 2020 conference, GB491 (Lerociclib) has demonstrated a better safety and tolerability profile, enabling uninterrupted daily dosing and better long-term benefits, and could potentially be a BIC CDK4/6 drug candidate.

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.

In January 2022, the first patient of Phase III clinical trials of GB491 (Lerociclib) in combination with Letrozole in first line treatment of HR+/HER2 – advanced breast cancer was dosed. As at the date of this annual report, the clinical trials for both first line and second line have completed patient enrolment.

NMPA has officially accepted the new drug application 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 on 28 March 2023.

GB261 (CD20/CD3, BsAb)

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.

GB261 (CD20/CD3, BsAb) has opened more than a dozen clinical centres in Australia and China. We obtained the preliminary clinical POC data in the FIH clinical trial of GB261 (CD20/CD3, BsAb) in Australia in the process of a dose escalation up to 3mg, which were consistent with the molecular design mechanism of GB261 (CD20/CD3, BsAb), indicating a good safety, pharmacokinetic profile and clinical antitumor activities. The high-dose group is currently in dose escalation.

In China, GB261 (CD20/CD3, BsAb) obtained the implied license for Phase I/II clinical trials from the NMPA on 23 May 2022 for the treatment of patients with recurrent or refractory B-cell non-Hodgkin Lymphoma (B-NHL) and Chronic Lymphocytic Leukemia/Small Lymphocytic Lymphoma (CLL/SLL).

On 8 September 2022, GB261 (CD20/CD3, BsAb) Phase I/II clinical trials achieved first patient dosing in China.

MANAGEMENT DISCUSSION AND ANALYSIS

GB263T (EGFR/cMET/cMET, TsAb)

GB263T (EGFR/cMET/cMET, TsAb) was the first tri-specific antibody of EGFR/cMET/cMET in the world, targeting EGFR and two different cMET epitopes, so designed 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.

The Bellberry HREC approval for the FIH clinical trial of GB263T (EGFR/cMET/cMET, TsAb) was obtained in Australia on 28 March 2022 for the treatment of patients with advanced NSCLC, with the first patient dosed on 18 May 2022.

In China, the clinical trial application for GB263T (EGFR/cMET/cMET, TsAb) was approved by the NMPA on 2 June 2022 to commence phase I/II clinical trials, with the first patient dosed on 14 October 2022 in China for the treatment of patients with advanced NSCLC. As at the date of this annual report, the high-dose group is currently in dose escalation.

GB492 (IMSA101) – potential BIC STING agonist

GB492 (IMSA101) is the major mediator of innate immune sensing of cancerous cells, which the Group exclusively licensed from ImmuneSensor Therapeutic in June 2020. STING agonist, as an immune stimulatory therapy, may further increase the response of immune checkpoint inhibitors for patients. Multiple studies have shown that STING agonists can activate the cGAS-STING signaling and significantly enhance the efficacy of cancer immunity cycle when using in combination with other immune checkpoint inhibitors (ICI), which may become a potential FIC therapy.

For phase I/II clinical trial of GB492 (IMSA101) as a monotherapy or in combination with Aibining®艾比寧® (GB226, Geptanolimab) in patients with advanced/treatment-refractory malignancies:

- In January 2022, we finished monotherapy clinical trials.
- In January 2022, we obtained approval from CDE to directly conduct a dose-escalating study of GB492 (IMSA101) in combination with PD-1 in patients with advanced malignancy, based on the available data on 400ug dose group in the monotherapy study in China and all data of the monotherapy dose-escalation study in the United States. In this clinical trial, an innovative FIH trial design was employed to combine the dose escalations when GB492 is administered alone and when it is administered with Aibining®艾比寧® (GB226, Geptanolimab). It is the first STING agonist combination therapy that has obtained clinical trial approval in China.

MANAGEMENT DISCUSSION AND ANALYSIS

- Further exploration of combination therapy will be conducted based on global data.

Aibining®艾比寧® (GB226, Geptanolimab)

In January 2022, Gxpire-008, as a phase II pivotal clinical study evaluating Aibining®艾比寧® (GB226, Geptanolimab) in recurrent or metastatic cervical cancer patients with PD-L1 positive status, who failed in platinum-based chemotherapy, completed the last subject enrolment.

The NDA of Aibining®艾比寧® (GB226, Geptanolimab) as a monotherapy for relapsed/refractory peripheral T-cell Lymphoma (r/r PTCL) is under technical review.

GB221 (Her2, monoclonal antibody)

In April 2022, 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, was enrolled to complete 12 months of treatment.

GB241 (Rituximab Biosimilar)

During the Reporting Period, we completed the phase III clinical trial with Nanjing Yoko Pharmaceutical Group Co. Ltd. for the treatment of B-cell lymphoma with GB241 (Rituximab Biosimilar) in China.

Strategic Cooperation and Commercialization

In May 2022, the Company entered into a cooperative development agreement with Abogen to jointly develop globally innovative mRNA products and related pharmaceuticals. The Group's antibody development platform will be integrated with Abogen's mRNA technology platform to enable them to jointly research and develop mRNA drugs for tumor treatment and are progressing smoothly. One of the collaborative projects is in the pre-pcc stage.

As at the date of this annual report, the Group is exploring opportunities to conduct cooperative development projects with various innovative technology platforms.

Commercialization–Jiayoujian 佳佑健® (GB242, Infliximab Biosimilar) has been approved for commercialization

On 23 February 2022 the NMPA has granted marketing approval for Jiayoujian 佳佑健® (GB242, Infliximab Biosimilar) which is used for the treatment of Rheumatoid Arthritis, Ankylosing Spondylitis, Psoriasis, Adult Ulcerative Colitis, Adult and Pediatric (aged above 6 years old) Crohn's Disease and Fistulising Crohn's Disease.

During the Reporting Period, Jiayoujian 佳佑健® (GB242, Infliximab Biosimilar) has been made available for online procurement in 17 provinces and cities across China, the sales amount has reached approximately RMB11.9 million.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Events after the Reporting Period

GB491 (Lerociclib)

- Phase III clinical trial of GB491 (Lerociclib) for the first line HR+/HER2- advanced breast cancer has completed patient enrolment.
- The NMPA officially accepted the new drug application 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 on 28 March 2023.

Jiayoujian 佳佑健® (GB242, Infliximab Biosimilar)

- Jiayoujian 佳佑健® (GB242, Infliximab Biosimilar) has been made available for online procurement in 22 provinces and cities across China.

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules: 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 strives to build an innovative, platform-based and integrated company capable of drugs innovation, research and development, pre-clinical study, clinical development, registration, CMC development and commercialized manufacturing.

To achieve this mission, the Group will continue to concentrate its efforts on potential global FIC and BIC innovation pipelines, and maximize its existing product portfolio by developing and executing a comprehensive strategy to conduct research on moleculars with the best potential to become clinically beneficial and commercially viable drugs, and to address unmet medical needs in China and globally.

Specifically, the Company will continue to focus on promoting key projects and exploration of FIC potential in multi-dimensions to achieve an effective balance between efficiency and cost based on the in-depth understanding of target molecular biology, cell biology and immunological mechanisms. Through cooperative research and development and open innovation, the Company is actively exploring cooperation projects between its platform for early discovery of highly differential T-cell Engager, bi-specific/multi-specific antibodies in immune-oncology, BsADC, and different innovative technology platforms to further promote global innovation through cooperation.

The Company will further expand its strategic cooperation with a focus on efficient, premium and original innovation, and actively explore collaboration with different forms of advanced technologies. In addition to bi-specific and multi-specific antibodies, we will initiate more early-stage research and development projects which are highly differentiated in multi-dimensions.

MANAGEMENT DISCUSSION AND ANALYSIS

Other than concentration and optimization, we will continuously seek the acceleration of clinical advancement and diversification of market expansion. The Company plans to submit the NDA to the NMPA in the next 18 months depending on the results of the phase III clinical trial of GB491 (Lerociclib) in the first line HR+/HER2-breast cancer and 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. We remain committed to addressing the large market of breast cancer in China and around the world with a safe, effective and well tolerated novel therapy.

As for bi-specific and tri-specific antibody drug candidates, the Company will continue to accelerate the development of clinical trials in Australia and China. GB261 (CD20/CD3, BsAb) is scheduled to complete its phase I/II clinical trials within the next 12-18 months. The clinical trial of GB263T (EGFR/cMET/cMET, TsAb) will continue to progress rapidly, with preliminary clinical data to validate POC planned within the next 12 months.

On the basis of the global POC data for GB261 (CD20/CD3, BsAb) and GB263T (EGFR/cMET/cMET, TsAb), the Company will actively expand external partnership in our clinical programs.

In addition, the Company will continuously seek approval for Aibining®艾比寧® (GB226, Geptanolimab) in relapsed or refractory peripheral T-cell lymphoma (PTCL) and other indications and exploring potential of new combination therapy, further advancing the phase I clinical trial and POC of Aibining®艾比寧® (GB226, Geptanolimab) with GB492 (IMSA101).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Reporting Period compared to year ended 31 December 2021

	Notes	Year ended 31 December	
		2022 RMB'000	2021 RMB'000
Revenue	2	15,932	–
Cost of revenue	3	(983)	–
Gross profit		14,949	–
Selling expenses	4	(83,143)	(98,603)
Administrative expenses	5	(134,130)	(207,350)
Research and development expenses	6	(583,881)	(612,718)
Other income – net	7	9,855	44,813
Other (losses)/gains – net		(6,369)	14,751
Operating losses		(782,719)	(859,107)
Finance income	8	53,314	23,729
Finance costs	8	(3,015)	(30,928)
Finance income/(costs) – net		50,299	(7,199)
Loss before income tax		(732,420)	(866,306)
Income tax credit		2,024	932
Loss for the Reporting Period	9	(730,396)	(865,374)

MANAGEMENT DISCUSSION AND ANALYSIS

1. Overview

During the Reporting Period, the revenue of the Group was RMB15.9 million, as compared to nil for the year ended 31 December 2021, and the loss for the Reporting Period were RMB730.4 million, as compared to a loss of RMB865.4 million for the year ended 31 December 2021.

Research and development expenses of the Group were RMB583.9 million for the Reporting Period, as compared to RMB612.7 million for the year ended 31 December 2021. Administrative expenses were RMB134.1 million for the Reporting Period, as compared to RMB207.4 million for the year ended 31 December 2021. Selling expenses of the Group were RMB83.1 million for the Reporting Period, as compared to RMB98.6 million for the year ended 31 December 2021.

2. Revenue

Revenue for the Reporting Period was RMB15.9 million, primarily generated by (i) drug sales of Jiayoujian 佳佑健® (GB242, Infliximab Biosimilar) and (ii) providing research and manufacturing services to our customers under fee-for-service contracts. Revenue for the year ended 31 December 2021 was nil.

3. Cost of Revenue

Cost of revenue for the Reporting Period was RMB1.0 million, as compared to nil for the year ended 31 December 2021. This change is primary due to the increase of revenue. Since the drug substance of the Jiayoujian 佳佑健® (GB242, Infliximab Biosimilar) sold this year was manufactured in 2021, before we got the marketing approval from the NMPA, the related spending was recorded as research and development expenses in 2021 as well.

4. Selling Expenses

Selling expenses decreased by 15.7% from RMB98.6 million in 2021 to RMB83.1 million in 2022, primarily due to the decrease in employee benefits expenses for commercial personnel.

5. Administrative Expenses

Administrative expenses decreased by 35.3% from RMB207.4 million in 2021 to RMB134.1 million in 2022, primarily due to the decrease in our employee benefit expenses, mainly employee share-based payment expenses for managerial and administrative personnel.

MANAGEMENT DISCUSSION AND ANALYSIS

6. Research and Development Expenses

Research and development expenses decreased by 4.7% from RMB612.7 million in 2021 to RMB583.9 million in 2022, primarily due to the decrease in employee benefits expenses for research and development personnel.

The following table summarises the components of the research and development expenses of the Group for the years ended 31 December 2022 and 2021:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Development fee and clinical trial expenses	239,733	236,282
Employee benefits expenses	185,668	223,688
Raw material and consumables used	69,019	61,766
Depreciation and amortisation	46,761	53,450
Professional and technical service fee	22,663	10,067
Traveling and transportation expenses	9,068	4,575
Utilities	5,878	10,535
Others	5,091	12,355
Total	583,881	612,718

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 RMB4.9 million and RMB19.2 million in 2022 and 2021, separately. Net fair value gains on contingent consideration payable to ABS decreased from RMB25.3 million in 2021 to RMB4.9 million in 2022.

8. Finance Income and Costs

Finance income increased from RMB23.7 million in 2021 to RMB53.3 million in 2022, primarily due to the net foreign currency exchange gains in 2022.

Finance costs decreased from RMB30.9 million in 2021 to RMB3.0 million in 2022, primarily due to the net foreign currency exchange losses in 2021 and the net foreign currency exchange gains in 2022.

9. Loss for the Reporting Period

As a result of the foregoing, our losses decreased from RMB865.4 million in 2021 to RMB730.4 million in 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

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 related parties and bank. As at 31 December 2022, the short-term borrowings from bank were nil (as at 31 December 2021: RMB29.7 million).

As at 31 December 2022, our cash and bank balances decreased to RMB1,588.7 million from RMB2,200.6 million as at 31 December 2021. The decrease was mainly due to the operating loss in 2022.

11. 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	
	2022 RMB'000	2021 RMB'000
HKFRS Loss for the year	(730,396)	(865,374)
Add:		
Share-based payment expenses	48,238	134,273
Adjusted Loss for the year	(682,158)	(731,101)

MANAGEMENT DISCUSSION AND ANALYSIS

12. Key Financial Ratios

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

	As at 31 December 2022	As at 31 December 2021
Current ratio ¹	6.61	7.62
Quick ratio ²	6.24	7.17
Gearing ratio ³	0.15	0.13

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.

13. 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 2022) during the Reporting Period.

14. 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 2021: nil).

15. Pledge of Assets

As at 31 December 2022, none of the Group's assets were pledged (as at 31 December 2021: nil).

16. Contingent Liabilities

As at 31 December 2022, the Group had no significant contingent liabilities (as at 31 December 2021: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

17. 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 IPO.

As at 31 December 2022, 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 RMB22,555,000 lower or higher (2021: RMB35,851,000 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.

18. Employees and Remuneration

As at 31 December 2022, the Group had a total of 264 employees including 166 employees in Shanghai, 93 employees in Yuxi, Yunnan, 2 employees in Hong Kong and 3 employees in San Francisco, United States. The following table sets forth the total number of employees by function as at 31 December 2022:

	Number of employees	% of total
Function		
Research and Development	75	28.4%
Clinical Development	57	21.6%
General and Administration	39	14.8%
Manufacturing	93	35.2%
Total	264	100%

The total remuneration cost incurred by the Group for the Reporting Period was RMB333.0 million, as compared to RMB444.7 million for the year ended 31 December 2021.

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 2022, 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 also has adopted the Pre-IPO share option plan, the post-IPO share option plan and the 2021 RSU Plan to provide incentives or rewards to eligible participants for their contribution to the Group. 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 and 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.

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 Directors

Dr. Zhou Joe Xin Hua (周新華) (*resigned on 15 April 2022*)

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)

Dr. Ni Lin (倪琳) (*resigned on 29 July 2022*)

Mr. Liu Yi (劉逸) (*appointed on 29 July 2022*)

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 50 to 56 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 2022 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 82 to 83 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.

REPORT OF DIRECTORS

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.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group had a total of 264 employees including 166 employees in Shanghai, 93 employees in Yuxi, Yunnan, 2 employees in Hong Kong and 3 employees in San Francisco, United States. The following table sets forth the total number of employees by function as of 31 December 2022:

Function	Number of employees	% of total
Research and Development	75	28.4%
Clinical Development	57	21.6%
General and Administration	39	14.8%
Manufacturing	93	35.2%
Total	264	100%

The remuneration of the employees of the Group 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 2022, 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 and the 2021 RSU Plan to provide incentives for the Group's employees. Please refer to the section headed "Equity Plans" in this report for further details.

The total remuneration cost incurred by the Group for the Reporting Period was RMB333.0 million, as compared to RMB444.7 million for the year ended 31 December 2021.

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

REPORT OF DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the Reporting Period, sales to the Group's five largest customers accounted for approximately 91.39% (2021: nil) of the Group's revenue in the same year. The Group's largest customer for the Reporting Period accounted for approximately 36.89% (2021: nil) of the Group's revenue for the same year.

Major Suppliers

For the Reporting Period, purchases from the Group's five largest suppliers accounted for approximately 39.16% (2021: 32.09%) of the Group's total purchase amount in the same year. The Group's largest supplier for the Reporting Period accounted for approximately 20.17% (2021: 16.20%) 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 164 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 11 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 14 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 21 to the consolidated financial statements.

DONATION

During the Reporting Period, the Group made no charitable donations (2021: 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 and the 2021 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.

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 has been in force for 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 2022, the Company had distributable reserves for share premium of RMB9,375,785,000 (2021: RMB9,290,903,000).

REPORT OF DIRECTORS

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 86 to 87 and in Note 21, Note 23 and Note 37(a) to the consolidated financial statements, respectively.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2022, the short-term borrowings from bank were nil (as at 31 December 2021: RMB29.7 million).

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 Dr. Lyu Dong and Mr. Liu Yi 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. Mr. Chen Yu has signed a letter of appointment with the Company for an initial term of three years with effect from the date of the Prospectus 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 independent 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 the AGM 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 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.

REPORT OF DIRECTORS

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 2022, 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 10 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	12,738,108 ⁽²⁾	2.52%	Long position

Notes:

- (1) The calculation is based on the total number of 505,241,598 Shares in issue as at 31 December 2022.
- (2) These Shares include Dr. Guo's entitlement to receive up to 11,289,149 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, subject to the conditions of those options.

Save as disclosed above, as at 31 December 2022, 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.

REPORT OF DIRECTORS

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

As at 31 December 2022, 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	24.99%	Long position
HH BIO Investment Fund L.P. ⁽²⁾	Interest in a controlled corporation	126,239,103	24.99%	Long position
Hillhouse Fund IV, L.P. ⁽²⁾	Interest in a controlled corporation	126,239,103	24.99%	Long position
Hillhouse Investment Management, Ltd. ⁽²⁾	Investment manager	127,989,103	25.33%	Long position
Walga Biotechnology Limited ⁽³⁾	Beneficial owner	37,560,998	7.43%	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	7.43%	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	7.43%	Long position
Aranda Investments Pte. Ltd. ⁽⁴⁾	Beneficial owner	29,157,348	5.77%	Long position
Seletar Investments Pte Ltd ⁽⁴⁾	Interest in a controlled corporation	29,157,348	5.77%	Long position
Temasek Capital (Private) Limited ⁽⁴⁾	Interest in a controlled corporation	29,157,348	5.77%	Long position
Temasek Holdings (Private) Limited ⁽⁴⁾	Interest in a controlled corporation	31,157,348	6.17%	Long position

REPORT OF DIRECTORS

Notes:

- (1) The calculation is based on the total number of 505,241,598 Shares in issue as at 31 December 2022.
- (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 2022, 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.

REPORT OF DIRECTORS

(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 11.58% of the Shares in issue (i.e. 505,717,263 Shares) as at the date of this annual report (i.e. 30 March 2023).

(d) *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.

(e) *Consideration for Acceptance of the Options*

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

(f) *Exercise Price*

The exercise price of options will be 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.

REPORT OF DIRECTORS

(g) *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 6.4 years from the date of this annual report (i.e. 30 March 2023).

(h) *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.

					Exercise Price	Outstanding as at 1 January 2022	Exercised during the Reporting Period ⁽⁴⁾	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2022
Name	Role	Date of Grant	Vesting Period ⁽²⁾	Exercise Period	(per Share)					
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	4,458,338	1,114,584	–	–	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	1,910,716	334,375	–	–	1,576,341
		30 April 2020	Milestone Achievement	10 years from Date of Grant	US\$2	1,910,716	–	–	–	1,910,716
Total:						12,738,108	1,448,959	–	–	11,289,149

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Date of Grant	Vesting Period ⁽²⁾	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2022	Exercised during the Reporting Period ⁽⁴⁾	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2022
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	229,088	138,000	–	–	91,088
16 September 2019	Milestone Achievement	10 years from Date of Grant	US\$0.0002	1,060,125	1,060,000	–	–	125
16 September 2019	Date of Grant-4.5 years from Date of Grant	10 years from Date of Grant	US\$2	731,176	–	–	–	731,176
16 April 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$0.0002	3,673,021	918,000	–	–	2,755,021
16 April 2020	Milestone Achievement	10 years from Date of Grant	US\$0.0002	449,470	240,000	–	–	209,470
16 April 2020	Milestone Achievement	10 years from Date of Grant	US\$2	695,000	–	–	–	695,000
31 July 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$0.0002	1,887,500	487,500	–	750,000	650,000
31 July 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$2	4,300,000	–	–	1,500,000	2,800,000
Employees Group B								
16 September 2019	Date of Grant-4.5 years from Date Grant	10 years from Date of Grant	US\$0.0002	205,125	20,750	–	62,375	122,000
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	543,125	–	–	273,125	270,000
16 September 2019	Milestone Achievement	10 years from Date of Grant	US\$2	62,500	–	–	–	62,500
18 December 2019	Milestone Achievement	10 years from Date of Grant	US\$2	500,000	–	–	500,000	–
29 February 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$0.0002	665,771	128,250	–	339,021	198,500
29 February 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$2	929,479	–	–	297,479	632,000
16 April 2020	Milestone Achievement	10 years from Date of Grant	US\$0.0002	1,470,644	714,971	–	1,050	754,623
16 April 2020	Milestone Achievement	10 years from Date of Grant	US\$2	948,292	–	–	219,311	728,981
30 April 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$0.0002	128,000	23,250	–	20,000	84,750

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Date of Grant	Vesting Period ⁽²⁾	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2022	Exercised during the Reporting Period ⁽⁴⁾	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2022
30 April 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$2	280,000	–	–	80,000	200,000
31 July 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$0.0002	308,250	23,750	–	92,000	192,500
31 July 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$2	659,000	–	–	249,000	410,000
31 August 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$0.0002	468,000	–	–	46,000	422,000
31 August 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$2	944,000	–	–	100,000	844,000
Total				21,164,778	3,754,471	–	4,529,361	12,880,946

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\$3.5889 per share.

REPORT OF DIRECTORS

2. Post-IPO Share Option Plan

The following is a summary of the principal terms of the Post-IPO Share Option Plan of the Company as adopted on 18 September 2020.

(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 total number of Shares available for issue under the Post-IPO Share Option Plan is 48,109,150, representing approximately 9.51% of the Shares in issue (i.e. 505,717,263 Shares) as at the date of this annual report (i.e. 30 March 2023).

(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.

REPORT OF DIRECTORS

(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 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 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 Options.

(f) *Consideration for Acceptance of the Options*

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

(g) *Exercise Price*

The exercise price of options will be 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 will expire on 7 October 2030. The remaining life of the Post-IPO Share Option Plan is approximately 7.5 years from the date of this annual report (i.e. 30 March 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.

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Date of Grant	Vesting Period ⁽²⁾	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2022	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 2022
Employees									
3 June 2021	Date of entry-4 years from Date of entry	10 years from Date of Grant	HKD 17.080	4,942,799	-	-	-	1,997,299	2,945,500
27 August 2021	Date of entry-4 years from Date of entry	10 years from Date of Grant	HKD 10.848	2,529,000	-	-	-	1,596,000	933,000
5 October 2022	Date of entry-4 years from Date of entry	10 years from Date of Grant	HKD 1.728	-	2,251,500	-	-	-	2,251,500
Total				7,471,799	2,251,500	-	-	3,593,299	6,130,000

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 options are all vested based on the grantees' performance and the respective vesting period is listed in the above table.

REPORT OF DIRECTORS

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

During the Reporting Period, 2,251,500 options were granted to certain employees under the Post-IPO Share Option Plan on 5 October 2022, the closing price of the Shares immediately before the date on which the share options were granted is HK\$1.70.

The grants of options under the Post-IPO Share Option Plan during the Reporting Period are all vested based on the grantees' performance; i.e. subject to the fulfillment of annual performance targets, namely (a) having passed the probation review conducted by the Company from time to time; and (b) having fulfilled the performance evaluation conducted under the Company's employee performance evaluation system; and the option 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 fair value of the options granted on 5 October 2022 was between RMB0.6329 to RMB0.6918 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 2.20 and Note 24(b) to the consolidated financial statements.

The respective number of options available for grant under the Post-IPO Share Option Plan was 40,637,351 on 1 January 2022 and 41,979,150 on 31 December 2022.

REPORT OF DIRECTORS

3. 2021 RSU Plan

The following is a summary of the principal terms of the 2021 RSU Plan of the Company as adopted on 3 June 2021.

(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 total number of Shares available for issue under the 2021 RSU Plan is 14,730,911, representing approximately 2.91% of the Shares in issue (i.e. 505,717,263 Shares) as at the date of this annual report (i.e. 30 March 2023).

(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 Options.

(f) *Consideration for Acceptance of the RSUs*

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

REPORT OF DIRECTORS

(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 will expire on 3 June 2031. The remaining life of the 2021 RSU Plan is approximately 8.2 years from the date of this annual report (i.e. 30 March 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 2022	Granted during the Reporting Period	Vested during the Reporting Period ⁽²⁾	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as at 31 December 2022
Employees							
3 June 2021	Date of entry-4 years from Date of entry	2,678,150	-	718,450	-	538,100	1,421,600
27 August 2021	Date of entry-4 years from Date of entry	1,262,250	-	253,250	-	656,500	352,500
5 October 2022	Date of entry-4 years from Date of entry	-	1,089,300	229,250	-	-	860,050
5 October 2022	Date of entry-10 October 2022	-	56,000	56,000	-	-	-
Total		3,940,400	1,145,300	1,256,950	-	1,194,600	2,634,150

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 weighted average closing price of the shares immediately before the dates on which the RSUs were vested during the Reporting Period was HK\$3.7042 per share.
- (3) The RSUs are all vested based on the grantees' performance and the respective vesting period is listed in the above table.

REPORT OF DIRECTORS

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

During the Reporting Period, 1,145,300 RSUs were granted under the 2021 RSU Plan on 5 October 2022, the closing price of the Shares immediately before the date on which the RSUs were granted is HK\$1.70.

The grants of RSUs under the 2021 RSU Plan during the Reporting Period are all vested based on the grantees' performance, i.e. The RSUs granted under performance grants shall vest subject to the fulfillment of annual performance targets, namely (a) having passed the probation review conducted by the Company from time to time; and (b) 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 fair value of the RSUs granted on 5 October 2022 was RMB1.56 per share, based on the closing price on the date of grant. Further details refer to Note 2.20 and Note 24(c) to the consolidated financial statements.

The respective number of RSUs available for grant under the 2021 RSU Plan was 10,434,474 on 1 January 2022 and 10,483,774 on 31 December 2022.

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 and the 2021 RSU Plan) during the Reporting Period divided by the weighted average number of the Shares in issue for the Reporting Period is 2.2%.

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 14 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 9, 34(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.

CONTINUING CONNECTED TRANSACTIONS

The Group has no non-exempt continuing connected transactions for the Group for the Reporting Period. Details of related party transactions of the Group for the Reporting Period are set out in Note 34 to the consolidated financial statements.

The Board confirms that the related party transactions as disclosed in Note 34 of Notes 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.

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

During the Reporting Period, the Company repurchased a total of 1,417,000 Shares on the Stock Exchange for an aggregate consideration of HK\$5,999,755. All of the Shares repurchased were cancelled on 26 July 2022. The financial position of the Company is solid and healthy. The Board believes the share repurchases and subsequent cancellation of the repurchased Shares can enhance the value of the Shares thereby improving the return to shareholders of the Company. In addition, the share repurchases reflect the confidence of the Company in its business development and the long-term prospects of the industry. The Board believes that the share repurchases are in the interests of the Company and its shareholders as a whole.

REPORT OF DIRECTORS

Details of the Shares repurchased during the period are as follows:

Month	Number of Shares repurchased	Purchase price per share		Aggregate consideration (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
June 2022	1,344,000	4.39	3.86	5,710,955
July 2022	73,000	4.22	3.81	288,800
Total	1,417,000			5,999,755

Save as disclosed above, 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.

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 from the global offering were allocated and used in accordance with the use of proceeds as set out in the Prospectus and the change in use of 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").

The unutilised net proceeds are approximately RMB1,179.4 million as at 31 December 2022, which will be allocated and used in accordance with the purposes and proportions as set out in the Prospectus and the 2022 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.

REPORT OF DIRECTORS

As at 31 December 2022, details of the proceeds that have been used and will continue to be used in accordance with those set out in the Prospectus and the adjustment in the 2022 Interim Results Announcement are set out below:

	Allocation of net proceeds from the global offering in the proportion disclosed in the Prospectus ^(Note 1) RMB million	Utilisation as at 31 December 2022 RMB million	Unutilised as at 31 December 2022 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	570.6	494.5	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	396.8	186.5	On or before 31 December 2025
Fund ongoing and planned clinical trials, indication expansion and preparation for registration filings of the other drug candidates in our pipeline	380.4	139.8	240.6	On or before 31 December 2025
Fund the expansion of our drug pipeline	253.6	73.5	180.1	On or before 31 December 2025
General corporate purposes	253.6	175.9	77.7	On or before 31 December 2024
Total	2,536.0	1,356.6	1,179.4	

REPORT OF DIRECTORS

Notes:

1. The net proceeds include the additional net proceeds from the partial exercise of the over-allotment option. As set out in the Company's announcement dated 28 October 2020, the Company shall utilise the additional net proceeds on a pro-rata basis for the purposes set out in the Prospectus. 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 will be subject to change based on the current and future development of market conditions.

The table below specifies the further breakdown for the revised net proceeds to be allocated to different stages of each of our Core Products (has the meaning ascribed to it under Chapter 18A of the Listing Rules), other key products and other pipeline products as stated in the 2022 Interim Results Announcement and their planned application and actual utilisation as at 31 December 2022:

	Revised Net Proceeds to be Allocated to Each Stage as stated in the 2022 Interim Results Announcement ^(Note 3)			Utilisation as at 31 December 2022 RMB million	Unutilised as at 31 December 2022 RMB million	Expected timeline to fully utilise the remaining unutilised net proceeds ^(Note 4)
	Pre-clinical RMB million	Clinical RMB million	Commercialisation (including registration) RMB million			
Core Products						
GB226, including combination trials with GB492	–	380.4	253.6	339.7	294.3	On or before 31 December 2025
GB221	–	126.8	126.8	126.8	126.8	On or before 31 December 2025
GB242	–	51.5	126.0	104.1	73.4	On or before 31 December 2024
Other Key Products						
GB491	–	576.1	–	389.6	186.5	On or before 31 December 2024
GB223	–	7.2	–	7.2	–	
Other Pipeline Products (including GB261, GB263 and other products) ^(Note 5)	125.5	254.9	–	139.8	240.6	On or before 31 December 2025
Total				1,107.2	921.6	

REPORT OF DIRECTORS

Notes:

3. The net proceeds include the additional net proceeds from the partial exercise of the over-allotment option. 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. As set out in the Company's announcement dated 28 October 2020 and the 2022 Interim Results Announcement, the Company shall utilise the additional net proceeds according to the revised allocation based on the purposes set out in the Prospectus.
4. 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 will be subject to change based on the current and future development of market conditions.
5. 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.

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

30 March 2023

DIRECTORS AND SENIOR MANAGEMENT

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 53, is an Executive Director of the Company and Chief Executive Officer of the Group, and the Chairman of the Board. 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 and director of Genor Biopharma PTY LTD. 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.

DIRECTORS AND SENIOR MANAGEMENT

Non-executive Directors

Dr. Lyu Dong (呂東), aged 48, was appointed as a non-executive Director of the Company on 2 November 2021. He is a member of the Nomination Committee. 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.

Mr. Chen Yu (陳宇), aged 41, was designated by HHJH and appointed as a Director on 3 December 2018 and subsequently designated as a non-executive Director on 24 June 2020. He is also a member of the Compensation Committee. Mr. Chen has also been a director of each of Genor Biopharma and Genor Biopharma (HK) Limited. Mr. Chen is primarily responsible for providing overall guidance on the business, strategies and development of the Group and advising on matters relating to remuneration of the Directors and senior management.

Mr. Chen has been an executive director of Hillhouse since August 2015. Before joining Hillhouse, he was a senior investment manager of Shanghai Panxin Investment Management Co., Ltd. (上海磐信股權投資管理有限公司) from January 2012 to July 2015. He served as an associate of the China Investment Banking department at Citigroup Global Markets Asia Limited from September 2010 to June 2011. From June 2007 to September 2007 and from January 2008 to September 2010, he was an analyst in the investment banking department of Bank of America Merrill Lynch. Mr. Chen is currently a non-executive director of Zhaoke Ophthalmology Limited (兆科眼科有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 6622).

Mr. Chen obtained a bachelor's degree in electronic engineering (information and communication engineering) from The Hong Kong University of Science and Technology in November 2003, a master's degree in electrical engineering from Yale University in Connecticut, the United States in December 2004 and a master's degree in management science and engineering from Stanford University in California, the United States in January 2008.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Liu Yi (劉逸), aged 33, was appointed as a non-executive Director 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.

Independent Non-executive Directors

Mr. Zhou Honghao (周宏灝), aged 83, 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.

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 KPMG China before he retired from KPMG in September 2017. Mr. Fung serves 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, a company listed on Hong Kong Stock Exchange (stock code: 3636). 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.

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.

Mr. Chen Wen (陳文), aged 54, 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. (上海湧鐸投資管理有限公司).

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.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

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

Mr. Liang Qibin (梁其斌), aged 66, 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.

Dr. Han Shuhua (韓淑華), aged 63, 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.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Li Tong (李彤), aged 54, 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.

Ms. Chen Yao (陳瑤) (resigned on 7 March 2023), aged 49, has been serving as the Group's Chief Regulatory Officer since April 2022. She was the Senior Vice President of regulatory affairs of the Group since the day joining the Company in July 2019. She is primarily responsible for the overall management of registration affairs of the Group. Prior to joining the Group, Ms. Chen worked in AbbVie Inc. as the Head of Regulatory Affairs of China and Hong Kong from 2005 to 2019. She held the positions of regulatory affairs department manager from November 1998 to September 2005 at Alcon (China) Ophthalmic Product Co., Ltd (愛爾康(中國)眼科產品有限公司).

Ms. Chen graduated from Beijing Union University with a bachelor's degree of basic medicine in July 1995. She obtained a postgraduate diploma in commercial economy from the Academy of Social Sciences, the PRC and a postgraduate diploma in clinical medicine from Peking University in July 1997 and June 2008, respectively.

DIRECTORS AND SENIOR MANAGEMENT

CHANGES TO DIRECTORS' INFORMATION

Changes in information of the Directors during the financial year ended 31 December 2022 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) Dr. Zhou Joe Xin Hua resigned as an executive Director due to his decision to devote more time on his other businesses with effect from 15 April 2022.
- (b) Dr. Ni Lin ("**Dr. Ni**") tendered her resignation as a non-executive Director and member of the Audit Committee with effect from 29 July 2022 due to her decision to devote more time on her other business commitments.
- (c) Following the resignation of Dr. Ni, Mr. Liu Yi has been appointed as a non-executive Director and a member of the Audit Committee with effect from 29 July 2022.

Other Major Positions Held

- Dr. Lyu Dong resigned as 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) in March 2022.
- Dr. Lyu Dong resigned as 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) in October 2022.
- Mr. Fung Edwin was appointed as an independent non-executive Director of Poly Culture Group Corporation Limited (保利文化集團股份有限公司) (a company listed on the Stock Exchange, stock code: 3636) in June 2022.

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 2022.

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.

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 2022.

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 2022 and up to the date of this annual report is set out below:

Executive Directors

Dr. Zhou Joe Xin Hua (*resigned on 15 April 2022*)

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

Non-executive Directors

Dr. Lyu Dong

Mr. Chen Yu

Dr. Ni Lin (*resigned on 29 July 2022*)

Mr. Liu Yi (*appointed on 29 July 2022*)

Independent non-executive Directors

Mr. Zhou Honghao

Mr. Fung Edwin

Mr. Chen Wen

CORPORATE GOVERNANCE REPORT

The biographical information of the Directors is set out in the section headed “Directors and Senior Management” on pages 50 to 56 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, three Audit Committee meetings, two Compensation Committee meetings, one Nomination Committee meeting and one general meeting were held. The attendance of each Director during the Reporting Period is set out in the table below:

Directors	Attendance/Eligible to Attend				
	Board	Audit Committee	Compensation Committee	Nomination Committee	General Meeting
Executive Directors					
Dr. Zhou Joe Xin Hua ⁽¹⁾	1/1	N/A	N/A	N/A	N/A
Dr. Guo Feng	4/4	N/A	N/A	N/A	1/1
Non-executive Directors					
Dr. Lyu Dong	4/4	N/A	N/A	1/1	1/1
Mr. Chen Yu	4/4	N/A	2/2	N/A	1/1
Dr. Ni Lin ⁽²⁾	3/3	1/1	N/A	N/A	1/1
Mr. Liu Yi ⁽³⁾	1/1	2/2	N/A	N/A	N/A
Independent Non-executive Directors					
Mr. Zhou Honghao	4/4	3/3	N/A	N/A	1/1
Mr. Fung Edwin	4/4	3/3	2/2	1/1	1/1
Mr. Chen Wen	4/4	N/A	2/2	1/1	1/1

Notes:

- (1) Dr. Zhou Joe Xin Hua resigned as an executive Director and ceased to be the President of the Group with effect from 15 April 2022. 1 Board meeting was held before his resignation.
- (2) Dr. Ni Lin resigned as a non-executive Director and a member of the Audit Committee with effect from 29 July 2022. 3 Board meetings, 1 Audit Committee meeting and 1 general meeting were held before her resignation.
- (3) Mr. Liu Yi was appointed as a non-executive Director and a member of the Audit Committee with effect from 29 July 2022. 1 Board meeting and 2 Audit Committee meetings were held after his appointment.

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.

CORPORATE GOVERNANCE REPORT

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 recently 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.

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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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:

Directors	Areas		Directors' roles, functions and duties
	Legal, regulatory and corporate governance	Businesses of the Group	
Executive Directors			
Dr. Zhou Joe Xin Hua (<i>resigned on 15 April 2022</i>)	✓	✓	✓
Dr. Guo Feng	✓	✓	✓
Non-executive Directors			
Dr. Lyu Dong	✓	✓	✓
Mr. Chen Yu	✓	✓	✓
Dr. Ni Lin (<i>resigned on 29 July 2022</i>)	✓	✓	✓
Mr. Liu Yi (<i>appointed on 29 July 2022</i>)	✓	✓	✓
Independent Non-executive Directors			
Mr. Zhou Honghao	✓	✓	✓
Mr. Fung Edwin	✓	✓	✓
Mr. Chen Wen	✓	✓	✓

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 6 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 three meetings to (i) review the annual results for the year ended 31 December 2021, interim results for the six months ended 30 June 2022 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 2022; (ii) review the effectiveness of the risk management and internal control systems and 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. Chen Yu and two independent non-executive Directors, namely Mr. Fung Edwin and Mr. Chen Wen. Mr. Chen Wen is the chairman of the Compensation Committee.

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.

CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Compensation Committee held two meetings to (i) review the Company's policy and structure for the remuneration of all Directors and senior management; (ii) review the remuneration of 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 (v) approve the grant of options under the Post-IPO Share Option 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 – HKD1,000,000	4
HKD1,000,001 – HKD10,000,000	3
HKD10,000,001 – HKD50,000,000	3
HKD50,000,001 – HKD75,000,000	0

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 9, Note 24 and Note 34(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 Director comprises basic salary, allowance benefits, performance bonus and share options. The remuneration policy for independent non-executive Directors is to ensure that 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 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 during the year.

CORPORATE GOVERNANCE 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 33 to 83 and have a balanced mix of experiences, including management and strategic development, finance and investment and accounting experiences in addition to biopharmaceutical industry knowledge.

CORPORATE GOVERNANCE REPORT

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 2022:

	Female	Male
Board	0	7
	Female	Male
Senior Management	60%	40%
	3	2
Other employees	62%	38%
	160	99
Overall workforce	62%	38%
	163	101

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.

Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report.

CORPORATE GOVERNANCE REPORT

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 reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and 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.

CORPORATE GOVERNANCE REPORT

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. 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.

CORPORATE GOVERNANCE REPORT

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 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 of internal audit as well as accounting and financial reporting function, and their training programs and budget.

At the meetings held in August 2022 and March 2023, the Audit Committee reviewed the effectiveness of the risk management and internal control systems of the Group for the six months ended 30 June 2022 and for the year 2022 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.

CORPORATE GOVERNANCE REPORT

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 77 to 81 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
Audit services (including review on interim results)	3,100
Non-audit services (including capital verification and other services)	348
Total	3,448

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

Ms. Ho Siu Pik has resigned as the Company's company secretary with effect from 30 June 2022. Following the resignation of Ms. Ho Siu Pik, Mr. Ip Tak Wai has been appointed as the Company's company secretary with effect from 30 June 2022 in place of Ms. Ho Siu Pik. Mr. Ip is an executive director of Share Registry & Issuer Services of 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. Chen Yu, 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 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.

Putting Forward Enquiries to the Board

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

CORPORATE GOVERNANCE REPORT

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 state 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, etc. will also be available on the Company's website.

CORPORATE GOVERNANCE REPORT

(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-uat.computershare.com/hk/en/online_feedback, 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 not made any changes to its Memorandum and Articles of Association. 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 30 March 2023, the Company proposed to amend and restate its current Memorandum and Articles of Association mainly 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. A circular containing, amongst others, further details of the proposed amendments to the Memorandum and Articles of Association, the adoption of the Seventh 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 82 to 163, comprise:

- the consolidated balance sheet as at 31 December 2022;
- 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, which include significant accounting policies 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 2022, 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 share-based payment.

Key Audit Matter

How our audit addressed the Key Audit Matter

Share-based payment

Refer to Notes 2.20, 4(a) and 24 to the consolidated financial statements.

We reviewed the key terms of the agreements under the share option plans.

The Group operates share option plans and has entered into agreements with employees at grant date during the year.

We assessed the competence, capabilities and objectivity of the independent external valuer.

Management determine the fair values of the share options at each grant date with the assistance by an independent external valuer using binomial option pricing model. The determination of fair values requires significant management judgements and estimates and is based on key assumptions.

We assessed the valuation model applied and the relevant key assumptions with the assistance of our internal valuation specialists as follows:

- expected price volatility by reference to the daily share price volatility of comparable companies in the past three years;
- risk-free interest rate by reference to the market yield of government bond with similar issuing dates and maturity dates as of the respective grant dates;
- estimation of the employee forfeiture rate by comparing to the historical data and examining the actual performance;
- estimation of performance and service conditions achievements by reference to company business plan and historical performance.

The key assumptions used in determining the grant date fair values include the expected price volatility, risk-free interest rate and expected option life. Furthermore, the achievements of performance and service conditions are also considered in estimating the vesting period and the number of options to be vested.

Based on the procedures performed, we found that the significant judgements and estimates made by management in assessing the fair values of share options at each grant date, the vesting period and the numbers of options to be vested were supported by the evidence we gathered.

The fair value of share options at each grant date was disclosed in Note 24 to the consolidated financial statements. During the year ended 31 December 2022, the total share-based payment expense amounting to approximately RMB48,238,000 was recognized in the consolidated statement of profit or loss and other comprehensive income.

We focused on this area because of the significant assumptions applied in the valuation of the share options at each grant date and the estimation of the vesting period and the numbers of options to be vested.

INDEPENDENT AUDITOR'S REPORT

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.

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.

INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with HKSAAs, 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.

INDEPENDENT AUDITOR'S REPORT

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, 30 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December	
		2022 RMB'000	2021 RMB'000
Revenue	7	15,932	–
Cost of revenue	8	(983)	–
Gross profit		14,949	–
Selling expenses	8	(83,143)	(98,603)
Administrative expenses	8	(134,130)	(207,350)
Research and development expenses	8	(583,881)	(612,718)
Other income – net		9,855	44,813
Other (losses)/gains – net		(6,369)	14,751
Operating loss		(782,719)	(859,107)
Finance income	10	53,314	23,729
Finance costs	10	(3,015)	(30,928)
Finance income/(costs) – net		50,299	(7,199)
Loss before income tax		(732,420)	(866,306)
Income tax credit	12	2,024	932
Loss for the year		(730,396)	(865,374)
Loss for the year is attributable to:			
Owners of the Company		(730,214)	(865,224)
Non-controlling interests		(182)	(150)
Other comprehensive loss			
<i>Items that may be reclassified to profit or loss</i>			
– Exchange differences on translation of foreign operations		(1,389)	(465)
Total comprehensive loss for the year		(731,785)	(865,839)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
	Notes	2022 RMB'000	2021 RMB'000
Total comprehensive loss for the year is attributable to:			
Owners of the Company		(731,603)	(865,689)
Non-controlling interests		(182)	(150)
Loss per share attributable to the ordinary equity holders of the Company			
Basic loss per share (in RMB)	13	(1.45)	(1.75)
Diluted loss per share (in RMB)	13	(1.45)	(1.77)

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

CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Notes	2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	179,990	200,033
Right-of-use assets	15	25,227	23,334
Intangible assets	16	163,208	171,043
Other receivables, deposits and prepayments	19	19,600	76,121
Deferred income tax assets	29	6,913	5,732
Total non-current assets		394,938	476,263
Current assets			
Inventories	18	47,404	49,653
Contract cost		1,341	1,755
Other receivables, deposits and prepayments	19	82,703	132,529
Restricted bank deposits	20	–	2,000
Cash and bank balances	20	1,588,705	2,200,641
Total current assets		1,720,153	2,386,578
Total assets		2,115,091	2,862,841
EQUITY			
Equity attributable to the ordinary equity holders of the Company			
Share capital	21	69	68
Share premium	21	9,375,785	9,290,903
Treasury shares	21, 22	(5,198)	(5,198)
Other reserves	23	(1,452,204)	(1,409,824)
Accumulated losses		(6,115,974)	(5,385,760)
		1,802,478	2,490,189
Non-controlling interests		2,740	2,922
Total equity		1,805,218	2,493,111

CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Notes	2022 RMB'000	2021 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	15	21,823	20,107
Amounts due to related parties	28	1,232	5,004
Deferred income		13,984	18,149
Deferred income tax liabilities	29	12,439	13,282
Total non-current liabilities		49,478	56,542
Current liabilities			
Trade payables	25	132,158	129,666
Contract liabilities	26	4,893	5,648
Other payables and accruals	27	109,643	124,930
Short-term borrowings		–	29,700
Lease liabilities	15	6,763	7,601
Amounts due to related parties	28	1,360	4,056
Provisions		1,886	7,895
Deferred income		3,692	3,692
Total current liabilities		260,395	313,188
Total liabilities		309,873	369,730
Total equity and liabilities		2,115,091	2,862,841

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The financial statements on pages 82 to 163 were approved by the Board of Directors on 30 March 2023 and were signed on its behalf.

Guo Feng
Director

Chen Yu
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital	Share premium	Treasury shares	Other reserves	Accumulated losses		
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2021		67	9,187,780	(6,813)	(1,426,445)	(4,520,536)	3,072	3,237,125
Comprehensive loss								
– Loss for the year		–	–	–	–	(865,224)	(150)	(865,374)
– Other comprehensive loss		–	–	–	(465)	–	–	(465)
Transaction with owners								
– Share-based payment	24	–	–	–	123,694	–	–	123,694
– Shares exercised under employee option plan and RSU plan	24	1	109,329	1,703	(106,608)	–	–	4,425
– Shares reacquired and held for employee share scheme		–	(11,977)	(88)	–	–	–	(12,065)
– Shares issued and held for employee share scheme	21	–*	–	–*	–	–	–	–
– Issuance of shares as consideration for a business combine		–*	5,771	–	–	–	–	5,771
Balance at 31 December 2021		68	9,290,903	(5,198)	(1,409,824)	(5,385,760)	2,922	2,493,111

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Accumulated losses 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	24	–	–	–	48,238	–	–	48,238
– Shares exercised under employee option plan and RSU plan	24	1	89,234	–*	(89,229)	–	–	6
– Shares repurchased and cancelled	21	–*	(5,134)	–	–	–	–	(5,134)
– Issuance of shares as consideration for a business combination	28(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.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December	
		2022 RMB'000	2021 RMB'000
Cash flows from operating activities			
Cash used in operations	31	(605,721)	(647,470)
Interest received		28,114	23,729
Net cash outflow from operating activities		(577,607)	(623,741)
Cash flows from investing activities			
Payments for property, plant and equipment		(9,040)	(46,469)
Payments for intangible assets		(3,915)	(24,924)
Payments for acquisition of structured deposits		–	(7,472,675)
Proceeds from disposals of structured deposits		–	7,489,185
Proceeds from disposals of property, plant and equipment		15	623
Net cash outflow from investing activities		(12,940)	(54,260)
Cash flows from financing activities			
Proceeds from bank borrowings		69,300	64,200
Repayments of bank borrowings		(99,000)	(34,500)
Interest paid		(1,067)	(804)
Principal elements of lease payments		(19,702)	(12,488)
Interest of lease payments		(1,789)	(1,558)
Repurchase of ordinary shares		(5,134)	–
Proceeds from issuance of shares exercised under employee option plan		–	2,722
Net cash (outflow)/inflow from financing activities		(57,392)	17,572
Net decrease in cash and bank balances		(647,939)	(660,429)
Cash and bank balances at the beginning of the year		2,200,641	2,929,743
Exchange gains/(losses) on cash and bank balances		36,003	(68,673)
Cash and bank balances at the end of the year		1,588,705	2,200,641

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

1.1 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.

Following the outbreak of Coronavirus Disease 2019 in early 2020 and the Omicron variant in 2022 (together, the “COVID-19 pandemic”), a series of precautionary and control measures had been implemented across the country in this year. As at the reporting date, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 pandemic.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant 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.

2.1 Basis of preparation

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(c) *New and amended standards adopted by the Group*

The Group has applied the following amendments or annual improvements for the first time for their annual reporting period commencing 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to HKAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to HKAS 37
- Annual Improvements to HKFRS Standards 2018-2020
- Reference to the Conceptual Framework – Amendments to HKFRS 3
- Covid-19 Related Rent Concessions beyond 30 June 2021 – Amendment to HKFRS 16 (March 2021), and
- Amendments to AG 5 Merger Accounting for Common Control Combinations

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

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

		Effective for annual periods beginning on or after
• HKFRS 17	Insurance Contracts	01-Jan-23
• HKFRS 17	Amendments to HKFRS 17	01-Jan-23
• HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9-Comparative Information	01-Jan-23
• Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	01-Jan-23
• Amendments to HKAS 8	Definition of Accounting Estimates	01-Jan-23
• Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01-Jan-23
• 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 (amendments)	01-Jan-24
• Amendments to HKFRS 16	Lease liability in a sale and leaseback	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

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

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting period and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 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 2.3).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation (Continued)

(b) *Changes in ownership interests (Continued)*

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.

2.3 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

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.

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.

2.4 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("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.

2.6 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 currency of the primary economic environment in which the entity operates (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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 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.

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 2.9).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (Continued)

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.

2.8 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.3. 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 cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units 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).

(b) 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 their estimated useful lives of 5 years. Costs associated with maintaining computer software programmes are recognised as expense as incurred.

(c) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets (Continued)

(d) *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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets

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 (cash-generating units). 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.

2.10 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 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.

2.11 Inventories

Consumables, 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.

2.12 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 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.

2.14 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.

2.15 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.

2.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The convertible loans were designated as financial liabilities at amortised cost by the management until extinguished on conversion or maturity of the bonds. Interest cost from these financial liabilities is included in finance costs using the effective interest rate method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Borrowings (Continued)

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.17 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

2.18 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 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 United States of America ("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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Share-based payments

(a) *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.

(b) *Share-based payment transactions with cash alternatives*

The Group operates a share-based compensation plan, under which the entity receives services from employees and the terms of the plan provide the employees with a choice of whether the entity settles the transaction in cash or by issuing equity instruments.

For this kind of share-based payment transactions, the Group is considered to have issued a compound financial instrument, which includes a debt component (the employees' right to demand payment in cash) and an equity component (the employees' right to demand settlement in equity instruments rather than in cash).

The Group measures the fair value of the compound financial instrument at the measurement date, taking into account the terms and conditions on which the rights to cash or equity instruments were granted. To apply this, the Group first measures the fair value of the compound financial instrument, and then measures the fair value of the debt component, taking into account that the counterparty must forfeit the right to receive cash in order to receive the equity instrument. The fair value of the equity component is the difference between these amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Share-based payments (Continued)

(b) *Share-based payment transactions with cash alternatives (Continued)*

At the end of each reporting period and the date of settlement, the Group re-measure the liability to its fair value with any changes in fair value recognised in profit or loss. If the cash option expires or the Group issues equity instruments on settlement rather than paying cash, the liability shall be transferred direct to equity, as the consideration for the equity instruments issued. If the Group pays in cash on settlement rather than issuing equity instruments, that payment shall be applied to settle the liability in full. Any equity component previously recognised shall remain within equity.

(c) *Share-based payment transactions among Group entities*

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.

2.21 Revenue recognition

Revenues are recognised when, or as, the control of the good or services is transferred to the customer. Depending on the terms of the contract and the laws applicable, control of the services may be transferred over time or at a point in time.

(a) *Fee for services*

Except for collaboration arrangements that are distinct from other promised goods and services, control of the services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date.

If control of the services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue recognition (Continued)

(a) *Fee for services (Continued)*

The progress towards complete satisfaction of performance obligation, depending on the nature of the service to be transferred, is measured based on one of the following methods that best depicts the Group's performance in satisfying the performance obligation:

- direct measurements of the value of individual services transferred by the Group to the customer relative to the remaining services promised under the contract; or
- the Group's efforts or inputs to the satisfaction of the performance obligation.

If contracts involve the sale of multiple goods, goods followed by related services, or multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When determining the transaction price to be allocated to different performance obligations, the Group first determines the services fees that the Group entitles in the contract period and adjusts the transaction price for variable considerations and significant financing component, if any. The Group includes in the transaction price some or all of an amount of variable considerations only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

When either party to a contract has performed, the Group presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

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

The Group incurs costs to fulfill FFS contract. The Group first assesses whether these contract cost qualify for recognition as an asset in terms of other relevant HKFRSs, failing which it recognizes an asset for these costs only if they meet all of the following criteria:

- (i) The costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- (ii) The costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (iii) The costs are expected to be recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue recognition (Continued)

(a) *Fee for services (Continued)*

The asset is recognised as contract cost in the balance sheet and subsequently amortized to profit or loss on a systematic basis that is consistent with the transfer to the customer of the deliverable unit. Contract costs mainly consists of cost of materials consumed, cost of direct labor, other direct costs and related overheads engaged in providing research and manufacturing services. The asset is also subject to impairment review.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a service to the customer, the Group presents the contract as a contract liability when the payment is made or the receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The Group earns revenues by providing research and manufacturing services to its customers through FFS contracts. Contract duration ranges from a few months to years. The FFS contracts usually have multiple deliverable units, which are generally in the form of technical laboratory reports and/or samples, each with individual standalone selling price. The Group identifies each deliverable unit as a separate performance obligation, allocates the transaction price on the basis of relative standalone selling prices and recognizes FFS revenue at the point in time upon finalization, delivery and acceptance of the deliverable unit.

(b) *Sale of goods*

The Group manufactures and sells certain biosimilars products to distributors. Sales are recognized when control of the products has transferred, being when the products are delivered to the distributor, the distributor has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the distributor's acceptance of the products. Delivery occurs when the products have been shipped to the specific location where the risks of obsolescence and loss have been transferred to the distributor, and either the distributor has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The price is normally fixed and with no sales discount or volume rebate.

(c) *Financing components*

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 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.

2.23 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 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 10 below. 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).

2.25 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Leases (Continued)

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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Leases (Continued)

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.

3 FINANCIAL RISK MANAGEMENT

The Group's risk management is predominantly controlled by the treasury department under policies approved by the board of directors. The Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units, when appropriate. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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 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 2022, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market Risk (Continued)

(i) Foreign exchange risk (Continued)

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

	As at 31 December 2022			As at 31 December 2021		
	HKD RMB'000	USD RMB'000	AUD RMB'000	HKD RMB'000	USD RMB'000	AUD RMB'000
Cash and bank balances	3,638	225,549	5	328,972	358,510	–

The aggregate net foreign exchange gains/(losses) recognised in profit or loss were:

	Years ended 31 December	
	2022 RMB'000	2021 RMB'000
Net foreign exchange gains/(losses) included in finance income/(costs)	25,200	(28,318)

As at 31 December 2022, 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 RMB22,555,000 lower or higher (2021: RMB35,851,000 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit Risk (Continued)

(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 and restricted bank deposits are also 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.

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 2022, the Group had no balance in respect of trade receivables nor amounts due from related parties.

As at 31 December 2022, the Group had RMB35,429,000 in respect of other receivables, of which RMB31,905,000 was receivables from employees. Considering the credit risk of the receivables was minor, the Company do not expect any losses from amounts due from the employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit Risk (Continued)

(i) Impairment of financial assets (Continued)

On that basis, the expected credit loss rate of the financial assets measured at amortised cost is determined as 0.00%.

As at 31 December 2022 and 2021, the loss allowance of trade receivables, other receivables and amounts due from related parties was nil.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

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 2021					
Trade payables	129,666	–	–	–	129,666
Other payables and accruals (excluding non-financial liabilities)	62,763	–	–	–	62,763
Amounts due to related parties (excluding contingent consideration to be settled in equity)	733	–	–	–	733
Short-term borrowings	30,360	–	–	–	30,360
Lease liabilities	8,758	4,530	11,367	5,941	30,596
	232,280	4,530	11,367	5,941	254,118

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity Risk (Continued)

	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 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

3.2 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 2022 and 2021 was as follows:

	As at 31 December	
	2022	2021
Gearing ratio	14.65%	12.91%

There were no changes in the Group's approach to capital management for the year ended 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

(a) 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. 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.

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 liabilities that are measured at fair value at 31 December 2022 and 2021.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2022				
Contingent consideration in amounts due to related parties	–	2,592	–	2,592
As at 31 December 2021				
Contingent consideration in amounts due to related parties	–	8,327	–	8,327

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(b) *Valuation techniques used to determine fair values level 2 and level 3 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 valuation techniques used to determine the fair value of the Group's level 3 instruments are discounted cash flow method and option-pricing method.

(c) *Fair value measurements using significant unobservable inputs (level 2 and level 3)*

The following table presents the changes in level 2 items for the years ended 31 December 2022 and 2021:

	Contingent consideration in amounts due to related parties Years ended 31 December	
	2022 RMB'000	2021 RMB'000
Opening balance	8,327	39,394
Issued shares (<i>Note 28(a)</i>)	(782)	(5,771)
Gains recognised in other income	(4,953)	(25,296)
Closing balance	2,592	8,327

The following table presents the changes in level 3 items for the years ended 31 December 2022 and 2021:

	Structured deposits Years ended 31 December	
	2022 RMB'000	2021 RMB'000
Opening balance	—	—
Additions	—	7,472,675
Changes in fair value recognised in profit or loss	—	16,510
Disposals	—	(7,489,185)
Closing balance	—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

(a) Recognition of share-based payment expenses

As mentioned in Note 24, 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.

(b) Impairment assessment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of cash-generating units was determined based on value-in-use 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.

The basis for the key assumptions used in the impairment testing as of 31 December 2022 are as follows:

- (i) *Revenue (% compound growth rates)*
The revenue compound growth rates for the twenty-year projection period is based on the Company's forecast of its average revenue growth rate from 2023 to 2042. 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) *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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT

Management has determined the operating segments based on the reports reviewed by 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	
	Notes	2022 RMB'000	2021 RMB'000
Share-based payment expenses	24	48,238	134,273

7 REVENUE

		Year ended 31 December	
		2022 RMB'000	2021 RMB'000
Timing of revenue recognition			
At a point in time:			
– Sales of goods		11,880	–
– Fee for service contracts		4,052	–
		15,932	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 REVENUE (CONTINUED)

(a) Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Customer A	5,878	—
Customer B	3,125	—
Customer C	2,701	—
Customer D	2,101	—
	13,805	—

The amount of revenue from external customers broken down by location of the customers is shown in the table below.

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Mainland China	12,807	—
USA	3,125	—
	15,932	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 EXPENSES BY NATURE

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Employee benefits expenses (<i>Note 9</i>)	332,982	444,730
Development fee and clinical trial expenses	240,522	236,282
Raw material and consumables used	69,019	61,766
Depreciation and amortization	53,677	60,745
Professional and technical service fee	35,603	47,954
Marketing and promotion expenses	27,428	12,064
Traveling and transportation expenses	10,362	7,479
Write down of inventories	9,882	4,158
Utilities	8,256	10,946
Auditor's remuneration		
– Audit services	3,100	2,650
– Non-audit services	348	–
Others	10,958	29,897
	802,137	918,671

9 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Salaries, bonuses and other benefits	225,349	271,354
Share-based payment expenses (<i>Note 24</i>)	48,238	134,273
Social security costs and housing benefits	18,041	22,703
Pension-defined contribution plan (<i>i</i>)	14,741	15,539
Termination benefits	26,613	861
	332,982	444,730

- (i) The Group did not have any forfeited contribution for the year ended 31 December 2022 (2021: Nil) in connection with the defined contribution plan operated by local governments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2021: one) director, whose emoluments are reflected in the analysis presented in Note 35. The emoluments payable to the remaining four (2021: four) individuals were as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Basic salaries, housing allowances, share options, other allowances and benefits in kind	27,461	61,936
Contribution to pension scheme	120	109
Discretionary bonuses	4,218	3,054
	31,799	65,099

During the year, no emoluments have been paid to the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office (2021: Nil).

The emoluments fell within the following bands:

	Year ended 31 December	
	2022 no. of individuals	2021 no. of individuals
Emolument bands (in HKD)		
HKD3,000,001 – HKD3,500,000	1	–
HKD6,500,001 – HKD7,000,000	1	–
HKD13,000,001 – HKD13,500,000	2	–
HKD14,000,001 – HKD14,500,000	–	1
HKD18,500,001 – HKD19,000,000	–	1
HKD20,500,001 – HKD21,000,000	–	1
HKD24,500,001 – HKD25,000,000	–	1
	4	4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 FINANCE INCOME AND COSTS

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Finance income		
Interest from bank deposits	28,114	23,729
Net foreign currency exchange gain	25,200	–
	53,314	23,729
Finance costs		
Net foreign currency exchange loss	–	(28,318)
Interest on lease liabilities	(1,789)	(1,558)
Interest on bank borrowings	(1,067)	(804)
Others	(159)	(248)
	(3,015)	(30,928)
Financial income/(costs) – net	50,299	(7,199)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2022 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 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	
			2022	2021	2022	2021
Directly owned:						
Genor Biopharma (HK) Limited (“GBHK”)	Hong Kong, 24 October 2016, limited liability company	1 ordinary share, HKD0.001	100.00%	100.00%	—	—
Genor Biopharma (USA), Inc. (“GBUS”)	USA, 23 November 2020, corporation	100 ordinary shares, USD0.001	100.00%	100.00%	—	—
AB Therapeutics Inc. (“ABT”)	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”)	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, 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, 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, 3 February 2021, limited liability company	RMB 400,000,000	100.00%	100.00%	—	—

(i) Shanghai Genor Pharmaceutical Technology Co., Ltd. cancelled its registration on 15 March 2023.

(a) Significant restrictions

As at 31 December 2022, cash and bank balances of RMB1,085,704,000 (2021: RMB1,212,902,000) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 SUBSIDIARIES (CONTINUED)

(b) Investments in subsidiaries

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Interests in subsidiaries, net	880,210	2,484,094
Deemed capital contribution to subsidiaries (i)	540,740	492,502
	1,420,950	2,976,596

- (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 24. 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.

12 INCOME TAX CREDIT

(a) Income tax credit

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
<i>Current tax</i>		
Current tax on profits for the year	–	–
Total current tax expense	–	–
<i>Deferred income tax</i>		
Increase in deferred tax assets (Note 29 (a))	(1,181)	(89)
Decrease in deferred tax liabilities (Note 29 (b))	(843)	(843)
Total deferred tax credit	(2,024)	(932)
Income tax credit	(2,024)	(932)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 INCOME TAX CREDIT (CONTINUED)

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

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Loss before income tax	(732,420)	(866,306)
Calculated at the PRC taxation rate of 25%	(183,105)	(216,577)
Effect of different tax rates of operating entities in other jurisdictions	9,903	13,436
Effect of preferential tax rates	59,164	–
Expenses not deductible for taxation purposes		
– <i>Share-based payment expenses</i>	6,920	30,584
– <i>Others</i>	1,722	3,600
Super deduction of research and development expenses	(62,025)	(91,750)
Unused tax loss not recognised as deferred tax assets	165,397	259,775
Income tax credit	(2,024)	(932)

(i) *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.

(ii) *Hong Kong Profits Tax*

Hong Kong profits tax rate is 16.5% for the year ended 31 December 2022 (2021: 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 2022 and 2021.

(iii) *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 2022 (2021: 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 2022 and 2021.

(iv) *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 2022 (2021: 25%).

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 2022 (2021: 25%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 INCOME TAX CREDIT (CONTINUED)

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

(v) Australian Corporate Income Tax

Australian corporate tax rate is 25% for the year ended 31 December 2022. 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 2022.

(c) Tax losses

The expiry date of tax losses is as follow:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
As at 31 December 2022	–	58,251
As at 31 December 2023	87,504	449,260
As at 31 December 2024	86,061	648,583
As at 31 December 2025	134,917	929,279
As at 31 December 2026	169,177	1,039,098
Later than 31 December 2027 (i)	3,626,079	–
Deductible losses without expiry date (Note 29 (b))	29,233	19,207
Total	4,132,971	3,143,678

- (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.

13 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	
	2022	2021
Loss attributable to owners of the Company (in RMB'000)	(730,214)	(865,224)
Weighted average number of ordinary shares in issue (in thousand)	504,301	495,180
Basic loss per share (in RMB)	(1.45)	(1.75)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 LOSS PER SHARE (CONTINUED)

(b) Diluted loss per share

Diluted losses per share adjusts the figures used in the determination of basic losses per share to take into account:

- the after-income tax effect of fair value changes 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.

The Group has potential dilutive shares throughout for the year ended 31 December 2022 related to the shares held for employee option plan (Note 24) and shares to be issued to Dr. Yue Liu and Ab Studio Inc. ("ABS") (Note 28(a)).

The loss attributable to the owners of the Company (the "numerator") has been adjusted by the effect of fair value changes on the contingent consideration to ABS, excluding those which have anti-dilutive effect to the Group's diluted loss per share.

In addition, diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of potential dilutive ordinary shares arising from shares to be issued to ABS.

	Year ended 31 December	
	2022	2021
Loss attributable to owners of the Company (in RMB'000)		
Used in calculating basic loss per share	(730,214)	(865,224)
Less: the fair value changes on contingent consideration to ABS	998	11,278
Loss attributable to owners of the Company for the calculation of diluted loss per share	(731,212)	(876,502)
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share (in thousand)	504,301	495,180
Adjustments for calculation of diluted loss per share:		
Shares to be issued to ABS	511	1,023
Weighted average number of ordinary shares in issue for the calculation of diluted loss per share	504,812	496,203
Diluted loss per share (in RMB)	(1.45)	(1.77)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 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 2021						
Cost	82,455	257,782	602	8,036	3,810	352,685
Accumulated depreciation	(38,413)	(108,888)	(397)	(4,699)	–	(152,397)
Net book amount	44,042	148,894	205	3,337	3,810	200,288
Year ended 31 December 2021						
Opening net book amount	44,042	148,894	205	3,337	3,810	200,288
Additions	841	2,967	–	487	31,531	35,826
Transfer upon completion	1,102	19,830	–	675	(21,607)	–
Disposals	–	(751)	–	(80)	–	(831)
Depreciation charge (a)	(9,178)	(24,825)	(98)	(1,149)	–	(35,250)
Closing net book amount	36,807	146,115	107	3,270	13,734	200,033
At 31 December 2021						
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Depreciation were charged in the following categories:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Research and development expenses	26,414	33,776
Manufacturing costs	2,928	–
Administrative expenses	984	1,354
Selling expenses	27	120
	30,353	35,250

15 LEASES

(a) Amounts recognised in the balance sheet

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Right-of-use assets		
Properties	25,227	23,334
Lease liabilities		
Current	6,763	7,601
Non-current	21,823	20,107
	28,586	27,708

Additions to the right-of-use assets in 2022 were RMB14,099,000 (2021: RMB10,179,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 LEASES (CONTINUED)

(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	
	2022 RMB'000	2021 RMB'000
Depreciation charge of right-of-use assets		
Properties	14,502	14,678
Interest expense (included in finance cost)	1,789	1,558
Expense relating to short-term leases (included in research and development expenses, selling expenses and administrative expenses)	640	943
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)	34	117

The total cash outflow for leases in 2022 was approximately RMB22,165,000 (2021: RMB15,106,000).

(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 2 years to 15 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 INTANGIBLE ASSETS

Non-current assets	Goodwill RMB'000 (Note a)	Computer software RMB'000	Licenses RMB'000	Total RMB'000
At 1 January 2021				
Cost	21,753	9,947	139,585	171,285
Accumulated amortisation	–	(3,391)	(10,958)	(14,349)
Net book amount	21,753	6,556	128,627	156,936
Year ended 31 December 2021				
Opening net book amount	21,753	6,556	128,627	156,936
Additions	–	2,107	22,817	24,924
Amortisation	–	(2,060)	(8,757)	(10,817)
Closing net book amount	21,753	6,603	142,687	171,043
At 31 December 2021				
Cost	21,753	12,054	162,402	196,209
Accumulated amortization	–	(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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 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	
	2022 RMB'000	2021 RMB'000
Research and development expenses	9,587	9,528
Administrative expenses	1,708	1,244
Selling expenses	455	45
	11,750	10,817

(a) Impairment tests for goodwill

Goodwill of RMB21,753,000 is resulted from the acquisition of a subsidiary in 2019. The subsidiary is principally engaged in the provision of research and development in the USA.

In 2022, the Group developed the new drugs research and development department which is an individual cash-generating unit (the "New Drugs CGU") that is not expected to benefit from the synergies of the acquisition of a subsidiary in 2019. Therefore, the operating segment contained the New Drugs CGU and the original groups of CGUs of therapeutic antibody research and development department (the "Therapeutic Antibody CGUs"). Management reviews the business performance of the Therapeutic Antibody CGUs in the only operating segment.

Goodwill is monitored by the management at level of Therapeutic Antibody CGUs.

The following is a summary of goodwill allocation for the Therapeutic Antibody CGUs:

	Opening RMB'000	Addition RMB'000	Impairment RMB'000	Closing RMB'000
Year ended 31 December 2021				
Therapeutic Antibody CGUs	21,753	–	–	21,753
Year ended 31 December 2022				
Therapeutic Antibody CGUs	21,753	–	–	21,753

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 INTANGIBLE ASSETS (CONTINUED)

(a) Impairment tests for goodwill (Continued)

The recoverable amount of the Therapeutic Antibody CGUs is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management, and the projections covered a twenty-year period (2021: twenty-year period). Considering it generally takes longer for a biotechnology company to reach a perpetual growth mode compared to companies in other industries, taking into account of the commercialisation timing, patent protection period and product life cycle, the management prepared the financial forecast up to the year of 2042 in the goodwill impairment test, which demonstrated a twenty-year forecast period starting from the year of 2023. Cash flows beyond the twenty-year period are extrapolated using the estimated growth rates stated below.

The recoverable amount of the Therapeutic Antibody CGUs (including goodwill) based on the estimated value-in-use calculations was higher than the carrying amount at 31 December 2022. Accordingly, no provision for impairment loss for goodwill is considered necessary.

The key assumptions used in the value-in-use calculations as of 31 December 2022 and 2021 are as follows.

	As at 31 December	
	2022	2021
Revenue (% compound growth rate)	28.64%	27.83%
Research and development expenses (% compound growth rate)	-10.66%	-9.71%
Pre-tax discount rate	24.46%	22.96%
Long-term average growth rate	0.00%	0.00%
Recoverable amount of operating segment (RMB'000)	298,140	802,577

Management has determined the values assigned to each of the above key assumptions as follows:

- Revenue compound growth rate is based on the business strategy and the management's expectation for the market development.
- Research and development expenses compound growth rate is based on management's expectation and the progress of clinical trials.
- The discount rates used are pre-tax and reflect specific risks relating to the operating segment. By reference to relevant accounting standards, the future cash flows used in value-in-use calculations to assess the goodwill impairment of a group of cash-generating units did not include income tax receipts or payments, and thus the management of the Company used the pre-tax discount rate to match the future cash flows when calculating the recoverable amount of the operating segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 INTANGIBLE ASSETS (CONTINUED)

(a) Impairment tests for goodwill (Continued)

There was sufficient headroom of approximately RMB86,143,000 with no impairment required for the years ended 31 December 2022. Therefore, a reasonably possible change in such key assumptions would not cause the carrying amount of the group of "CGUs" to exceed its recoverable amount.

The table below sets forth the breakeven point of such key assumptions for the forecast period as of 31 December 2022 and 2021 (estimates based on the operations for the periods indicated) used in goodwill impairment testing:

	Year ended 31 December			
	2022		2021	
	Key assumption	Breakeven point	Key assumption	Breakeven point
Revenue (% compound growth rate)	28.64%	28.00%	27.83%	23.40%
Research and development expenses (% compound growth rate)	-10.66%	-8.25%	-9.71%	8.51%
Pre-tax discount rate	24.46%	25.51%	22.96%	30.68%

As of 31 December 2022, if the revenue compound growth rate had been 0.64% lower, or the research and development expenses compound growth rate had been 2.41% higher, or the pre-tax discount rate had been 1.05% higher, the carrying amount of the group of CGUs would exceed its recoverable amount.

As of 31 December 2021, if the revenue compound growth rate had been 4.43% lower, or the research and development expenses compound growth rate had been 1.20% higher, or the pre-tax discount rate had been 7.72% higher, the carrying amount of the group of CGUs would exceed its recoverable amount.

No impairment was charged for the CGUs during the years ended 31 December 2022 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Financial Assets		
Financial assets at amortised cost		
Other receivables, deposits and prepayments (excluding prepayments and VAT input tax to be deducted)	35,325	40,955
Restricted bank deposits	–	2,000
Cash and bank balances	1,588,705	2,200,641
	1,624,030	2,243,596

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Financial Liabilities		
Financial liabilities at amortised cost		
Trade payables	132,158	129,666
Other payables and accruals (excluding accrued employee benefits and tax payable)	66,543	62,763
Amounts due to related parties (excluding contingent consideration)	–	733
Short-term borrowings	–	29,700
Lease liabilities	28,586	27,708
Financial liabilities at fair value		
Contingent consideration in amounts due to related parties (Note 28(a))	2,592	8,327
	229,879	258,897

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 INVENTORIES

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Current assets		
Consumables	30,682	17,393
Raw materials	14,559	32,975
Work in progress	11,471	–
	56,712	50,368
Less: provisions for inventories	(9,308)	(715)
	47,404	49,653

(i) **Amounts recognised in profit or loss**

Inventories recognised as an expense during the year ended 31 December 2022 amounted to RMB40,412,000 (2021: RMB57,390,000). These were included in research expense and administrative expense.

19 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Prepayment for inventories and clinical fee	44,030	85,998
Receivable from employees	31,905	36,048
VAT input tax to be deducted	15,748	70,521
Prepayment for equipment and software	4,292	5,711
Rental deposits	3,312	4,621
Others	3,016	5,751
	102,303	208,650
Less: non-current portion	(19,600)	(76,121)
Current portion	82,703	132,529

The carrying amounts of other receivables and deposits are mainly denominated in RMB and approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 CASH AND BANK BALANCES AND RESTRICTED BANK DEPOSITS

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Cash on hand	414	414
Cash at banks		
– RMB	1,359,099	1,512,745
– HKD	3,638	328,972
– USD	225,549	358,510
– AUD	5	–
	1,588,291	2,200,227
Cash and bank balances (i)	1,588,705	2,200,641
Restricted bank deposits		
– RMB deposits	–	2,000

- (i) As at 31 December 2022, among the cash and bank balances, term deposits of RMB20,000,000 with initial terms of over three months but also with a choice of call were held by the Group. Considering these term deposits with a choice of call are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value, the Group presented them as cash and bank balances.

21 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of shares	Nominal value of shares USD
Authorised ordinary shares		
As at 31 December 2022	1,000,000,000	20,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 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 2021	491,030,371	67	9,187,780	(6,813)	9,181,034
Shares exercised under employee option plan and RSU plan	7,117,526	1	109,329	1,703	111,033
Shares reacquired and held for employee share scheme	–	–	(11,977)	(88)	(12,065)
Shares issued and held for employee share scheme (Note 24)	3,630,184	–*	–	–*	–
Issuance of shares as consideration for the acquisition of business (Note 28(a))	695,455	–*	5,771	–	5,771
As at 31 December 2021	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 (a)	(1,417,000)	–*	(5,134)	–	(5,134)
Issuance of shares as consideration for the acquisition of business (Note 28(a))	511,364	–*	782	–	782
As at 31 December 2022	505,241,598	69	9,375,785	(5,198)	9,370,656

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

(a) In 2022, 1,417,000 shares were repurchased by the Company and cancelled on 26 July 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 TREASURY SHARES

	2022 RMB'000	2021 RMB'000
Shares held for employee share scheme	5,198	5,198
	2022 Shares	2021 Shares
Shares held for employee share scheme (a)	3,786,684	6,630,184

(a) In 2022, 2,843,500 shares were exercised under employee option plan and RSU plan.

23 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 2021	(1,703,265)	279,308	(2,488)	(1,426,445)
Other comprehensive loss	–	–	(465)	(465)
Share-based payment (Note 24)	–	123,694	–	123,694
Shares exercised under employee option plan and RSU plan	–	(106,608)	–	(106,608)
At 31 December 2021	(1,703,265)	296,394	(2,953)	(1,409,824)
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 24)	–	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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 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 2021	USD0.0002	22,840,792
Exercised	USD0.0002	(5,786,053)
Forfeited	USD0.0002	(1,343,679)
As at 31 December 2021	USD0.0002	15,711,060
Vested and exercisable at 31 December 2021	USD0.0002	2,683,505
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
	Category II	
	Exercise price per share	Number of options
As at 1 January 2021	USD2.0000	20,343,921
Exercised	USD2.0000	(3,221,795)
Forfeited	USD2.0000	(210,500)
As at 31 December 2021	USD2.0000	16,911,626
Vested and exercisable at 31 December 2021	USD2.0000	3,153,296
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 SHARE-BASED PAYMENTS (CONTINUED)

(a) 2020 Employee Option Plan (Continued)

	Category III (A)	
	Exercise price per share	Number of options
As at 1 January 2021	USD0.0002	1,917,864
Exercised	USD0.0002	(687,664)
As at 31 December 2021	USD0.0002	1,230,200
Vested and exercisable at 31 December 2021	USD0.0002	1,230,200
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

	Category III (B)	
	Exercise price per share	Number of options
As at 1 January 2021	USD2.0000	50,000
As at 31 December 2021	USD2.0000	50,000
Vested and exercisable at 31 December 2021	USD2.0000	50,000
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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 SHARE-BASED PAYMENTS (CONTINUED)

(a) 2020 Employee Option Plan (Continued)

Share options outstanding as at 31 December 2022 had the following exercise prices:

	Exercise price per share	Share options as at 31 December 2022
Category I	USD0.0002	10,400,047
Category II	USD2.0000	13,692,711
Category III(A)	USD0.0002	27,337
Category III(B)	USD2.0000	50,000
Total		24,170,095

(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 or HKD1.73. The Company entered into agreements with certain employees on 3 June 2021 ("Batch I"), 27 August 2021 ("Batch II") and 5 October 2022 ("Batch III"). Under these agreements, the options are vested based on service conditions. The service conditions are designed to acquire service from certain employees for a specified period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 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 2021		–
Granted	HKD17.08	6,096,099
Forfeited	HKD17.08	(1,153,300)
As at 31 December 2021	HKD17.08	4,942,799
Vested and exercisable at 31 December 2021	HKD17.08	708,750
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

	Batch II	
	Exercise price per share	Number of options
As at 1 January 2021		–
Granted	HKD10.85	3,016,000
Forfeited	HKD10.85	(487,000)
As at 31 December 2021	HKD10.85	2,529,000
Vested and exercisable at 31 December 2021	HKD10.85	7,500
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 SHARE-BASED PAYMENTS (CONTINUED)

(b) Post-IPO Share Option Plan (Continued)

	Exercise price per share	Batch III Number of options
As at 1 January 2022		–
Granted	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

The fair value of the options under the Post-IPO Share Option Plan was ranging from RMB0.6329 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
Expected price volatility	51.95% to 52.08%	52.40% to 52.54%	53.42% to 53.51%
Expected option life (year)	10	10	10
Risk free interest rate	1.26% to 1.40%	1.09% to 1.20%	3.49% to 3.51%
Stop price of ordinary shares (HKD)	17.08	10.85	1.73

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 based to the market yield of government bond with similar issuing dates and maturity dates as of the respective grant dates.

(c) 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 and 5 October 2022. Under these agreements, the shares are vested based on service condition. The service condition is designed to acquire service from certain employees for a specified period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 SHARE-BASED PAYMENTS (CONTINUED)

(c) 2021 RSU Plan (Continued)

Set out below are summaries of shares granted:

	2021 RSU Plan	
	Exercise price per share	Number of shares
As at 1 January 2021	–	–
Granted	–	5,116,249
Exercised	–	(356,037)
Forfeited	–	(819,812)
As at 31 December 2021	–	3,940,400
Vested and exercisable at 31 December 2021	–	–
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	–	–

The fair value of the RSUs under the 2021 RSU Plan granted on 5 October 2022 was RMB1.56 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 24(a), (b) and (c).

Weighted average remaining contractual life of options and shares outstanding covered by the above tables in Note 24(a), (b) and (c) as at 31 December 2022 was 7.63 years (2021: 8.42 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 SHARE-BASED PAYMENTS (CONTINUED)

(d) 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 2022, being the third anniversary of the Closing, the Company issued 511,364 shares and 56,818 shares to ABS and Dr. Yue Liu, respectively.

(e) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised for the years ended 31 December 2022 and 2021 as part of employee benefit expenses were as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Employee option plan		
– Equity-settled share-based payment	47,527	122,983
– Cash-settled share-based payment	–	10,579
Share-based payment to Dr. Yue Liu	711	711
	48,238	134,273

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 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	
	2022 RMB'000	2021 RMB'000
Within 1 year	130,964	127,594
1-2 years	397	1,772
2-3 years	797	300
	132,158	129,666

The carrying amounts of trade payables are denominated in RMB. The carrying amounts approximate their fair values due to short-term maturities.

26 CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract liabilities:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Contract liabilities	4,893	5,648
Less: non-current portion	—	—
Current portion	4,893	5,648

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 CONTRACT LIABILITIES (CONTINUED)

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	
	2022 RMB'000	2021 RMB'000
Revenue recognised relating to carried-forward contract liabilities	755	–

Transaction price allocated to the unsatisfied performance obligations.

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Aggregate amount of transaction price allocated to FFS contracts that are partially or fully unsatisfied	12,104	12,859

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 to unsatisfied obligations as of 31 December 2022 will be recognized as revenue within next one year (2021: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Accrued employee benefits	40,863	58,662
Payables to project funding (a)	38,012	37,423
Payables to suppliers of services and fixed assets	24,607	19,755
Tax payable	2,237	3,505
Others	3,924	5,585
	109,643	124,930

- (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. Due to the assessment of the given conditions of the two agreements, the total amount of RMB38,012,200 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.

28 BALANCES WITH RELATED PARTIES

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Amounts due to related parties		
Trade in nature		
ABS	—	733
Non-trade in nature		
ABS (a)	2,592	8,327
Total	2,592	9,060
Less: non-current portion	(1,232)	(5,004)
Current portion	1,360	4,056

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 BALANCES WITH RELATED PARTIES (CONTINUED)

- (a) The amounts due to ABS is attributable to the contingent consideration for the acquisition of business. The fair value of contingent consideration was approximately RMB37,574,000 at the acquisition date. On 17 October 2022, along with certain milestone achievements, RMB782,000 was settled by issuing the Company's ordinary shares to ABS. As at 31 December 2022, the fair value of contingent consideration was approximately RMB2,592,000, and the fair value changes amounting to RMB4,953,000 are recognised in "other income – net" in the consolidated statement of profit or loss and other comprehensive income. The amounts will be payable to ABS upon reaching certain milestone achievements in relation to development progress, regulatory approval and license out arrangements.

29 DEFERRED INCOME TAX

(a) Deferred income tax assets

	As at 31 December	
	2022 RMB'000	2021 RMB'000
The balance comprises temporary differences attributable to:		
Tax losses of ABT	6,913	5,732
Movements		Tax losses RMB'000
At 1 January 2021		5,643
Credited to the profit or loss		89
At 31 December 2021		5,732
At 1 January 2022		5,732
Credited to the profit or loss		1,181
At 31 December 2022		6,913

As at 31 December 2022, ABT had net operating losses amounting to RMB23,167,000 (2021: RMB19,207,000). 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 RMB6,913,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 DEFERRED INCOME TAX (CONTINUED)

(b) Deferred income tax liabilities

	As at 31 December	
	2022 RMB'000	2021 RMB'000
The balance comprises temporary differences attributable to:		
Intangible assets	12,439	13,282
Movements		
		Intangible assets RMB'000
At 1 January 2021		14,125
Credited to the profit or loss		(843)
At 31 December 2021		13,282
At 1 January 2022		13,282
Credited to the profit or loss		(843)
At 31 December 2022		12,439

30 DIVIDEND

No dividend has been paid or declared by the Company during the years ended 31 December 2022 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 NET CASH USED IN OPERATIONS

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Loss before income tax	(732,420)	(866,306)
Adjustments for:		
– Share-based payment expenses	48,238	123,694
– Depreciation of property, plant and equipment	27,425	35,250
– Amortisation of right-of-use assets and intangible assets	26,252	25,495
– Provision for impairment of inventories and property, plants and equipment	9,882	4,158
– Losses on disposal of right-of-use assets	4,184	–
– Finance cost	2,856	2,362
– Losses on disposal of property, plants and equipment	2,456	208
– Foreign exchange (gains)/losses	(37,392)	68,212
– Interest income	(28,114)	(23,729)
– Net fair value gains on contingent consideration payable to ABS	(4,953)	(25,296)
– Gains from asset related government grants	(3,692)	(3,692)
– Gains from disposal of structured deposits	–	(16,510)
	(685,278)	(676,154)
Changes in working capital (excluding the effects of acquisition and currency translation differences on consolidation):		
– Other receivables, deposits and prepayments	104,937	(16,309)
– Trade payables	2,492	37,934
– Contract cost	414	–
– Other payables, accruals and provisions	(23,620)	23,761
– Restricted bank deposits	2,000	–
– Inventories	(4,705)	(22,339)
– Contract liabilities	(755)	–
– Deferred income of reimbursement of future expenses	(473)	(62)
– Amounts due to related parties	(733)	(9,989)
– Amounts due from related parties	–	15,688
Net cash used in operations	(605,721)	(647,470)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 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 2021	31,059	–	31,059
Cash flows	(14,046)	29,700	15,654
Non-cash movements	10,695	–	10,695
At 31 December 2021	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

32 CONTINGENCIES

As at 31 December 2022, there were no significant contingencies for the Group and the Company.

33 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	
	2022 RMB'000	2021 RMB'000
Contracted but not provided for – Property, plant and equipment	4,069	7,803

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 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 15 for further information. The following is the details of operating lease commitments for short-term and low value leases.

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Less than 1 year	670	80
Between 1 and 5 years	4	50
	674	130

34 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 December 31, 2022 and 2021. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Purchase of rental services and utilities from – ABS	513	542
Purchase of research and development services from – ABS	1,530	16,529
	2,043	17,071

(b) Balances with related parties

Balances with related parties as at 31 December 2022 and 2021 were disclosed in Note 28.

(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	
	2022 RMB'000	2021 RMB'000
Salaries, bonuses and other benefits	27,247	37,329
Share-based payment expenses (i)	33,335	95,192
Pension, social security costs and housing benefits	1,443	1,772
	62,025	134,293

- (i) The share-based payment expenses were recognised based on the fair value at the grant date, see Note 24 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2022 and 2021 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 2022							
<i>Name of directors</i>							
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
For the year ended 31 December 2021							
<i>Name of directors</i>							
Mr. Yi Qingqing	-	-	-	-	-	-	-
Dr. Zhou Joe Xin Hua	-	3,013	728	-	-	8	3,749
Dr. Guo Feng	-	5,250	1,500	33,658	-	788	41,196
Dr. Lyu Dong	-	-	-	-	-	-	-
Mr. Chen Yu	-	-	-	-	-	-	-
Dr. Ni Lin	-	-	-	-	-	-	-
Dr. Li Ming	-	-	-	-	-	-	-
Mr. Zhou Honghao	420	-	-	-	-	-	420
Mr. Fung Edwin	420	-	-	-	-	-	420
Mr. Chen Wen	420	-	-	-	-	-	420
	1,260	8,263	2,228	33,658	-	796	46,205

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 24 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.

Dr. Lyu Dong was appointed as the director of the Company and Mr. Yi Qingqing was resigned on 2 November 2021.

Dr. Ni Lin was appointed as the director of the Company and Dr. Li Ming resigned on 23 April 2021.

In 2022, none of directors waived or agreed to waive any emoluments (2021: 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 (2021: 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 2022 and 2021.

36 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

		As at 31 December	
	Notes	2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Intangible assets		102,120	102,094
Investments in subsidiaries		1,420,950	2,976,596
Financial assets at fair value through profit or loss		12,785	32,408
Total non-current assets		1,535,855	3,111,098
Current assets			
Other receivables and prepayments		439	2,097
Cash and bank balances		496,018	965,475
Total current assets		496,457	967,572
Total assets		2,032,312	4,078,670
EQUITY			
Equity attributable to owners of the Company			
Share capital		69	68
Share premium		9,375,785	9,290,903
Treasury shares		(5,198)	(5,198)
Other reserves	(a)	(1,204,782)	(1,163,791)
Accumulated losses	(a)	(6,142,298)	(4,078,573)
Total equity		2,023,576	4,043,409

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Balance sheet of the Company (Continued)

	<i>Notes</i>	As at 31 December	
		2022 RMB'000	2021 RMB'000
LIABILITIES			
Non-current liabilities			
Amounts due to related parties		1,232	5,004
Total non-current liabilities		1,232	5,004
Current liabilities			
Trade payables		–	16,531
Other payables and accruals		1,268	10
Amounts due to related parties		6,236	13,716
Total current liabilities		7,504	30,257
Total liabilities		8,736	35,261
Total equity and liabilities		2,032,312	4,078,670

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Balance sheet of the Company (Continued)

(a) Reserve movement of the Company

	Other reserves RMB'000	Accumulated losses RMB'000
At 1 January 2021	(1,180,877)	(2,207,055)
Loss for the year	–	(1,871,518)
Share based payment	123,694	–
Shares exercised under employee option plan and RSU plan	(106,608)	–
At 31 December 2021	(1,163,791)	(4,078,573)
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)

FIVE YEARS FINANCIAL SUMMARY

	Year ended 31 December				
	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Revenue	15,932	–	10,331	13,039	6,882
Loss before income tax	(732,420)	(866,306)	(3,036,310)	(523,637)	(288,077)
Income tax credit	2,024	932	5,806	891	–
Loss for the year	(730,396)	(865,374)	(3,030,504)	(522,746)	(288,077)
Loss for the year is attributable to:					
Owners of the Company	(730,214)	(865,224)	(3,027,102)	(522,082)	(288,077)
Non-controlling interests	(182)	(150)	(3,402)	(664)	–
	As at 31 December				
	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Total assets	2,115,091	2,862,841	3,573,449	732,835	987,661
Total liabilities	309,873	369,730	336,324	507,375	164,057
Total equity	1,805,218	2,493,111	3,237,125	225,460	823,604
Equity attributable to:					
Owners of the Company	1,802,478	2,490,189	3,234,053	218,986	823,604
Non-controlling interests	2,740	2,922	3,072	6,474	–

DEFINITIONS

<i>"2021 RSU Plan"</i>	the restricted share unit plan adopted by the Company on 3 June 2021
<i>"Administrator"</i>	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
<i>"associate(s)"</i>	has the meaning ascribed thereto under the Listing Rules
<i>"Articles of Association"</i>	the articles of association of the Company adopted on 18 September 2020 with effect from Listing, as amended from time to time
<i>"AGM"</i>	the annual general meeting of the Company to be held on 29 June 2023
<i>"Audit Committee"</i>	the audit committee of the Company
<i>"Bellberry HREC"</i>	Bellberry Human Research Ethics Committee
<i>"BIC"</i>	best-in-class
<i>"Board" or "Board of Directors"</i>	the board of directors of our Company
<i>"CDE"</i>	Centre for Drug Evaluation
<i>"CG Code"</i>	the Corporate Governance Code set out in Appendix 14 of the Listing Rules
<i>"China" or the "PRC"</i>	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
<i>"Compensation Committee"</i>	the compensation committee of the Company
<i>"Company", "our Company" or "the Company"</i>	Genor Biopharma Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 10 April 2017
<i>"Companies Ordinance"</i>	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
<i>"CMC"</i>	chemistry, manufacturing and controls
<i>"connected person(s)"</i>	has the meaning ascribed to it under the Listing Rules
<i>"connected transactions"</i>	has the meaning ascribed to it under the Listing Rules
<i>"Controlling Shareholder(s)"</i>	has the meaning ascribed thereto under the Listing Rules
<i>"Director(s)"</i>	the director(s) of our Company

DEFINITIONS

<i>"FIC"</i>	first-in-class
<i>"FIH"</i>	first-in-human
<i>"GMP"</i>	Good Manufacturing Practice
<i>"Genor Biopharma"</i>	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
<i>"Global Offering"</i>	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
<i>"Group", "our Group", "the Group", "we", "us" or "our"</i>	the Company and its subsidiaries from time to time
<i>"HHJH"</i>	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
<i>"Hillhouse"</i>	refers to HHJH, HH BIO Investment Fund, L.P., Hillhouse Fund IV, L.P., and Hillhouse Investment Management, Ltd.
<i>"Hong Kong" or "HK"</i>	the Hong Kong Special Administrative Region of the PRC
<i>"Hong Kong dollars" or "HK dollars" or "HK\$"</i>	Hong Kong dollars, the lawful currency of Hong Kong
<i>"IFRS"</i>	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
<i>"IND"</i>	investigational new drug or investigational new drug application, also known as clinical trial application in China
<i>"IPO"</i>	initial public offering
<i>"Listing"</i>	the listing of the Shares on the Main Board of the Stock Exchange
<i>"Listing Date"</i>	7 October 2020, the date on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange

DEFINITIONS

<i>"Listing Rules"</i>	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
<i>"Main Board"</i>	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
<i>"Model Code"</i>	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
<i>"NDA"</i>	new drug application
<i>"NMPA"</i>	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)
<i>"Nomination Committee"</i>	the nomination committee of the Company
<i>"NSCLC"</i>	non-small cell lung cancer
<i>"POC"</i>	Proof of Concept
<i>"Post-IPO Share Option Plan"</i>	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)
<i>"Pre-IPO Share Option Plan"</i>	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
<i>"Prospectus"</i>	the prospectus of the Company dated 23 September 2020
<i>"RMB" or "Renminbi"</i>	Renminbi, the lawful currency of PRC
<i>"Reporting Period"</i>	the year ended 31 December 2022
<i>"RSU(s)"</i>	restricted share unit(s) which may be granted under the 2021 RSU Plan
<i>"SFO"</i>	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
<i>"Share(s)"</i>	ordinary share(s) in the share capital of our Company, currently with a par value of US\$0.00002 each

DEFINITIONS

<i>"Shareholder(s)"</i>	holder(s) of the Share(s)
<i>"Stock Exchange"</i>	The Stock Exchange of Hong Kong Limited
<i>"subsidiary" or "subsidiaries"</i>	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
<i>"substantial shareholder"</i>	has the meaning ascribed to it in the Listing Rules
<i>"United States" or "U.S."</i>	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
<i>"US dollars", "U.S. dollars", "US\$" or "USD"</i>	United States dollars, the lawful currency of the United States
<i>"Walga"</i>	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
<i>"Walvax"</i>	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)
<i>"Yuxi Genor"</i>	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
<i>"%"</i>	per cent

GENOR

B I O P H A R M A

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

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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.



COMPANY PROFILE

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, Yunnan. 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									
GB261	CD20×CD3	NHL	Novel (In-house)	Worldwide							
GB263T	EGFRcc-Metxc-Met	NSCLC	Novel (In-house)	Worldwide							
GB242 (Infliximab)	TNF-α	RA, AS, Ps, CD, UC	Biosimilar (In-house)	Worldwide							
GB226 (Geptanolimab)	PD-1	2L+ Cervical Cancer	Novel (In-house)	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⁾							
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-L1×LAG3×LAG3	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

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KY1-1104

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China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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CORPORATE INFORMATION

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Chaoyang District
Beijing 100020
China

As to Cayman Islands law:

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Wanchai
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PRINCIPAL SHARE REGISTRAR

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Cricket Square
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HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
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183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

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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 academican 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 Fluvestrant 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 academican 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

- 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 $\geq$ 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

- 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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).

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 RMB'000	2022 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 RMB'000	2022 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)

MANAGEMENT DISCUSSION AND ANALYSIS

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).

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

REPORT OF DIRECTORS

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).

REPORT OF DIRECTORS

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.

REPORT OF DIRECTORS

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.

REPORT OF DIRECTORS

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

REPORT OF DIRECTORS

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.

REPORT OF DIRECTORS

(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.

REPORT OF DIRECTORS

(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.

					Exercise	Outstanding	Exercised	Cancelled	Lapsed	Outstanding
				Exercise	Price	as at	during the	during the	during the	as at
Name	Role	Date of Grant	Vesting Period ⁽²⁾	Period	(per Share)	1 January	Reporting	Reporting	Reporting	31 December
						2023	Period ⁽⁴⁾	Period	Period	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

REPORT OF DIRECTORS

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

REPORT OF DIRECTORS

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.

REPORT OF DIRECTORS

(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.

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							Granted	Exercised			
					Exercise	Outstanding	during	during	Cancelled	Lapsed	Outstanding
		Date of		Exercise	Price	as at	the	the	during the	during the	as at
Name	Role	Grant	Vesting Period ⁽²⁾	Period	(per Share)	1 January	Reporting	Reporting	Reporting	Reporting	31 December
						2023	Period	Period ⁽³⁾	Period	Period	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.

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(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.

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(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.

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(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.

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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.

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(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.

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Name	Role	Date of Grant	Vesting Period ⁽²⁾	Exercise Period	Exercise Price (per Share)	Outstanding	Granted	Exercised	Cancelled	Lapsed	Outstanding
						as at 1 January 2023	during the Reporting Period	during the Reporting Period	during the Reporting Period	during the Reporting Period	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.

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(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.

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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.

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(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.

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				Unvested	Granted	Vested	Cancelled	Lapsed	Unvested
				as at	during	during	during	during	as at
				1 January	the	the	the	the	
Name	Role	Date of Grant	Vesting Period ⁽²⁾	2023	Reporting Period	Reporting Period	Reporting Period	Reporting Period	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.

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(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.

REPORT OF DIRECTORS

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.

REPORT OF DIRECTORS

Before the Change:

	Allocation of Net Proceeds in the proportion disclosed in the Prospectus ^(Note 1)	Unutilised Net Proceeds as at 1 January 2023	Net Proceeds utilised during the year ended 31 December 2023	Utilised Net Proceeds as at 31 December 2023	Unutilised Net Proceeds as at 31 December 2023	Expected timeline to fully utilise the remaining unutilised Net Proceeds ^(Note 2)
	RMB million	RMB million	RMB million	RMB million	RMB million	
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.

REPORT OF DIRECTORS

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)**

				Net Proceeds				
				Unutilised Net Proceeds as at 1 January 2023 RMB million	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)
	Pre- clinical RMB million	Clinical RMB million	Commercialization (including registration) RMB million					
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	

REPORT OF DIRECTORS

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	

REPORT OF DIRECTORS

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)

				Net Proceeds				Expected timeline to fully utilise the remaining unutilised Net Proceeds ^(Note 2)
				Unutilised	utilised	Utilised Net	Unutilised	
				Net Proceeds	during the	Proceeds	Net Proceeds	
				as at	year ended	as at	as at	
			Commercialization (including registration)	1 January 2023	31 December 2023	31 December 2023	31 December 2023	
	Pre-clinical RMB million	Clinical RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	
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.

REPORT OF DIRECTORS

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

DIRECTORS AND SENIOR MANAGEMENT

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.

DIRECTORS AND SENIOR MANAGEMENT

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 KPMG 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. (上海湧鐸投資管理有限公司).

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.

DIRECTORS AND SENIOR MANAGEMENT

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).

DIRECTORS AND SENIOR MANAGEMENT

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 unrelentingly.

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

CORPORATE GOVERNANCE REPORT

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:

Directors	Attendance/Eligible to Attend				
	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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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:

Directors	Areas		Directors' roles, functions and duties
	Legal, regulatory and corporate governance	Businesses of the Group	
Executive Directors			
Dr. Guo Feng	✓	✓	✓
Non-executive Directors			
Dr. Lyu Dong	✓	✓	✓
Mr. Chen Yu (<i>resigned on 2 January 2024</i>)	✓	✓	✓
Mr. Yu Tieming (<i>appointed on 2 January 2024</i>) ⁽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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE 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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

(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

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.

How our audit addressed the Key Audit Matter

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.

INDEPENDENT AUDITOR'S REPORT

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.

How our audit addressed the Key Audit Matter

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 HKSAAs 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 HKSAAs, 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.

INDEPENDENT AUDITOR'S REPORT

- 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

	Notes	Year ended 31 December	
		2023 RMB'000	2022 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			
<i>Items that may be reclassified to profit or loss</i>			
– 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

		As at 31 December	
		2023	2022
	Notes	RMB'000	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

		As at 31 December	
		2023	2022
	Notes	RMB'000	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					Non-controlling interests	Total equity
		Share capital	Share premium	Treasury shares	Other reserves	Accumulated losses		
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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					Non-controlling interests	Total equity
		Share capital	Share premium	Treasury shares	Other reserves	Accumulated losses		
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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

	Notes	Year ended 31 December	
		2023 RMB'000	2022 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 exchangeability	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 RMB'000	USD RMB'000	AUD RMB'000	HKD RMB'000	USD RMB'000	AUD 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 RMB'000	2022 RMB'000
Net foreign exchange gains included in finance income	5,070	25,200

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 (<i>Note 27(a)</i>)	(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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(b) *Non-financial assets (Continued)*

(i) *Fair value hierarchy*

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 EXPENSES BY NATURE

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Employee benefits expenses (<i>Note 8</i>)	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Salaries, bonuses and other benefits	124,739	225,349
Share-based payment expenses (<i>Note 23</i>)	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>i</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 RMB'000	2022 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(a) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Year ended 31 December	
	2023 no. of individuals	2022 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 RMB'000	2022 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 RMB'000	2022 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 INCOME TAX CREDIT

(a) Income tax credit

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
<i>Current tax</i>		
Current tax on profits for the year	–	–
Total current tax expense	–	–
<i>Deferred income tax</i>		
Decrease/(increase) in deferred tax assets (<i>Note 28 (a)</i>)	3,190	(1,654)
Decrease in deferred tax liabilities (<i>Note 28 (b)</i>)	(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 RMB'000	2022 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		
– <i>Share-based payment expenses</i>	11,976	6,920
– <i>Others</i>	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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 RMB'000	2022 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 LEASES

(a) Amounts recognised in the statement of financial position

	As at 31 December	
	2023 RMB'000	2022 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 RMB'000	2022 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 RMB'000	2022 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 INTANGIBLE ASSETS (CONTINUED)

(b) Impairment tests for goodwill (Continued)

The following is a summary of goodwill allocation for the Therapeutic Antibody CGUs:

	Opening RMB'000	Addition RMB'000	Impairment RMB'000	Closing 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%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 INVENTORIES

	As at 31 December	
	2023 RMB'000	2022 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December	
	2023 RMB'000	2022 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 CASH AND BANK BALANCES

	As at 31 December	
	2023 RMB'000	2022 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 (<i>Note 27(a)</i>)	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 (<i>Note 27(a)</i>)	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 (<i>Note 23</i>)	–	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 (<i>Note 23</i>)	–	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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 SHARE-BASED PAYMENTS (CONTINUED)

(c) 2023 Share Option Plan (Continued)

Set out below are summaries of options and shares granted:

	Exercise price per share	Batch I 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 RMB'000	2022 RMB'000
Contracted but not provided for – Property, plant and equipment	1,435	4,069

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties

	Year ended 31 December	
	2023 RMB'000	2022 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 RMB'000	2022 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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							
<i>Name of directors</i>							
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							
<i>Name of directors</i>							
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

		As at 31 December	
		2023	2022
	Notes	RMB'000	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Consumables, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 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 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 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

<i>"2021 RSU Plan"</i>	the RSU plan adopted by the Company on 3 June 2021
<i>"2022 Interim Results Announcement"</i>	the interim results announcement of the Company for the six months ended 30 June 2022 dated 30 August 2022
<i>"2023 Interim Results Announcement"</i>	the interim results announcement of the Company for the six months ended 30 June 2023 dated 30 August 2023
<i>"2023 Share Option Plan"</i>	the 2023 Share Option Plan adopted by the Company on 27 October 2023
<i>"2023 RSU Plan"</i>	the 2023 RSU Plan adopted by the Company on 27 October 2023
<i>"AACR"</i>	American Association of Cancer Research
<i>"Administrator"</i>	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
<i>"AGM"</i>	the annual general meeting of the Company to be held on 27 June 2024
<i>"Articles of Association"</i>	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
<i>"ASCO"</i>	American Society of Clinical Oncology
<i>"associate(s)"</i>	has the meaning ascribed thereto under the Listing Rules
<i>"Audit Committee"</i>	the audit committee of the Company
<i>"Award(s)"</i>	award(s) of RSU(s) granted to a grantee pursuant to the terms of the 2021 RSU Plan or the 2023 RSU Plan
<i>"BIC"</i>	best-in-class
<i>"BICR"</i>	the Blinded Independent Central Review
<i>"Board" or "Board of Directors"</i>	the board of directors of our Company
<i>"Business Day(s)"</i>	any day on which the Stock Exchange is open for the business of dealing in securities
<i>"CDE"</i>	Centre for Drug Evaluation
<i>"CDMO"</i>	contract development and manufacturing organization

DEFINITIONS

<i>"CG Code"</i>	the Corporate Governance Code set out in Appendix C1 of the Listing Rules
<i>"China" or the "PRC"</i>	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
<i>"Compensation Committee"</i>	the compensation committee of the Company
<i>"Company", "our Company" or "the Company"</i>	Genor Biopharma Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 10 April 2017
<i>"Companies Ordinance"</i>	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
<i>"CMC"</i>	chemistry, manufacturing and controls
<i>"connected person(s)"</i>	has the meaning ascribed to it under the Listing Rules
<i>"connected transactions"</i>	has the meaning ascribed to it under the Listing Rules
<i>"Controlling Shareholder(s)"</i>	has the meaning ascribed thereto under the Listing Rules
<i>"CRS"</i>	Cytokine Release Syndrome
<i>"Director(s)"</i>	the director(s) of our Company
<i>"Equity Plans"</i>	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
<i>"FIC"</i>	first-in-class
<i>"FIH"</i>	first-in-human
<i>"GMP"</i>	Good Manufacturing Practice
<i>"Genor Biopharma"</i>	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
<i>"Global Offering"</i>	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

<i>"Group", "our Group", "the Group", "we", "us" or "our"</i>	the Company and its subsidiaries from time to time
<i>"HR"</i>	hazard-ratio
<i>"HHJH"</i>	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
<i>"Hillhouse"</i>	refers to HHJH, HH BIO Investment Fund, L.P., Hillhouse Fund IV, L.P., and Hillhouse Investment Management, Ltd.
<i>"Hong Kong" or "HK"</i>	the Hong Kong Special Administrative Region of the PRC
<i>"Hong Kong dollars" or "HK dollars" or "HK\$"</i>	Hong Kong dollars, the lawful currency of Hong Kong
<i>"ICANS"</i>	Immune effector cell-associated neurotoxicity syndrome
<i>"IFRS"</i>	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
<i>"IND"</i>	investigational new drug or investigational new drug application, also known as clinical trial application in China
<i>"IPO"</i>	initial public offering
<i>"Listing"</i>	the listing of the Shares on the Main Board of the Stock Exchange
<i>"Listing Date"</i>	7 October 2020, the date on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
<i>"Listing Rules"</i>	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
<i>"Main Board"</i>	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
<i>"mPFS"</i>	median progression-free survival
<i>"Model Code"</i>	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
<i>"NDA"</i>	new drug application

DEFINITIONS

<i>"NMPA"</i>	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)
<i>"Nomination Committee"</i>	the nomination committee of the Company
<i>"NSCLC"</i>	non-small cell lung cancer
<i>"Option(s)"</i>	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
<i>"PCC"</i>	preclinical candidate compounds
<i>"PFS"</i>	progression free survival
<i>"PK"</i>	Pharmacokinetics
<i>"PK/PD"</i>	pharmacokinetics/pharmacodynamics
<i>"POC"</i>	Proof of Concept
<i>"Post-IPO Share Option Plan"</i>	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)
<i>"Pre-IPO Share Option Plan"</i>	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
<i>"Prospectus"</i>	the prospectus of the Company dated 23 September 2020
<i>"RMB" or "Renminbi"</i>	Renminbi, the lawful currency of PRC
<i>"Reporting Period"</i>	the year ended 31 December 2023
<i>"RSU(s)"</i>	restricted share unit(s) granted under the 2021 RSU Plan or the 2023 RSU Plan
<i>"SFO"</i>	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
<i>"Share(s)"</i>	ordinary share(s) in the share capital of our Company, currently with a par value of US\$0.00002 each
<i>"Shareholder(s)"</i>	holder(s) of the Share(s)
<i>"SITC"</i>	Society for Immunotherapy of Cancer

DEFINITIONS

<i>"Stock Exchange"</i>	The Stock Exchange of Hong Kong Limited
<i>"subsidiary" or "subsidiaries"</i>	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
<i>"substantial shareholder"</i>	has the meaning ascribed to it in the Listing Rules
<i>"United States" or "U.S."</i>	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
<i>"US dollars", "U.S. dollars", "US\$" or "USD"</i>	United States dollars, the lawful currency of the United States
<i>"Walga"</i>	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
<i>"Walvax"</i>	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)
<i>"Yuxi Genor"</i>	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
<i>"%"</i>	per cent

GENOR

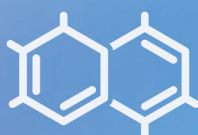
B I O P H A R M A

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

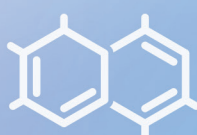


2024

ANNUAL REPORT

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COMPANY PROFILE

OUR MISSION

Striving to “provide innovative therapeutics initially for patients in China and gradually for patients globally”, the Company presses on with its effort in becoming a biopharmaceutical engine in discovery, research and development of innovative biopharmaceutical drugs.

OVERVIEW

Since its establishment in 2007, the Group is committed to becoming an innovative company capable of drugs innovation, research and development, pre-clinical study, clinical development, registration and chemistry, manufacturing and controls (“**CMC**”) development.

Since the successful implementation of the development strategy of “focus, optimization, acceleration, expansion” in 2022 and the achievement of initial results in 2023, the Group has consistently pushed forward the execution of this strategy in 2024, with a view to achieving stable development and efficient operation as well as creating opportunities under the challenging economic and industry environment.

The Group has further optimized its structure and adopted various flexible modes of external cooperation during the Reporting Period, successfully achieving the transformation into an enterprise adopting the asset-light model, thereby reducing operating costs significantly. While reducing its costs and increasing its efficiency, the Group actively conducted strategic cooperation, signed merger agreements and reached business development cooperation in various pipelines, focusing on promoting the development of core pipelines and new drug approval.

In terms of external cooperation and expansion, the Group entered into a merger agreement (the “**Merger Agreement**”) with Edding Group Company Limited (“**Edding**”) on 13 September 2024, whereby the Company will acquire Edding by way of a merger (the “**Proposed Merger**”), and in consideration therefor, the Company will allot and issue shares (the “**Consideration Shares**”) to the shareholders of Edding. Immediately upon completion of the Proposed Merger, the original shareholders of Edding will hold approximately 77%, and the shareholders of the Company (the “**Shareholders**”) will hold approximately 23%, of the issued shares of the Company as enlarged by the allotment and issue of the Consideration Shares (the final issue size is subject to the number of relevant Shares at the time of closing of the Proposed Merger). The Proposed Merger will bring about complementary advantages from multiple perspectives and create significant synergies, including the complementarity of research and development capabilities and commercialization platforms, the synergy between product pipelines and market expansion, the optimization and integration of financial resources. The Proposed Merger is expected to achieve the two-way empowerment of “research and development-driven” and “product commercialization”, and the in-depth integration between the two parties in areas such as research and development, sales, production and finance is expected to enhance the market competitiveness of the Group. The Proposed Merger constitutes a very substantial acquisition and a reverse takeover of the Company, and is therefore subject to approval of the Shareholders. The Group as enlarged by Edding and its subsidiaries upon the closing of the Proposed Merger (the “**Enlarged Group**”) must be able to meet the basic listing eligibility requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

COMPANY PROFILE

Apart from signing the Merger Agreement with Edding, the Group entered into the License Agreement and the Stock Purchase Agreement with TRC 2004, Inc. on 2 August 2024. Under the License Agreement, the Group has agreed, among others, to grant TRC 2004, Inc. an exclusive worldwide license (excluding mainland China, Hong Kong, Macau and Taiwan) to develop, use, manufacture, commercialize and otherwise exploit GB261 (CD20/CD3, BsAb) ("**GB261**"). The collaboration with TRC 2004, Inc. will mainly focus on exploring the potential of GB261 in autoimmune diseases. This is a recognition for the Company's independent research and development capabilities. It is also expected that this potential BIC CD20/CD3 bi-specific antibody will be validated by more clinical trial data as soon as possible, which will ultimately demonstrate its promising efficacy and favorable safety profile. The Company expects GB261 to become an "innovative therapeutic for patients in China and globally" and support the Company to achieve its mission. In September 2024, Candid Therapeutics merged with TRC 2004, Inc.

In addition, the Group entered into a technology transfer agreement with Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd ("**Zhongmei Huadong**") in January 2024, under which the Group's anit-FGFR2b molecular sequences, technical data and related intellectual property ("**IP**") rights were transferred to the latter.

On 2 January 2025, Genor Biopharma Co., Ltd. ("**Genor Biopharma**"), the Company's wholly-owned subsidiary entered into a cooperative development agreement (the "**Cooperative Development Agreement**") with Edding in relation to two tri-specific antibodies: GBD218 is a lead molecule of tri-specific antibody targeting CD3/BCMA/GPRC5D, and project GBD220 aims to generate a CD3/CD19/BCMA tri-specific antibody. Both are in the early discovery stage (before preclinical candidate compounds ("**PCC**")).

In terms of focusing on the development of core pipelines and new drug approval, the interim analysis of the phase III clinical study of Lerociclib (GB491) in combination with letrozole for treatment of the advanced first-line breast cancer has reached the primary endpoint. The Company officially submitted the new drug application ("**NDA**") of Lerociclib in combination with letrozole for the treatment of locally advanced or metastatic hormone receptor (HR)-positive, human epidermal growth factor receptor 2-negative ("**HR+/HER2-**") breast cancer (first-line treatment for advanced breast cancer) that had not received prior systemic antitumor therapy to the China National Medical Products Administration ("**NMPA**") on 28 February 2024, which was officially accepted on 13 March 2024. The on-site clinical inspection was completed in September 2024, and the feedback of NDA queries was submitted in December 2024.

The NDA of Lerociclib (GB491) in combination with Fluvestran as the second-line treatment for the advanced breast cancer also made a good progress in 2024. The feedback of NDA queries was submitted in March 2024. The drug testing at the China National Institutes for Food and Drug Control was completed in May 2024. The overseas on-site production Pre-Approval Inspections for the active pharmaceutical ingredients ("**API**") and drug product plants were completed in September and October 2024, respectively, and the reports for follow-up items of the Center for Food and Drug Inspection ("**CFDI**") inspection were submitted to CFDI in December 2024. On 24 February 2025, the Center for Drug Evaluation ("**CDE**") formally accepted the overseas on-site production Pre-Approval Inspection follow-up reports and restarted the NDA review for advanced second-line breast cancer.

COMPANY PROFILE

GB268 is another differentiated innovative anti-PD-1/ VEGF/ CTLA-4 tri-specific antibody solely developed by the Group, which specifically targeting PD-1, VEGF and CTLA-4. The pre-clinical results show that GB268 can substantially enhance the anti-tumor effect with a better safety profile compared to the combination of three monoclonal antibodies, targeting PD-1, CTLA-4 and VEGF respectively, as well as the anti-PD-1/VEGF BsAb or anti-PD-1/CTLA-4 BsAb. It has the potential to become an upgraded immune checkpoint inhibitor. GB268 entered the pre-investigational new drug (“**IND**”) enabling stage in 2024, and its Good Laboratory Practice (“**GLP**”) toxicology study in cynomolgus monkeys with weekly dosing for 4 weeks was completed in March 2025, with no serious drug-related adverse effects observed in animals after multiple doses. The preliminary CMC results suggest that the tri-specific molecule has a good drug developability and stability, and the pilot-scale Good Manufacturing Practice (“**GMP**”) production have been completed.

GB261 (CD20/CD3, BsAb) demonstrated a favorable safety, pharmacokinetic profile and promising clinical antitumor activities in the phase I/II clinical trial for lymphoma, which validated the molecular design mechanism of GB261. The Company completed the phase I/II clinical trial of GB261 for lymphoma in 2024, and completed the clinical study report in July 2024.

Developed independently by the Group as the world’s first EGFR/cMET/cMET TsAb, GB263T has shown promising efficacy at the therapeutic dose range (1,260-1,680 mg). It has also shown a favorable safety profile. The updated clinical study results have been accepted by the European Society for Medical Oncology (“**ESMO**”) Congress 2024 and were published on 14 September 2024.

In terms of early-stage research and development, the Company focused on the targets and projects with first-in-class (“**FIC**”)/best-in-class (“**BIC**”) potential. As of 31 December 2024, a number of PCC molecules have been developed, all of which are highly innovative and have the potential to become BIC bi-specific/multi-specific antibody projects. Abstracts of two of the tri-specific antibody molecules (GB268 anti-PD-1/VEGF/CTLA-4 and GBD218 CD3/BCMA/GPRC5D) have been accepted for publication at the 2024 Annual Meeting of the American Association for Cancer Research (“**AACR**”).

THE GROUP’S DRUG CANDIDATES

As at the date of this annual report, the Group relies on the highly specialised departments, the close collaboration between different departments, and its efforts to expand external cooperation to persistently advance the clinical progress of innovative pipeline drugs across the world.

COMPANY PROFILE

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-house)	APAC ex-JP							
	CDK4/6+SERD (combo w/ fulvestrant)	2L HR+/HER2- BC									
GB261	CD20×CD3	NHL	Novel (In-house)	Worldwide ⁽¹⁾					Phase I/II		
GB263T	EGFR×c-Met×c-Met	NSCLC	Novel (In-house)	Worldwide				Phase I/II			
GB242 (Infliximab)	TNF-α (infliximab)	RA, AS, Ps, CD, UC	Biosimilar (In-house)	Worldwide							NDA Approved
GB226+GB492 (Geptanolimab+ MISA101)	PD-1 (combo w/ GB226)+STING	Solid Tumours	Novel (In-house)	APAC ex-JP							
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							
GB268	PD-1/VEGF/CTLA-4	Cancers	Novel (In-house)	Worldwide							
GB262	PD-L1/CD55	Cancers	Novel (In-house)	Worldwide							
GB264	Claudin 18.2/CD3	GI Cancers	Novel (In-house)	Worldwide							
GB266	PD-L1/LAG3/LAG3	Cancers	Novel (In-house)	Worldwide							
GB267	CD3/BCMA/GPRC5D	Cancers	Novel (In-house)	Worldwide ⁽²⁾							
***	Undisclosed	Cancers	Novel (In-house)	Worldwide							

Notes:

- (1) Exclusive worldwide license to Candid Therapeutics to develop, use, manufacture, commercialize and otherwise exploit GB261, excluding the mainland China, Hong Kong, Macau and Taiwan.
 - (2) Assigned to Edding the rights to develop, manufacture and commercialize GBD218 worldwide.
- * Several undisclosed candidate molecules are in discovery stage
Continued internal development of GB226 PD-1 and GB221 have been paused and pending further assessment of development strategy and resource allocation.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Dr. Guo Feng (郭峰)

(Chief Executive Officer) (Resigned as executive Director and Chairman of the Board on 12 September 2024 and remains as the Chief Executive Officer)

Mr. Weng Chengyi (翁承毅) (Chief Financial Officer)

(Appointed on 12 September 2024)

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)

(Resigned on 18 September 2024)

Mr. Fung Edwin (馮冠豪)

Mr. Chen Wen (陳文)

Ms. Cui Bai (崔白) *(Appointed on 29 September 2024)*

AUDIT COMMITTEE

Mr. Fung Edwin (馮冠豪) (Chairman)

Mr. Liu Yi (劉逸)

Mr. Zhou Honghao (周宏灝)

(Resigned on 18 September 2024)

Ms. Cui Bai (崔白) *(Appointed on 29 September 2024)*

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)

AUDITORS

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

27th floor, One Taikoo Place

979 King's Road, Quarry Bay

Hong Kong

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Maples Corporate Services Limited

PO Box 309, Ugland House

Grand Cayman

KY1-1104

Cayman Islands

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China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Causeway Bay

Hong Kong

(with effect from 10 January 2025)

CORPORATE INFORMATION

LEGAL ADVISORS

As to Hong Kong law:
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China

As to Cayman Islands law:
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Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR

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Cayman Islands

HONG KONG SHARE REGISTRAR

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Wanchai
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PRINCIPAL BANKERS

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FINANCIAL HIGHLIGHTS

- **Total revenue** was approximately RMB206.2 million for the Reporting Period, as compared with nil for the year ended 31 December 2023. The increase was primarily due to revenue from license and stock purchase agreements with TRC 2004, Inc.
 - **Research and development expenses** were approximately RMB202.8 million for the Reporting Period, as compared with approximately RMB564.3 million for the year ended 31 December 2023. 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.
 - **Total comprehensive loss** was approximately RMB51.5 million for the Reporting Period, as compared with approximately RMB676.0 million for the year ended 31 December 2023. The decrease was primarily due to increase in revenue and decrease in expenses.
 - Under **Non-HKFRS measures**, our adjusted loss⁽¹⁾ was approximately RMB41.3 million for the Reporting Period, as compared with approximately RMB614.3 million for the year ended 31 December 2023.
- (1) Adjusted loss is calculated as loss for the years of 2024 and 2023 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

The Group has further optimized its structure and adopted various flexible modes of external cooperation during the Reporting Period, successfully achieving the transformation into an enterprise adopting the asset-light model, thereby reducing operating costs. While reducing its costs and increasing its efficiency, the Group actively conducted strategic cooperation, signed merger agreements and reached business development (“BD”) cooperation in various pipelines, focusing on promoting the development of core pipelines and new drug approval.

Strategic Cooperation

Proposed Merger with Edding

- On 13 September 2024, the Group entered into the Merger Agreement with Edding whereby the Company will acquire Edding by way of a merger (the “**Proposed Merger**”), and in consideration therefor, the Company will allot and issue Consideration Shares to the shareholders of Edding. Immediately upon completion of the Proposed Merger, the original shareholders of Edding will hold approximately 77%, and the Shareholders will hold approximately 23%, of the issued shares of the Company as enlarged by the allotment and issue of the Consideration Shares (the final issue size is subject to the number of relevant Shares at the time of closing of the Proposed Merger).
- The Group is principally engaged in the development and commercialisation of oncology and autoimmune drugs and has been striving to “provide innovative therapeutics initially for patients in China and gradually for patients globally” through building rich and innovative drug candidates and pipelines. The Directors expects that CDK4/6i will soon be commercialised and the Company has reached a critical development stage which requires strong commercial power to seize all possible market opportunities. Other drug products of the Company are also at clinical development stages, so the Company requires abundant and continuous cash flow to support the relevant R&D work and needs to strengthen their commercialisation capabilities for the subsequent product launch for late-stage products, in order to maintain a leading position in the highly competitive pharmaceutical industry.
- Having evaluated a number of potential target companies, the Board considers that Edding satisfies the above criteria and that it will be in the interest of the Company and the Shareholders as a whole to effect a merger with Edding for the following reasons:

BUSINESS HIGHLIGHTS

- Edding has a diversified portfolio of innovative leading patented drugs of immense market potential and originator-branded drugs with competitive market advantages:

Edding has established a diversified product portfolio focusing on the largest and fastest-growing therapeutic areas in China comprising six key products, including three commercialised originator-branded products (namely, Vancocin, Ceclor and FPN) and three innovative leading patented drug products (Vascepa, Mulpleta and Entinostat).

- Edding has a well-developed commercialisation platform supporting robust financial performance:

Gross revenue of Edding from the three key commercialised originator-branded products in aggregate amounted to RMB2,191.9 million for the year ended 31 December 2023. The robust and continuous cash flow of Edding is expected to provide support to the R&D of the Group's pipeline products, including ongoing and planned clinical trials, indication expansion and preparation for registration filings.

- Edding has an industry-leading sales and marketing network in supporting the future commercialisation of synergized pipelines:

Edding has a well-established sales and marketing system with an over-twenty-year proven track record in terms of marketing efficiency and output per capita. As of 30 June 2024, Edding had over 900 sales representatives across 30 provinces in China and covering more than 12,000 hospitals. Edding's Entinostat, an HDAC inhibitor indicated for the treatment of HR+/HER2- breast cancer, is expected to create strong synergies from a commercialisation perspective with CDK4/6i, the Group's core product, also for the treatment of HR+/HER2- advanced breast cancer. Hence, with Edding's established sales and distribution network, and an advanced and comprehensive manufacturing system, the Proposed Merger, if materialises, will significantly enhance the commercialisation success of CDK4/6i.

- Edding has advanced manufacturing platforms and global supply chain system:

Edding has established its own localized manufacturing platform with techniques and know-how meeting international standards for drug manufacturing with unmatched quality, with a deep pool of seasoned management personnel, forming a key competitive moat against its peers. Edding also leverages its cross-regional supply chain management and coordination capabilities to manage an end-to-end global supply chain, and its long-term relationships with suppliers to ensure efficiency and stability of our supply chain. It is expected that these in-house core manufacturing capabilities would be crucial to the commercialisation, production and supply of CDK4/6i and serve as the cornerstone for the future success of the Enlarged Group.

BUSINESS HIGHLIGHTS

- The consideration of the Proposed Merger is to be wholly settled by way of issuing Consideration Shares and there would be no cash outlay by the Group. The Enlarged Group will have sufficient cash resources to develop and expand its business following the closing of the Proposed Merger.
- The Proposed Merger is a key step for the Company to transform into a developed and fully integrated biopharmaceutical company. The production operation, international supply chain management, the marketing authorization holder (“**MAH**”) management capabilities and commercialisation capabilities possessed by Edding are crucial to the commercialisation and launch of originator-branded drug products. The continuous positive cash flow of Edding is also a core pillar for Edding to maintain its leading position in researching and developing originator-branded drug products. Following the closing of the Proposed Merger, the shortcomings relating to Edding’s R&D facilities can also be resolved. The Proposed Merger is expected to bring complementary and synergetic effects to both the Group and Edding and lay an important foundation for the sustainable development of the Enlarged Group. The Proposed Merger constitutes a very substantial acquisition and a reverse takeover of the Company, and is therefore subject to approval of the Shareholders. The Enlarged Group must be able to meet the basic listing eligibility requirements of the Listing Rules.
- On 24 January 2025, the Group and Edding entered into an amendment agreement to the Merger Agreement to extend the deadline for submitting the new listing application in connection with the Proposed Merger (the “**New Listing Application**”) and the long stop date of the closing of the Proposed Merger. Please refer to the announcement of the Company dated 24 January 2025 for further details.
- As at the date of this annual report (i.e. 28 March 2025), the Company and Edding are in the course of preparing the New Listing Application. The Company currently expects to submit the New Listing Application by the end of April 2025. For further details, please refer to the announcement of the Company dated 25 March 2025.

International Cooperation of GB261

- On 2 August 2024, the Group has entered into a license agreement (the “**License Agreement**”) and a stock purchase agreement (the “**Stock Purchase Agreement**”) with TRC 2004, Inc. (a company co-founded by Two River, LLC and Third Rock Ventures in Delaware, the United States of America). Under the License Agreement, the Group has agreed, among others, to grant TRC 2004, Inc. an exclusive worldwide license to develop, use, manufacture, commercialize and otherwise exploit GB261 (CD20/CD3, BsAb), excluding mainland China, Hong Kong, Macau and Taiwan. The collaboration between the parties will mainly focus on exploring the potential of GB261 (CD20/CD3, BsAb) in autoimmune diseases.
 - The Group shall receive: (i) a significant equity participation in TRC 2004, Inc.; (ii) a double digit million US dollars upfront payment; (iii) up to 443 million US dollars in milestone payments; and (iv) tiered single to double digits royalty payments on net sales.
- In September 2024, Candid Therapeutics merged with TRC 2004, Inc. It has an experienced management team, which includes Mr. Ken Song as the chief executive officer. The successful international cooperation of GB261 demonstrated the recognition of the world-class biotechnology investment institutions and the management team for the Company’s new drug research and development and innovation pipeline.

BUSINESS HIGHLIGHTS

Cooperation with Zhongmei Huadong

- 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.

Updates on Pipeline

GB491 (Lerociclib, a differentiated oral CDK4/6 inhibitor) – to provide breast cancer patients a CDK4/6 inhibitor with better efficacy and tolerability

- The Company has completed its patient enrolment for the phase III clinical study of GB491 (Lerociclib) in combination with letrozole as the first-line treatment for the advanced breast cancer and its interim analysis has reached the primary endpoint. The Company submitted the NDA to NMPA for Lerociclib in combination with letrozole for the treatment of locally advanced or metastatic hormone receptor (HR)-positive, human epidermal growth factor receptor 2-negative ("**HR+/HER2-**") breast cancer (first-line treatment for advanced breast cancer) that had not received prior systemic antitumor therapy on 28 February 2024. The application was officially accepted on 13 March 2024. The on-site clinical inspection was completed in September 2024. The feedback of NDA queries was submitted in December 2024.
- The Independent Data Monitoring Committee ("**IDMC**") has reviewed the efficacy and safety data from the interim analysis of the phase III clinical trial of Lerociclib in combination with letrozole as the first-line treatment for the advanced first-line breast cancer. The IDMC recommended that this clinical trial had met the prespecified requirement of statistical significance in efficacy of the interim analysis with good safety and tolerance.
 - Progression-free survival ("**PFS**") based on the investigator assessment: hazard-ratio (95% CI) and p-value, 0.464 (0.293, 0.733), p=0.0004.
 - PFS based on the Independent Review Committee's ("**IRC**") assessment: hazard-ratio (95% CI) and p-value, 0.457 (0.274, 0.761), p=0.0011.
- The results of the interim analysis were presented in the poster discussion session at the American Society of Clinical Oncology ("**ASCO**") annual meeting held in June 2024.

BUSINESS HIGHLIGHTS

- On 28 March 2023, the NMPA has officially accepted the NDA of GB491 (Lerociclib) in combination with Fluvestran for the treatment of HR+/HER2- locally advanced or metastatic breast cancer patients (second-line treatment for advanced breast cancer) with disease progression following previous endocrine therapy. On 31 August 2023, clinical on-site inspection was completed. The feedback of NDA queries were submitted in March 2024 and the drug testing at the China National Institutes for Food and Drug Control was completed in May 2024. In September and October 2024, the overseas on-site production Pre-Approval Inspections of the API and the drug product plants were completed, respectively, and the reports for follow-up items of CFDI inspection were submitted to CFDI in December 2024.
- On 13 September 2024, the Company has entered into the CDK4/6i Outsourcing Management Agreement with Edding, pursuant to which the Company agreed to entrust Edding with, and Edding agreed to provide services for, the management of all matters relating to CDK4/6i, including the submission of new drug application(s), manufacturing, supply chain management and any other relevant matters. For further details of the CDK4/6i Outsourcing Management Agreement, please refer to the announcement of the Company dated 7 October 2024.

GB268 (anti-PD-1/VEGF/CTLA-4, TsAb)

- GB268 is another innovative tri-specific antibody solely developed by the Group, specifically targeting PD-1, CTLA-4 and VEGF, with a novel molecular design that balances the activity of different arms of the antibody. The pre-clinical results show that GB268 can substantially enhance the antitumor effect with a better safety profile compared to the combination of three monoclonal antibodies, namely PD-1, CTLA-4 and VEGF, as well as the anti-PD-1/VEGF or anti-PD-1/CTLA-4 BsAb. It has the potential to become an upgraded immune checkpoint inhibitor.

In 2024, GB268 entered the pre-IND enabling stage and conducted the CMC process development and GLP toxicology study. The preliminary results suggest that the tri-specific molecule has a good drug developability and stability, and no significant drug-related toxicity has been observed in the high, medium and low dose groups of the 4-week exploratory toxicological experiment in cynomolgus monkeys.

GB261 (CD20/CD3, BsAb)

- GB261 is the first T-Cell Engager (“**TCE**”) with low affinity to bind CD3 and has Fc functions (ADCC and CDC), and has potential to be a better and safer TCE. The first-in-human (“**FIH**”) clinical trials of GB261 were conducted in several clinical research centers in Australia and China, indicating a favorable safety, pharmacokinetic profile and promising clinical antitumor activities, which validated the molecular design mechanism of GB261. The Company completed the phase I/II clinical trial of GB261 for lymphoma in 2024 and completed the clinical study report in July 2024.

BUSINESS HIGHLIGHTS

GB263T (EGFR/cMET/cMET, TsAb)

- As of 31 December 2023, a total of 15 patients had received at least one GB263T treatment. All patients had received previous third-generation EGFR-TKI and platinum-based chemotherapy and the median number of prior lines of systemic therapy was 3.
- GB263T has shown promising efficacy at the therapeutic dose range (1,260-1,680 mg).
 - The confirmed objective response rate (“**ORR**”) at the therapeutic dose range of patients with EGFR-sensitive mutations and resistant to the third-generation TKI and progressed after chemotherapy was 28.6%;
 - Clinical benefit has been observed in three patients (2 PRs, 1 persistent SD) who have cMET alterations after a third-generation TKI treatment.
- At the same time, an advantage of safety profile was also demonstrated.
 - The infusion reaction rate was relatively low and mild;
 - The severity of paronychia and rash were mild (grade 1/2); and only grade 1 diarrhea;
 - No MET target-related peripheral edema were reported.
- These updated research data have been accepted by the ESMO Congress 2024 and were published on 14 September 2024.

Research and Development of the Global Innovative New Drugs

- The Company’s R&D team focused on the development of targets and projects with FIC/BIC potential. As at 31 December 2024, a number of preclinical candidate compounds (“**PCC**”) molecules have been developed, all of which are highly innovative and have the potential to become BIC bi-specific/multi-specific antibody projects; among which, research abstracts of two tri-specific antibody molecule projects (GB268 anti-PD-1/VEGF/CTLA-4 and GBD218 CD3/BCMA/GPRC5D) have been accepted for publication at the 2024 Annual Meeting of the AACR.

BUSINESS HIGHLIGHTS

Drive Continuous Optimization of CMC Quality and Efficiency

- In accordance with the Company's strategy of "focus and optimization", the CMC team of the Company 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 facilitate 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 contract development and manufacturing organization ("CDMO")'s process and method development, production process control and testing process according to the quality manual formulated per Good Manufacturing Practice ("GMP") which was released according to the conformity of the final product, and further optimized the working mode and cooperation efficiency.
- 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 (anti-PD-1/VEGF/CTLA-4, TsAb) and other products.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, on the basis of further organizational optimization, the Group continued to make remarkable progress in strategic cooperation and the development/registration of drug candidates pipelines. The main corporate achievements are as follows:

BUSINESS REVIEW

1. Events during the Reporting Period

Strategic Cooperation and Commercialization

Proposed Merger with Edding

As set out in the section headed “BUSINESS HIGHLIGHTS – Strategic Cooperation – Proposed Merger with Edding” above, on 13 September 2024, the Group entered into the Merger Agreement with Edding whereby the Company will acquire Edding by way of a merger. For further details of the Proposed Merger, please refer to the announcement of the Company dated 7 October 2024.

- On 24 January 2025, the Group and Edding entered into an amendment agreement to the Merger Agreement to extend the deadline for submitting the new listing application in connection with the Proposed Merger (the “**New Listing Application**”) and the long stop date of the closing of the Proposed Merger. Please refer to the announcement of the Company dated 24 January 2025 for further details.
- As at the date of this annual report (i.e. 28 March 2025), the Company and Edding are in the course of preparing the New Listing Application. The Company currently expects to submit the New Listing Application by the end of April 2025. For further details, please refer to the announcement of the Company dated 25 March 2025.

International Cooperation of GB261

- As set out in the section headed “BUSINESS HIGHLIGHTS – Strategic Cooperation – International Cooperation of GB261” above, on 2 August 2024, the Group has entered into the License Agreement and the Stock Purchase Agreement with TRC 2004, Inc. in respect of GB261. For further details, please refer to the announcement of the Company dated 5 August 2024.

Cooperation with Zhongmei Huadong

As set out in the section headed “BUSINESS HIGHLIGHTS – Strategic Cooperation – Cooperation with Zhongmei Huadong” above, on 19 January 2024, the Company entered into an antibody molecules and related technology transfer agreement with Zhongmei Huadong, under which anti-FGFR2b, an antibody drug, and the related IP rights of the Company were transferred to Zhongmei Huadong.

MANAGEMENT DISCUSSION AND ANALYSIS

Pipeline Advancement of Drug Candidates

During the Reporting Period, the Company has achieved rapid progress of pre-clinical and clinical trials of product pipelines, 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 rich experience and extensive resources, efficient, high-quality and speedy accomplishment was made in the planning and collaboration with the research centres, project initiating and management, selection and, enrolment of the study participants.

During the Reporting Period, the Group has speedily completed the data cleaning and the interim analysis of the phase III clinical study evaluating efficacy and safety of Lerociclib in combination with letrozole as first-line treatment for HR+/HER2- advanced breast cancer. The Company submitted the corresponding NDA which was accepted by the NMPA.

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

- 1) The NDA of GB491 (Lerociclib) in combination with letrozole for the treatment of locally advanced or metastatic hormone receptor (HR)-positive, human epidermal growth factor receptor 2-negative ("HR+/HER2-") breast cancer (first-line treatment for advanced breast cancer) that had not received prior systemic antitumor therapy, has been accepted in March 2024. The on-site clinical inspection was completed in September 2024 and the feedback of NDA queries was submitted in December 2024.
- 2) Regarding the NDA of GB491 (Lerociclib) combined with Fluvestran for the treatment of HR+/HER2- patients with locally advanced or metastatic breast cancer (advanced second-line breast cancer) that have disease progression following previous endocrine therapy, the Company has completed the submission of the feedback of NDA queries and drug testing at China National Institutes for Food and Drug Control in March and May 2024 respectively. In September and October 2024, overseas on-site production Pre-Approval Inspections of the API and drug product plants were completed, respectively, and the reports for follow-up items of CFDI inspection were submitted to CFDI in December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

- 3) GB268 (anti-PD-1/VEGF/CTLA-4, TsAb) entered the pre-clinical pre-IND development stage in 2024 for CMC process development and GLP toxicology studies.
- 4) The Phase I/II clinical trial of GB261 (CD20/CD3, BsAb) for lymphoma ended in 2024, and the clinical study report was completed in July 2024.
- 5) GB263T (EGFR/cMET/cMET, TsAb) Phase I/II clinical trial results have been accepted by ESMO Congress 2024 and were published on 14 September 2024.

GB491 (Lerociclib, a differentiated oral CDK4/6 inhibitor) – to provide breast cancer patients a CDK4/6 inhibitor with better efficacy and tolerability

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.

On 28 March 2023, the NMPA has officially accepted the NDA of GB491 (Lerociclib) in combination with Fluvestran for the treatment of HR+/HER2- locally advanced or metastatic breast cancer patients (second-line treatment for advanced breast cancer) with disease progression following previous endocrine therapy. On 31 August 2023, clinical on-site inspection was completed. The feedback of NDA queries was submitted in March 2024 and the drug testing at the China National Institutes for Food and Drug Control was completed in May 2024. In September and October 2024, the overseas on-site production Pre-Approval Inspections of the API and the drug product plants were completed, respectively, and the reports for follow-up items of CFDI inspection were submitted to CFDI in December 2024.

On 28 February 2024, the Company has formally submitted the NDA of GB491 (Lerociclib) in combination with letrozole for the treatment of locally advanced or metastatic hormone receptor (HR)-positive, human epidermal growth factor receptor 2-negative ("HR+/HER2-") breast cancer (first-line treatment for advanced breast cancer) that had not received prior systemic antitumor therapy to the NMPA, and the application was officially accepted on 13 March 2024. The on-site clinical inspection was completed in September 2024. The feedback of NDA queries was submitted in December 2024.

- The Independent Data Monitoring Committee ("IDMC") has conducted efficacy and safety data evaluation on the interim analysis of the phase III clinical trial of Lerociclib in combination with letrozole as the first-line treatment for advanced breast cancer. The IDMC recommended that this clinical trial had met the prespecified requirement of statistical significance in efficacy for the interim analysis with good safety and tolerance.
- The interim analysis results showed that Lerociclib significantly reduced the risk of disease progression in patients by more than 50%. Progression-free survival ("PFS") based on the investigator assessment: for disease progression in the Lerociclib in combination with letrozole group versus the placebo in combination with letrozole group, hazard-ratio (95% CI) and p-value, 0.464 (0.293, 0.733), $p=0.0004$, respectively; investigator-assessed median PFS was not reached in the Lerociclib group, and was 16.56 months in the placebo group. PFS based on the Independent Review Committee's ("IRC") assessment: hazard-ratio (95% CI) and p-value, 0.457 (0.274, 0.761), $p=0.0011$, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

- The safety advantage was reaffirmed: the overall incidence rate of gastrointestinal adverse events ("**AEs**") was low and mild, with grade 3 diarrhea occurred in only one patient (0.7%). No grade ≥ 3 nausea or vomiting has occurred, and grade 4 neutropenia occurred in only 5.1%.
- The results of the interim analysis were presented in the poster session at the American Society of Clinical Oncology ("**ASCO**") annual meeting in June 2024.

The superior efficacy and safety profile of GB491 (Lerociclib) will provide a better treatment option for patients with 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. The combination therapy with CDK4/6 inhibitors has been recommended in multiple guidelines as the preferred regimen for patients with advanced breast cancer.
- The innovative molecular structure, targeting specificity and high efficacy, with its unique pharmacokinetics/pharmacodynamics ("**PK/PD**"), has allowed for continuous oral administration of Lerociclib without the need for treatment breaks. It achieves sustained target inhibition and antitumor effects while significantly reduces the common adverse effects of CDK4/6 inhibitors, such as severe myelosuppression and diarrhea.
- GB491 (Lerociclib) demonstrated a superior efficacy with advantages in terms of safety and tolerance profile in two phase III clinical studies, and hence fully demonstrating the differentiation advantage of Lerociclib for clinical purposes.
- The LEONARDA-1 clinical study has demonstrated that the combination therapy of Lerociclib with Fluvestran significantly reduce the risk of disease progression and death in HR+/HER2- advanced breast cancer patients following previous endocrine therapy as compared to using Fluvestran as a monotherapy. The investigator-assessed hazard ratio ("**HR**") was 0.451 and the Blinded Independent Central Review ("**BICR**")-assessed HR was 0.353. The median progression free survival ("**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 enrolled a high proportion of refractory patients, including patients with liver metastasis, treated with primary resistance, with four or more metastatic organs, and received first-line chemotherapy at an advanced stage. The use of Lerociclib substantially improved the PFS of the refractory patients. The LEONARDA-1 clinical study showed that, in comparison with other marketed CDK4/6 inhibitors, Lerociclib had significant comprehensive advantages in terms of safety and tolerance profile. It recorded a low incidence rate of diarrhea at 19.7%, which was a relatively low percentage of grade 3/4 myelosuppression, and only a 5.1% incidence rate of grade 4 neutropenia.

MANAGEMENT DISCUSSION AND ANALYSIS

- The LEONARDA-2 clinical study also demonstrated superior efficacy and safety profile in combination with letrozole for the treatment of HR+/HER2- locally advanced or metastatic breast cancer patients who had not received prior systemic antitumor therapy.
- The interim analysis showed that Lerociclib significantly reduced the risk of disease progression in patients by more than 50%, based on investigator-assessed PFS: hazard ratio (95% CI) and p-value were 0.464 (0.293, 0.733), $p=0.0004$, respectively; mPFS was not reached in the Lerociclib group, and was 16.56 months in the placebo group. PFS based on IRC assessment: hazard ratio (95% CI) and p-value were 0.457 (0.274, 0.761), $p=0.0011$, respectively.
- The safety advantage was reaffirmed: the overall incidence rate of gastrointestinal adverse events (“**AEs**”) was low and mild, with grade 3 diarrhea occurred in only one patient (0.7%). No grade ≥ 3 nausea or vomiting has occurred, and grade 4 neutropenia occurred in only 5.1% of the patients.

On 13 September 2024, the Company has entered into the CDK4/6i Outsourcing Management Agreement with Edding, pursuant to which the Company agreed to entrust Edding with, and Edding agreed to provide services for, the management of all matters relating to CDK4/6i, including the submission of new drug application(s), manufacturing, supply chain management and any other relevant matters. For further details of the CDK4/6i Outsourcing Management Agreement, please refer to the announcement of the Company dated 7 October 2024.

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

GB268 (anti-PD-1/VEGF/CTLA-4, TsAb)

GB268 is a significantly innovative tri-specific antibody solely developed by the Group that specifically blocks PD-1, VEGF and CTLA-4 signaling pathways. To reduce the CTLA4 inhibition-induced AEs, the CTLA-4 arm only partially blocked the interaction of CTLA4 to its ligands CD80/CD86, and furthermore, the combination of CTLA-4 arm was highly dependent on PD-1 arm. Preclinical data demonstrated the efficient antitumor activities of GB268. At the meantime, immune-related AEs are alleviated. Thus, GB268 may emerge as a promising novel therapy for cancer treatment.

- In multiple PBMC-humanized models including A375 melanoma model, HT29 colorectal cancer model, and NCI-H460 NSCLC model, etc., GB268 exhibited better antitumor efficacy, compared to PD-1/CTLA-4 BsAb and PD-1/VEGF BsAb, or the combination of the three monoclonal antibodies, namely PD-1, CTLA-4 and VEGF.

MANAGEMENT DISCUSSION AND ANALYSIS

- In arthritis induction model using hPD1/hCTLA4 KI mice, GB268 had improved tolerance than cadonilimab and at least 20-fold better safety profile than ipilimumab combined with OPDIVO.

GB268 (anti-PD-1/VEGF/CTLA-4, TsAb) entered the pre-clinical pre-IND enabling development stage in 2024 for CMC process development and GLP toxicology studies. The preliminary results suggest that the tri-specific molecule has a good drug developability and stability, with no significant drug-related toxicity observed in the high, medium and low dose groups of 4-week exploratory toxicological experiment in the cynomolgus monkeys.

GB261 (CD20/CD3, BsAb)

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

The GB261 Phase I/II lymphoma clinical trial was led by Peking University Cancer Hospital, and was completed in 2024 at multiple clinical research centers in Australia and China. The clinical study report was completed in July 2024. Complete and sustained remission was observed in patients with relapsed refractory diffuse large B-cell lymphoma (RR DLBCL) at a low-dose (3mg) conducted in the Australian study center. The favorable safety, pharmacokinetic profile and promising clinical antitumor activities obtained in the trial were consistent with the molecular design mechanism of GB261.

The preliminary results of phase I/II study of GB261 were presented at the annual meeting of the 65th American Society of Hematology in the poster session:

- GB261 is a novel and highly differentiated CD20/CD3 bispecific antibody and is the first clinical stage Fc+ CD20/CD3 TCE. In heavily pretreated BNHL failed patients, GB261 showed a highly advantageous safety/efficacy balance. The safety profile of GB261 is excellent especially for the CRS which is very mild, transient and less frequent as compared with other CD20/CD3 bispecific antibodies. The response after GB261 treatment was early, deep and durable. Additionally, clinical benefit is also seen in other CD20/CD3 failed patients, which provides clinical support to the unique and differentiated mechanism of action of GB261.

MANAGEMENT DISCUSSION AND ANALYSIS

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 cMET epitopes, so designed to enhance its safety and efficacy profile. With highly differentiated design, GB263T exhibits multiple mechanisms of action to inhibit primary and secondary EGFR mutations and cMET signaling pathway simultaneously.

In pre-clinical studies, GB263T effectively thwarted ligand-induced phosphorylation of EGFR and cMET compared to Amivantamab (JNJ-372) analogue, and demonstrated better dual inhibition of EGFR and cMET signaling pathways. Meanwhile, GB263T effectively induced the endocytosis of EGFR and cMET, and significantly reduced the protein expression levels of EGFR and cMET. GB263T 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 of 31 December 2023, a total of 15 patients had received at least one GB263T treatment. All patients had received previous third-generation EGFR-TKI and platinum-based chemotherapy and the median number of prior lines of systemic therapy was 3. These updated research data have been accepted by the ESMO Congress 2024 and were published on 14 September 2024.
- GB263T has shown promising efficacy at the therapeutic dose range (1,260-1,680 mg).
 - The confirmed objective response rate (“**ORR**”) of patients with EGFR-sensitive mutations and resistance to the third-generation TKI treatment and have disease progression at the therapeutic dose range of 1,260/1,680mg was 28.6%;
 - An apparent benefit was observed in three patients (2 PRs and 1 durable SD) who have developed drug-resistant cMET changes after a third-generation TKI treatment. As of the date of relevant data, treatment durations are over 12 months (840mg, SD patients), over 10 months (1,260mg, PR patients), and over 8 months (1,680mg, PR patients), respectively.
- At the same time, an advantage of safety profile was also demonstrated.
 - The infusion reaction rate was relatively low (33.3%) and mild (no ≥ 3 infusion reactions); infusion reactions occurred only in 10% of cases at effective doses and were all grade 1;
 - Other common treatment-related AEs were rash (60%), fatigue (40%), and paronychia (40%), all of which were mild (grade 1/2);
 - No MET target-related peripheral edema toxicity was reported. No venous thrombosis occurred.

MANAGEMENT DISCUSSION AND ANALYSIS

Research and Development of the Global Innovative New Drugs

The Company's R&D team focused on developing targets and projects with FIC/BIC potential. As of 31 December 2024, multiple development of bi-poly antibody molecules at or near the PCC stage have been completed, all of which are highly innovative bi-specific/multi-specific antibody projects with the potential to be BIC.

- Abstracts of two TsAb molecule projects have been accepted for publication at the 2024 Annual Meeting of the AACR.
- Topic of "Single Target and Bispecific Antibodies", Number: PO.IM01.06

Title: **"Development of GB268, a tri-specific antibody targeting PD-1/CTLA-4/VEGF, with enhanced efficacy and reduced toxicity in pre-clinical studies"**

Abstract

➤ Research background:

Immunotherapy using immune checkpoint modulators such as anti-PD1/PD-L1 have been widely used in cancer therapy. Combination use of anti-PD1 and anti-CTLA4 inhibitors may improve therapeutic efficacy but is also accompanied by severe immune related adverse events ("irAEs") which limited their clinical use. Bi-specific antibody targeting PD-1/CTLA-4 such as cadonilimab has shown improved clinical benefits with reduced irAEs in cervical cancer. Vascular endothelial growth factor ("VEGF") is overexpressed in various solid tumors and anti-VEGF agents inhibit neovascularization. Combined application of bevacizumab and PD-1/PD-L1 blockade displays durable and significant antitumor effects. GB268 is a tri-specific molecule that specifically targets PD-1, CTLA-4 and VEGF. The pre-clinical results show the combined effect of triple targets and good safety.

➤ Methods:

GB268 is a hexavalent antibody with symmetrical structure, composed of anti-PD-1 VHH antibody, anti-CTLA-4 VHH antibody, and anti-VEGF conventional antibody. The design of molecule and the activity of each arm have been adjusted and explored based on the biological characteristics in order to achieve functional balance. L234A/L235A mutations have been introduced to the FC part.

MANAGEMENT DISCUSSION AND ANALYSIS

➤ Results:

GB268 specifically bound to PD-1, VEGF, and CTLA-4 effectively blocked PD-1 and VEGF pathways. To reduce the CTLA4 inhibition-induced AEs, the CTLA-4 arm only partially blocked the interaction of CTLA4 to its ligands CD80/CD86, and furthermore, the combination of CTLA-4 arm was highly dependent on PD-1 arm. GB268 displayed robust antitumor efficacy with attenuated toxicity in murine models. In multiple PBMC-humanized models including A375 melanoma model, HT29 colorectal cancer model, and NCI-H460 NSCLC model, etc., GB268 exhibited better antitumor efficacy, compared to PD-1/CTLA-4 BsAb and PD-1/VEGF BsAb, or in the combination of the three monoclonal antibodies, namely PD-1, CTLA-4 and VEGF. In arthritis induction model using hPD1/hCTLA4 KI mice, GB268 had improved tolerance than cadonilimab and at least 20-fold better safety profile than ipilimumab combined with OPDIVO.

➤ Conclusions:

GB268 is a anti-PD-1/CTLA-4/VEGF tri-specific antibody with innovative design. Preclinical data demonstrated the efficient antitumor responses of GB268. At the meantime, immune-related AEs is alleviated. Thus, GB268 may emerge as a promising novel therapeutics for cancer treatment.

- Topic of “Late-Breaking Research: Immunology 2”, Number: LBPO.IM02

Title: **“GBD218 – A tri-specific T cell engager (TCE) targeting BCMA and GPRC5D for treatment of multiple myeloma”**

Abstract

➤ Research background:

Multiple myeloma (“**MM**”) accounts for 10% of all hematologic cancers. Recent advances in MM therapy have greatly increased the overall response and survival rate. However, most of the patients eventually relapse. The prognosis still remains poor. Although CAR-T and T cell engager (“**TCE**”) targeting BCMA or GPRC5D have been highly efficacious in treating MM patients, resistance still occurs. Since the expression of BCMA and GPRC5D in MM are heterogeneous, to further improve the overall response and survival, the Company has generated a tri-specific TCE, GBD218, targeting both BCMA and GPRC5D.

MANAGEMENT DISCUSSION AND ANALYSIS

➤ Methods:

Anti-BCMA and GPRC5D nanobodies were screened from alpaca immune libraries. The format of the tri-specific antibodies was optimized by multiple rounds of in vitro activity and drug physicochemical properties evaluation. The in vivo tumor growth inhibition effects were evaluated in PBMC-humanized xenograft mouse models.

➤ Results:

GBD218 is able to potently bind hBCMA ($KD=0.4nM$) and hGPRC5D (cell binding $EC_{50} \sim 2nM$). To reduce CRS and other potential AEs associated with TCEs, anti-CD3 with relatively low affinity was used. In cell-based functional assays, GBD218 showed efficient killing effect against single and double positive MM cell lines with various expression levels of BCMA and GPRC5D. Cell activation and cytokine release are nicely balanced for great killing efficacy and the low risk of CRS. The vitro results showed that GBD218 exhibited superior in vitro killing activity compared to benchmarks, including teclistamab, talquetamab, the combination of teclistamab and talquetamab, suggesting a synergistic effect of GBD218 by targeting both BCMA and GPRC5D. In xenograft models, GBD218 showed excellent antitumor activity, indicating potential for GBD218 as a promising therapeutics for MM.

➤ Conclusions:

GBD218 is a tri-specific antibody that showed potent in vitro and in vivo antitumor activity. GBD218 efficiently kills both BCMA and/or GPRC5D expressing MM cells, which may hold promise to increase response rate and improve survival in MM patients in clinic.

Drive continuous optimization of CMC quality and efficiency

In accordance with the Company's strategy of "focus and optimization", the CMC team of the Company 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.

MANAGEMENT DISCUSSION AND ANALYSIS

- 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 facilitate 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 contract development and manufacturing organization (“CDMO”)’s process and method development, production process control and testing process according to the quality manual formulated per GMP which was released according to the conformity of the final product, and further optimizing the working mode and cooperation efficiency.
- 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 (anti-PD-1/VEGF/CTLA-4, TsAb) and other products.

2. Events after the Reporting Period

- On 2 January 2025, Genor Biopharma and Edding entered into the Cooperative Development Agreement in relation to two tri-specific antibodies: GBD218 is a lead molecule of tri-specific antibody targeting CD3/BCMA/GPRC5D with therapeutic potential for treating multiple myeloma, and project GBD220 aims to generate a CD3/CD19/BCMA tri-specific antibody with potential for treating autoimmune diseases. Both are in the early discovery stage (before PCC). Pursuant to the Cooperative Development Agreement, Genor Biopharma has agreed, among others, to assign to Edding all rights to develop, manufacture and commercialize GBD220 and GBD218 worldwide and in all fields (i.e. treatment, mitigation, diagnosis or prevention of human or animal diseases). For details, please refer to the announcement of the Company dated 24 January 2025.
- With effect from 10 January 2025, the address of the principal place of business in Hong Kong of the Company has been changed to Room 1920, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. For details, please refer to the announcement of the Company dated 9 January 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

- On 24 January 2025, the Group and Edding entered into an amendment agreement to the Merger Agreement to extend the deadline for submitting the New Listing Application and the long stop date of the closing of the Proposed Merger. For details, please refer to the announcement of the Company dated 24 January 2025.
- On 16 January 2025, the Nature Communications published the phase 3 study (LEONARDA-1) results titled “GB491 (Lerociclib) combined with fulvestrant for the treatment of HR+/HER2- patients with locally advanced or metastatic breast cancer that have disease progression following previous endocrine therapy: LEONARDA-1 a phase III randomized trial”. LEONARDA-1 Phase III study (ClinicalTrials.gov identifier, NCT05054751) was led by 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.
- On 19 February 2025, the Company convened an extraordinary general meeting to approve the removal of PricewaterhouseCoopers and the appointment of Ernst & Young as the auditor of the Company. Each of the said proposed removal and proposed appointment was approved by the Shareholders by way of an ordinary resolution. Accordingly, with effect from 19 February 2025, PricewaterhouseCoopers has been removed as the auditor of the Company, and Ernst & Young has been appointed as the new auditor of the Company and to hold office until the conclusion of the next annual general meeting of the Company. For details, please refer to the announcements of the Company dated 22 January 2025 and 19 February 2025, the circular of the Company dated 4 February 2025.
- On 24 February 2025, the CDE formally accepted the overseas on-site production Pre-Approval Inspection reports and restarted the NDA review for advanced second-line breast cancer.
- The GLP toxicology studies in cynomolgus monkeys of GB268 (anti-PD-1/VEGF/CTLA-4) with repeated administration for 4 weeks was completed in March 2025, with no serious drug-related adverse effects observed in animals after multiple doses, and the pilot-scale GMP production has been completed.

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules of 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Shareholders and potential investors should note that the closing of the Proposed Merger is subject to the fulfillment or waiver (as the case may be) of the conditions precedent to the obligations of the Company and/or Edding to consummate the Proposed Merger (the “Merger Conditions Precedent”). In addition, the Listing Committee of the Stock Exchange may or may not approve the New Listing Application to be made by the Company. In the event that approval of the New Listing Application is not granted, the Merger Agreement will not become unconditional and the Proposed Merger will not proceed.

The Executive of the Securities and Futures Commission of Hong Kong (the “Executive”) may or may not grant the whitewash waiver in connection with the Proposed Merger (the “Whitewash Waiver”). It is one of the Merger Conditions Precedent that the Whitewash Waiver has been granted. In the event that the Whitewash Waiver is not granted by the Executive or the Whitewash Waiver and the Proposed Merger are not approved at the extraordinary general meeting by the independent Shareholders, the Merger Agreement will not become unconditional and the Proposed Merger will not proceed.

As the Merger Closing may or may not take place, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OUTLOOK

The Group will further concentrate its efforts on potential global FIC and BIC innovation pipelines for tumors and autoimmune diseases, 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.

During the Reporting Period, the Group further optimized its structure and successfully realized the enterprise's asset-light model through various flexible forms of external cooperation, thus significantly reducing operating costs. While reducing costs and enhancing efficiency, we actively carried out strategic cooperation, signed a merger agreement, and reached BD cooperations for several pipelines, focusing on promoting the development of core pipelines and new drug approvals.

With a focus on high-quality and original innovation, the Group is actively exploring its highly differential research and development platforms, technologies and development projects for early discovery on an ongoing basis. After successfully realizing the enterprise's transformation into asset-light model, not only will the Group reduce costs and enhance efficiency, but it will also continue to focus on promoting key projects of tumours and autoimmune diseases and exploration of FIC/BIC potential in multi-dimensions to achieve an effective balance between efficiency and costs. The Group actively carried out strategic cooperation and spared no effort to advance the Proposed Merger process with Edding, and the approval of GB491 (Lerociclib) for marketing, and IND and FIH clinical trials for GB268.

The Proposed Merger is expected to be filed with the Stock Exchange in the first half of 2025 and its closing is expected to be completed in the second half of 2025. The NDA for GB491 (Lerociclib) in combination with Fluvestrin for the treatment of HR+/HER2- locally advanced or metastatic breast cancer patients (second-line treatment for advanced breast cancer) with disease progression following previous endocrine therapy and the NDA for GB491 (Lerociclib) in combination with letrozole for the treatment of HR+/ HER2- locally advanced or metastatic breast cancer (first-line treatment for advanced breast cancer) that had not received prior systemic antitumor therapy are expected to be approved in 2025. The transfer of technology for local production of GB491 (Lerociclib) has been initiated simultaneously. The Company will also proactively advance the FIH clinical trial for GB268 this year. On the basis of the clinical proof-of-concept data for GB263T (EGFR/cMET/cMET, TsAb), the Group will actively seek international cooperation.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Reporting Period compared to year ended 31 December 2023

	Notes	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Revenue	2	206,229	–
Cost of revenue	3	(1,341)	–
Gross profit		204,888	–
Administrative expenses	4	(71,707)	(125,237)
Research and development expenses	5	(202,778)	(564,278)
Impairment losses on financial assets		(31,588)	(8,922)
Other income – net	6	37,107	5,649
Other loss – net		(8,475)	(18,408)
Operating loss		(72,553)	(711,196)
Finance income	7	37,703	34,739
Finance costs	7	(282)	(1,039)
Finance income – net		37,421	33,700
Loss before tax		(35,132)	(677,496)
Income tax (expense)/credit		(17,842)	2,280
Loss for the Reporting Period	8	(52,974)	(675,216)

MANAGEMENT DISCUSSION AND ANALYSIS

1. Overview

During the Reporting Period, the revenue of the Group was RMB206.2 million, as compared to nil for the year ended 31 December 2023, and the loss for the Reporting Period were RMB53.0 million, as compared to a loss of RMB675.2 million for the year ended 31 December 2023.

Research and development expenses of the Group were RMB202.8 million for the Reporting Period, as compared to RMB564.3 million for the year ended 31 December 2023. Administrative expenses were RMB71.7 million for the Reporting Period, as compared to RMB125.2 million for the year ended 31 December 2023.

2. Revenue

Revenue for the Reporting Period was RMB206.2 million. Revenue for the year ended 31 December 2023 was nil. This change was primary due to license and stock purchase agreements with TRC 2004, Inc.

3. Cost of Revenue

Cost of revenue for the Reporting Period was RMB1.3 million, as compared to nil for the year ended 31 December 2023. This change was primary due to increase in our revenue.

4. Administrative Expenses

Administrative expenses decreased by 42.7% from RMB125.2 million in 2023 to RMB71.7 million in 2024, primarily due to the decrease in employee benefits expenses.

5. Research and Development Expenses

Research and development expenses decreased by 64.1% from RMB564.3 million in 2023 to RMB202.8 million in 2024, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table summarises the components of the research and development expenses of the Group for the years ended 31 December 2024 and 2023:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Development fee and clinical trial expenses	78,298	194,298
Employee benefits expenses	44,179	127,367
Impairment of property and equipment	31,472	39,924
Depreciation and amortisation	15,841	69,951
Traveling and transportation expenses	8,787	9,881
Professional and technical service fee	5,618	8,732
Write down of inventories	4,972	33,832
Impairment of intangible assets	2,118	39,362
Raw material and consumables used	4,310	34,399
Others	7,183	6,532
Total	202,778	564,278

6. Other Income – Net

Other income – net was approximately RMB37.1 million, mainly attributable to the government grants increased from RMB3.7 million in 2023 to RMB36.8 million in 2024.

7. Finance Income and Costs

Finance income increased from RMB34.7 million in 2023 to RMB37.7 million in 2024, primarily due to the fluctuation of the interest income from bank deposits.

Finance costs decreased from RMB1.0 million in 2023 to RMB0.3 million in 2024, primarily due to decreased in interest expense on lease liabilities.

8. Loss for the Reporting Period

As a result of the foregoing, our losses decreased from RMB675.2 million in 2023 to RMB53.0 million in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

9. 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 to mitigate the effects of fluctuations in cash flow. We rely on equity financing as the major source of liquidity.

As at 31 December 2024, our cash and bank balances decreased to RMB1,058.8 million from RMB1,165.5 million as at 31 December 2023. The decrease was mainly due to the operating loss for the Reporting Period.

10. Non-HKFRS Measure

To supplement the Group's consolidated financial statements which are prepared in accordance with the Hong Kong Financial Reporting Standards (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	
	2024 RMB'000	2023 RMB'000
HKFRS Loss for the year	(52,974)	(675,216)
Add:		
Share-based payment expenses	11,645	60,910
Adjusted Loss for the year	(41,329)	(614,306)

MANAGEMENT DISCUSSION AND ANALYSIS

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. Key Financial Ratios

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

	As at 31 December 2024	As at 31 December 2023
Current ratio ¹	8.74	5.41
Quick ratio ²	8.72	5.25
Gearing ratio ³	0.11	0.18

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.

MANAGEMENT DISCUSSION AND ANALYSIS

13. Significant Investments

As a consideration for the license sale, the Group was settled with an unlisted equity investment. The Group designated this equity investments as equity investment designated at fair value through other comprehensive income. As at 31 December 2024, the measurement of this equity investment designated at fair value through other comprehensive income was categorized within Level 3 hierarchy.

14. Material Acquisitions and Disposals

Save for the Proposed Merger, 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 2023: nil).

15. Pledge of Assets

As at 31 December 2024, none of the Group's assets were pledged (as at 31 December 2023: nil).

16. Contingent Liabilities

In April 2024, Genor Biopharma, an indirectly wholly-owned subsidiary of the Company, was notified that it has been named as a defendant in the lawsuit brought by an independent third party for an alleged breach of cooperation agreement once entered into among the two parties and its relevant supplemental agreements. The claim amounted to RMB15,000,000.

The directors, based on the advice from the Group's legal counsel, believed that it could not make reliable estimation of the outcome of the claim. Therefore, the Group did not provide for any claim arising from the litigation, other than the related legal and other costs.

In the opinion of the Company's directors, the Group had no significant contingent liabilities as at 31 December 2024 (as at 31 December 2023: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

17. Foreign Exchange Exposure

During the Reporting Period, we operated in the People's Republic of China (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 U.S. Dollar ("USD") which were primarily received from the investors as capital contributions and the proceeds obtained from the initial public offering.

The Group's monetary items mainly consisted of cash and bank balances. As at 31 December 2024, if RMB weakened or strengthened by 10% against USD, with all other variables held constant, loss before tax would have been RMB102,897,000 lower or higher (2023: RMB18,226,000).

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.

18. Employees and Remuneration

As at 31 December 2024, the Group had a total of 24 employees in Shanghai. The following table sets forth the total number of employees by function as at 31 December 2024:

	Number of employees	% of total
Function		
Research and Development	6	25
Clinical Development	11	46
General and Administration	7	29
Total	24	100

The total remuneration cost incurred by the Group for the Reporting Period was RMB81.4 million, as compared to RMB225.4 million for the year ended 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Our employees' remuneration comprises salaries, bonuses, 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 2024, we had complied with all statutory social security insurance fund and housing fund obligations applicable to us under Chinese laws in all material aspects. In respect of the pension scheme detailed in Note 37.11 to the consolidated financial statement, the Group's contributions to such pension schemes are not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in such contributions.

The Company has also adopted a pre-IPO share option plan (the "**Pre-IPO Share Option Plan**"), a post-IPO share option plan (the "**Post-IPO Share Option Plan**"), a 2021 restricted share unit plan (the "**2021 RSU Plan**"), a 2023 share option plan (the "**2023 Share Option Plan**") and a 2023 restricted share unit plan (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 the 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 agreements. All unvested restricted share units 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.

Please refer to the section headed "Statutory and General Information – D. Share Option Schemes" in Appendix IV to the prospectus of the Company dated 23 September 2020 (the "**Prospectus**") for further details of the Pre-IPO Share Option Plan and the Post-IPO Share Option Plan and the announcements of the Company dated 3 June 2021, dated 27 August 2021, 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*) (*Resigned as executive Director and Chairman of the Board on 12 September 2024 and remains as the Chief Executive Officer*)

Mr. Weng Chengyi (翁承毅) (*Chief Financial Officer*) (*Appointed on 12 September 2024*)

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) (*Resigned on 18 September 2024*)

Mr. Fung Edwin (馮冠豪)

Mr. Chen Wen (陳文)

Ms. Cui Bai (崔白) (*Appointed on 29 September 2024*)

Biographical details of the Directors are set out in the section headed “Directors and Senior Management” on pages 72 to 78 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 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 106 to 107 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, 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 ended 31 December 2024. 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.

REPORT OF DIRECTORS

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

The sales to the Group's five largest customers accounted for 100% of the Group's revenue in the year ended 31 December 2024. The sales to the Group's largest customer accounted for approximately 93.1% of the Group's revenue for the year ended 31 December 2024. For the year ended 31 December 2023, the revenue of the Group was nil and thus no reportable major customers.

Major Suppliers

For the Reporting Period, purchases from the Group's five largest suppliers accounted for approximately 35% (2023: 34.37%) of the Group's total purchase amount in the same year. Purchases from the Group's largest supplier for the Reporting Period accounted for approximately 9.9% (2023: 19.17%) 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 (excluding treasury shares), 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 185 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 11 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 14 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 (including selling treasury shares) during the Reporting Period are set out in Note 21 to the consolidated financial statements.

DONATION

During the Reporting Period, the Group made no donations for charitable or other purposes (2023: 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 that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Group during the Reporting Period, or subsisted during the Reporting Period.

FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the Reporting Period (2023: 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 2024, the Company had distributable reserves for share premium of RMB9,477,833,000 (2023: RMB9,397,851,000).

REPORT OF DIRECTORS

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 110 to 111 and in Note 21, Note 23 and Note 36 to the consolidated financial statements, respectively.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2024, the short-term borrowings from bank was nil (as at 31 December 2023: nil).

DIRECTORS' SERVICE CONTRACTS

Mr. Weng Chengyi, the executive Director, has entered into a service agreement with the Company for an initial term of three years with effect from 12 September 2024, 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.

Each of the non-executive Directors has entered into 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 entered into a letter of appointment with the Company for an initial term of three years with effect from the date of his/her letter of appointment, 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.

The above appointments are always subject to the provisions of retirement and rotation of Directors pursuant to 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. As such, during the Reporting Period, there was no loan agreement of the Group with covenants relating to specific performance of the Controlling Shareholders. There are also no contract of significance between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders or any of its subsidiaries subsisted at the end of the Reporting Period or at any time during the Reporting Period.

REPORT OF DIRECTORS

MANAGEMENT CONTRACTS

Saved for the Proposed Merger 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 2024, 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
Mr. Weng Chengyi	Beneficial owner	1,522,500 ⁽²⁾	0.29%	Long position
Dr. Guo Feng ⁽⁴⁾	Beneficial owner	21,158,108 ⁽³⁾	4.07%	Long position

Notes:

- (1) The calculation is based on the total number of 520,358,899 Shares in issue as at 31 December 2024.
- (2) These Shares include Mr. Weng's entitlement to receive, subject to the conditions of those options and RSUs, (i) up to 340,000 Shares pursuant to the exercise of Options under the Pre-IPO Share Option Scheme; (ii) up to 600,000 Shares pursuant to the exercise of Options under the Post-IPO Share Option Scheme; and (iii) up to 210,000 RSUs pursuant to the vesting of RSUs under the 2021 RSU Plan. For further details of these Options and RSUs, please refer to the section headed "EQUITY PLANS" below.
- (3) These Shares include Dr. Guo's entitlement to receive, subject to the conditions of those options and RSUs, (i) up to 477,679 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 3,157,500 RSUs pursuant to the vesting of RSUs under the 2023 RSU Plan. For further details of these Options and RSUs, please refer to the section headed "EQUITY PLANS" below.
- (4) Dr. Guo tendered his resignation as the chairman of the Board and an executive Director with effect from 12 September 2024. Dr. Guo remains as the chief executive officer of the Company.

Save as disclosed above, as at 31 December 2024, 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 which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

REPORT OF DIRECTORS

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

As at 31 December 2024, 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	24.26%	Long position
HH BIO Investment Fund L.P. ("HH Bio") ⁽²⁾	Interest in a controlled corporation	126,239,103	24.26%	Long position
Hillhouse Fund IV, L.P. ("Hillhouse Fund IV") ⁽²⁾	Interest in a controlled corporation	126,239,103	24.26%	Long position
Hillhouse Investment Management, Ltd. ⁽²⁾	Investment manager	127,989,103	24.60%	Long position
Kanghe Medical Technology Limited ("Kanghe Medical") ⁽³⁾	Beneficial owner	44,311,060	8.52%	Long position
Kang Jia Medical Technology Limited ("Kang Jia Medical") ⁽³⁾	Beneficial owner	13,491,962	2.59%	Long position
Walga Biotechnology Limited ⁽⁴⁾	Beneficial owner	37,560,998	7.22%	Long position
Shanghai Walga Biotechnology Co., Ltd. 上海沃嘉生物技術有限公司 ⁽⁴⁾	Interest in a controlled corporation	37,560,998	7.22%	Long position
Yunnan Walvax Biotechnology Co., Ltd. 雲南沃森生物技術股份有限公司 ⁽⁴⁾	Interest in a controlled corporation	37,560,998	7.22%	Long position
Aranda Investments Pte. Ltd. ("Aranda Investments") ⁽⁵⁾	Beneficial owner	29,157,348	5.60%	Long position
Seletar Investments Pte Ltd ⁽⁵⁾	Interest in a controlled corporation	29,157,348	5.60%	Long position
Temasek Capital (Private) Limited ⁽⁵⁾	Interest in a controlled corporation	29,157,348	5.60%	Long position
Temasek Holdings (Private) Limited ⁽⁵⁾	Interest in a controlled corporation	31,157,348	5.99%	Long position

REPORT OF DIRECTORS

Notes:

- (1) The calculation is based on the total number of 520,358,899 Shares in issue as at 31 December 2024.
- (2) HHJH Holdings Limited is wholly-owned by 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, 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) Each of Kanghe Medical and Kang Jia Medical is a subsidiary of Zhejiang CONBA Pharmaceutical Co., Ltd (浙江康恩貝製藥股份有限公司) as at 31 December 2024.
- (4) 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 Walvax.
- (5) 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 0.38% 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 2024, 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.

REPORT OF DIRECTORS

(b) *Participants*

The Administrator will select Eligible Persons 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. 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 11.26% of the Shares in issue (i.e. 520,358,899 Shares) as at the date of this annual report (i.e. 28 March 2025).

(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.

REPORT OF DIRECTORS

(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 4.3 years from the date of this annual report (i.e. 28 March 2025).

(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 2024	Exercised during the Reporting Period ⁽⁴⁾	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2024
Dr. GUO Feng	then Executive Director and Chairman of the Board, currently the Chief Executive Officer ⁽⁵⁾	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	–	–	–	–	–
		30 April 2020	Milestone Achievement	10 years from Date of Grant	US\$0.0002	1,576,341	1,098,662	0	0	477,679
		30 April 2020	Milestone Achievement	10 years from Date of Grant	US\$2	–	–	–	–	–
Mr. WENG Chengyi	Executive Director and Chief Financial Officer	16 September 2019	Date of Grant-4.5 years from Date of Grant	10 years from Date of Grant	US\$2	220,000	0	0	0	220,000
		16 April 2020	Milestone Achievement	10 years from Date of Grant	US\$2	120,000	0	0	0	120,000
Total:						5,260,095	4,442,416	0	0	817,679

REPORT OF DIRECTORS

Date of Grant	Vesting Period ⁽²⁾	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2024	Exercised during the Reporting Period ⁽⁴⁾	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2024
Employees Group A (MaplesFS (BVI) Limited on behalf of AKQM Partner Trust)⁽³⁾								
16 September 2019	Date of Grant-4.5 years from Date of Grant	10 years from Date of Grant	US\$0.0002	72,889	0	0	0	72,889
16 September 2019	Milestone Achievement	10 years from Date of Grant	US\$0.0002	125	0	0	0	125
16 September 2019	Date of Grant-4.5 years from Date of Grant	10 years from Date of Grant	US\$2	474,779	0	0	0	474,779
16 April 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$0.0002	2,755,021	2,755,000	0	0	21
16 April 2020	Milestone Achievement	10 years from Date of Grant	US\$0.0002	518	0	0	0	518
16 April 2020	Milestone Achievement	10 years from Date of Grant	US\$2	211,000	0	0	0	211,000
31 July 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$0.0002	650,000	487,500	0	0	162,500
31 July 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$2	1,500,000	0	0	0	1,500,000
Employees Group B								
16 September 2019	Date of Grant-4.5 years from Date of Grant	10 years from Date of Grant	US\$0.0002	109,500	7,500	0	0	102,000
16 September 2019	Milestone Achievement	10 years from Date of Grant	US\$0.0002	27,212	27,000	0	212	0
16 September 2019	Date of Grant-4.5 years from Date of Grant	10 years from Date of Grant	US\$2	270,000	0	0	40,000	230,000
16 September 2019	Milestone Achievement	10 years from Date of Grant	US\$2	62,500	0	0	62,500	0
29 February 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$0.0002	91,000	34,250	0	16,750	40,000
29 February 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$2	292,000	0	0	132,000	160,000
16 April 2020	Milestone Achievement	10 years from Date of Grant	US\$0.0002	59,965	59,500	0	465	0
16 April 2020	Milestone Achievement	10 years from Date of Grant	US\$2	112,000	0	0	62,000	50,000
30 April 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$0.0002	31,750	6,500	0	6,250	19,000

REPORT OF DIRECTORS

Date of Grant	Vesting Period ⁽²⁾	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2024	Exercised during the Reporting Period ⁽⁴⁾	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2024
30 April 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$2	100,000	0	0	50,000	50,000
31 July 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$0.0002	130,000	97,500	0	32,500	0
31 July 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$2	260,000	0	0	260,000	0
31 August 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$0.0002	277,500	202,500	0	45,000	30,000
31 August 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$2	555,000	0	0	495,000	60,000
Total				8,042,759	3,677,250	0	1,202,677	3,162,832

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\$1.24 per share.
- (5) Dr. Guo tendered his resignation as the chairman of the Board and an executive Director with effect from 12 September 2024. Dr. Guo remains as the chief executive officer of the Company.

REPORT OF DIRECTORS

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 Eligible Persons 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 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 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, 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 9.25% of the Shares in issue (i.e. 520,358,899 Shares) as at the date of this annual report (i.e. 28 March 2025). As at the date of this annual report, no further option could be granted under the Post-IPO Share Option Plan.

REPORT OF DIRECTORS

(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.

REPORT OF DIRECTORS

Name	Role	Date of Grant	Vesting Period ⁽²⁾	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2024	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 2024
Dr. GUO Feng	then Executive Director and Chairman of the Board, currently the Chief Executive Officer ⁽⁴⁾	25 May 2023	25 May 2024 – 25 May 2027	10 years from Date of Grant	HK\$1.808	3,250,000	–	0	0	0	3,250,000
		25 May 2023	Milestone Achievement	10 years from Date of Grant	HK\$1.808	1,750,000	–	0	0	0	1,750,000
Mr. WENG Chengyi	Executive Director and Chief Financial Officer	31 August 2023	2 September 2024 – 2 September 2027	10 years from Date of Grant	HK\$1.5	600,000	–	0	0	0	600,000
Total:						5,600,000	–	0	0	0	5,600,000

Date of Grant	Vesting Period ⁽²⁾	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2024	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 2024
Employees									
3 June 2021	Date of entry – 4 years from Date of entry	10 years from Date of Grant	HKD 17.080	1,233,700	–	0	0	1,055,175	178,525
27 August 2021	Date of entry – 4 years from Date of entry	10 years from Date of Grant	HKD 10.848	815,000	–	0	0	779,000	36,000
5 October 2022	Date of entry – 4 years from Date of entry	10 years from Date of Grant	HKD 1.728	2,086,500	–	0	0	538,500	1,548,000
25 May 2023	25 May 2024 – 30 July 2024	10 years from Date of Grant	HKD 1.808	1,300,000	–	0	0	0	1,300,000
25 May 2023	25 May 2024 – 25 May 2025	10 years from Date of Grant	HKD 1.808	1,140,000	–	0	0	1,140,000	0
25 May 2023	25 May 2024 – 25 May 2026	10 years from Date of Grant	HKD 1.808	682,500	–	0	0	0	682,500
25 May 2023	25 May 2024 – 25 May 2027	10 years from Date of Grant	HKD 1.808	2,021,500	–	0	0	884,000	1,137,500
25 May 2023	Milestone Achievement	10 years from Date of Grant	HKD 1.808	1,456,000	–	0	0	476,000	980,000
31 August 2023	2 Sep 2024 – 2 Sep 2027	10 years from Date of Grant	HKD 1.500	8,978,867	–	188,000	0	6,932,307	1,858,560
Total				19,714,067	–	188,000	0	11,804,982	7,721,085

REPORT OF DIRECTORS

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 weighted average closing price of the Shares immediately before the dates on which the options were exercised during the Reporting Period was HK\$1.94 per share.
- (4) Dr. Guo tendered his resignation as the chairman of the Board and an executive Director with effect from 12 September 2024. Dr. Guo remains as the chief executive officer of the Company.

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

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.

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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 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 at the beginning and at the end of the Reporting Period.

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 Eligible Persons 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 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 2.83% of the Shares in issue (i.e. 520,358,899 Shares) as at the date of this annual report (i.e. 28 March 2025). As at the date of this annual report, no further RSU could be granted under the 2021 RSU Plan.

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(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. No further RSUs were granted since 27 October 2023.

Name	Role	Date of grant	Vesting period	Unvested as at 1 January 2024	Vested during the Reporting Period ⁽³⁾	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as at 31 December 2024
Mr. WENG Chengyi	Executive Director and Chief Financial Officer	31 August 2023	2 September 2024 – 2 September 2027	280,000	70,000	0	0	210,000
Total				280,000	70,000	0	0	210,000

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Date of Grant	Vesting Period ⁽²⁾	Unvested as at 1 January 2024	Vested during the Reporting Period ⁽³⁾	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as at 31 December 2024
Employees						
3 June 2021	Date of entry – 4 years from Date of entry	777,450	316,600	0	460,850	0
27 August 2021	Date of entry – 4 years from Date of entry	205,500	4,500	0	196,500	4,500
5 October 2022	Date of entry – 4 years from Date of entry	525,250	189,250	0	151,250	184,750
25 May 2023	25 May 2024 – 25 May 2026	682,500	409,500	0	0	273,000
25 May 2023	25 May 2024 – 25 May 2027	1,371,500	342,875	0	663,000	365,625
25 May 2023	Milestone Achievement	2,206,000	1,568,300	0	333,200	304,500
31 August 2023	2 September 2024 – 2 September 2027	4,459,893	308,820	0	3,469,113	681,960
Total		10,228,093	3,139,845	0	5,273,913	1,814,335

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\$1.34 per share.

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

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 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 at the beginning and at the end of the Reporting Period.

REPORT OF DIRECTORS

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 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 4.12% of the Shares in issue (i.e. 520,358,899 Shares) as at the date of this annual report (i.e. 28 March 2025).

(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.

REPORT OF DIRECTORS

(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 8.5 years from the date of this annual report (i.e. 28 March 2025).

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

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

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Name	Role	Date of Grant	Vesting Period ⁽²⁾	Exercise Period	Exercise Price (per Share)	Outstanding	Granted	Exercised	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2024
						as at 1 January 2024	during the Reporting Period	during the Reporting Period			
Dr. GUO Feng	then Executive Director and Chairman of the Board, currently the Chief Executive Officer ⁽⁵⁾	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	0	0	0	0	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	0	0	0	0	1,952,669
Total:						5,579,054	0	0	0	0	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 was approved by the Board on 31 August 2023 and approved by the Shareholders at the extraordinary general meeting held on 27 October 2023.
- (4) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the Reporting Period was not applicable as no options were exercised under the 2023 Share Option Plan during the Reporting Period.
- (5) Dr. Guo tendered his resignation as the chairman of the Board and an executive Director with effect from 12 September 2024. Dr. Guo remains as the chief executive officer of the Company.

REPORT OF DIRECTORS

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

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 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 1 January 2024 and 15,870,754 on 31 December 2024.

REPORT OF DIRECTORS

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 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 1.15% of the Shares in issue (i.e. 520,358,899 Shares) as at the date of this annual report (i.e. 28 March 2025).

(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.

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(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 8.5 years from the date of this annual report (i.e. 28 March 2025).

REPORT OF DIRECTORS

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

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

				Unvested as at 1 January 2024	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 2024
Name	Role	Date of Grant	Vesting Period ⁽²⁾						
Dr. GUO Feng	then Executive Director and Chairman of the Board, currently the Chief Executive Officer ⁽⁵⁾	31 August 2023 ⁽³⁾	2 September 2024 – 2 September 2027	2,736,500	0	684,125	0	0	2,052,375
		31 August 2023 ⁽³⁾	Milestone Achievement	1,473,500	0	368,375	0	0	1,105,125
Total:				4,210,000	0	1,052,500	0	0	3,157,500

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 weighted average closing price of the Shares immediately before the dates on which the RSUs were vested during the Reporting Period was HK\$1.50 per share.
- (4) 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.
- (5) Dr. Guo tendered his resignation as the chairman of the Board and an executive Director with effect from 12 September 2024. Dr. Guo will remain as the chief executive officer of the Company.

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

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 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 1 January 2024 and 1,754,556 on 31 December 2024.

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 not applicable as no options or awards were granted under all schemes of the Company during the Reporting Period.

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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 9, 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.

REPORT OF DIRECTORS

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 2024, 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 2024, 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 (including sale of treasury shares (as defined under the Listing Rules)) during the Reporting Period. As at 31 December 2024, the Company did not hold any treasury shares (as defined under the Listing Rules).

LOAN ARRANGEMENTS GRANTED TO ENTITIES

For the year ended 31 December 2024, the Group did not grant any loan to any entity which is subject to disclosure requirements under Rule 13.13 and Rule 13.20 of the Listing Rules.

PLEDGE OF SHARES BY 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. As such, during the Reporting Period, there was no pledge of Shares by the Controlling Shareholders of the Company.

BREACH OF LOAN AGREEMENTS

For the year ended 31 December 2024, 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 2024, there was no financial assistance or guarantee to affiliated companies by the Company which is subject to disclosure under Rule 13.16 and 13.22 of the Listing Rules.

GUARANTEE REGARDING THE FINANCIAL PERFORMANCE OF A COMPANY OR BUSINESS ACQUIRED

For the year ended 31 December 2024, 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.

REPORT OF DIRECTORS

MATERIAL LITIGATION

Save as disclosed in the section headed “Contingent Liabilities”, 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 HKD2,923 million (equivalent to approximately RMB2,536 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 of equity securities for cash (including sale of treasury shares) by the Company during the Reporting Period.

As at 31 December 2024, the Company had utilised RMB1,866.1 million of Net Proceeds in accordance with the plan disclosed in the Prospectus, the change in use of net proceeds from the global offering allocated to the different stages of each of our Core Products, other key products and other pipeline products as disclosed in the interim results announcement of the Company for the six months ended 30 June 2022, and the further change in use of Net Proceeds as disclosed in the interim result announcement of the Company for the six months ended 30 June 2023 (“**2023 Interim Results Announcement**”).

As at 31 December 2024, approximately RMB669.9 million of the Net Proceeds remained unutilised and 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 utilize the residual amount of the Net Proceeds in accordance with such intended purposes depending on actual business needs.

REPORT OF DIRECTORS

Details of the use of the Net Proceeds are set out as below.

		Unutilised Net Proceeds as at 1 January 2024	Net Proceeds utilised during the year ended 31 December 2024	Utilised Net Proceeds as at 31 December 2024	Unutilised Net Proceeds as at 31 December 2024	Expected timeline to fully utilise the remaining unutilised Net Proceeds ^(Note 2)
	Revised Allocation of Net Proceeds ^(Note 1) RMB million	RMB million	RMB million	RMB million	RMB million	
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	591.5	152.4	890.1	439.1	On or before 31 December 2026
Fund the expansion of our drug pipeline	253.6	147.8	12.4	118.2	135.4	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	73.7	25.1	651.0	48.6	On or before 31 December 2026
General corporate purposes	253.6	51.8	5.0	206.8	46.8	On or before 31 December 2025
Total	2,536.0	864.8	194.9	1,866.1	669.9	

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.

REPORT OF DIRECTORS

The table below specifies further breakdown for the Net Proceeds to be allocated to different stages of our products and their utilisation during the Reporting Period.

Revised Allocation of Net Proceeds to Each Stage ^(Note 1)

				Unutilised Net Proceeds as at 1 January 2024 RMB million	Net Proceeds utilised during the year ended 31 December 2024 RMB million	Utilised Net Proceeds as at 31 December 2024 RMB million	Unutilised Net Proceeds as at 31 December 2024 RMB million	Expected timeline to fully utilise the remaining unutilised Net Proceeds ^(Note 2)
	Pre- clinical RMB million	Clinical RMB million	Commercialization (including registration) RMB million					
GB491	–	736.4	100	273.8	106.7	669.3	167.1	On or before 31 December 2026
GB261	55.8	277.1	–	223.0	40.8	150.7	182.2	On or before 31 December 2026
GB263	45.8	114.1	–	94.7	4.9	70.1	89.8	On or before 31 December 2026
GB242, GB226, GB492 and other products ^(Note 3)	23.9	549.7	126	73.7	25.1	651.0	48.6	On or before 31 December 2026
Total				665.2	177.5	1,541.1	487.7	

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.

REPORT OF DIRECTORS

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

On 19 February 2025, the Company convened an extraordinary general meeting to approve the removal of PricewaterhouseCoopers and the appointment of Ernst & Young as the auditor of the Company. Each of the said proposed removal and proposed appointment was approved by the Shareholders by way of an ordinary resolution. Accordingly, with effect from 19 February 2025, PricewaterhouseCoopers has been removed as the auditor of the Company, and Ernst & Young has been appointed as the new auditor of the Company and to hold office until the conclusion of the AGM. Save as disclosed above, there were no other changes in auditor of the Company during the past three years.

The consolidated financial statements of the Group have been audited by Ernst & Young, who will retire and, being eligible, offer themselves for re-appointment at the AGM.

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

Mr. Weng Chengyi

Executive Director and Chief Financial Officer

Hong Kong

28 March 2025

DIRECTORS AND SENIOR MANAGEMENT

Below set out the biographical details of the Directors and senior management of the Company as at the date of this annual report (i.e. 28 March 2025):

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

DIRECTORS

Executive Director

Mr. Weng Chengyi (翁承毅), aged 44, was appointed as an executive Director and a Chief Financial Officer of the Company on 12 September 2024. Mr. Weng has served as the assistant manager at Deloitte Touche Tohmatsu CPA Limited for approximately 7 years. Mr. Weng also has more than 11 years of experience serving as finance manager and finance director at various listed companies. From November 2018 to September 2024, Mr. Weng has been serving as the secretary of the Board and the Vice President of Finance of the Company.

Mr. Weng holds a Bachelor's degree of business administration from the Fu Jen Catholic University.

Save as disclosed above, Mr. Weng 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 50, 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.

Before 31 December 2024, Dr. Lyu was 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) from September 2020 to 31 December 2024. Dr. Lyu was a non-executive director of Luye Pharma Group Ltd. (綠葉製藥集團有限公司) (a company listed on the Stock Exchange, stock code: 2186) from December 2023 to March 2025. 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 was a non-executive director of Jacobio Pharmaceuticals Group Co., Ltd. (加科思藥業集團有限公司) (a company listed on the Stock Exchange, stock code: 1167) from November 2020 to August 2023.

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 43, 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.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Liu Yi (劉逸), aged 35, 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 ten 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. Fung Edwin (馮冠豪), aged 60, 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 KPMG 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.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chen Wen (陳文), aged 56, 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. (上海湧鐸投資管理有限公司).

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.

Ms. Cui Bai (崔白), aged 43, was appointed as an Independent non-executive Director on 29 September 2024. She is a member of the Audit Committee. Ms. Cui is primarily responsible for supervising and providing independent judgment to the Board.

She is currently a partner of Merits & Tree Law Offices. Prior to joining Merits & Tree Law Offices in 2021, Ms. Cui was a partner of Grandway Law Offices. Ms. Cui has more than 10 years' experience advising clients on capital markets, and mergers and acquisition transactions, as well as compliance matters of listed companies. She has represented various biomedical, high-end equipment manufacturing, fine chemicals, software and information technology services companies in their initial public offerings on the stock exchanges of Shanghai, Shenzhen and Hong Kong. She is also currently a part-time tutor at the School of Law of the Shanghai University of Finance and Economics, and a member of the Securities Professional Committee of the 12th Shanghai Lawyers Association.

Ms. Cui has passed the PRC bar exam and obtained her practicing certificate in law in the PRC issued by the China Ministry of Justice in 2006.

Ms. Cui received her master's degree in law from the China University of Political Science and Law in 2011.

Save as disclosed above, Ms. Cui 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

SENIOR MANAGEMENT

Dr. Guo Feng (郭峰), aged 55, is the Chief Executive Officer of the Group. Dr. Guo joined the Group in April 2020. He was appointed as an executive Director and the Chief Executive Officer of the Company on 16 April 2020 and Chairman of the Board on 2 November 2021. Dr. Guo subsequently resigned as the Chairman of the Board and an executive Director with effect from 12 September 2024 but has remained as the Chief Executive Officer of the Company.

Dr. Guo also holds the positions of director of Genor Biopharma and executive director of Yuxi Genor. 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 his Doctorate 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 Directors, other senior management, substantial and controlling Shareholders (as defined in the Listing Rules).

Mr. Weng Chengyi (翁承毅) is an executive Director and the Chief Financial Officer of the Group. His biographical details are set out in the above paragraph headed “Directors - Executive Director” of this section.

Mr. Liang Qibin (梁其斌), aged 68, 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).

DIRECTORS AND SENIOR MANAGEMENT

Ms. Li Tong (李彤), aged 56, 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).

CHANGE IN SENIOR MANAGEMENT

Dr. Han Shuhua (韓淑華) resigned as the Chief Scientist of the Group with effect from 29 March 2024.

DIRECTORS AND SENIOR MANAGEMENT

CHANGES TO DIRECTORS' INFORMATION

Changes in information of the Directors during the financial year ended 31 December 2024 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

Mr. Chen Yu ("**Mr. Chen**") tendered his resignation as a non-executive Director, an authorized representative of the Company 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.

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.

Dr. Guo tendered his resignation as the Chairman of the Board and an executive Director with effect from 12 September 2024 due to his decision to devote more time on his other business commitments. Dr. Guo resigned as a director of Genor Biopharma (HK) Limited with effect from 31 October 2024.

Following the resignation of Dr. Guo, Mr. Weng Chengyi has been appointed as an executive Director and the Chief Financial Officer with effect from 12 September 2024.

Mr. Zhou Honghao ("**Mr. Zhou**") tendered his resignation as an independent non-executive Director and a member of the Audit Committee since Mr. Zhou could no longer serve as an independent non-executive Director under the Administrative Measures for Part-time Work of Academicians of the Chinese Academy of Engineering (Trial Implementation), with effect from 18 September 2024.

Following the resignation of Mr. Zhou, Ms. Cui Bai has been appointed as an independent non-executive Director and a member of the Audit Committee with effect from 29 September 2024.

Emoluments

Movement of the emoluments of the Directors and chief executive are set out in Note 35 to the consolidated financial statements.

Positions Held

Dr. Lyu resigned as a non-executive director of Luye Phama Group Ltd. with effect from 10 March 2025 due to other work commitments.

Save as disclosed above, there is no change in the information of the Directors as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as at 31 December 2024 and up to the date of this annual report.

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 2024.

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 unrelentingly.

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 2024.

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 2024 and up to the date of this annual report is set out below:

Executive Directors

Dr. Guo Feng (*Chief Executive Officer*) (*resigned as executive Director and Chairman of the Board on 12 September 2024 and remains as the Chief Executive Officer*)

Mr. Weng Chengyi (*Chief Financial Officer*) (*appointed on 12 September 2024*)

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 (*resigned on 18 September 2024*)

Mr. Fung Edwin

Mr. Chen Wen

Ms. Cui Bai (*appointed on 29 September 2024*)

CORPORATE GOVERNANCE REPORT

Mr. Weng Chengyi, who has been appointed as an Executive Director on 12 September 2024 and Ms. Cui Bai, who has been appointed as an Independent non-executive Director on 29 September 2024, have obtained the legal advice referred to in Rules 3.09D of the Listing Rules and on Hong Kong law as regards the requirements under the Listing Rules that are applicable to them 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 11 September 2024 and 29 September 2024 respectively, and they have confirmed their understood their 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 72 to 78 of this annual report for the Reporting Period.

None of the members of the Board is related to one another. There are also no financial, business, family or other material/relevant relationship(s) among the members of the Board and in particular, between the Chairman and the Chief Executive Officer of the Company.

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 one general meeting were held. The attendance of each Director during the Reporting Period is set out in the table below:

Directors	Attendance/Eligible to Attend				
	Board	Audit Committee	Compensation Committee	Nomination Committee	General Meeting
Executive Director					
Dr. Guo Feng ⁽¹⁾	2/2	N/A	N/A	N/A	1/1
Mr. Weng Chengyi ⁽²⁾	2/2	N/A	N/A	N/A	N/A
Non-executive Directors					
Dr. Lyu Dong	4/4	N/A	N/A	1/1	0/1
Mr. Yu Tieming ⁽³⁾	3/4	N/A	1/1	N/A	0/1
Mr. Chen Yu ⁽⁴⁾	0/0	N/A	0/0	N/A	N/A
Mr. Liu Yi	4/4	7/7	N/A	N/A	1/1
Independent Non-executive Directors					
Mr. Zhou Honghao ⁽⁵⁾	2/3	2/2	N/A	N/A	0/1
Mr. Fung Edwin	4/4	7/7	1/1	1/1	1/1
Mr. Chen Wen	3/4	N/A	1/1	1/1	1/1
Ms. Cui Bai ⁽⁶⁾	1/1	5/5	N/A	N/A	N/A

Notes:

- (1) Dr. Guo Feng resigned as an Executive Director with effect from 12 September 2024.
- (2) Mr. Weng Chengyi was appointed as an Executive Director with effect from 12 September 2024.
- (3) Mr. Yu Timing was appointed as a non-executive Director and a member of the Compensation Committee with effect from 2 January 2024.
- (4) Mr. Chen Yu resigned as a non-executive Director with effect from 2 January 2024.
- (5) Mr. Zhou Honghao resigned as an Independent Non-executive Director and a member of the Audit Committee with effect from 18 September 2024.
- (6) Ms. Cui Bai was appointed as an Independent Non-executive Director and a member of the Audit Committee with effect from 29 September 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.

CORPORATE GOVERNANCE REPORT

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**”) performed both of the roles as the chairman and the chief executive officer of the Company with effect from 2 November 2021, and tendered his resignation as the chairman and an executive Director with effect from 12 September 2024, but remained as the chief executive officer of the Company. During Dr. Guo’s tenure of office as the chairman and the chief executive of the Company (the “**Relevant Period**”), code provision C.2.1 of the CG Code was deviated, which requires that the roles of chairman and chief executive should be separated and should not be performed by the same individual. During the Relevant Period, after evaluation of the situation of the Company and taking into account of the experience and past performance of Dr. Guo, the Board was of the opinion that it was appropriate and in the best interests of the Company for Dr. Guo to hold both positions as the chairman and the chief executive officer of the Company as it helped facilitate the execution of the Group’s business strategies and boost effectiveness of its operation. Therefore, the Board considered that the deviation from code provision C.2.1 of the CG Code during the Relevant Period was appropriate in such circumstance. In addition, during the Relevant Period, under the supervision of the Board which comprised one executive Director, three non-executive Directors and three independent non-executive Directors, the Board was appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders.

Following Dr. Guo’s resignation as the chairman of the Company with effect from 12 September 2024, the Company has re-complied with code provision C.2.1 of the CG Code. 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.

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.

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.

CORPORATE GOVERNANCE REPORT

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.

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.

CORPORATE GOVERNANCE REPORT

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 records 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:

CORPORATE GOVERNANCE REPORT

Directors	Legal, regulatory and corporate governance	Areas		Directors’ roles, functions and duties
		Businesses of the Group		
Executive Directors				
Dr. Guo Feng (resigned on 12 September 2024) ⁽¹⁾	✓	✓		✓
Mr. Weng Chengyi (appointed on 12 September 2024) ⁽²⁾	✓	✓		✓
Non-executive Directors				
Dr. Lyu Dong	✓	✓		✓
Mr. Yu Tieming (appointed on 2 January 2024) ⁽³⁾	✓	✓		✓
Mr. Chen Yu (resigned on 2 January 2024) ⁽⁴⁾	✗	✗		✗
Mr. Liu Yi	✓	✓		✓
Independent Non-executive Directors				
Mr. Zhou Honghao (resigned on 18 September 2024) ⁽⁵⁾	✓	✓		✓
Mr. Fung Edwin	✓	✓		✓
Mr. Chen Wen	✓	✓		✓
Ms. Cui Bai (appointed on 29 September 2024) ⁽⁶⁾	✓	✓		✓

(1) Dr. Guo Feng resigned as an executive Director with effect from 12 September 2024.

(2) Mr. Weng Chengyi was appointed as an executive Director with effect from 12 September 2024.

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

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

(5) Mr. Zhou Honghao resigned as an independent non-executive Directors with effect from 18 September 2024.

(6) Ms. Cui Bai was appointed as an independent non-executive Directors with effect from 29 September 2024.

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.

CORPORATE GOVERNANCE REPORT

The list of the chairman and members of each Board committee is set out under “Corporate Information” on page 6 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 Ms. Cui Bai. Mr. Fung Edwin who holds the appropriate professional qualifications is the chairman of the Audit Committee. Mr. Zhou Honghao has resigned as an independent non-executive Director and a member of the Audit Committee since 18 September 2024.

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 2023, interim results for the six months ended 30 June 2024 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 2024; (ii) review the effectiveness of the risk management and internal control systems and 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 four times without the presence of the executive Directors during the Reporting Period.

For the year ended 31 December 2024, the Board had no disagreement with the Audit Committee’s view on the selection, appointment, resignation or dismissal of the external auditor.

Compensation Committee

The Compensation Committee consists of three members, a non-executive Director, namely Mr. Yu Tieming and two independent non-executive Directors, namely Mr. Fung Edwin and Mr. Chen Wen. Mr. Chen Wen is the chairman of the Compensation Committee.

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;

CORPORATE GOVERNANCE REPORT

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	4
RMB10,000,001 – RMB50,000,000	1
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 9, Note 24 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 executive Director and independent non-executive Director appointed as at the date of this annual report.

CORPORATE GOVERNANCE 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 35 to 60 and have a balanced mix of experiences, including management and strategic development, finance and investment and accounting experiences in addition to biopharmaceutical industry knowledge.

CORPORATE GOVERNANCE REPORT

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 2024:

	Female	Male
Board	1	6
	Female	Male
Senior Management	25%	75%
	1	3
Other employees	85%	15%
	17	3
Overall workforce	75%	25%
	18	6

The Board had appointed one female Director on 29 September 2024 and considers the current board gender diversity is satisfactory. The Board had achieved at least 25% of female senior management and 75% of female employees of the Group and considers that the above current gender diversity is satisfactory. The Board is of the view that it generally meets the diversity requirement under the Listing Rules. The Board will strive to increase the proportion of female directors and senior management members when suitable candidates are identified, but currently has not set additional quantifiable targets for such purpose.

During the Reporting Period, the Board was not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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 Board has the overall responsibility for maintaining sound and effective risk management and internal control systems to safeguard the Group's assets and stakeholders' interests, as well as for reviewing the effectiveness of the systems. The management has confirmed to the Board and the Audit Committee on the overall effectiveness and adequacy of the risk management and internal control systems for the Reporting Period. However, the risk management and internal control 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.

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, reviewing the effectiveness of the risk management and internal control systems and resolving material internal control defects.

As stated in Note 19(a) to the Consolidated Financial Statement, in 2024, the Group discovered misappropriation of bank accounts by an exemployee, who had been transferring out money from the Group's bank accounts without authorization from 2022 to 2024 ("Incident"). The Group has reported to the police, and the case is currently under investigation. Further details are set out in the Company's circular dated 4 February 2025.

CORPORATE GOVERNANCE REPORT

In light of the Incident, the Board and the management have, with the assistance of external consultants, reviewed and enhanced its risk management and internal control systems, including but not limited to, the adoption and implementation of (1) a new control policy to ensure segregation of responsibilities, (2) an amended company stamp management policy to ensure proper oversight of stamping process, (3) an amended cash management policy to maintain proper records of cheque usage and bank accounts, and (4) an enhanced human resources policy to ensure suitability and credibility of prospective key employee candidates. Furthermore, the Company has taken and will take appropriate additional measures to further improve and enhance its internal control systems and internal audit functions, such as engaging an external professional consulting firm to perform internal audit tests to ensure the effective execution of these remedial controls.

The Company considered that the said remedial measures are sufficient and effective to address and resolve any internal control issues causing the Incident.

At the meetings held in August 2024 and March 2025, the Audit Committee reviewed the effectiveness of the risk management and internal control systems of the Group for the six months ended 30 June 2024 and for the year 2024 respectively, and considered the systems effective and adequate, after taking into account the proactive investigation, review process and rectification measures carried out by the Group in respect of the Incident.

The Board believes that there are no material internal control deficiencies that may significantly 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.

CORPORATE GOVERNANCE REPORT

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 101 to 105 of this annual report.

AUDITORS' REMUNERATION

The Company initially appointed PricewaterhouseCoopers as the external auditor for the Reporting Period. On 19 February 2025, the Company convened an extraordinary general meeting to approve the removal of PricewaterhouseCoopers and the appointment of Ernst & Young as the auditor of the Company. Each of the said proposed removal and proposed appointment was approved by the Shareholders by way of an ordinary resolution. Accordingly, with effect from 19 February 2025, PricewaterhouseCoopers has been removed as the auditor of the Company, and Ernst & Young has been appointed as the new auditor of the Company and to hold office until the conclusion of the next annual general meeting of the Company (to be held on Thursday, 26 June 2025).

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, as applicable)	4,898
Non-audit services (including capital verification and other services)	–
Total	4,898

CORPORATE GOVERNANCE REPORT

Details of the fees paid/payable in respect of the audit and non-audit service provided by Ernst & Young 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	3,800
Non-audit services (including capital verification and other services)	–
Total	3,800

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.

CORPORATE GOVERNANCE REPORT

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: Room 1920, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, 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.

CORPORATE GOVERNANCE REPORT

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.

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).

CORPORATE GOVERNANCE REPORT

(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 Room 501-02, Building 6, 690 Bibo Road, Pudong New District, Shanghai 201203, China. Shareholders may call the Company at +86 21 61690700 for any assistance.

CORPORATE GOVERNANCE REPORT

(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 Board reviews the Company's communications policy on an annual basis, and makes any changes it considers necessary to ensure its effectiveness and that the legal interests of Shareholders and investors are substantially protected. The Board has conducted a review of the implementation and effectiveness of the communications policy of the Company. Having considered the diverse channels of communication in place, the Board is satisfied that an effective Shareholders' communications policy has been effectively implemented throughout the year ended 31 December 2024.

Amendments to Constitutional Documents

During the Reporting Period, the Company has made changes to its Memorandum and Articles of Association for the purpose of 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. 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.

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



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To the shareholders of Genor Biopharma Holdings Limited

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Genor Biopharma Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 106 to 184, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 2024, 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter

How our audit addressed the key audit matter

Revenue recognition

The Group recorded revenue of RMB206,229,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024, of which RMB192,031,000 was derived from the license-out contracts with one customer for a pipeline product.

Revenue from the license-out contracts with customers should be recognised when control of licenses and services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those licenses or services.

The above-mentioned license-out revenue was significant to the consolidated statement of profit or loss and other comprehensive income, and the license-out contracts included several types of considerations – including variable considerations, which were subject to professional judgement and estimation. Therefore, the revenue recognition of the license-out contracts was considered as a key audit matter.

The disclosures of revenue from the sale of licenses and services are included in notes 4 and 6 to the consolidated financial statements.

Our audit procedures included, among others:

We evaluated the Group's accounting policies relating to revenue recognition;

We obtained the license-out contracts and reviewed the terms to assess the management's identification of performance obligations, determination of the fair value of the considerations, and the timing of the revenue recognition;

We involved our internal specialists to assist us in the assessment of the methodologies and the assumptions used by management in estimation of the fair value of the considerations obtained from the transaction;

We obtained confirmations from the customers to confirm the amount of revenue consideration received. We also checked bank receipts for cash consideration settlement for the transaction.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the Management Discussion and Analysis section, which we obtained prior to the date of this auditor's report, and the other sections of the Annual Report not including the consolidated financial statements and our auditor's report thereon, which are expected to be made available after that date.

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 THE DIRECTORS 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made 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 HKSA's 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 HKSA's, we exercise professional judgement 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.

INDEPENDENT AUDITOR'S REPORT

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 Cheung Ng.

Ernst & Young

Certified Public Accountants

Hong Kong
28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Revenue	6	206,229	–
Cost of revenue		(1,341)	–
Gross profit		204,888	–
Administrative expenses	8	(71,707)	(125,237)
Research and development expenses	8	(202,778)	(564,278)
Impairment losses on financial assets	19	(31,588)	(8,922)
Other income – net	6	37,107	5,649
Other loss – net		(8,475)	(18,408)
Operating loss		(72,553)	(711,196)
Finance income	10	37,703	34,739
Finance costs	10	(282)	(1,039)
Finance income – net		37,421	33,700
Loss before tax		(35,132)	(677,496)
Income tax (expenses)/credit	12	(17,842)	2,280
Loss for the year		(52,974)	(675,216)
Loss attributable to:			
Owners of the Company		(51,283)	(674,362)
Non-controlling interests		(1,691)	(854)
		(52,974)	(675,216)
Other comprehensive income/(loss) for the year, net of tax			
<i>Items that may be reclassified to profit or loss</i>			
– Exchange differences on translation of foreign operations		(11,691)	(745)
<i>Items that may be not reclassified to profit or loss</i>			
– Equity investment designated at fair value through other comprehensive income			
Changes in fair value		13,178	–
Total other comprehensive income/(loss) for the year, net of tax		1,487	(745)
Total comprehensive loss for the year		(51,487)	(675,961)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
	Notes		
Total comprehensive loss for the year attributable to:			
Owners of the Company		(49,801)	(675,107)
Non-controlling interests		(1,686)	(854)
		(51,487)	(675,961)
Loss per share attributable to the ordinary equity holders of the Company			
Basic loss per share (in RMB)	13	(0.10)	(1.33)
Diluted loss per share (in RMB)	13	(0.10)	(1.33)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
	Notes		
ASSETS			
Non-current assets			
Property and equipment	14	4,915	53,417
Right-of-use assets	15	904	6,720
Intangible assets	16	100,466	110,099
Equity investment designated at fair value through other comprehensive income	17	83,732	–
Other receivables, deposits and prepayments	19	23,503	27,168
Deferred tax assets	28	8,915	8,350
Total non-current assets		222,435	205,754
Current assets			
Inventories		–	5,667
Contract cost		–	1,341
Other receivables, deposits and prepayments	19	8,503	68,634
Cash and bank balances	20	1,058,790	1,165,481
Total current assets		1,067,293	1,241,123
Total assets		1,289,728	1,446,877
LIABILITIES			
Non-current liabilities			
Lease liabilities	15	555	3,924
Amounts due to a related party	27	350	559
Deferred income		4,262	10,574
Deferred tax liabilities	28	10,796	11,595
Total non-current liabilities		15,963	26,652

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
	Notes		
Current liabilities			
Trade payables	25	82,825	141,661
Contract liabilities		–	4,893
Other payables and accruals	26	26,711	75,883
Lease liabilities	15	356	3,231
Amounts due to a related party	27	–	165
Deferred income		5,853	3,692
Tax payable		6,341	–
Total current liabilities		122,086	229,525
Total liabilities		138,049	256,177
EQUITY			
Equity attributable to the ordinary equity holders of the Company			
Share capital	21	70	69
Share premium	21	9,477,833	9,397,851
Treasury shares	21, 22	(747)	(5,198)
Other reserves	23	(1,484,058)	(1,413,572)
Accumulated losses		(6,841,619)	(6,790,336)
		1,151,479	1,188,814
Non-controlling interests		200	1,886
Total equity		1,151,679	1,190,700
Total equity and liabilities		1,289,728	1,446,877

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

The financial statements on pages 106 to 184 were approved by the board of directors on 28 March 2025 and were signed on its behalf.

Weng Chengyi
Executive Director and Chief Financial Officer

Yu Tieming
Non-executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company						Non-	Total
		Share	Share	Treasury	Other	Accumulated		controlling	equity
	Notes	capital	premium	shares	reserves	losses	Total	interests	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023		69	9,375,785	(5,198)	(1,452,204)	(6,115,974)	1,802,478	2,740	1,805,218
Comprehensive loss									
– Loss for the year		–	–	–	–	(674,362)	(674,362)	(854)	(675,216)
– Other comprehensive loss		–	–	–	(745)	–	(745)	–	(745)
Transaction with owners									
– Share-based payment	24	–	–	–	60,910	–	60,910	–	60,910
– Shares exercised under employee option plan and RSU plan	24	–*	21,536	–	(21,533)	–	3	–	3
– Issuance of shares as consideration for a business combination	21	–*	530	–	–	–	530	–	530
Balance at 31 December 2023		69	9,397,851	(5,198)	(1,413,572)	(6,790,336)	1,188,814	1,886	1,190,700

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital	Share premium	Treasury shares	Other reserves	Accumulated losses		
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024		69	9,397,851	(5,198)	(1,413,572)	(6,790,336)	1,188,814	1,190,700
Comprehensive loss								
– Loss for the year		–	–	–	–	(51,283)	(51,283)	(52,974)
– Other comprehensive loss		–	–	–	1,482	–	1,482	1,487
Transaction with owners								
– Share-based payment	24	–	–	–	11,645	–	11,645	11,645
– Shares exercised under employee option plan and restricted share unit ("RSU") plan	24	1	79,125	4,451	(83,613)	–	(36)	(36)
– Shares held for employee share scheme	21	–*	–	–*	–	–	–	–
– Issuance of shares as consideration for a business combination	21	–	857	–	–	–	857	857
Balance at 31 December 2024		70	9,477,833	(747)	(1,484,058)	(6,841,619)	1,151,479	1,151,679

* 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 2024 RMB'000	Year ended 31 December 2023 RMB'000
	Note		
Cash flows from operating activities			
Cash used in operations	30	(161,978)	(447,388)
Interest received		39,999	22,268
Net cash outflow from operating activities		(121,979)	(425,120)
Cash flows from investing activities			
Payments for property and equipment		(1,568)	(1,034)
Proceeds from disposals of property and equipment		9,578	7,021
Net cash inflow from investing activities		8,010	5,987
Cash flows from financing activities			
Principal elements of lease payments		(1,445)	(5,936)
Interest of lease payments		(112)	(888)
Proceeds from issuance of shares exercised under employee option plan		–	2
Net cash outflow from financing activities		(1,557)	(6,822)
Net decrease in cash and bank balances		(115,526)	(425,955)
Cash and bank balances at the beginning of the year		1,165,481	1,588,705
Effect of foreign exchange rate changes, net		8,835	2,731
Cash and bank balances at the end of the year		1,058,790	1,165,481

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,058,790	1,165,481
Cash and cash equivalents as stated in the statement of financial position	1,058,790	1,165,481
Cash and cash equivalents as stated in the statement of cash flows	1,058,790	1,165,481

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Genor Biopharma Holdings Limited (the “Company”), previously known as JHBP (CY) Holdings Limited, and its subsidiaries (together the “Group”), are principally engaged in developing and commercialising oncology and autoimmune drugs in the People’s Republic of China (the “PRC”).

The Company was incorporated in the Cayman Islands 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.

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

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 HKFRSs and the disclosure requirements of HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and the disclosure requirements of the Hong Kong Companies Ordinance (“HKCO”) 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(c) Changes in Accounting Policies and Disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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.

(d) Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements³</i>
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures³</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments²</i>
	<i>Contracts Referencing Nature-dependent Electricity²</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
Amendments to HKAS 21	<i>Lack of Exchangeability¹</i>
Annual Improvements to HKFRS Accounting Standards – Volume 11	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7²</i>

1 Effective for annual periods beginning on or after 1 January 2025

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual/reporting periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

Certain amendments to accounting standards and interpretation have been published that are not mandatory for the 31 December 2024 reporting period 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

(a) 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 People's Republic of China ("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 2024, the Group had currencies of Hong Kong dollars ("HKD"), United States dollars ("USD") and RMB and was exposed to foreign exchange risk arising from foreign currency transactions.

The amounts denominated on the currency other than the functional currency of the relevant group entity were as follows:

	As at 31 December 2024			As at 31 December 2023		
	HKD RMB'000	USD RMB'000	RMB RMB'000	HKD RMB'000	USD RMB'000	RMB RMB'000
Cash and bank balances	374	1,028,969	18	3,696	182,260	–

The aggregate net foreign exchange gains recognised were:

	Years ended 31 December 2024 RMB'000	Years ended 31 December 2023 RMB'000
Net foreign exchange gains included in finance income	5,015	5,070

The Group's monetary items mainly consisted of cash and bank balances. As at 31 December 2024, if RMB weakened or strengthened by 10% against USD, with all other variables held constant, loss for the year would have been RMB102,897,000 lower or higher (2023: RMB18,226,000).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk

The credit risk of the Group mainly arises from cash and bank balances, and other receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

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 one type of financial assets that are subject to the expected credit loss model as at end of this year:

- Other receivables

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

Other receivables 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 other receivables are presented net of impairment losses within profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

For 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.

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

As at 31 December 2024, the loss allowance for other receivables was RMB40,510,000 (2023: RMB8,922,000).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 end of the reporting period 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 2024					
Trade payables	82,825	–	–	–	82,825
Other payables and accruals (excluding non-financial liabilities)	20,560	–	–	–	20,560
Lease liabilities	377	377	188	–	942
Total	103,762	377	188	–	104,327
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
Total	197,300	2,409	1,495	–	201,204

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

The Group's primary objectives for 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 2024 and 2023 was as follows:

	As at 31 December 2024	As at 31 December 2023
Gearing ratio	10.70%	17.71%

There were no changes in the Group's approach for capital management for the year ended 31 December 2024.

3.3 Fair value estimation

The Group's equity investment designated at fair value through other comprehensive income was measured at fair value at the end of the reporting period. The Group applied the back-solve method to determine the fair value of the equity investment. The fair value measurement of this equity investment may involve unobservable inputs such as volatility and risk-free rate.

The Group's contingent consideration in amounts due to a related party was measured at fair value at the end of the reporting period. The valuation techniques used to determine the fair value are based on quoted market prices and the probability of the contingencies at the year end.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

As at 31 December 2024

	Fair value measurement using			Total RMB'000	Carrying amounts RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000		
Equity investment designated at fair value through other comprehensive income	–	–	83,732	83,732	83,732
Contingent consideration in amounts due to a related party	–	350	–	350	350
Total	–	350	83,732	84,082	84,082

As at 31 December 2023

	Fair value measurement using			Total RMB'000	Carrying amounts RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000		
Contingent consideration in amounts due to a related party	–	724	–	724	724

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.4 Offsetting of 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 offsetting 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 revenue

Revenue from the license-out contracts with customers should be recognised when control of licenses and services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those licenses or services. The license-out contracts included several types of considerations including variable considerations, which were subject to professional judgement and estimation.

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 16.

The bases for the key assumptions used in the impairment testing as of 31 December 2024 are as follows:

- (i) *Revenue (% compound growth rates)*
The revenue compound growth rates for a fourteen-year projection period are based on the Company's forecast of its average revenue growth rate from 2025 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 Impairment assessment of goodwill (Continued)

(iii) *Pre-tax discount rates*

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 ("WACC") with reference to the industry risk premium and the debt to equity ratio of some guideline companies in the biopharmaceutical sector.

As at 31 December 2024, a decrease in revenue growth rate from 9.5% to 8.9%, or an increase in research and development expenses compound growth rates for each forecast period by -33.2% and -11.2%, or an increase in pre-tax discount rate from 23.1% to 28% would cause the carrying amount of the cash-generating unit to exceed its recoverable amount. In the opinion of the directors of the Group, any reasonably possible change in other key assumptions on which the recoverable amount is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

4.3 Impairment assessment of property and equipment

The Group assesses whether there is any indication that the Group's property and equipment may be impaired. To determine whether an impairment indicator exists, management considers both internal and external sources 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 recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount was determined based on the higher of FVLCD ("Fair Value Less Costs of Disposal") and VIU ("Value in Use") calculations which require the use of estimates. When applying valuation techniques, 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 exists, management considers both internal and external sources 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 recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount was determined based on the higher of FVLCD and VIU calculations which require the use of estimates. When applying valuation techniques, the Group relies on a number of factors and judgements, including, among others, historical results, business plans, forecasts and market data.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT

Management has determined the operating segments based on the reports reviewed by the 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 a 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.

Revenue from continuing operations of approximately RMB192,031,000 (2023: nil) was derived from a license-out agreement to a single customer.

Non-current assets

	2024 RMB'000	2023 RMB'000
Cayman Islands	98,725	105,344
Mainland China	6,319	55,434
Other countries/regions	337	2,738
Total non-current assets	105,381	163,516

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE, OTHER INCOME AND GAINS

Revenue from contracts with customers

(a) **Disaggregated revenue information**
For the year ended 31 December 2024
Segments

	2024 RMB'000	2023 RMB'000
Types of services		
Licensing revenue	206,229	—
Geographical markets		
United States of America	192,031	—
Mainland China	14,198	—
Total	206,229	—
Timing of revenue recognition		
Licenses and services transferred at a point in time	206,229	—

The Group has only one segment and no further segment information of revenue is applicable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE, OTHER INCOME AND GAINS (CONTINUED)

(b) Accounting policy of revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of licenses and services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

License

The Group grant intellectual property licenses (the "License") of certain products.

For the intellectual property licenses which the customer gets a right to use the License, the revenue of the License is recognised at the point of time when the control of the license is transferred to the customer and the customer is able to consume and benefit from the License. The consideration for the License comprises fixed elements, variable elements and non-cash consideration. The variable elements are included in the transaction price when the Group can conclude that it is highly probable there will not be a significant reversal of revenue. The non-cash consideration includes equity in the customer obtained, which does not constitute control or significant influence. The non-cash consideration is included in the transaction price by using the fair value of the equity on trade-date less the costs paid.

The performance obligation of intellectual property licenses is satisfied at a point in time and payment is billed based on the milestone achieved.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Other income

	2024 RMB'000	2023 RMB'000
Government grants	36,848	3,692
Fair value change of the amount due to a related party	(178)	1,338
Others	437	619
Total	37,107	5,649

7 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 2024 RMB'000	Year ended 31 December 2023 RMB'000
	Notes		
Share-based payment expenses	24	11,645	60,910
Impairment of property and equipment	14	31,472	39,924
Impairment of intangible assets	16	2,118	39,363
Impairment of other non-current assets		1,499	–
		46,734	140,197

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8 EXPENSES BY NATURE

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Employee benefits expenses (<i>note 9</i>)	81,351	225,410
Development fee and clinical trial expenses	78,298	194,298
Impairment of property and equipment	31,472	39,924
Professional and technical service fee	27,756	18,802
Depreciation and amortisation	18,220	76,887
Write-down of and provision for inventories	4,972	33,832
Raw material and consumables used	4,310	34,399
Impairment of intangible assets	2,118	39,363
Impairment of other non-current assets	1,499	–
Auditor's remuneration		
– Audit services	5,150	3,030
– Non-audit services	148	113
Others	19,191	23,457
Total	274,485	689,515

9 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Salaries, bonuses and other benefits	47,865	124,739
Share-based payment expenses (<i>note 24</i>)	11,645	60,910
Termination benefits	17,220	22,037
Social security costs and housing benefits	2,508	9,808
Pension-defined contribution plan (<i>i</i>)	2,113	7,916
	81,351	225,410

- (i) The Group did not have any forfeited contribution for the year ended 31 December 2024 (2023: nil) in connection with the defined contribution plan operated by local governments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2023: one) director, whose emoluments are reflected in the analysis presented in note 35. The emoluments payable to the remaining four (2023: four) individuals were as follows

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Basic salaries, housing allowances, share options, other allowances and benefits in kind	9,105	23,191
Contribution to pension scheme	125	66
Discretionary bonuses	1,869	3,560
	11,099	26,817

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 (2023: nil).

The emoluments fell within the following bands:

	Year ended 31 December 2024 number of individuals	Year ended 31 December 2023 number of individuals
Emolument bands (in HKD)		
HKD2,000,001 to HKD2,500,000	2	–
HKD2,500,001 to HKD3,000,000	1	–
HKD3,000,001 to HKD3,500,000	–	1
HKD3,500,001 to HKD4,000,000	–	1
HKD6,000,001 to HKD6,500,000	1	–
HKD11,000,001 to HKD11,500,000	–	2

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10 FINANCE INCOME AND COSTS

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Finance income		
Interest from bank deposits	32,688	29,669
Net foreign currency exchange gain	5,015	5,070
	37,703	34,739
Finance costs		
Interest on lease liabilities	(112)	(888)
Others	(170)	(151)
	(282)	(1,039)
Financial income – net	37,421	33,700

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11 SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2024 are set out below. Unless otherwise stated, they have share/paid-up capital that is held by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or establishment 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		
			2024	2023	2024	2023	
Directly owned:							
Genor Biopharma (HK) Limited ("GBHK")	PRC, Hong Kong, 24 October 2016, limited liability company	1 ordinary share, HKD0.001	100%	100%	—	—	
Genor Biopharma (USA), Inc. ("GBUS")	United States of America ("USA"), USA, 23 November 2020, corporation	100 ordinary shares, USD0.001	100%	100%	—	—	
AB Therapeutics Inc. ("ABT")	USA, USA, 19 August 2019, limited liability company	10,000,000 ordinary shares, USD100	80%	80%	20%	20%	
Genor Biopharma PTY LTD ("GBAUS") (i)	Australia, Australia, 19 May 2022, Limited liability company	100 ordinary shares, AUD100	—	—	—	—	
Indirectly owned:							
Genor Biopharma Co., Ltd. (嘉和生物藥業有限公司) ("Genor Biopharma")	PRC, Mainland China, 4 December 2007, limited liability company*	RMB831,338,351	100%	100%	—	—	
Yuxi Genor Biotechnology Co., Ltd. (玉溪嘉和生物技術有限公司)	PRC, Mainland China, 8 July 2014, limited liability company	RMB400,000,000	100%	100%	—	—	

* Registered as a wholly-foreign owned enterprise under PRC law.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11 SUBSIDIARIES (CONTINUED)

(a) Restrictions

As at 31 December 2024, cash and bank balances of RMB28,685,330 (2023: RMB977,147,000) were held in Mainland China and were 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 2024 RMB'000	As at 31 December 2023 RMB'000
Interests in subsidiaries, net	406,565	406,565
Deemed capital contribution to subsidiaries (i)	613,295	601,650
Total	1,019,860	1,008,215

- (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 24. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12 INCOME TAX

(a) Income tax

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Current	19,206	–
Deferred (note 28)	(1,364)	(2,280)
Total	17,842	(2,280)

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

A reconciliation of the tax expense/credit applicable to loss before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Loss before tax	(35,132)	(677,496)
Calculated at the statutory tax rate of 25%	(8,783)	(169,374)
Effect of different tax rates of operating entities in other jurisdictions	(125,391)	11,700
Effect of preferential tax rates	–	44,780
Expenses not deductible for taxation purposes:		
– Share-based payment expenses	2,872	11,976
– Others	133	918
Additional deduction of research and development expenses	(23,514)	(34,189)
Unused tax loss not recognised as deferred tax assets	153,319	131,909
USA withholding tax	19,206	–
Income tax credit	17,842	(2,280)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12 INCOME TAX (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 the Cayman Islands and accordingly is exempted from the Cayman Islands income tax.
- (iii) *Hong Kong profits tax*
No Hong Kong profits 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 2024 and 2023.
- (iv) *USA corporate income tax*
Except for certain revenue arising from license-out transaction this year, which was subject to USA withholding tax, 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 2024 and 2023.
- (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 Genor Biopharma became eligible for a preferential corporate income tax rate of 15% for the year ended 31 December 2023. In 2024, Genor Biopharma had its qualification as a High and New Technology Enterprise renewed, and the income tax rate was changed from 15% to 25% for 2024. Other subsidiaries established and operating in Mainland China were subject to the PRC corporate income tax at the rate of 25% for the year ended 31 December 2024 (2023: 25%).
- (vi) *Australian corporate income tax*
No Australian corporate tax was provided for as there was no estimated assessable profit that was subject to Australian corporate tax for the years ended 31 December 2024 and 2023.
- (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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12 INCOME TAX (CONTINUED)

(c) Tax losses

As at 31 December 2024, ABT had net operating losses amounting to RMB29,876,000 (2023: RMB27,982,000). 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 RMB8,915,000.

The Group also has tax losses arising in Mainland China of RMB3,857,000 (2023: RMB4,837,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

13 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 2024	Year ended 31 December 2023
Loss attributable to owners of the Company (in RMB'000)	(51,283)	(674,362)
Weighted average number of ordinary shares outstanding (in thousand)	513,547	506,245
Basic loss per share (in RMB)	(0.10)	(1.33)

(b) Diluted loss per share

The Group had potential dilutive shares for the year ended 31 December 2024 in relation to the shares held for employee option plan (note 24) and shares to be issued to Ab Studio Inc. ("ABS") (note 27(a)), which was a non-controlling shareholder of ABT. Due to the Group's loss for the year ended 31 December 2024, the potential dilutive shares had anti-dilutive effect on the Group's loss per share. Thus, the diluted loss per share is the same as basic loss per share.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14 PROPERTY 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 2023						
Cost	84,398	280,673	602	6,289	9,684	381,646
Accumulated depreciation	(53,252)	(143,579)	(569)	(4,256)	–	(201,656)
Net carrying value	31,146	137,094	33	2,033	9,684	179,990
Year ended 31 December 2023						
Opening net carrying value	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 carrying value	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 carrying value	819	49,615	20	766	2,197	53,417
Year ended 31 December 2024						
Opening net carrying value	819	49,615	20	766	2,197	53,417
Disposals	–	(7,599)	–	(146)	–	(7,745)
Depreciation charge (a)	(686)	(8,087)	(2)	(510)	–	(9,285)
Impairment charge (b)	–	(29,472)	–	–	(2,000)	(31,472)
Closing net carrying value	133	4,457	18	110	197	4,915
At 31 December 2024						
Cost	89,322	175,433	387	4,655	6,429	276,226
Accumulated depreciation and impairment	(89,189)	(170,976)	(369)	(4,545)	(6,232)	(271,311)
Net carrying value	133	4,457	18	110	197	4,915

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14 PROPERTY AND EQUIPMENT (CONTINUED)

(a) Depreciation method 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 2024 RMB'000	Year ended 31 December 2023 RMB'000
Research and development expenses	8,669	54,547
Administrative expenses	616	1,677
Total	9,285	56,224

(b) Impairment charges

In the year of 2024, the Group performed a review of the recoverable amount of the property and equipment, which led to impairment charges of RMB31,472,000 in relation to idle assets in property and equipment. The impairment loss was included in research and development expenses in the consolidated statement of profit or loss and other comprehensive income.

For some assets that were customised and designed for special purposes, the management, considering the fact that the related research and developments had been terminated and there was no plan to restart in the foreseeable future, the management was of the view that there would be no value-in-use of these assets. In determination of the fair value less disposal cost, the management adopted the market method to determine the fair value of assets. For some general equipment where there was second-hand trading price, the price was taken as its fair value. For other equipment where there was no sale agreement or active trading market, the fair value was estimated by reference to the recoverable rate of disposal transactions for similar assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15 LEASES

(a) Amounts recognised in the statement of financial position

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Right-of-use assets		
Property	904	6,720
Lease liabilities		
Current	356	3,231
Non-current	555	3,924
Total	911	7,155

Additions to the right-of-use assets in 2024 were RMB1,084,000 (2023: RMB8,889,000).

(b) Amounts recognised in the statement of profit or loss

The statement of profit or loss and other comprehensive income shows the following amounts relating to leases.

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Depreciation charge of right-of-use assets		
Property	1,481	6,917
Interest expense (included in finance costs)	112	888
Expense relating to short-term leases (included in research and development expenses and administrative expenses)	460	904
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in research and development expenses and administrative expenses)	–	27

The total cash outflow for leases in 2024 was approximately RMB2,017,000 (2023: RMB7,755,000).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16 INTANGIBLE ASSETS

Non-current assets	Goodwill RMB'000 (note b)	Computer software RMB'000	Licenses RMB'000	Total RMB'000
At 1 January 2023				
Cost	21,753	13,611	164,760	200,124
Accumulated amortisation	–	(7,965)	(28,951)	(36,916)
Net carrying value	21,753	5,646	135,809	163,208
Year ended 31 December 2023				
Opening net carrying value	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 carrying value	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 carrying value	17,819	961	91,319	110,099
Year ended 31 December 2024				
Opening net carrying value	17,819	961	91,319	110,099
Disposals	–	(61)	–	(61)
Amortisation*	–	(680)	(6,774)	(7,454)
Impairment charge**	–	–	(2,118)	(2,118)
Closing net carrying value	17,819	220	82,427	100,466
At 31 December 2024				
Cost	21,753	13,549	164,760	200,062
Accumulated amortisation and impairment	(3,934)	(13,329)	(82,333)	(99,596)
Net carrying value	17,819	220	82,427	100,466

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16 INTANGIBLE ASSETS (CONTINUED)

- * Amortisation charges were expensed in the following categories in the consolidated statement of profit or loss and other comprehensive income:

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Research and development expenses	7,126	9,256
Administrative expenses	328	4,490
	7,454	13,746

- ** 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 statement of profit or loss and other comprehensive income.

(a) Amortisation methods and periods

(i) Goodwill

Goodwill is measured as described in note 37. 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 capitalised 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 the shorter of their estimated useful lives of 5 years or remaining years of use. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16 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 authorised 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 capitalised 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.

Capitalised 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16 INTANGIBLE ASSETS (CONTINUED)

(a) Amortisation methods and periods (Continued)

(iv) Research and development (Continued)

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.

The following is a summary of goodwill allocation for the Therapeutic Antibody CGUs:

	Opening RMB'000	Addition RMB'000	Impairment RMB'000	Closing RMB'000
Year ended 31 December 2024				
Therapeutic Antibody CGUs	17,819	–	–	17,819
Year ended 31 December 2023				
Therapeutic Antibody CGUs	21,753	–	(3,934)	17,819

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17 EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Equity investment designated at fair value through other comprehensive income		
Unlisted equity investment, at fair value	83,732	–

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers the investment to be strategic in nature.

As a consideration for the license sale, the Group was settled with an unlisted equity investment. The Group designated this equity investment as financial instrument through other comprehensive income. As at 31 December 2024, the measurement of this equity investment designated through other comprehensive income was categorised within Level 3 hierarchy.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2024:

	Valuation technique	Significant unobservable input	Sensitivity of fair value to the input
Unlisted equity investment	Back-solve method	Volatility	Increasing/decreasing expected volatility by 1% would increase/decrease the fair value of financial instruments by RMB333,000 and RMB338,000 respectively
		Risk-free rate	Increasing/decreasing expected risk-free rate by 1% would increase/decrease the fair value of financial instruments by RMB621,000 and RMB643,000 respectively

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Financial assets		
Equity investment at fair value through other comprehensive income	83,732	–
Financial assets at amortised cost		
Other receivables, deposits and prepayments (excluding prepayments and input value-added tax ("VAT") to be deducted)	45,500	48,127
Cash and bank balances	1,058,790	1,165,481
	1,188,022	1,213,608
	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Financial liabilities		
Financial liabilities at amortised cost:		
Trade payables	82,825	141,661
Other payables and accruals (excluding accrued employee benefits and other tax payable)	20,561	52,179
Lease liabilities	911	7,155
Financial liabilities at fair value through profit or loss:		
Contingent consideration in amounts due to a related party	350	724
	104,647	201,719

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 are reverted to the lessor in the event of default.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Current			
Tax prepayment for share option and RSU plans	(b)	30,706	30,706
Receivable from an employee in respect of asset misappropriation	(a)	9,804	–
Prepayment for inventories and clinical fee		2,878	27,453
Rental deposits		1,529	1,260
Receivable from disposals of property and equipment		184	7,434
Interest receivables		90	7,401
Others		3,822	3,302
Subtotal		49,013	77,556
Less: provision for impairment		(40,510)	(8,922)
		8,503	68,634
Non-current			
VAT input tax to be deducted		23,503	24,425
Advance payment for equipment		–	1,499
Rental deposits		–	1,244
Subtotal		23,503	27,168
Total		23,503	27,168

The carrying amounts of other receivables and deposits are mainly denominated in RMB and approximate to their fair values.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

- (a) In 2024, the Group discovered misappropriation of bank accounts by an ex-employee, who had been transferring out money from the Group's bank accounts without authorisation from 2022 to 2024. The Group has reported to the police, and the case is currently under investigation. Based on the Group's investigation, the net loss of bank accounts caused by the misappropriation, after being offset by the amount transferred in by this ex-employee or other parties, amounted to RMB100,000, RMB1,398,000, and RMB8,306,000 for the years ended 31 December 2022, 2023 and 2024, respectively. Considering that there was remote chance to collect the cash, the Group made full impairment of these amounts in current year's financial statements. In the opinion of the Company's directors, the impact of the aforesaid misappropriation was not significant to the financial statements for the years ended 31 December 2022 and 2023. Further details are set out in the Company's announcement dated 4 February 2025.
- (b) The amount included a balance of RMB14,146,000 for payment on behalf of a chief executive in respect of taxes relating to share options granted in previous years.

20 CASH AND BANK BALANCES

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Cash on hand	–	614
Cash at banks		
– USD	1,029,711	184,607
– RMB	28,685	976,563
– HKD	374	3,696
– AUD	20	1
Cash and bank balances	1,058,790	1,165,481

21 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of shares	Nominal value of shares USD
Authorised ordinary shares		
As at 31 December 2024	1,000,000,000	20,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21 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 2023	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	511,363	—*	530	—	530
As at 31 December 2023 and 1 January 2024	507,520,025	69	9,397,851	(5,198)	9,392,722
Shares exercised under employee option plan and RSU plan	9,327,511	1	79,125	4,451	83,577
Shares issued and held for employee share scheme	3,000,000	—*	—	—*	—
Issuance of shares as consideration for the acquisition of business	511,363	—*	857	—	857
As at 31 December 2024	520,358,899	70	9,477,833	(747)	9,477,156

* The amounts stated above were less than RMB1,000.

22 TREASURY SHARES

	2024 RMB'000	2023 RMB'000
Shares held for employee share scheme	747	5,198
	2024 Number of shares	2023 Number of shares
Shares held for employee share scheme	3,544,184	3,786,684

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

23 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 2023	(1,703,265)	255,403	(4,342)	(1,452,204)
Other comprehensive loss	–	–	(745)	(745)
Share-based payment (<i>note 24</i>)	–	60,910	–	60,910
Shares exercised under employee option plan and RSU plan	–	(21,533)	–	(21,533)
At 31 December 2023 and 1 January 2024	(1,703,265)	294,780	(5,087)	(1,413,572)
Other comprehensive income	–	–	1,482	1,482
Share-based payment (<i>note 24</i>)	–	11,645	–	11,645
Shares exercised under employee option plan and RSU plan	–	(83,613)	–	(83,613)
At 31 December 2024	(1,703,265)	222,812	(3,605)	(1,484,058)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24 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 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
As at 1 January 2024	USD0.0002	9,098,238
Exercised	USD0.0002	(8,092,454)
Forfeited	USD0.0002	(101,177)
As at 31 December 2024	USD0.0002	904,607
Vested and exercisable at 31 December 2024	USD0.0002	426,928
	Category II	
	Exercise price per share	Number of options
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
As at 1 January 2024	USD2.0000	4,127,279
Forfeited	USD2.0000	(1,051,500)
As at 31 December 2024	USD2.0000	3,075,779
Vested and exercisable at 31 December 2024	USD2.0000	2,916,279

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24 SHARE-BASED PAYMENTS (CONTINUED)

(a) 2020 Employee Option Plan (Continued)

	Category III (A)	
	Exercise price per share	Number of options
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
As at 1 January 2024	USD0.0002	27,337
Exercised	USD0.0002	(27,212)
As at 31 December 2024	USD0.0002	125
Vested and exercisable at 31 December 2024	USD0.0002	125
	Category III (B)	
	Exercise price per share	Number of options
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
As at 1 January 2024	USD2.0000	50,000
Forfeited	USD2.0000	(50,000)
As at 31 December 2024	USD2.0000	–
Vested and exercisable at 31 December 2024	USD2.0000	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24 SHARE-BASED PAYMENTS (CONTINUED)

(a) 2020 Employee Option Plan (Continued)

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. The fair value of the options under Category III ranged from RMB3.8199 to RMB6.3224.

Share options outstanding as at 31 December 2024 had the following exercise prices:

	Exercise price per share	Share options as at 31 December 2024
Category I	USD0.0002	904,607
Category II	USD2.0000	3,075,779
Category III (A)	USD0.0002	125
Category III (B)	USD2.0000	–
Total		3,980,511

(b) Post-IPO Share Option Plan

On 18 September 2020, the board of directors of the Company approved the 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 payments under the Post-IPO Share Option Plan are 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24 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 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
As at 1 January 2024	HKD17.08	1,233,700
Forfeited	HKD17.08	(1,055,175)
As at 31 December 2024	HKD17.08	178,525
Vested and exercisable at 31 December 2024	HKD17.08	178,525
	Batch II	
	Exercise price per share	Number of options
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
As at 1 January 2024	HKD10.85	815,000
Forfeited	HKD10.85	(779,000)
As at 31 December 2024	HKD10.85	36,000
Vested and exercisable at 31 December 2024	HKD10.85	27,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24 SHARE-BASED PAYMENTS (CONTINUED)

(b) Post-IPO Share Option Plan (Continued)

	Batch III	
	Exercise price per share	Number of options
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
As at 1 January 2024	HKD1.73	2,086,500
Forfeited	HKD1.73	(538,500)
As at 31 December 2024	HKD1.73	1,548,000
Vested and exercisable at 31 December 2024	HKD1.73	1,038,500
	Batch IV	
	Exercise price per share	Number of options
As at 1 January 2023	HKD1.81	–
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	–
As at 1 January 2024	HKD1.81	11,600,000
Forfeited	HKD1.81	(2,500,000)
As at 31 December 2024	HKD1.81	9,100,000
Vested and exercisable at 31 December 2024	HKD1.81	3,271,875

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24 SHARE-BASED PAYMENTS (CONTINUED)

(b) Post-IPO Share Option Plan (Continued)

	Batch V Exercise price per share	Number of options
As at 1 January 2023	HKD1.50	–
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	–
As at 1 January 2024	HKD1.50	9,578,867
Exercised	HKD1.50	(188,000)
Forfeited	HKD1.50	(6,932,307)
As at 31 December 2024	HKD1.50	2,458,560
Vested and exercisable at 31 December 2024	HKD1.50	614,640

The fair value of the options under the Post-IPO Share Option Plan ranged from RMB0.6149 to RMB6.9810.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24 SHARE-BASED PAYMENTS (CONTINUED)

(b) Post-IPO Share Option Plan (Continued)

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 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	1.5

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 issuance 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 the 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 payments under the 2023 Share Option Plan are 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24 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	HKD1.50	–
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	–
As at 1 January 2024 and 31 December 2024	HKD1.50	5,579,054
Vested and exercisable at 31 December 2024	HKD1.50	2,175,830

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 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 issuance dates and maturity dates as of the respective grant dates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24 SHARE-BASED PAYMENTS (CONTINUED)

(d) 2021 RSU Plan

On 3 June 2021, the board of directors of the Company approved the 2021 restricted share unit plan (the “2021 RSU Plan”). Under the plan, the Company granted RSUs to employees to recruit, incentivise and retain key employees.

The share-based payments under the 2021 RSU Plan are 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 options
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	–	–
As at 1 January 2024	–	10,508,093
Granted	–	–
Exercised	–	(3,209,845)
Forfeited	–	(5,273,913)
As at 31 December 2024	–	2,024,335
Vested and exercisable at 31 December 2024	–	–

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24 SHARE-BASED PAYMENTS (CONTINUED)

(e) 2023 RSU Plan

On 27 October 2023, the shareholders of the Company approved the 2023 restricted share unit plan (the "2023 RSU Plan"). Under the plan, the Company granted RSUs to employees to recruit, incentivise and retain key employees.

The share-based payments under the 2023 RSU Plan are 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	–	–
As at 1 January 2024	–	4,210,000
Exercised	–	(1,052,500)
As at 31 December 2024	–	3,157,500
Vested and exercisable at 31 December 2024	–	–

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 24(a), (b), (c), (d) and (e).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24 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 the 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 13 August 2024, as a result of certain research and development program milestone achievements, the Company issued 460,227 shares and 51,136 shares to ABS and Dr. Yue Liu, respectively. During the year of 2024, 51,136 shares were exercised under ABT Batch II.

(g) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised for the years ended 31 December 2024 and 2023 as part of employee benefit expenses were as follows:

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Employee option plan		
Equity-settled share-based payments	11,645	60,377
Share-based payment to Dr. Yue Liu	–	533
Total	11,645	60,910

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24 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 benefit 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 fulfilment of each applicable milestone 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 recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

25 TRADE PAYABLES

The ageing analysis, based on the invoice date, of trade payables as at the end of the reporting period was as follows:

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Within 1 year	79,826	139,012
More than 1 year	2,999	2,649
	82,825	141,661

The carrying amounts of trade payables are denominated in RMB. The carrying amounts approximate to the fair values due to short-term maturities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

26 OTHER PAYABLES AND ACCRUALS

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Payables to suppliers of services, property and equipment	7,760	10,553
Government grants (a)	5,744	37,423
Accrued employee benefits	5,154	21,860
Other tax payable	997	1,844
Others	7,056	4,203
	26,711	75,883

(a) This amount represents the government grants received in 2020 that the conditions had not been fully met.

The carrying amounts of accruals and other payables are mainly denominated in RMB. The carrying amounts approximate to the fair values due to their short-term maturities.

27 AMOUNTS DUE TO A RELATED PARTY

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Amounts due to a related party		
Non-trade in nature		
ABS	350	724
Less: non-current portion	(350)	(559)
Current portion	–	165

(a) ABS is the non-controlling shareholder of ABT. The amounts due to ABS are attributable to the contingent consideration for the acquisition of ABT. As at 31 December 2024, the fair value of contingent consideration was approximately RMB350,000. The amount will be payable to ABS upon reaching certain milestone achievements in relation to development progress, regulatory approval and license-out arrangements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

28 DEFERRED INCOME TAX

(a) Deferred tax assets

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000	
The balance comprises temporary differences attributable to:			
Lease liabilities	247	1,680	
Tax losses	8,915	8,350	
	9,162	10,030	
Set-off of deferred tax assets pursuant to set-off provisions	(247)	(1,680)	
Net deferred tax assets	8,915	8,350	
Movements	Lease liabilities RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2023	6,307	6,913	13,220
Credited/(Charged) to the profit or loss	(4,627)	1,437	(3,190)
At 31 December 2023 and 1 January 2024	1,680	8,350	10,030
Credited/(Charged) to the profit or loss	(1,433)	565	(868)
At 31 December 2024	247	8,915	9,162

- (i) At the end of the reporting period, the Group has unused tax losses of RMB3,857,529,000 (2023: RMB4,837,361,000) available to offsetting against future profits. A deferred tax asset has been recognised for such tax losses amounting to RMB35,660,000 (2023: RMB33,400,000). No deferred tax asset has been recognised for the remaining tax losses of RMB3,821,869,000 (2023: RMB4,803,961,000) as it is not considered probable that taxable profits will be available to utilise those tax losses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

28 DEFERRED INCOME TAX (CONTINUED)

(b) Deferred tax liabilities

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000	
The balance comprises temporary differences attributable to:			
Right-of-use assets	247	1,680	
Intangible assets	10,796	11,595	
	11,043	13,275	
Set-off of deferred tax liabilities pursuant to set-off provisions	(247)	(1,680)	
Net deferred tax liabilities	10,796	11,595	
Movements	Right-of-use assets RMB'000	Intangible assets RMB'000	Total RMB'000
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 and 1 January 2024	1,680	11,595	13,275
Credited to the profit or loss	(1,433)	(799)	(2,232)
At 31 December 2024	247	10,796	11,043

29 DIVIDEND

No dividend has been paid or declared by the Company during the years ended 31 December 2024 and 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

30 NET CASH USED IN OPERATIONS

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Loss before income tax	(35,132)	(677,496)
Adjustments for:		
– Provision for impairment of inventories, intangible assets, property and equipment, other non-current assets	40,061	113,119
– Depreciation of property and equipment	9,285	56,224
– Share-based payment expenses	11,645	60,910
– Provision for impairment of financial assets	31,588	8,922
– Amortisation of right-of-use assets and intangible assets	8,935	20,663
– Losses on disposal of property and equipment	5,481	16,956
– Interest income	(32,688)	(29,669)
– Government grants	(36,848)	(3,692)
– Foreign exchange gains	(5,015)	(3,478)
– Others	(174)	(4,354)
	(2,862)	(441,895)
Changes in working capital (excluding the effects of acquisition and currency translation differences on consolidation):		
– Other receivables, deposits and prepayments	16,415	9,621
– Trade payables	(58,836)	9,503
– Contract cost	1,341	–
– Other payables and accruals	(31,438)	(32,804)
– Inventories	695	7,905
– Equity investments at fair value through other comprehensive income	(70,554)	–
– Deferred income of reimbursement of future expenses	1,020	282
– Contract liabilities	(4,893)	–
– Tax paid	(12,866)	–
Net cash used in operations	(161,978)	(447,388)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

30 NET CASH USED IN OPERATIONS (CONTINUED)

Reconciliation of liabilities arising from financing activities:

	Lease liabilities
	RMB'000
At 1 January 2023	28,586
Changes from financing cash flows	(6,824)
New leases	8,147
Interest expense	888
Termination of leases	(23,642)
At 31 December 2023 and 1 January 2024	7,155
Changes from financing cash flows	(1,557)
New leases	1,084
Interest expense	112
Termination of leases	(5,883)
At 31 December 2024	911

31 CONTINGENCIES

In April 2024, Genor Biopharma, an indirectly wholly-owned subsidiary of the Company, was notified that it has been named as a defendant in the lawsuit brought by an independent third party for an alleged breach of cooperation agreement once entered into among the two parties and its relevant supplemental agreements. The claim amounted to RMB15,000,000.

The directors, based on the advice from the Group's legal counsel, believed that it could not make reliable estimation of the outcome of the claim. Therefore, the Group did not provide for any claim arising from the litigation, other than the related legal and other costs.

In the opinion of the Company's directors, the Group had no significant contingent liabilities as at 31 December 2024 (as at 31 December 2023: nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

32 COMMITMENTS

(a) Capital commitments

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Contracted but not provided for		
– Property and equipment	19	1,435

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 of the Group and their close family members are also considered as related parties.

The executive directors are of the view that the following party that had transactions or balances with the Group is a related party:

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 2024 and 2023. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and on terms negotiated between the Group and the respective related parties.

(a) Transactions with related parties

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Purchase of rental services and utilities	436	534
Purchase of research and development services	790	343
Total	1,226	877

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

33 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amounts due to a related party

Amounts due to a related party as at 31 December 2024 and 2023 disclosed were disclosed in note 27.

(c) Key management compensation

Key management includes directors and senior management. The compensation paid or payable to key management for employee services was shown below:

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Salaries, bonuses and other benefits	14,118	20,435
Share-based payment expenses (i)	42,135	28,552
Pension, social security costs and housing benefits	3,008	1,935
Total	59,261	50,922

(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 AFTER THE REPORTING PERIOD

There is no subsequent event after the reporting period which has a material impact to the consolidated financial statements of the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 2024 and 2023 was set out below:

	Directors' fees	Salaries (i)	Discretionary bonuses	Share-based payment expenses (i)	Employer's contribution to a retirement benefit scheme	Social security costs, housing benefits and other employee benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended							
31 December 2024							
<i>Name of directors</i>							
Dr. Guo Feng	-	4,500	1,175	12,363	-	1,926	19,964
Mr. Weng Chengyi	-	276	71	446	-	40	833
Dr. Lyu Dong	-	-	-	-	-	-	-
Mr. Chen Yu	-	-	-	-	-	-	-
Mr. Liu Yi	-	-	-	-	-	-	-
Ms. Cui Bai	105	-	-	-	-	-	105
Mr. Zhou Honghao	315	-	-	-	-	-	315
Mr. Fung Edwin	420	-	-	-	-	-	420
Mr. Chen Wen	420	-	-	-	-	-	420
Total	1,260	4,776	1,246	12,809	-	1,966	22,057

For the year ended							
31 December 2023							
<i>Name of directors</i>							
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
Total	1,260	4,500	1,500	16,617	-	1,668	25,545

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 (note 24).

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 and its subsidiaries.

On September 12 2024, Dr. Guo Feng resigned from his position as an executive Director, and will remain as the chief executive officer of the Company.

On September 12 2024, Mr. Weng Chengyi was appointed as an executive Director and the remuneration for this year disclosed above represented the remuneration since then.

Mr. Chen Yu resigned on 2 January 2024.

Ms. Cui Bai was appointed as an independent non-executive director of the Company on 29 September 2024.

Mr. Zhou Honghao resigned on 18 September 2024.

In 2024, none of the directors waived or agreed to waive any emoluments (2023: 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 (2023: 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 2024 and 2023.

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 2024.

The Company did not provide any consideration to third parties for making available directors' services for the year ended 31 December 2024.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

36 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	Notes	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Assets			
Non-current assets			
Intangible assets		67,653	73,360
Investments in subsidiaries		1,019,860	1,008,215
Financial assets at fair value through profit or loss		19,327	13,602
Equity investment designated at fair value through other comprehensive income		83,732	–
Total non-current assets		1,190,572	1,095,177
Current assets			
Other receivables and prepayments		3,100	7,454
Cash and bank balances		957,628	185,985
Total current assets		960,728	193,439
Total assets		2,151,300	1,288,616
EQUITY			
Equity attributable to owners of the Company			
Share capital		70	69
Share premium		9,477,833	9,397,851
Treasury shares		(747)	(5,198)
Other reserves	(a)	(1,224,195)	(1,165,405)
Accumulated losses	(a)	(6,170,603)	(6,939,988)
Total equity		2,082,358	1,287,329

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

36 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
LIABILITIES		
Non-current liabilities		
Amounts due to a related party	350	559
Total non-current liabilities	350	559
Current liabilities		
Other payables and accruals	16,623	563
Amounts due to a subsidiary	51,969	165
Total current liabilities	68,592	728
Total liabilities	68,942	1,287
Total equity and liabilities	2,151,300	1,288,616
Reserve movement of the Company		
	Other reserves RMB'000	Accumulated losses RMB'000
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 and 1 January 2024	(1,165,405)	(6,939,988)
Loss for the year	–	769,385
Share-based payment	11,645	–
Shares exercised under employee option plan and RSU plan	(83,613)	–
Other comprehensive income	13,178	–
At 31 December 2024	(1,224,195)	(6,170,603)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES

37.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.2 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, add space that are expected to benefit from the synergies of the combination, irrespective of whether other asset or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.3 Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.4 Property and equipment

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.5 Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment property and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.6 Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.6 Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.7 Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

37.8 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.8 Impairment of financial assets (Continued)

General approach (Continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

37.9 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include borrowings and payables.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.9 Financial liabilities (Continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, borrowings and payables are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

37.10 Cash and bank balances

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.11 Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.11 Income tax (Continued)

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

37.12 Other employee benefits

Pension scheme

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute part of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

37.13 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.14 Interest income

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. 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).

37.15 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.15 Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

FIVE YEARS FINANCIAL SUMMARY

	Year ended 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	206,229	–	15,932	–	10,331
Loss before income tax	(35,132)	(677,496)	(732,420)	(866,306)	(3,036,310)
Income tax (expenses)/credit	(17,842)	2,280	2,024	932	5,806
Loss for the year	(52,974)	(675,216)	(730,396)	(865,374)	(3,030,504)
Loss for the year is attributable to:					
Owners of the Company	(51,283)	(674,362)	(730,214)	(865,224)	(3,027,102)
Non-controlling interests	(1,691)	(854)	(182)	(150)	(3,402)
	As at 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Total assets	1,289,728	1,446,877	2,115,091	2,862,841	3,573,449
Total liabilities	138,049	256,177	309,873	369,730	336,324
Total equity	1,151,679	1,190,700	1,805,218	2,493,111	3,237,125
Equity attributable to:					
Owners of the Company	1,151,479	1,188,814	1,802,478	2,490,189	3,234,053
Non-controlling interests	200	1,886	2,740	2,922	3,072

DEFINITIONS

<i>"2021 RSU Plan"</i>	the RSU plan adopted by the Company on 3 June 2021
<i>"2022 Interim Results Announcement"</i>	the interim results announcement of the Company for the six months ended 30 June 2022 dated 30 August 2022
<i>"2023 Interim Results Announcement"</i>	the interim results announcement of the Company for the six months ended 30 June 2023 dated 30 August 2023
<i>"2023 Share Option Plan"</i>	the 2023 Share Option Plan adopted by the Company on 27 October 2023
<i>"2023 RSU Plan"</i>	the 2023 RSU Plan adopted by the Company on 27 October 2023
<i>"AACR"</i>	American Association of Cancer Research
<i>"ABS"</i>	AB Studio Inc., a company established under the laws of the State of Delaware, U.S. on 23 January 2017
<i>"ABT"</i>	Ab Therapeutics, Inc., a company established under the laws of the State of Delaware, U.S. on 19 August 2019, and a subsidiary of the Company
<i>"ABT Subscription and Stock Purchase Agreement"</i>	the subscription and stock purchase agreement entered into between ABT, ABS, Dr. Yue Liu and the Company dated 26 September 2020
<i>"Administrator"</i>	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
<i>"AEs"</i>	adverse events
<i>"AGM"</i>	the annual general meeting for the year ended 31 December 2024 to be held by the Company
<i>"API"</i>	active pharmaceutical ingredients
<i>"Articles of Association"</i>	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
<i>"ASCO"</i>	American Society of Clinical Oncology
<i>"associate(s)"</i>	has the meaning ascribed thereto under the Listing Rules
<i>"Audit Committee"</i>	the audit committee of the Company

DEFINITIONS

<i>"Award(s)"</i>	award(s) of RSU(s) granted to a grantee pursuant to the terms of the 2021 RSU Plan or the 2023 RSU Plan
<i>"BD"</i>	business development
<i>"BIC"</i>	best-in-class
<i>"BICR"</i>	the Blinded Independent Central Review
<i>"Board" or "Board of Directors"</i>	the board of directors of our Company
<i>"Business Day(s)"</i>	any day on which the Stock Exchange is open for the business of dealing in securities
<i>"Candid Therapeutics"</i>	Candid Therapeutics, Inc.
<i>"CDE"</i>	Centre for Drug Evaluation
<i>"CDMO"</i>	contract development and manufacturing organization
<i>"CFDI"</i>	Center for Food and Drug Inspection
<i>"CG Code"</i>	the Corporate Governance Code set out in Appendix C1 of the Listing Rules
<i>"China" or the "PRC"</i>	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
<i>"CMC"</i>	chemistry, manufacturing and controls
<i>"Compensation Committee"</i>	the compensation committee of the Company
<i>"Company", "our Company" or "the Company"</i>	Genor Biopharma Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 10 April 2017
<i>"Companies Ordinance"</i>	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
<i>"connected person(s)"</i>	has the meaning ascribed to it under the Listing Rules
<i>"connected transactions"</i>	has the meaning ascribed to it under the Listing Rules
<i>"Cooperative Development Agreement"</i>	the cooperative development agreement entered into between Genor Biopharma and Edding on 2 January 2025

DEFINITIONS

<i>"Consideration Shares"</i>	the Shares to be allotted and issued by the Company to the shareholders of pursuant to the Merger Agreement
<i>"Controlling Shareholder(s)"</i>	has the meaning ascribed thereto under the Listing Rules
<i>"CRS"</i>	Cytokine Release Syndrome
<i>"Director(s)"</i>	the director(s) of our Company
<i>"Dr. Guo"</i>	Dr. Guo Feng (郭峰)
<i>"Edding"</i>	Edding Group Company Limited, a company established under the laws of the Cayman Islands with limited liability
<i>"Eligible Participant(s)"</i>	person(s) eligible to participate in the 2023 Share Option Plan or the 2023 RSU Plan (as the case may be)
<i>"Eligible Person(s)"</i>	each participant(s) selected or approved by the Administrator to participate in the Pre-IPO Share Option Plan, the Post-IPO Share Option Plan, or the 2021 RSU Plan
<i>"Employees Written Guidelines"</i>	has the meaning ascribed thereto under the Corporate Governance Report
<i>"Enlarged Group"</i>	the Group as enlarged by Edding and its subsidiaries upon the closing of the Proposed Merger
<i>"Equity Plans"</i>	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
<i>"ESMO"</i>	European Society for Medical Oncology
<i>"Executive"</i>	the Executive of the Securities and Futures Commission of Hong Kong
<i>"FIC"</i>	first-in-class
<i>"FIH"</i>	first-in-human
<i>"GenEdd"</i>	GenEdd, a company established under the laws of the Cayman Islands, and a wholly-owned subsidiary of the Company
<i>"GB261"</i>	GB261 (CD20/CD3, BsAb)
<i>"Genor Biopharma"</i>	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

DEFINITIONS

<i>"Global Offering"</i>	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
<i>"GLP"</i>	Good Laboratory Practice
<i>"GMP"</i>	Good Manufacturing Practice
<i>"Group", "our Group", "the Group", "we", "us" or "our"</i>	the Company and its subsidiaries from time to time
<i>"HR"</i>	hazard-ratio
<i>"HR+/ HER2-"</i>	hormone receptor- positive, human epidermal growth factor receptor 2-negative
<i>"HHJH"</i>	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
<i>"Hillhouse"</i>	refers to HHJH, HH BIO Investment Fund, L.P., Hillhouse Fund IV, L.P., and Hillhouse Investment Management, Ltd.
<i>"HKFRS"</i>	Hong Kong Financial Reporting Standards
<i>"Hong Kong" or "HK"</i>	the Hong Kong Special Administrative Region of the PRC
<i>"Hong Kong dollars" or "HK dollars" or "HK\$"</i>	Hong Kong dollars, the lawful currency of Hong Kong
<i>"ICANS"</i>	Immune effector cell-associated neurotoxicity syndrome
<i>"IDMC"</i>	Independent Data Monitoring Committee
<i>"IFRS"</i>	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
<i>"Incident"</i>	has the meaning ascribed thereto under the Corporate Governance Report
<i>"IND"</i>	investigational new drug or investigational new drug application, also known as clinical trial application in China
<i>"IP"</i>	intellectual property
<i>"IPO"</i>	initial public offering

DEFINITIONS

<i>“irAEs”</i>	immune related adverse events
<i>“IRC”</i>	Independent Review Committee
<i>“License Agreement”</i>	the license agreement entered into among the Group and TRC 2004, Inc. on 2 August 2024
<i>“Listing”</i>	the listing of the Shares on the Main Board of the Stock Exchange
<i>“Listing Date”</i>	7 October 2020, the date on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
<i>“Listing Rules”</i>	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
<i>“MAH”</i>	marketing authorization holder
<i>“Main Board”</i>	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
<i>“Merger Agreement”</i>	the agreement and plan of merger dated 13 September 2024 entered into among the Group and Edding in respect of the Proposed Merger
<i>“Merger Conditions Precedent”</i>	conditions precedents to the obligations of the Company and/or Edding to consummate the Proposed Merger
<i>“MM”</i>	multiple myeloma
<i>“Model Code”</i>	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
<i>“mPFS”</i>	median progression-free survival
<i>“Mr. Weng”</i>	Mr. Weng Chengyi (翁承毅)
<i>“NDA”</i>	new drug application
<i>“New Listing Application”</i>	the deemed new listing application of the Company in relation to the Proposed Merger
<i>“NMPA”</i>	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)

DEFINITIONS

<i>"Nomination Committee"</i>	the nomination committee of the Company
<i>"NSCLC"</i>	non-small cell lung cancer
<i>"Option(s)"</i>	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
<i>"ORR"</i>	objective response rate
<i>"PCC"</i>	preclinical candidate compounds
<i>"PFS"</i>	progression free survival
<i>"PK"</i>	Pharmacokinetics
<i>"PK/PD"</i>	pharmacokinetics/pharmacodynamics
<i>"POC"</i>	Proof of Concept
<i>"Post-IPO Share Option Plan"</i>	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)
<i>"Pre-IPO Share Option Plan"</i>	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
<i>"Proposed Merger"</i>	the proposed acquisition of Edding by the Company by way of merger, with Edding surviving such merger and becoming a wholly-owned subsidiary of the Company, pursuant to the Merger Agreement
<i>"Prospectus"</i>	the prospectus of the Company dated 23 September 2020
<i>"R&D"</i>	research and development
<i>"RMB" or "Renminbi"</i>	Renminbi, the lawful currency of PRC
<i>"Reporting Period"</i>	the year ended 31 December 2024
<i>"RSU(s)"</i>	restricted share unit(s) granted under the 2021 RSU Plan or the 2023 RSU Plan
<i>"SFO"</i>	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

<i>"Share(s)"</i>	ordinary share(s) in the share capital of our Company, currently with a par value of US\$0.00002 each
<i>"Shareholder(s)"</i>	holder(s) of the Share(s)
<i>"SITC"</i>	Society for Immunotherapy of Cancer
<i>"Stock Exchange"</i>	The Stock Exchange of Hong Kong Limited
<i>"Stock Purchase Agreement"</i>	the stock purchase agreement entered into among the Group and TRC 2004, Inc. on 2 August 2024
<i>"subsidiary" or "subsidiaries"</i>	has the meaning ascribed to it in section 15 of the Companies Ordinance
<i>"substantial shareholder"</i>	has the meaning ascribed to it in the Listing Rules
<i>"TCE"</i>	T-cell engager
<i>"United States" or "U.S."</i>	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
<i>"US dollars", "U.S. dollars", "US\$" or "USD"</i>	United States dollars, the lawful currency of the United States
<i>"VEGF"</i>	vascular endothelial growth factor
<i>"Walga"</i>	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
<i>"Walvax"</i>	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)
<i>"Whitewash Waiver"</i>	the whitewash waiver in connection with the Proposed Merger
<i>"Yuxi Genor"</i>	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
<i>"Zhongmei Huadong"</i>	Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd
<i>"%"</i>	per cent

GENOR

B I O P H A R M A

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

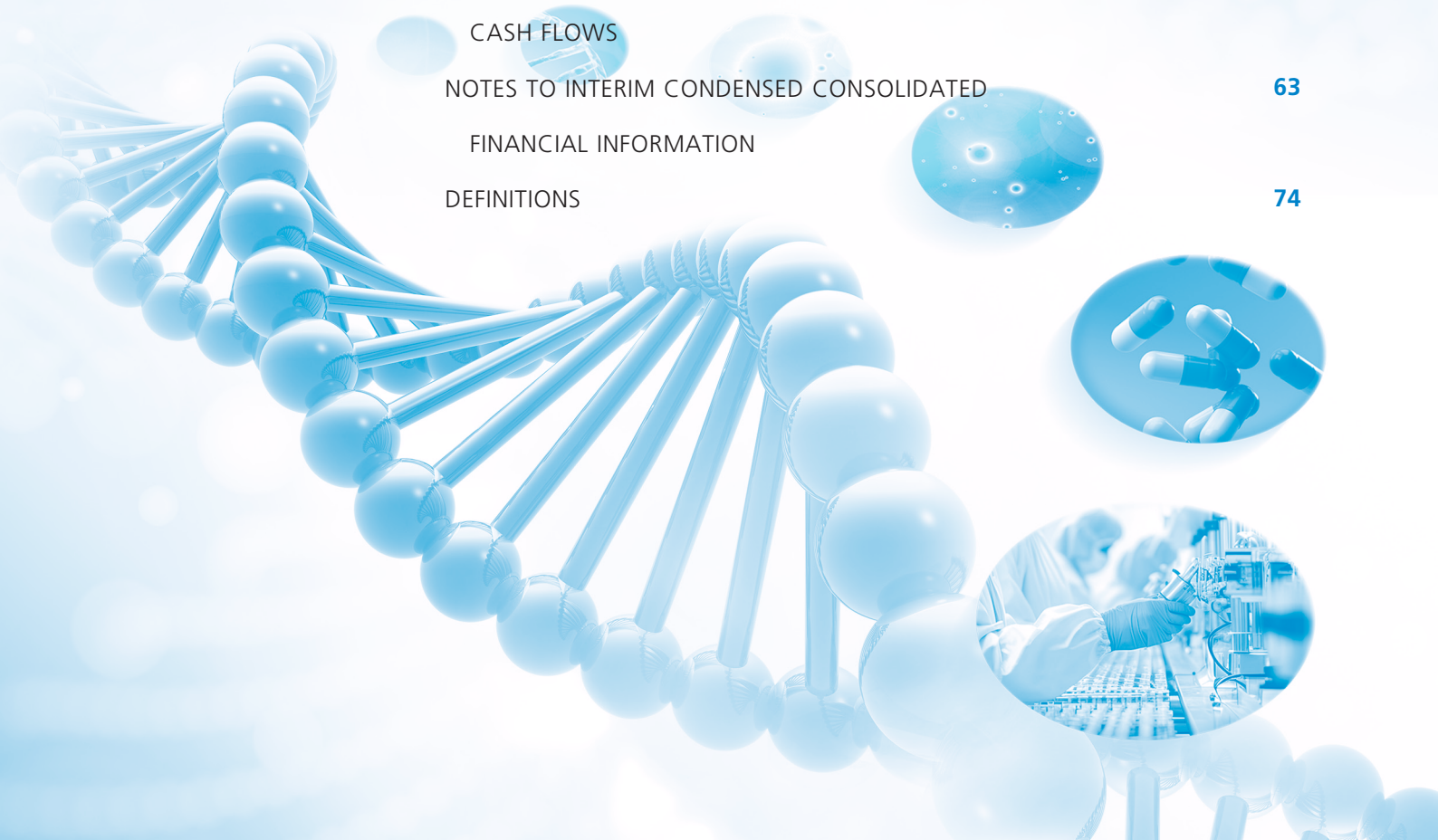


2025

INTERIM REPORT

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COMPANY PROFILE

OUR MISSION

Striving to “provide innovative therapeutics initially for patients in China and gradually for patients globally”, the Company presses on with its effort in becoming a biopharmaceutical engine in discovery, research and development of innovative biopharmaceutical drugs.

OVERVIEW

Since its establishment in 2007, the Group is committed to becoming an innovative company capable of drugs innovation, research and development, pre-clinical research, clinical development, registration, and chemistry, manufacturing and controls (“**CMC**”) development.

Since the successful launch of the development strategy of “Focus, Optimize, Accelerate, and Expand” in 2022 and achieving initial results in 2023, the Group has successfully implemented a light-asset operation model during the reporting period, significantly reducing operating costs. While reducing costs and increasing efficiency, the Group has actively engaged in strategic cooperation and submitted a new listing application regarding the proposed merger (the “**New Listing Application**”) to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). At the same time, the Group has actively advanced the progress of its pipeline and the approval of new drugs. The Group’s application for the Class 1 innovative drug Lerociclib (Product name: Rujianing) has been approved by the National Medical Products Administration (“**NMPA**”) on 27 May 2025. Its approved indications include: the drug is indicated for adult patients with locally advanced or metastatic breast cancer that is hormone receptor (HR) - positive and human epidermal growth factor receptor 2 (HER2) - negative (“**HR+/HER2-**”): for use in combination with an aromatase inhibitor as initial endocrine therapy; and for use in combination with fulvestrant in patients with disease progression following previous endocrine therapy. The launch of this drug provides patients with a new treatment option.

In terms of external cooperation and expansion, the Group entered into a merger agreement (the “**Merger Agreement**”) with Edding Group Company Limited (“**Edding**”) on 13 September 2024, whereby the Company will acquire Edding by way of a merger (the “**Proposed Merger**”); on 24 January 2025, the Group and Edding entered into an amendment agreement to the Merger Agreement to extend the deadline for submitting the New Listing Application in connection with the Proposed Merger and the long stop date of the closing of the Proposed Merger; and new listing application in connection with the Proposed Merger was submitted to the Stock Exchange on 15 April 2025. The Proposed Merger will bring about complementary advantages from multiple perspectives and create significant synergies, including the complementarity of research and development capabilities and commercialization platforms, the synergy between product pipelines and market expansion, the optimization and integration of financial resources; and Proposed Merger is expected to achieve the two-way empowerment of “research and development-driven” and “product commercialization”. The in-depth integration between the two parties in areas such as research and development, sales, production and finance are expected to enhance the market competitiveness of the Group. The Proposed Merger constitutes a very substantial acquisition and a reverse takeover of the Company, and is therefore subject to the approval of the Company’s shareholders (“**Shareholders**”). Additionally, the Group as enlarged by Edding and its subsidiaries upon the closing of the Proposed Merger (“**Enlarged Group**”) must also meet the basic listing eligibility requirements under the Rules Governing the Listing of Securities of the Stock Exchange (“**Listing Rules**”).



COMPANY PROFILE

On 2 January 2025, Genor Biopharma Co., Ltd. ("**Genor Biopharma**"), the Company's wholly-owned subsidiary, entered into a cooperative development agreement (the "**Cooperative Development Agreement**") with Edding in relation to two tri-specific antibodies: GBD218 is a lead molecule of tri-specific antibody targeting CD3/BCMA/GPRC5D, and project GBD220 aims to generate a CD3/CD19/BCMA tri-specific antibody. Both are in the early discovery stage (before preclinical candidate compounds ("**PCC**")).

On 28 May 2025, the Group entered into a cooperation agreement with the Edding and Eddingpharm (Suzhou) Co., Ltd ("**Eddingpharm (Suzhou)**") in respect of GB491, pursuant to which the Group (as the marketing authorization holder ("**MAH**") of Lerociclib (GB491)), designated and appointed Eddingpharm (Suzhou) as the domestic responsible entity in respect of Lerociclib (GB491) in the People's Republic of China ("**PRC**").

On 1 July 2025, the Group entered into a service agreement with Edding and Eddingpharm (Suzhou) in respect of Lerociclib (GB491), pursuant to which Edding and Eddingpharm (Suzhou) shall provide business service to the Group for research and development, production, import, distribution, tendering and subsequent localized production and marketing of Lerociclib (GB491) within the PRC. On 1 July 2025, the Group entered into a service agreement with Edding and Eddingpharm (Suzhou) in respect of GB268, pursuant to which Edding and Eddingpharm (Suzhou) shall provide business service to the Group for the research and development and production related matters of GB268.

On 14 July 2025, the Group entered into an exclusive agency agreement with Edding and Eddingpharm (Suzhou) in respect of Lerociclib (GB491), pursuant to which the Group appointed Edding and Eddingpharm (Suzhou) as the exclusive provider of the agency services in relation to the application of inclusion of Lerociclib (GB491) into the National Reimbursement Drug List ("**NRDL**") and the post-inclusion implementation work in the PRC.

In terms of focusing on the development of core pipelines and new drug approval, in light of the fact that the interim analysis of the phase III clinical study of Lerociclib (GB491) in combination with letrozole as the first-line treatment for the advanced breast cancer has reached the primary endpoint, the National Medical Products Administration ("**NMPA**") accepted the new drug application ("**NDA**") for Lerociclib (GB491) in combination with letrozole for the treatment of locally advanced or metastatic HR+/HER2- breast cancer (first-line treatment for advanced breast cancer) that had not received prior systemic antitumor therapy on 13 March 2024, which was approved by the NMPA on 27 May 2025.

On 28 March 2023, the NMPA officially accepted the NDA of Lerociclib (GB491) in combination with Fluevestran for the treatment of HR+/HER2- locally advanced or metastatic breast cancer patients (second-line treatment for advanced breast cancer) with disease progression following previous endocrine therapy, which was approved by the NMPA on 27 May 2025.

On 16 January 2025, the Nature Communications published the phase III study (LEONARDA-1) results titled "Lerociclib plus fulvestrant in patients with HR+/HER2- locally advanced or metastatic breast cancer who have progressed on prior endocrine therapy: LEONARDA-1 a phase III randomized trial".

COMPANY PROFILE

GB268 (anti-PD-1/VEGF/CTLA-4, TsAb) is another innovative tri-specific antibody solely developed by the Group, specifically targeting PD-1, VEGF and CTLA-4. The pre-clinical results show that GB268 can substantially enhance the antitumor effect with a better safety profile compared to the combination of three monoclonal antibodies, namely PD-1, CTLA-4 and VEGF, as well as the anti-PD-1/VEGF BsAb or anti-PD-1/CTLA-4 BsAb. GB268 completed the 4-week repeated-dose toxicological experiments in cynomolgus monkeys under Good Laboratory Practice ("**GLP**") in March 2025, with no severe drug-related adverse reactions observed across all dose groups after multiple dosing. In the first half of 2025, it also completed the release of two batches of pilot-scale production under Good Manufacturing Practice ("**GMP**"), with the product being suitable for clinical study. The Investigational New Drug ("**IND**") application for GB268 (anti-PD-1/VEGF/CTLA-4) was accepted by the NMPA on 9 May 2025, and was approved by NMPA on 17 July 2025.

A favourable safety and pharmacokinetic profile and clinical antitumor activities observed in the Phase I/II clinical trials of GB261 (CD20/CD3, BsAb) for lymphoma are consistent with the molecular design mechanism of GB261, demonstrating promising efficacy and a favourable safety. The preliminary results of phase I/II study of GB261 were presented at the annual meeting of the 65th American Society of Hematology ("**ASH**") in the poster session. In June 2025, the Group has been informed by Candid Therapeutics, Inc., a licensee of GB261, that Candid Therapeutics, Inc. has made advances in its in-licensed novel T-cell engager (GB261) into autoimmune diseases for clinical evaluation. First patients have been dosed with the GB261 and have been well tolerated. Additionally, the subcutaneous dosing formulation for the GB261 has been established.

Developed independently by the Group as the world's first EGFR/cMET/cMET TsAb, GB263T has shown promising efficacy at the therapeutic dose range (1,260-1,680 mg). It has also shown a favorable safety profile.

In terms of early-stage research and development, the Group focused on the targets and projects with first-in-class ("**FIC**")/best-in-class ("**BIC**") potential. A number of PCC molecules have been developed, all of which are highly innovative and have the potential to become BIC bi-specific/multi-specific antibody projects.

THE GROUP'S DRUG CANDIDATES

As at the date of this report, the Group relies on the highly specialised departments, the close collaboration between different departments, and its efforts to expand external cooperation to persistently advance the clinical progress of innovative pipeline drugs across the world.

COMPANY PROFILE

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 report:

Product	Target/MoA (reference drug)	Indication	Classification	Commercial Rights	Discovery	Pre-Clinical	IND Enabling	Phase I	Phase II	Phase III	NDA
Lerociclib (GB491)	CDK4/6+AI (combo w/ letrozole)	1L HR+/HER2- BC	Novel (In-license)	APAC ex-JP							Approved
	CDK4/6+SERD (combo w/ fulvestrant)	2L HR+/HER2- BC									Approved
GB261	CD20/CD3 (1)	Autoimmune Diseases	Novel (In-house)	Worldwide				Phase I (2)			
		NHL	Novel (In-house)	Worldwide				Phase I / II			
GB263T	EGFRxc-Metxc-Met	NSCLC	Novel (In-house)	Worldwide				Phase I / II			
GB242 (Infliximab)	TNF-α (infliximab)	RA, AS, Ps, CD, UC	Biosimilar (In-house)	Worldwide							Approved
GB226+ GB49 2 (Geptanolimab+ IM5A101)	PD-1 (combo w/ GB226)+STING	Solid Tumours	Novel (In-license)	APAC ex-JP							
GB221 (Coprelotumab)	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							
GB268	PD-1/VEGF/CTLA-4	Cancers	Novel (In-house)	Worldwide				Phase I			
GB26 2	PD-L1/CD55	Cancers	Novel (In-house)	Worldwide							
GB264	Claudin 18.2/CD3	GI Cancers	Novel (In-house)	Worldwide							
GB266	PD-L1/LAG3/LAG3	Cancers	Novel (In-house)	Worldwide							
GB267	CD3/BCMA/GPRC5D	Cancers	Novel (In-house)	Worldwide (3)							
***	Undisclosed	Cancers	Novel (In-house)	Worldwide							

Notes:

- (1) Exclusive Worldwide licensed to Candid Therapeutics, Inc. to develop, use, manufacture, commercialize and otherwise exploit GB261, excluding the mainland China, Hong Kong, Macau and Taiwan;
- (2) Candid Therapeutics, Inc. is conducting phase I clinical trial for Autoimmune Diseases in areas beyond Greater China (including the mainland China, Hong Kong, Macau and Taiwan);
- (3) Assigned to Edding the rights to develop, manufacture and commercialize GBD218 worldwide.

* Several undisclosed candidate molecules in discovery stage

Continued internal development of GB226 PD-1 and GB221 have been paused and pending further assessment of development strategy and resource allocation.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Mr. Weng Chengyi (翁承毅) (*Chief Financial Officer*)

Non-Executive Directors

Dr. Lyu Dong (呂東) (*Retired on 26 June 2025*)

Mr. Yu Tieming (于鐵銘)

Mr. Liu Yi (劉逸)

Independent Non-Executive Directors

Mr. Fung Edwin (馮冠豪)

Mr. Chen Wen (陳文)

Ms. Cui Bai (崔白)

AUDIT COMMITTEE

Mr. Fung Edwin (馮冠豪) (*Chairman*)

Mr. Liu Yi (劉逸)

Ms. Cui Bai (崔白)

COMPENSATION COMMITTEE

Mr. Chen Wen (陳文) (*Chairman*)

Mr. Yu Tieming (于鐵銘)

Mr. Fung Edwin (馮冠豪)

NOMINATION COMMITTEE

Mr. Chen Wen (陳文) (*Chairman*)

Dr. Lyu Dong (呂東) (*Retired on 26 June 2025*)

Mr. Fung Edwin (馮冠豪)

Ms. Cui Bai (崔白) (*Appointed on 26 June 2025*)

COMPANY SECRETARY

Mr. Ip Tak Wai (葉德偉)

AUTHORISED REPRESENTATIVES

Mr. Yu Tieming (于鐵銘)

Mr. Ip Tak Wai (葉德偉)

AUDITOR

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

27th floor, One Taikoo Place

979 King's Road, Quarry Bay

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 501-02, Building 6

690 Bibo Road

Pudong New District

Shanghai 201203

China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1920, 19/F

Lee Garden One, 33 Hysan Avenue

Causeway Bay

Hong Kong

(with effect from 10 January 2025)



CORPORATE INFORMATION

LEGAL ADVISORS

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COMPANY WEBSITE

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FINANCIAL HIGHLIGHTS

- **Total revenue** was approximately RMB32.2 million for the Reporting Period, mainly attributable to license and stock purchase agreements with TRC 2004, Inc., as compared with approximately RMB14.5 million for the six months ended 30 June 2024.
 - **Research and development expenses** were approximately RMB74.6 million for the Reporting Period, as compared with approximately RMB109.7 million for the six months ended 30 June 2024. The decrease was mainly attributable to (i) the decrease in employee benefits expenses for research and development personnel; and (ii) the decrease in our new drugs development fee and clinical trial expenses.
 - **Total comprehensive loss** was approximately RMB54.3 million for the Reporting Period, as compared with approximately RMB141.0 million for the six months ended 30 June 2024. The decrease was primary due to the decrease in expenses.
 - Under **Non-HKFRS measures**, our adjusted loss⁽¹⁾ was approximately RMB59.6 million for the Reporting Period, as compared with approximately RMB130.2 million for the six months ended 30 June 2024.
- (1) Adjusted loss is calculated as loss for the Reporting Period 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 report.

BUSINESS HIGHLIGHTS

As at the date of this report, the Group has successfully achieved a light – asset operation of the enterprise, effectively reducing operating costs. While reducing costs and increasing efficiency, the Group has actively promoted strategic cooperation and has submitted the New Listing Application for the Proposed Merger to the Stock Exchange. The Group has also actively advanced the progress of its pipeline. The Class 1 innovative drug Lerociclib (Product name: Rujianing) has been approved by the NMPA on 27 May 2025. Its approved indications include: the drug is indicated for the treatment of adult patients with HR+/HER2- locally advanced or metastatic breast cancer: for use in combination with an aromatase inhibitor as initial endocrine-based therapy; and for use in combination with fulvestrant in patients with disease progression following previous endocrine therapy. To advance the commercialization of Lerociclib (GB491) and the application for inclusion in the NRDL, the Group has entered into an exclusive agency agreement for Lerociclib (GB491) with Edding. The localization production technology transfer and listing preparations for Lerociclib (GB491) are being carried out in parallel. The phase I IND for the Group's core pipeline product GB268 (anti-PD-1/VEGF/CTLA-4, TsAb) has been approved by the NMPA, and the FIH clinical trial has been initiated. The clinical trial of GB261 (CD20/CD3, BsAb) for the treatment of autoimmune diseases has also been launched in areas beyond Greater China.

Strategic Cooperation

- On 13 September 2024, the Group entered into the Merger Agreement with Edding whereby the Company will acquire Edding by way of a merger, and in consideration therefor, the Company will allot and issue Consideration Shares to the shareholders of Edding. Immediately upon completion of the Proposed Merger, the original shareholders of Edding will hold approximately 77%, and the Shareholders will hold approximately 23%, of the issued shares of the Company as enlarged by the allotment and issue of the Consideration Shares (the final issue size is subject to the number of relevant Shares at the time of closing of the Proposed Merger).
- On 24 January 2025, the Group and Edding entered into an amendment agreement to the Merger Agreement to extend the deadline for submitting the New Listing Application and the long stop date of the closing of the Proposed Merger. The Company submitted the New Listing Application to the Stock Exchange on 15 April 2025. For details, please refer to the announcements of the Company dated 24 January 2025 and 15 April 2025, and the application proof of the listing document for the New Listing Application of the Company dated 15 April 2025.
- As at the date of this report, the Company and Edding are in the course of addressing the comments from the regulators and updating the information contained in the Circular. For details, please refer to the announcement of the Company dated 25 August 2025.
- On 2 January 2025, Genor Biopharma entered into the Cooperative Development Agreement with Edding in relation to two tri-specific antibodies: GBD218 is a lead molecule of tri-specific antibody targeting CD3/BCMA/GPRC5D with potential for treating multiple myeloma, and project GBD220 aims to generate a CD3/CD19/BCMA tri-specific antibody with potential for treating autoimmune diseases. Both are in the early discovery stage (before PCC). For details, please refer to the announcement of the Company dated 24 January 2025.
- On 28 May 2025, the Group entered into a cooperation agreement with Edding and Eddingpharm (Suzhou) in respect of GB491, pursuant to which the Group (as the MAH of Lerociclib (GB491)) designated and appointed Eddingpharm (Suzhou) as the domestic responsible entity for Lerociclib (GB491) in the PRC.

BUSINESS HIGHLIGHTS

- On 1 July 2025, the Group entered into a service agreement with Edding and Eddingpharm (Suzhou) in respect of Lerociclib (GB491), pursuant to which Edding and Eddingpharm (Suzhou) shall provide business service to the Group for research and development, production, import, distribution, tendering and subsequent localized production and marketing of Lerociclib (GB491) within the PRC. On 1 July 2025, the Group entered into a service agreement with Edding and Eddingpharm (Suzhou) in respect of GB268, pursuant to which Edding and Eddingpharm (Suzhou) shall provide business service to the Group for the research and development and production related matters of GB268.
- On 14 July 2025, the Group entered into an exclusive agency agreement with Edding and Eddingpharm (Suzhou) in respect of Lerociclib (GB491), pursuant to which the Group appointed Edding and Eddingpharm (Suzhou) as the exclusive provider of the agency services in relation to the application of inclusion of Lerociclib (GB491) into the NDRL and the post-inclusion implementation work in the PRC.

Updates on Pipeline

Lerociclib (GB491, a differential oral CDK4/6 inhibitor) – to provide breast cancer patients a CDK4/6 inhibitor with better efficacy and tolerability

- In light of the fact that the interim analysis of the phase III clinical study of Lerociclib (GB491) in combination with letrozole as the first-line treatment for the advanced breast cancer has reached the primary endpoint, the NMPA accepted the NDA for Lerociclib (GB491) in combination with letrozole for the treatment of HR+/HER2- locally advanced or metastatic breast cancer (first-line treatment for advanced breast cancer) that had not received prior systemic antitumor therapy on 13 March 2024, which was approved by the NMPA for launch on 27 May 2025.
- On 28 March 2023, the NMPA officially accepted the NDA of Lerociclib (GB491) in combination with Fluvestrin for the treatment of HR+/HER2- locally advanced or metastatic breast cancer patients (second-line treatment for advanced breast cancer) with disease progression following previous endocrine therapy, which was approved by the NMPA for launch on 27 May 2025.
- On 16 January 2025, the Nature Communications published the phase III study (LEONARDA-1) results titled “Lerociclib plus fulvestrant in patients with HR+/HER2- locally advanced or metastatic breast cancer who have progressed on prior endocrine therapy: LEONARDA-1 a phase III randomized trial”.

GB268 (anti-PD-1/VEGF/CTLA-4, TsAb)

- GB268 is another innovative tri-specific antibody solely developed by the Group, specifically targeting PD-1, CTLA-4 and VEGF, with a novel molecular design that balances the activity of different arms of the antibody. The pre-clinical results show that GB268 can substantially enhance the antitumor effect with a better safety profile compared to the combination of three monoclonal antibodies, namely PD-1, CTLA-4 and VEGF, as well as the anti-PD-1/VEGF or anti-PD-1/CTLA-4 BsAb. It has the potential to become an upgraded immune checkpoint inhibitor.



BUSINESS HIGHLIGHTS

- During the first half of 2025, GB268 has completed the release of two batches of pilot-scale GMP production, with good consistency between the batches, high purity and good stability, making it suitable for use in clinical study and its GLP toxicology study in cynomolgus monkeys of GB268 (anti-PD-1/VEGF/CTLA-4) with repeated administration for 4 weeks was completed in March 2025. T-cell activation related to pharmacological effects has been observed in the low, medium and high dose groups, with no serious drug-related adverse effects observed, suggesting that the molecule has a favorable safety and efficacy. The IND for GB268 (anti-PD-1/VEGF/CTLA-4) was accepted by the NMPA on 9 May 2025, and was approved for conducting FIH phase I clinical trial on 17 July 2025.

GB261 (CD20/CD3, BsAb)

- GB261 is the first TCE with low affinity to bind CD3 and has Fc functions (ADCC and CDC), and has potential to be a better and safer TCE. The phase I/II clinical trials of GB261 for lymphoma conducted in several clinical study sites in Australia and China was completed. A favourable safety and pharmacokinetic profile and clinical antitumor activities observed are consistent with the molecular design mechanism of GB261, demonstrating promising efficacy and a favourable safety. The preliminary results of phase I/II study of GB261 were presented at the annual meeting of the 65th American Society of Hematology (“**ASH**”) in the poster session. In June 2025, the Group has been informed by Candid Therapeutics, Inc., a licensee of GB261, that Candid Therapeutics, Inc. has made advances in its inlicensed novel TCE (“**GB261**”) into autoimmune diseases for clinical evaluation. First patients have been dosed with GB261 and have been well tolerated. Additionally, the subcutaneous dosing formulation for GB261 has been established. For details, please refer to the announcement of the Company dated 30 June 2025.

GB263T (EGFR/cMET/cMET, TsAb)

- GB263T (EGFR/cMET/cMET, TsAb) is the first tri-specific antibody of EGFR/cMET/cMET in the world with targeting EGFR and two different cMET epitopes, it is designed to enhance its safety and efficacy. With highly differentiated design, GB263T exhibits multiple mechanisms of action to inhibit primary and secondary EGFR mutations and cMET signaling pathway simultaneously.
- GB263T phase I/II clinical trial was led by Guangdong Provincial People’s Hospital. Currently, the dose-escalation was completed in phase I clinical trial. A total of 15 patients with non-small cell lung cancer had received at least one GB263T treatment. All patients had received previous third-generation EGFR-TKI and platinum-based chemotherapy and the median number of prior lines of systemic therapy was 3.
 - GB263T has shown promising efficacy at the therapeutic dose range (1,260-1,680 mg).
 - At the same time, an advantage of safety profile was also demonstrated.
 - These updated research data have been accepted at the 2024 Congress of the European Society for Medical Oncology (ESMO) and were published on 14 September 2024.

BUSINESS HIGHLIGHTS

Research and Development of the Global Innovative New Drugs

- The Company's R&D team focused on the development of targets and projects with FIC/BIC potential. A number of PCC molecules have been developed, all of which are highly innovative and have the potential to become BIC bi-specific/multi-specific antibody projects.

Drive Continuous Optimization of CMC Quality and Efficiency

- In accordance with the Company's strategy of "focus and optimization", the CMC team of the Company 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 in order to better serve the screening of candidate molecules for new drug research and development, and also facilitate 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. According to the "quality agreement" entered into between both parties, in the context of GXP, we supervise and guide process development, process control, manufacturing as well as the transfer and confirmation of detection methods of CDMO, with the release, storage and shipment of the final product meeting GXP compliance, which has further optimized the working mode and cooperation efficiency.
 - 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, production release and stability research of GB261 (CD20/CD3, BsAb), GB263T (EGFR/cMET/cMET, TsAb), GB268 (anti-PD-1/VEGF/CTLA-4, TsAb) and other products, providing high-quality drugs with good stability for clinical study.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the Group continued to make remarkable progress in strategic cooperation and the development/registration of drug candidates pipelines. The major corporate achievements are as follows:

1. Events during the Reporting Period

Strategic Cooperation and Commercialization

As set out in the section headed “BUSINESS HIGHLIGHTS – Strategic Cooperation” above, based on the Merger Agreement entered into between the Group and Edding on 13 September 2024, on 24 January 2025, the Group and Edding entered into an amendment agreement in respect of the Merger Agreement to extend the deadline for submitting the New Listing Application and the final deadline for the completion of the Proposed Merger. The Company submitted the New Listing Application to the Stock Exchange on 15 April 2025. For details, please refer to the announcements of the Company dated 24 January 2025 and 15 April 2025, and the application proof of the listing document for the New Listing Application of the Company dated 15 April 2025. As at the date of this report, the Company and Edding are in the course of addressing the comments from the regulators and updating the information contained in the circular in connection with the New Listing Application (the “**Circular**”). For details, please refer to the announcement of the Company dated 25 August 2025.

As set out in the section headed “BUSINESS HIGHLIGHTS – Strategic Cooperation” above, on 2 January 2025, Genor Biopharma entered into the Cooperative Development Agreement with Edding in relation to two tri-specific antibodies: GBD218 is a lead molecule of tri-specific antibody targeting CD3/BCMA/GPRC5D with therapeutic potential for treating multiple myeloma, and project GBD220 aims to generate a CD3/CD19/BCMA tri-specific antibody with potential for treating autoimmune diseases. Both are in the early discovery stage (before PCC). Pursuant to the Cooperative Development Agreement, Genor Biopharma has agreed, among others, to assign to Edding all rights to develop, manufacture and commercialize GBD220 and GBD218 worldwide and in all fields (i.e. treatment, mitigation, diagnosis or prevention of human or animal diseases). For details, please refer to the announcement of the Company dated 24 January 2025.

On 28 May 2025, the Group entered into a cooperation agreement with Edding and Eddingpharm (Suzhou) in respect of GB491, pursuant to which the Group (as the MAH of Lerociclib (GB491)), designated and appointed Eddingpharm (Suzhou) as the domestic responsible entity in respect of Lerociclib (GB491) in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS

Pipeline Advancement of Drug Candidates

During the Reporting Period, the Company has achieved rapid progress of pre-clinical and clinical trials of product pipelines, 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 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 study sites.
- Relying on rich experience and extensive resources, efficient, quality and speedy accomplishment was made in the planning and collaboration with the clinical study sites, the entering into of agreements, project initiating and promoting, as well as the screening and enrollment of patients.

During the Reporting Period, we have achieved milestones as follows:

- 1) The Class 1 innovative drug Lerociclib (Product name: Rujianing) has been approved by the NMPA on 27 May 2025. Its approved indications include: the drug is indicated for the treatment of adult patients with HR+/HER2- locally advanced or metastatic breast cancer: for use in combination with an aromatase inhibitor as initial endocrine therapy; and for use in combination with fulvestrant in patients with disease progression following previous endocrine therapy. The launch of this drug provides patients with a new treatment option.
- 2) GB268 (anti-PD-1/VEGF/CTLA-4, TsAb) completed the release of two batches of CMC pilot-scale GMP production and GLP toxicology study in the first half of 2025. On 9 May 2025, the NMPA accepted the Investigational New Drug (IND) application of First-in-Human (FIH).
- 3) Candid Therapeutics, Inc., a licensee of GB261 (CD20/CD3, BsAb), has made advances in its in-licensed novel T-cell engager (GB261) into autoimmune diseases for clinical evaluation. First patients have been dosed with GB261 and have been well tolerated. Additionally, the subcutaneous dosing formulation for GB261 has been established.



MANAGEMENT DISCUSSION AND ANALYSIS

GB491 (Lerociclib, a differential oral CDK4/6 inhibitor) – to provide breast cancer patients a CDK4/6 inhibitor with better safety and excellent efficacy

Lerociclib (GB491), 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.

On 28 March 2023, the NMPA officially accepted the NDA of Lerociclib (GB491) in combination with Flvestran for the treatment of HR+/HER2- locally advanced or metastatic breast cancer patients (second-line treatment for advanced breast cancer) with disease progression following previous endocrine therapy, which was approved by the NMPA for launch to the market on 27 May 2025.

On 13 March 2024, the NMPA officially accepted the NDA of Lerociclib (GB491) in combination with letrozole for the treatment of HR+/HER2- locally advanced or metastatic breast cancer (first-line treatment for advanced breast cancer) that had not received prior systemic antitumor therapy, which was approved by the NMPA for launch to the market on 27 May 2025.

The superior efficacy and safety profile of Lerociclib (GB491) will provide a better treatment option for patients with 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. The combination therapy with CDK4/6 inhibitors has been recommended in multiple guidelines as the preferred regimen for patients with advanced breast cancer.
- The innovative molecular structure, targeting specificity and high efficacy, with its unique pharmacokinetics/pharmacodynamics (“PK/PD”), has allowed for continuous oral administration of Lerociclib without the need for treatment breaks. It achieves sustained target inhibition and antitumor effects while significantly reduces the common adverse effects of CDK4/6 inhibitors, such as severe myelosuppression and diarrhea.

MANAGEMENT DISCUSSION AND ANALYSIS

- Lerociclib (GB491) demonstrated a superior efficacy with advantages in terms of safety and tolerance profile in two phase III clinical studies, and hence fully demonstrating the differentiation advantage of Lerociclib for clinical purposes.
- The LEONARDA-1 clinical study has demonstrated that the combination therapy of Lerociclib with Fluvestran significantly reduce the risk of disease progression and death in HR+/HER2- advanced breast cancer patients following previous endocrine therapy as compared to using Fluvestran as a monotherapy. The investigator-assessed hazard ratio ("**HR**") was 0.451 and the BICR-assessed HR was 0.353. The median progression free survival ("**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 enrolled a high proportion of refractory patients, including patients with liver metastasis, treated with primary resistance, with four or more metastatic organs, and received first-line chemotherapy at an advanced stage. The use of Lerociclib substantially improved the PFS of the refractory patients. The LEONARDA-1 clinical study showed that, in comparison with other marketed CDK4/6 inhibitors, Lerociclib had significant comprehensive advantages in terms of safety and tolerance profile. It recorded a low incidence rate of diarrhea at 19.7%, a relatively low percentage of grade 3/4 myelosuppression, and only a 5.1% incidence rate of grade 4 neutropenia.
- The LEONARDA-2 clinical study also demonstrated superior efficacy and safety profile in combination with letrozole for the treatment of HR+/HER2- locally advanced or metastatic breast cancer patients who had not received prior systemic antitumor therapy.
 - The interim analysis showed that Lerociclib significantly reduced the risks of disease progression and death in patients by more than 50%, based on investigator-assessed PFS: hazard ratio (95% CI) and p-value of 0.464 (0.293, 0.733), $p=0.0004$, respectively; mPFS was not reached in the Lerociclib group and was 16.56 months in the placebo group. PFS based on BICR assessment: hazard ratio (95% CI) and p-value of 0.457 (0.274, 0.761), $p=0.0011$, respectively.
 - The safety advantage was reaffirmed: the overall incidence rate of gastrointestinal adverse events ("**AEs**") was low and mild, with grade 3 diarrhea occurred in only one patient (0.7%). No grade ≥ 3 nausea or vomiting has occurred, and grade 4 neutropenia occurred in only 5.1% of the patients.

MANAGEMENT DISCUSSION AND ANALYSIS

On 16 January 2025, the Nature Communications published the phase III study (LEONARDA-1) results titled “Lerociclib plus fulvestrant in patients with HR+/HER2– locally advanced or metastatic breast cancer who have progressed on prior endocrine therapy: LEONARDA-1 a phase III randomized trial”. LEONARDA-1 Phase III study (ClinicalTrials.gov identifier, NCT05054751) was led by the lead author Prof. Binghe Xu, MD, PhD, the academican of the Chinese Academy of Engineering, the Head of Medical Oncology at Cancer Hospital affiliated with Chinese Academy of Medical Sciences.

The transfer of technology for local production of Lerociclib (GB491) has been progressing.

The Group have begun pre-launch preparations for Lerociclib (GB491) in anticipation of commercialization.

GB268 (anti-PD-1/VEGF/CTLA-4, TsAb)

GB268 is a significantly innovative tri-specific antibody solely developed by the Group that specifically blocks PD-1, VEGF, and CTLA-4 signaling pathways. To reduce the CTLA4 inhibition-induced AEs, the CTLA-4 arm only partially blocked the interaction of CTLA4 to its ligands CD80/CD86, and furthermore, the combination of CTLA-4 arm was highly dependent on PD-1 arm. Preclinical data demonstrated the efficient antitumor responses of GB268. At the meantime, immune-related AEs are alleviated. Thus, GB268 may emerge as a promising novel therapy for cancer treatment.

- In multiple PBMC-humanized models including A375 melanoma model, HT29 colorectal cancer model, and NCI-H460 NSCLC model, etc., GB268 exhibited better antitumor efficacy, compared to PD-1/CTLA-4 BsAb and PD-1/VEGF BsAb, or in the combination of the three monoclonal antibodies, namely PD-1, CTLA-4 and VEGF.
- In arthritis induction model using hPD1/hCTLA4 KI mice, GB268 had improved tolerance than cadonilimab and at least 20-fold better safety profile than ipilimumab combined with OPDIVO.

During the first half of 2025, GB268 has successfully completed the release of two batches of pilot-scale GMP production, with good consistency between the batches, high purity and good stability, making it suitable for use in clinical study and its GLP toxicology study in cynomolgus monkeys with repeated administration for 4 weeks was completed in March 2025. T-cell activation related to pharmacological effects has been observed in the low, medium and high dose groups, with no serious drug-related adverse effects observed, suggesting that the molecule has a favorable safety and efficacy.

NMPA accepted the IND application for GB268 (anti-PD-1/VEGF/CTLA-4) on 9 May 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

GB261 (CD20/CD3, BsAb)

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

The phase I/II clinical trials of GB261 for lymphoma was led by Peking University Cancer Hospital, conducted at multiple clinical study sites in Australia and China and has been completed. A favourable safety and pharmacokinetic profile and clinical antitumor activities observed in the trials are consistent with the molecular design mechanism of GB261, demonstrating promising efficacy and a favourable safety.

The preliminary results of phase I/II study of GB261 were presented at the annual meeting of the 65th American Society of Hematology (“**ASH**”) in the poster session:

- GB261 is a novel and highly differentiated CD20/CD3 bispecific antibody and is the first clinical stage Fc+ CD20/CD3 T cell activator. In heavily pretreated B-NHL failed patients, GB261 showed a highly advantageous safety/efficacy balance. The safety profile of GB261 is excellent especially for the CRS which is very mild, transient and less frequent as compared with other CD20/CD3 bispecific antibodies. The response after GB261 treatment was early, deep and durable. Additionally, clinical benefit is also seen in other CD20/CD3 failed patients, which provides clinical support to the unique and differentiated mechanism of action of GB261.

Candid Therapeutics, Inc., a licensee, has made advances in its in-licensed novel TCE (GB261) into autoimmune diseases for clinical evaluation. First patients have been dosed with GB261 and have been well tolerated. Additionally, the subcutaneous dosing formulation for GB261 has been established. For details, please refer to the announcement of the Company dated 30 June 2025.

GB263T (EGFR/cMET/cMET, TsAb)

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

In pre-clinical studies, GB263T effectively thwarted ligand-induced phosphorylation of EGFR and cMET compared to its Amivantamab (JNJ-372) analogue, and demonstrated better dual inhibition of EGFR and cMET signaling pathways. Meanwhile, GB263T effectively induced the endocytosis of EGFR and cMET, and significantly reduced the protein expression levels of EGFR and cMET. GB263T 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 drug-related toxic side effects were observed after 4 weeks of observation, even in the highly-dosed group.

MANAGEMENT DISCUSSION AND ANALYSIS

GB263T phase I/II clinical trial was led by Guangdong Provincial People's Hospital. Currently, the dose escalation was completed in phase I. A total of 15 patients with non-small cell lung cancer had received at least one GB263T treatment. All patients had received previous third-generation EGFR-TKI and platinum-based chemotherapy and the median number of prior lines of systemic therapy was 3. These updated research data have been accepted at the 2024 Congress of the European Society for Medical Oncology (ESMO) and were published on 14 September 2024.

- GB263T has shown promising efficacy at the therapeutic dose range (1,260-1,680 mg).
 - The confirmed objective response rate ("**ORR**") of patients with EGFR-sensitive mutations and resistance to the third-generation TKI treatment and have disease progression at the therapeutic dose range of 1,260/1,680 mg was 28.6%;
 - An apparent benefit was observed in three patients (2 partial responses ("**PR**") and 1 durable stable disease ("**SD**")) who have developed drug-resistant cMET changes after a third-generation TKI treatment. As of the date of relevant data, treatment durations are over 12 months (840 mg, SD patients), over 10 months (1,260 mg, PR patients), and over 8 months (1,680 mg, PR patients), respectively.
- At the same time, an advantage of safety profile was also demonstrated.
 - The infusion reaction rate was relatively low (33.3%) and mild (no $\geq$ grade 3 infusion reactions); infusion reactions occurred only in 10% of cases at effective doses and were all grade 1;
 - Other common treatment-related AEs were rash (60%), fatigue (40%), and paronychia (40%), all of which were mild (grade 1/2);
 - No MET target-related peripheral edema toxicity was reported. No venous thrombosis occurred.

Research and Development of the Global Innovative New Drug

The Company's R&D team focused on developing targets and projects with FIC/BIC potential. Multiple development of bi-poly antibody molecules at or near the PCC stage have been completed, all of which are highly innovative bi-specific/multi-specific antibody projects with the potential to be BIC.

Drive continuous optimization of CMC quality and efficiency

In accordance with the Company's strategy of "focus and optimization", the CMC team of the Company 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.

MANAGEMENT DISCUSSION AND ANALYSIS

- 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 in order to better serve the screening of candidate molecules for new drug research and development, and also facilitate 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. According to the “quality agreement” entered into between both parties, in the context of GXP, we supervise and guide process development, process control, manufacturing as well as the transfer and confirmation of detection methods of CDMO, with the release, storage and shipment of the final product meeting GXP compliance, which has further optimized the working mode and cooperation efficiency.
- 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, production release and stability research of GB261 (CD20/CD3, BsAb), GB263T (EGFR/cMET/cMET, TsAb), GB268 (anti-PD-1/VEGF/CTLA-4, TsAb) and other products, providing high-quality drugs with good stability for clinical study.

Other Matters

With effect from 10 January 2025, the address of the principal place of business in Hong Kong of the Company has been changed to Room 1920, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. For details, please refer to the announcement of the Company dated 9 January 2025.

On 19 February 2025, the Company convened an extraordinary general meeting to approve the removal of PricewaterhouseCoopers and the appointment of Ernst & Young as the auditor of the Company. Each of the said proposed removal and proposed appointment was approved by the Shareholders by way of an ordinary resolution. Accordingly, with effect from 19 February 2025, PricewaterhouseCoopers has been removed as the auditor of the Company, and Ernst & Young has been appointed as the new auditor of the Company and to hold office until the conclusion of the next annual general meeting of the Company. For details, please refer to the announcements of the Company dated 22 January 2025 and 19 February 2025, and the circular of the Company dated 4 February 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Events after the Reporting Period

- On 1 July 2025, the Group entered into a service agreement with Edding and Eddingpharm (Suzhou) in respect of Lerociclib (GB491), pursuant to which Edding and Eddingpharm (Suzhou) shall provide business service to the Group for research and development, production, import, distribution, tendering and subsequent localized production and marketing of Lerociclib (GB491) within the PRC.
- On 1 July 2025, the Group entered into a service agreement with Edding and Eddingpharm (Suzhou) in respect of GB268, pursuant to which Edding and Eddingpharm (Suzhou) shall provide business service to the Group for the research and development and production of GB268.
- On 14 July 2025, the Group entered into an exclusive agency agreement with Edding and Eddingpharm (Suzhou) in respect of Lerociclib (GB491), pursuant to which the Group appointed Edding and Eddingpharm (Suzhou) as the exclusive provider of the agency services in relation to the application of inclusion of Lerociclib (GB491) into the NRDL and the post-inclusion implementation work in the PRC.
- On 17 July 2025, the IND application of FIH for GB268 was approved by NMPA.

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules on 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.

Shareholders and potential investors should note that the closing of the Proposed Merger is subject to the fulfillment or waiver (as the case may be) of the conditions precedent to the obligations of the Company and/or Edding to consummate the Proposed Merger (the “Merger Conditions Precedent”). In addition, the Listing Committee of the Stock Exchange may or may not approve the New Listing Application to be made by the Company. In the event that approval of the New Listing Application is not granted, the Merger Agreement will not become unconditional and the Proposed Merger will not proceed.

The Executive of the Securities and Futures Commission of Hong Kong (the “Executive”) may or may not grant the whitewash waiver in connection with the Proposed Merger (the “Whitewash Waiver”). It is one of the Merger Conditions Precedent that the Whitewash Waiver has been granted. In the event that the Whitewash Waiver is not granted by the Executive or the Whitewash Waiver and the Proposed Merger are not approved at the extraordinary general meeting by the independent Shareholders, the Merger Agreement will not become unconditional and the Proposed Merger will not proceed.

As the Merger Closing may or may not take place, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OUTLOOK

The Group will further concentrate its efforts on potential global FIC and BIC innovation pipelines for tumors and autoimmune diseases, 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 a focus on high-quality and original innovation, the Group is actively exploring its highly differential research and development platforms, technologies and development projects for early discovery on an ongoing basis. After successfully realizing the enterprise's transformation into asset-light model, not only will the Group reduce costs and enhance efficiency, but also allow the Company to continue to focus on promoting key projects of tumors and autoimmune diseases and exploration of FIC/BIC potential in multi-dimensions to achieve an effective balance between efficiency and costs.

The New Listing Application for the Proposed Merger submitted to the Stock Exchange is expected to be completed in the second half of 2025. The application for inclusion of Lerociclib (GB491) in the NRDL and its negotiation are expected to be completed by the end of 2025, and Lerociclib (GB491) is expected to be commercialized by the end of 2025. The transfer of technology for local production of Lerociclib (GB491) has also been initiated simultaneously. Meanwhile, the Company will proactively advance the FIH clinical trial for GB268. On the basis of the clinical proof-of-concept data for GB263T (EGFR/cMET/cMET, TsAb), the Group will actively seek international cooperation.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Reporting Period compared to the six months ended 30 June 2024

	2025 RMB'000	2024 RMB'000
Revenue	32,245	14,470
Cost of revenue	–	(349)
Gross profit	32,245	14,121
Administrative expenses	(25,113)	(38,548)
Research and development expenses	(74,559)	(109,682)
Net impairment losses on financial assets	(19)	(9,628)
Other income – net	1,750	3,875
Other gains/(losses) – net	(13)	282
Operating loss	(65,709)	(139,580)
Finance income	18,632	12,223
Finance costs	(2,930)	(8,979)
Finance income – net	15,702	3,244
Loss before income tax	(50,007)	(136,336)
Income tax income/(expenses)	(4,366)	1,281
Loss for the period	(54,373)	(135,055)

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Our revenue for the Reporting Period was approximately RMB32.2 million, mainly attributable to license and stock purchase agreements with TRC 2004, Inc.. Our revenue for the six months ended 30 June 2024 was approximately RMB14.5 million.

Cost of Revenue

Our cost of revenue for the Reporting Period was nil, and that for the six months ended 30 June 2024 was approximately RMB0.3 million.

Administrative Expenses

Our administrative expenses decreased by 34.8% from approximately RMB38.5 million for the six months ended 30 June 2024 to approximately RMB25.1 million for the Reporting Period, primarily due to the decrease in employee benefits expenses.

Research and Development Expenses

Our research and development expenses decreased by 32.0% from approximately RMB109.7 million for the six months ended 30 June 2024 to approximately RMB74.6 million for the Reporting Period, primarily due to (i) the decrease in employee benefits expenses for research and development personnel; and (ii) the decrease in our new drugs development fee and clinical trial expenses.

The following table summarizes the components of our research and development expenses for the Reporting Period and the six months ended 30 June 2024 respectively:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Development fee and clinical trial expenses	35,501	52,801
Professional and technical service fee	21,580	5,075
Employee benefits expenses	8,233	29,907
Depreciation and amortization	4,435	5,893
Traveling and transportation expenses	1,528	3,575
Raw material and consumables used	78	2,490
Utilities	–	56
Impairment of non-current assets	–	9,277
Others	3,204	608
Total	74,559	109,682

MANAGEMENT DISCUSSION AND ANALYSIS

Loss for the Reporting Period

As a result of the foregoing, our losses decreased from approximately RMB135.1 million for the six months ended 30 June 2024 to approximately RMB54.4 million for the Reporting Period.

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 to mitigate the effects of fluctuations in cash flow. We rely on equity financing as the major source of liquidity. As at 30 June 2025, the Group did not have any borrowings.

The Group's cash and bank balances decreased from approximately RMB1,058.8 million as at 31 December 2024 to approximately RMB1,009.9 million as at 30 June 2025. The decrease was mainly due to operating loss for the Reporting Period.

Non-HKFRS Measure

To supplement the Group's consolidated interim financial statements which are prepared in accordance with the Hong Kong Financial Reporting Standards (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:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
HKFRS Loss for the six months ended 30 June	(54,373)	(135,055)
Add:		
Share-based payment expense	(5,205)	4,903
Adjusted Loss for the six months ended 30 June	(59,578)	(130,152)

MANAGEMENT DISCUSSION AND ANALYSIS

Key Financial Ratios

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

	As at 30 June 2025	As at 31 December 2024
Current ratio ¹	4.93	8.74
Quick ratio ²	4.89	8.72
Gearing ratio ³	0.17	0.11

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.

Significant Investments

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5 percent or more of the Company's total assets as at 30 June 2025) during the Reporting Period.

For the sake of completeness, the Group is interested in Candid Therapeutics, Inc. ("**Candid**"), a clinical-stage biotechnology company focused on transforming the treatment of autoimmune and inflammatory diseases through novel T-cell engager platforms. Such interests were part of the consideration under the License Agreement with TRC 2004, Inc. ("**TRC**"), the licensee under the License Agreement. For details of the License Agreement, please refer to the announcement of the Company dated 5 August 2024.

TRC later merged with Candid. As at 30 June 2025, the Company held 12,500,000 shares of common stock of Candid, representing 2.29% of the total number of issued shares of Candid. Such interests was classified in the consolidated financial statement of the Group as "equity investment designated at fair value through other comprehensive income", the fair value of which increased from approximately RMB83,732,000 as at 31 December 2024 to approximately RMB83,844,000 as at 30 June 2025, representing approximately 6.33% of the total assets of the Group (approximately RMB1,324,798,000) as at 30 June 2025; there were no realised and unrealised gains or losses, nor were any dividends received by the Group from its shareholding in Candid during the Reporting Period.

The Company intends to continue to hold such interests in Candid for enhancing the collaboration with Candid for the development of GB261.

Material Acquisitions and Disposals

Save for the Proposed Merger, the Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of Assets

As at 30 June 2025, none of the Group's assets were pledged.

Contingent Liabilities

On 15 April 2024, Genor Biopharma, an indirectly wholly-owned subsidiary of the Company, was notified that it has been named as a defendant in the lawsuit brought by NewBio Therapeutics, Inc. in the Pudong New Area People's Court of Shanghai, for an alleged breach of the cooperation agreement entered into between the two parties on 30 December 2013 and its supplemental agreements. The claim amounted to RMB15 million.

The Directors, based on the advice from the Group's legal counsel, believe that Genor Biopharma has a valid defence against the claim and accordingly, the Group has not provided for any claim arising from the litigation, other than the related legal and other costs.

In the opinion of the Directors, the Group had no significant contingent liabilities as at 30 June 2025 (as at 31 December 2024: nil).

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. 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 initial public offering.

The Group's monetary items mainly consisted of cash and bank balances. As at 30 June 2025, if RMB weakened or strengthened by 10% against USD, with all other variables held constant, loss for the Reporting Period would have been approximately RMB99,056,000 lower or higher (for the year ended 31 December 2024: RMB102,897,000 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 against significant foreign currency exposure should the need arise.

Employees and Remuneration

As at 30 June 2025, the Group had a total of 17 (as at 31 December 2024: 24) employees in Shanghai.

The total remuneration cost incurred by the Group for the Reporting Period was approximately RMB10.9 million, as compared to approximately RMB53.0 million for the six months ended 30 June 2024.

Our employees' remuneration comprises salaries, bonuses, 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 30 June 2025, we had complied with all statutory social security insurance fund and housing fund obligations applicable to us under Chinese laws in all material aspects.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company has also adopted a pre-IPO share option plan (the “**Pre-IPO Share Option Plan**”), a post-IPO share option plan (the “**Post-IPO Share Option Plan**”), a 2021 restricted share unit plan (the “**2021 RSU Plan**”), a 2023 share option plan (the “**2023 Share Option Plan**”) and a 2023 restricted share unit plan (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 the 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 agreements. All unvested restricted share units 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.

Please refer to the section headed “Statutory and General Information – D. Share Option Schemes” in Appendix IV to the prospectus of the Company dated 23 September 2020 (the “**Prospectus**”) for further details of the Pre-IPO Share Option Plan and the Post-IPO Share Option Plan and the announcements of the Company dated 3 June 2021, dated 27 August 2021, 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.

Dividend

The Board does not recommend the distribution of an interim dividend for the six months ended 30 June 2025.

OTHER INFORMATION

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 30 June 2025, the interests and short positions of the Directors or chief executives 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 were as follows:

Name of Director/ Chief Executive	Capacity/ Nature of interest	Number of ordinary shares	Approximate percentage of holding ⁽¹⁾	Long position/ Short position
Mr. Weng Chengyi	Beneficial owner	1,522,500 ⁽²⁾	0.29%	Long position
Dr. Guo Feng	Beneficial owner	21,158,108 ⁽³⁾	4.03%	Long position

Notes:

- (1) The calculation is based on the total number of 525,262,071 Shares in issue as at 30 June 2025.
- (2) These Shares include Mr. Weng's entitlement to receive, subject to the conditions of those options and RSUs, (i) up to 340,000 Shares pursuant to the exercise of Options under the Pre-IPO Share Option Scheme; (ii) up to 600,000 Shares pursuant to the exercise of Options under the Post-IPO Share Option Scheme; and (iii) up to 210,000 RSUs pursuant to the vesting of RSUs under the 2021 RSU Plan. For further details of these Options and RSUs, please refer to the section headed "EQUITY PLANS" below.
- (3) These Shares include Dr. Guo's entitlement to receive, subject to the conditions of those options and RSUs, (i) up to 477,679 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 3,375,000 Shares pursuant to the exercise of Options under the Post-IPO Share Option Scheme; (iii) up to 2,915,057 Shares pursuant to the exercise of options under the 2023 Share Option Plan and (iv) up to 2,789,125 Shares pursuant to the vesting of RSUs under the 2023 RSU Plan. For further details of these Options and RSUs, please refer to the section headed "EQUITY PLANS" in this interim report below.

Save as disclosed above, as at 30 June 2025, none of the Directors or chief executives 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.

OTHER INFORMATION

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

As at 30 June 2025, so far as the Directors are aware, the following persons (other than the Directors or chief executives) 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	24.03%	Long position
HH BIO Investment Fund L.P. ⁽²⁾	Interest in a controlled corporation	126,239,103	24.03%	Long position
Hillhouse Fund IV, L.P. ⁽²⁾	Interest in a controlled corporation	126,239,103	24.03%	Long position
Hillhouse Investment Management, Ltd. ⁽²⁾	Investment manager	127,989,103	24.37%	Long position
Walga Biotechnology Limited ⁽³⁾	Beneficial owner	37,560,998	7.15%	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	7.15%	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	7.15%	Long position
Aranda Investments Pte. Ltd. ⁽⁴⁾	Beneficial owner	29,157,348	5.55%	Long position
Seletar Investments Pte Ltd ⁽⁴⁾	Interest in a controlled corporation	29,157,348	5.55%	Long position
Temasek Capital (Private) Limited ⁽⁴⁾	Interest in a controlled corporation	29,157,348	5.55%	Long position
Temasek Holdings (Private) Limited ⁽⁴⁾	Interest in a controlled corporation	31,157,348	5.93%	Long position

Notes:

- The calculation is based on the total number of 525,262,071 Shares in issue as at 30 June 2025.
- 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.
- 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).
- 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 0.38% of the Shares in issue indirectly through other entities.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2025, no persons other than the Directors or chief executives whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any of Its Associated Corporations" above had any interests or short positions in the Shares or underlying Shares of the Company 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 Eligible Persons 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. 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 contract (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 grounds 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 contracts, 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 11.13% of the Shares in issue (i.e. 526,293,696 Shares) as at the date of this interim report (i.e. 29 August 2025).

(d) *Maximum Entitlement of Each Participant*

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

OTHER INFORMATION

(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 4 years from the date of this interim report (i.e. 29 August 2025).

(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 shall be granted or were granted since the Listing Date.

					Exercise	Outstanding	Exercised	Cancelled	Lapsed	Outstanding
					Price	as at	during the	during the	during the	as at
Name	Role	Date of Grant	Vesting Period ⁽²⁾	Exercise Period	(per Share)	1 January 2025	Reporting Period ⁽⁴⁾	Reporting Period	Reporting Period	30 June 2025
Dr. GUO Feng	Chief Executive Officer	30 April 2020	Milestone Achievement	10 years from Date of Grant	US\$0.0002	477,679	0	0	0	477,679
Mr. WENG Chengyi	Executive Director, Chief Financial Officer	16 September 2019	Date of Grant - 4.5 years from Date of Grant	10 years from Date of Grant	US\$2	220,000	0	0	0	220,000
		16 April 2020	Milestone Achievement	10 years from Date of Grant	US\$2	120,000	0	0	0	120,000
Total:						817,679	0	0	0	817,679

OTHER INFORMATION

Date of Grant	Vesting Period ⁽²⁾	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2025	Exercised during the Reporting Period ⁽⁴⁾	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 30 June 2025
Employees Group A (MaplesFS (BVI) Limited on behalf of AKQM Partner Trust)⁽³⁾								
16 September 2019	Date of Grant-4.5 years from Date of Grant	10 years from Date of Grant	US\$0.0002	72,889	0	0	0	72,889
16 September 2019	Milestone Achievement	10 years from Date of Grant	US\$0.0002	125	0	0	0	125
16 September 2019	Date of Grant-4.5 years from Date of Grant	10 years from Date of Grant	US\$2	474,779	0	0	0	474,779
16 April 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$0.0002	21	0	0	0	21
16 April 2020	Milestone Achievement	10 years from Date of Grant	US\$0.0002	518	0	0	0	518
16 April 2020	Milestone Achievement	10 years from Date of Grant	US\$2	211,000	0	0	0	211,000
31 July 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$0.0002	162,500	0	0	0	162,500
31 July 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$2	1,500,000	0	0	0	1,500,000
Employees Group B								
16 September 2019	Date of Grant-4.5 years from Date of Grant	10 years from Date of Grant	US\$0.0002	102,000	0	0	0	102,000
16 September 2019	Date of Grant-4.5 years from Date of Grant	10 years from Date of Grant	US\$2	230,000	0	0	0	230,000
29 February 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$0.0002	40,000	40,000	0	0	0
29 February 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$2	160,000	0	0	0	160,000

OTHER INFORMATION

Date of Grant	Vesting Period ⁽²⁾	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2025	Exercised during the Reporting Period ⁽⁴⁾	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 30 June 2025
16 April 2020	Milestone Achievement	10 years from Date of Grant	US\$2	50,000	0	0	14,000	36,000
30 April 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$0.0002	19,000	19,000	0	0	0
30 April 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$2	50,000	0	0	0	50,000
31 August 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$0.0002	30,000	0	0	0	30,000
31 August 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US\$2	60,000	0	0	0	60,000
Total				3,162,832	59,000	0	14,000	3,089,832

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 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\$2.1 per share.

OTHER INFORMATION

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 Eligible Persons 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 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 contract (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 grounds 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 contracts. 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.

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 9.14% of the Shares in issue (i.e. 526,293,696 Shares) as at the date of this interim report (i.e. 29 August 2025). As at the date of this interim report, no further option could be granted under the Post-IPO Share Option Plan.

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(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 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 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 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).

OTHER INFORMATION

(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. No further options were granted since 27 October 2023.

Name	Role	Date of Grant	Vesting Period ⁽²⁾	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2025	Exercised during the Reporting Period ⁽³⁾	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 30 June 2025
Dr. GUO Feng	Chief Executive Officer	25 May 2023	25 May 2024 – 25 May 2027	10 years from Date of Grant	HKD1.808	3,250,000	1,625,000	0	0	1,625,000
		25 May 2023	Milestone Achievement	10 years from Date of Grant	HKD1.808	1,750,000	0	0	0	1,750,000
Mr. Weng Chengyi	Executive Director and Chief Financial Officer	31 August 2023	2 September 2024 – 2 September 2027	10 years from Date of Grant	HKD 1.5	600,000	0	0	0	600,000
Total:						5,600,000	1,625,000	0	0	3,975,000

Date of Grant	Vesting Period ⁽²⁾	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2025	Granted during the Reporting Period	Exercised during the Reporting Period ⁽³⁾	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 30 June 2025
Employees									
3 June 2021	Date of entry-4 years from Date of entry	10 years from Date of Grant	HKD17.080	178,525	0	0	0	120,525	58,000
27 August 2021	Date of entry-4 years from Date of entry	10 years from Date of Grant	HKD10.848	36,000	0	0	0	9,000	27,000
5 October 2022	Date of entry-4 years from Date of entry	10 years from Date of Grant	HKD1.728	1,548,000	0	0	0	0	1,548,000
25 May 2023	25 May 2024 – 30 July 2024	10 years from Date of Grant	HKD1.808	1,300,000	0	0	0	0	1,300,000
25 May 2023	25 May 2024 – 25 May 2026	10 years from Date of Grant	HKD1.808	682,500	0	0	0	0	682,500
25 May 2023	25 May 2024 – 25 May 2027	10 years from Date of Grant	HKD1.808	1,137,500	0	0	0	0	1,137,500
25 May 2023	Milestone Achievement	10 years from Date of Grant	HKD1.808	980,000	0	0	0	0	980,000
31 August 2023	2 September 2024 – 2 September 2027	10 years from Date of Grant	HKD1.500	1,858,560	0	186,800	0	698,400	973,360
Total				7,721,085	0	186,800	0	827,925	6,706,360

OTHER INFORMATION

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 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 weighted average closing price of the Shares immediately before the dates on which the options were exercised during the Reporting Period was HK\$2.7 per share.

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

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 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 at the beginning and at the end of the Reporting Period.

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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 was to (i) advance the interests of the Company by motivating the selected participants to contribute to the Company's growth and development; (ii) recruit, incentivize and retain key employees; (iii) recognize the contributions by the participants with an opportunity to acquire a proprietary interest in the Company; and (iv) motivate the participants to maximize 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 would select Eligible Persons 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 2021 RSU Plan. The basis of eligibility of any Eligible Persons to the grant of the award should 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 might be granted under the 2021 RSU Plan is 14,730,911, representing approximately 2.80% of the Shares in issue (i.e. 526,293,696 Shares) as at the date of this interim report (i.e. 29 August 2025). As at the date of this interim 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 might 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.

OTHER INFORMATION

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

Nil consideration was 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 was 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 table below shows the details of the movement of the RSUs granted to all grantees under the 2021 RSU Plan during the Reporting Period. No further RSUs were granted since 27 October 2023.

Name	Role	Date of Grant	Vesting Period	Unvested as at 1 January 2025	Vested during the Reporting Period ⁽³⁾	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as at 30 June 2025
Mr. Weng Chengyi	Executive Director and Chief Financial Officer	31 August 2023	2 September 2024 – 2 September 2027	210,000	0	0	0	210,000
Total:				210,000	0	0	0	210,000

Date of Grant	Vesting Period ⁽²⁾	Unvested as at 1 January 2025	Vested during the Reporting Period ⁽³⁾	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as at 30 June 2025
Employees						
27 August 2021	Date of entry-4 years from Date of entry	4,500	0	0	4,500	0
5 October 2022	Date of entry-4 years from Date of entry	184,750	0	0	0	184,750
25 May 2023	25 May 2024 – 25 May 2026	273,000	0	0	0	273,000
25 May 2023	25 May 2024 – 25 May 2027	365,625	0	0	0	365,625
25 May 2023	Milestone Achievement	304,500	0	0	0	304,500
31 August 2023	2 September 2024 – 2 September 2027	681,960	0	0	349,200	332,760
Total		1,814,335	0	0	353,700	1,460,635

OTHER INFORMATION

Notes:

- (1) 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 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 not applicable as no RSUs were vested under the 2021 RSU Plan during the Reporting Period.

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

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 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.

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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 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 at the beginning and at the end of the Reporting Period.

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 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 was granted options under the 2023 Share Option Plan as an inducement to enter into employment contracts with any members 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 4.08% of the Shares in issue (i.e. 526,293,696 Shares) as at the date of this interim report (i.e. 29 August 2025).

OTHER INFORMATION

(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.

OTHER INFORMATION

(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 8.2 years from the date of this interim report (i.e. 29 August 2025).

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

The table below shows the details of the movement of the outstanding options granted to all grantees under the 2023 Share Option Plan during the Reporting Period. No further option was granted during the Reporting Period.

					Exercise	Outstanding	Granted	Exercised	Cancelled	Lapsed	Outstanding
					Price	as at	during the	during the	during the	during the	as at
Name	Role	Date of	Vesting	Exercise	(per Share)	1 January	Reporting	Reporting	Reporting	Reporting	30 June
		Grant	Period ⁽²⁾	Period		2025	Period	Period	Period	Period	2025
Dr. GUO Feng	Chief Executive Officer	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	0	906,596	0	0	2,719,789
		31 August 2023 ⁽³⁾	Milestone Achievement	10 years from the relevant date of vesting of the options	HK\$1.50	1,952,669	0	1,757,401	0	0	195,268
Total:						5,579,054	0	2,663,997	0	0	2,915,057

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 the 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.
- (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\$2.68 per share.

OTHER INFORMATION

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

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 15 to the condensed consolidated financial statements.

The respective number of options available for grant under the 2023 Share Option Plan was 15,870,754 on 1 January 2025 and 15,870,754 on 30 June 2025.

OTHER INFORMATION

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 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 1.13% of the Shares in issue (i.e. 526,293,696 Shares) as at the date of this interim report (i.e. 29 August 2025).



OTHER INFORMATION

(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.

OTHER INFORMATION

(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 the 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 8.2 years from the date of this interim report (i.e. 29 August 2025).

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

The table below shows the details of the movement of the unvested RSUs granted to all grantees under the 2023 RSU Plan during the Reporting Period. No further RSU was granted during the Reporting Period.

				Unvested as at 1 January 2025	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as at 30 June 2025
Name	Role	Date of Grant	Vesting Period ⁽²⁾						
Dr. GUO Feng	Chief Executive Officer	31 August 2023 ⁽³⁾	2 September 2024 – 2 September 2027	2,052,375	0	0	0	0	2,052,375
		31 August 2023 ⁽³⁾	Milestone Achievement	1,105,125	0	368,375	0	0	736,750
Total:				3,157,500	0	368,375	0	0	2,789,125

OTHER INFORMATION

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.
- (4) The weighted average closing price of the shares immediately before the dates on which the RSUs were exercised during the Reporting Period was HK\$2.66 per share.

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

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.

OTHER INFORMATION

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 15 to the condensed consolidated financial statements.

The respective number of RSUs available for grant under the 2023 RSU Plan was 1,754,556 on 1 January 2025 and 1,754,556 on 30 June 2025.

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 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 not applicable as no options or awards were granted under all schemes of the Company during the Reporting Period.

LOAN ARRANGEMENTS GRANTED TO ENTITIES

During the Reporting Period, the Group did not grant any loan to any entity which is subject to disclosure requirements under Rules 13.13 and 13.20 of the Listing Rules.

PLEDGE OF SHARES BY 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. As such, during the Reporting Period, there was no pledge of Shares by the Controlling Shareholders of the Company.

LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDER

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. As such, during the Reporting Period, there was no loan agreement of the Group with covenants relating to specific performance of the controlling shareholder of the Company.

BREACH OF LOAN AGREEMENTS

During the Reporting Period, 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.



OTHER INFORMATION

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

During the Reporting Period, there was no financial assistance or guarantee to affiliated companies by the Company which is subject to disclosure under Rules 13.16 and 13.22 of the Listing Rules.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules)) during the Reporting Period. As at 30 June 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

MATERIAL LITIGATION

Save as disclosed in the section headed "Contingent Liabilities", during the Reporting Period and as at the date this report, the Company was not involved in any material litigations or arbitrations and the Directors are not aware of any material litigations or claims that are pending or threatened against the Group.

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 HKD2,923 million (equivalent to approximately RMB2,536 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.

As at 30 June 2025, the Company had utilised RMB1,922.3 million of Net Proceeds in accordance with the plan disclosed in the Prospectus, the change in use of net proceeds from the global offering allocated to the different stages of each of our Core Products, other key products and other pipeline products as disclosed in the interim results announcement of the Company for the six months ended 30 June 2022, and the further change in use of Net Proceeds as disclosed in the interim result announcement of the Company for the six months ended 30 June 2023 ("**2023 Interim Results Announcement**").

As at 30 June 2025, approximately RMB613.7 million of the Net Proceeds remained unutilised and 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 utilize the residual amount of the Net Proceeds in accordance with such intended purposes depending on actual business needs.

OTHER INFORMATION

Details of the use of the Net Proceeds are set out as below.

	Revised Allocation of Net Proceeds ^(Note 1)	Unutilised Net Proceeds as at 1 January 2025	Net Proceeds utilised during the six months ended 30 June 2025	Utilised Net Proceeds as at 30 June 2025	Unutilised Net Proceeds as at 30 June 2025	Expected timeline to fully utilise the remaining unutilised Net Proceeds ^(Note 2)
	RMB million	RMB million	RMB million	RMB million	RMB million	
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	439.1	35.3	925.4	403.8	On or before 31 December 2026
Fund the expansion of our drug pipeline	253.6	135.4	2.2	120.4	133.2	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	48.6	18.1	669.1	30.5	On or before 31 December 2026
General corporate purposes	253.6	46.8	0.6	207.4	46.2	On or before 31 December 2025
Total	2,536.0	669.9	56.2	1,922.3	613.7	

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.

OTHER INFORMATION

The table below specifies further breakdown for the Net Proceeds to be allocated to different stages of our products and their utilisation during the six months ended 30 June 2025.

Revised Allocation of Net Proceeds to Each Stage ^(Note 1)			Unutilised	Net Proceeds	Utilised	Unutilised	Expected
Pre-clinical	Clinical	Commercialization	Net Proceeds	utilised during	Net Proceeds	Net Proceeds	timeline
RMB million	RMB million	(including registration)	as at 1 January 2025	the six months ended 30 June 2025	as at 30 June 2025	as at 30 June 2025	to fully utilise the remaining unutilised Net Proceeds ^(Note 2)
		RMB million	RMB million	RMB million	RMB million	RMB million	
GB491	–	736.4	100	167.1	31.5	700.8	135.6 On or before 31 December 2026
GB261	55.8	277.1	–	182.2	2.3	153.0	179.9 On or before 31 December 2026
GB263	45.8	114.1	–	89.8	1.5	71.6	88.3 On or before 31 December 2026
GB242, GB226, GB492 and other products ^(Note 3)	23.9	549.7	126	48.6	18.1	669.1	30.5 On or before 31 December 2026
Total				487.7	53.4	1,594.5	434.3

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.

OTHER INFORMATION

OTHER BOARD COMMITTEES

In addition to the Audit Committee, the Company has also established a nomination committee and a compensation committee.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

The Group does not have any future plan for material investments and capital assets.

CHANGES TO DIRECTORS' INFORMATION

Changes in the information of the Directors as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Reporting Period are set out below:

- (1) Dr. Lyu Dong retired from office as a non-executive Director and a member of the Nomination Committee on 26 June 2025; and
- (2) Ms. Cui Bai has been appointed as a member of the Nomination Committee with effect from 26 June 2025.

CORPORATE GOVERNANCE

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.

Compliance with the Corporate Governance Code

The Company is committed to maintaining and promoting stringent corporate governance standards. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders.

The Company has adopted the principles and code provisions of the Corporate Governance Code – Principles of good corporate governance, code provisions and recommended best practices (the "CG Code") set out in Part 2 of Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices.

During the Reporting Period, the Company has complied with all the code provisions set out in the CG Code where applicable.

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.



OTHER INFORMATION

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (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 to all the Directors and they have confirmed that they have complied with the required standards as set out in the Model Code during the Reporting Period. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company during the Reporting Period.

Audit Committee

The Group has established an audit committee in compliance with Rule 3.21 of the Listing Rules and the CG Code, which comprises three members, being Mr. Fung Edwin, Mr. Liu Yi and Ms. Cui Bai, with Mr. Fung Edwin (being the Company’s independent non-executive Director with the appropriate professional qualifications) as the chairman of the audit committee.

The audit committee has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2025 and this report. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control and financial reporting matters.

In addition, the independent auditor of the Company, Ernst & Young, has reviewed the unaudited interim financial information of the Group for the six months ended 30 June 2025 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



Independent review report

To the shareholders of Genor Biopharma Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 57 to 73, which comprises the condensed consolidated statement of financial position of Genor Biopharma Holdings Limited (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2025 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

29 August 2025

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

For the six months ended 30 June			
	Notes	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited) (Restated)
Revenue	6	32,245	14,470
Cost of sales		–	(349)
Gross profit		32,245	14,121
Administrative expenses		(25,113)	(38,548)
Research and development expenses		(74,559)	(109,682)
Net impairment losses on financial assets		(19)	(9,628)
Other income – net		1,750	3,875
Other gain/(loss) – net		(13)	282
Operating loss		(65,709)	(139,580)
Finance income		18,632	12,223
Finance costs		(2,930)	(8,979)
Finance income – net		15,702	3,244
Loss before tax	7	(50,007)	(136,336)
Income tax income/(expenses)	8	(4,366)	1,281
Loss for the period		(54,373)	(135,055)
Attributable to:			
Owners of the Company		(54,266)	(134,465)
Non-controlling interests		(107)	(590)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
– For loss for the period (in RMB)	10	(0.10)	(0.26)
Diluted			
– For loss for the period (in RMB)	10	(0.10)	(0.26)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

30 June 2025

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited) (Restated)
LOSS FOR THE PERIOD	(54,373)	(135,055)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	(85)	(5,983)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(85)	(5,983)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	112	–
Net other comprehensive income that will not be reclassified to profit or loss in subsequent period	112	–
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	27	(5,983)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(54,346)	(141,038)
Attributable to:		
Owners of the Company	(54,212)	(140,448)
Non-controlling interests	(134)	(590)
	(54,346)	(141,038)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property and equipment	11	3,809	4,915
Right-of-use assets		724	904
Intangible assets	12	168,658	100,466
Equity investment designated at fair value through other comprehensive income	15	83,844	83,732
Other receivables, deposits and prepayments		21,514	23,503
Deferred tax assets		9,143	8,915
Total non-current assets		287,692	222,435
CURRENT ASSETS			
Other receivables, deposits and prepayments		27,199	8,503
Cash and bank balances		1,009,907	1,058,790
Total current assets		1,037,106	1,067,293
CURRENT LIABILITIES			
Trade payables	13	172,128	82,825
Other payables and accruals		26,176	26,711
Lease liabilities		356	356
Deferred income		4,030	5,853
Tax payable		7,861	6,341
Total current liabilities		210,551	122,086

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		389	555
Amounts due to a related party	14	482	350
Deferred income		4,335	4,262
Deferred tax liabilities		10,333	10,796
Total non-current liabilities		15,539	15,963
Net asset		1,098,708	1,151,679
EQUITY			
Equity attributable to the ordinary equity holders of the Company			
Share capital		71	70
Share premium		9,489,059	9,477,833
Treasury shares		(747)	(747)
Reserves		(1,493,856)	(1,484,058)
Accumulated losses		(6,895,885)	(6,841,619)
		1,098,642	1,151,479
Non-controlling interests		66	200
Total equity		1,098,708	1,151,679

The financial statements on pages 57 to 73 were approved by the board of directors on 29 August 2025 and were signed on its behalf.

Weng Chengyi

Executive Director and Chief Financial Officer

Yu Tieming

Non-executive Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

30 June 2025

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Other reserves	Accumulated losses	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023	69	9,397,851	(5,198)	(1,413,572)	(6,790,336)	1,188,814	1,886	1,190,700
Comprehensive loss								
– Loss for the period (restated)	–	–	–	–	(134,465)	(134,465)	(590)	(135,055)
– Other comprehensive loss	–	–	–	(5,983)	–	(5,983)	–	(5,983)
Transaction with owners								
– Share-based payment	–	–	–	4,903	–	4,903	–	4,903
– Shares exercised under employee option plan and RSU plan	1	74,402	4,451	(78,847)	–	7	–	7
At 30 June 2024 (unaudited and restated)	70	9,472,253	(747)	(1,493,499)	(6,924,801)	1,053,276	1,296	1,054,572
At 31 December 2024 (audited)	70	9,477,833	(747)	(1,484,058)	(6,841,619)	1,151,479	200	1,151,679
Comprehensive loss								
– Loss for the period	–	–	–	–	(54,266)	(54,266)	(107)	(54,373)
– Other comprehensive income/(loss)	–	–	–	54	–	54	(27)	27
Transaction with owners								
– Share-based payment	–	–	–	(5,205)	–	(5,205)	–	(5,205)
– Shares exercised under employee option plan and RSU plan	1	11,226	–	(4,647)	–	6,580	–	6,580
At 30 June 2025 (unaudited)	71	9,489,059	(747)	(1,493,856)	(6,895,885)	1,098,642	66	1,098,708

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

30 June 2025

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited) (Restated)
CASH FLOWS USED IN OPERATING ACTIVITIES		
Cash used in operations	(49,014)	(172,780)
Interest received	3,783	15,632
Government grant received	241	1,150
Net cash flows used in operating activities	(44,990)	(155,998)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Payments for property and equipment	–	(572)
Placement of term deposits	(751,653)	(909,637)
Proceeds from disposals of property and equipment	8	5,766
Net cash flows used in investing activities	(751,645)	(904,443)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Principal elements of lease payments	(166)	(2,916)
Interest of lease payments	(22)	(97)
Proceeds from issuance of shares exercised under employee option plan	1	1
Net cash flows used in financing activities	(187)	(3,012)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(796,822)	(1,063,453)
Cash and cash equivalents at beginning of period	1,058,790	1,165,481
Effect of foreign exchange rate changes, net	(3,714)	3,538
CASH AND CASH EQUIVALENTS AT END OF PERIOD	258,254	105,566
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,009,907	1,017,797
Non-pledged time deposits with original maturity of more than three months when acquired	(751,653)	(912,231)
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	258,254	105,566

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

1 GENERAL INFORMATION

Genor Biopharma Holdings Limited (the “Company”), previously known as JHBP (CY) Holdings Limited, and its subsidiaries (together the “Group”), are principally engaged in developing and commercialising oncology and autoimmune drugs in the People’s Republic of China (the “PRC”).

The Company was incorporated in the Cayman Islands 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.

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

2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period’s financial information.

Amendments to HKAS 21

Lack of Exchangeability

The nature and impact of the amended HKFRS Accounting Standard are described below:

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

4 RESTATEMENT OF COMPARATIVE AMOUNTS

As disclosed in the announcement of the Company dated 4 February 2025 and the Company's annual report for the year ended 31 December 2024, the Group identified a suspected misappropriation of funds by a former employee at the end of 2024. The net loss incurred was RMB8,944,000 and had been reflected in the consolidated financial statements of the Group for the year ended 31 December 2024 (please refer to note 19 to the audited consolidated financial statements for the year ended 31 December 2024 for details). In preparing the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2025, the Directors restated the comparative interim condensed consolidated financial statements for the six months ended 30 June 2024.

As at 30 June 2024, assets misappropriated and not recoverable amounted to RMB9,628,000, of which, other income and finance income received but unrecorded amounted to RMB125,000 and RMB733,000, respectively, and on-book cash of RMB8,770,000.

The effect of the restatement on the Group's consolidated financial statements for the six months ended 30 June 2024 are summarised as follows:

	As previously reported RMB'000	As restated RMB'000	Restatement amounts RMB'000
Net impairment losses on financial assets	—	(9,628)	(9,628)
Other income – net	3,750	3,875	125
Finance income	11,490	12,223	733
Finance income – net	2,511	3,244	733
Loss before tax	(127,566)	(136,336)	(8,770)
Loss for the period	(126,285)	(135,055)	(8,770)
Attributable to:			
Owners of the Company	(125,695)	(134,465)	(8,770)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

4 RESTATEMENT OF COMPARATIVE AMOUNTS (CONTINUED)

	As previously reported RMB'000	As restated RMB'000	Restatement amounts RMB'000
Loss per share attributable to ordinary equity holders of the parent			
Basic			
– For loss for the period (in RMB)	(0.25)	(0.26)	(0.01)
Diluted			
– For loss for the period (in RMB)	(0.25)	(0.26)	(0.01)
Total comprehensive loss for the period	(132,268)	(141,038)	(8,770)
Attributable to:			
Owners of the Company	(131,678)	(140,448)	(8,770)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	(163,277)	(172,780)	(9,503)
Interest received	14,899	15,632	733
Net cash flows used in operating activities	(147,228)	(155,998)	(8,770)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,054,683)	(1,063,453)	(8,770)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	114,336	105,566	(8,770)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	1,026,567	1,017,797	(8,770)
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	114,336	105,566	(8,770)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

5 OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the 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 a 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 REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Licensing revenue	32,245	14,470

The Group has only one segment and no further segment information of revenue is applicable.

7 LOSS BEFORE TAX

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited) (Restated)
Development fee and clinical trial expenses	35,501	52,801
Net exchange loss	8,803	2,820
Net impairment losses on financial assets	19	9,628
Impairment of non-current assets	—	3,617

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

8 INCOME TAX

No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax for the periods ended 30 June 2025 and 2024. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Current-Elsewhere	5,056	–
Deferred	(690)	(1,281)
Total tax charge/(credit) for the period	4,366	(1,281)

9 DIVIDENDS

No dividend has been paid or declared by the Company during the period ended 30 June 2025 and 2024.

10 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 521,205,520 (2024: 509,677,651) outstanding during the period, as adjusted to reflect the rights issue during the period.

The Group had potential dilutive shares for the six months ended 30 June 2025 in relation to the shares held for employee option plan and shares to be issued to Ab Studio Inc. ("ABS") (note 15), which was a non-controlling shareholder of ABT. Due to the Group's loss for the six months ended 30 June 2025, the potential dilutive shares had anti-dilutive effect on the Group's loss per share. Thus, the diluted loss per share is the same as basic loss per share.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

10 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited) (Restated)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation:	(54,266)	(134,465)
	Number of shares	
	2025	2024
Shares		
Weighted average number of ordinary shares outstanding during the period used in the basic earnings per share calculation	521,205,520	509,677,651

11 PROPERTY AND EQUIPMENT

Assets with a net book value of RMB3,809,000 were disposed of by the Group during the six months ended 30 June 2025 (30 June 2024: RMB4,915,000), resulting in a net loss on disposal of RMB47,000 (30 June 2024: RMB3,077,000).

During the six months ended 30 June 2025, no impairment loss was recognised (30 June 2024: RMB31,472,000).

12 INTANGIBLE ASSETS

During the six months ended 30 June 2025, no impairment loss was recognised (30 June 2024: RMB2,118,000).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

13 TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 1 year	165,469	79,826
Over 1 year	6,659	2,999
Total	172,128	82,825

The carrying amounts approximate to the fair values due to short-term maturities.

14 RELATED PARTY TRANSACTIONS

The executive directors are of the view that the following party that had transactions or balances with the Group is a related party:

Name	Relationship with the Group
ABS	Minority shareholder of ABT

The following significant transactions were carried out between the Group and its related parties during the six-month periods ended 30 June 2025 and 2024. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and on terms negotiated between the Group and the respective related parties.

(a) The Group had the following transactions with a related party during the period:

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Purchase of rental services and utilities	29	293
Purchase of research and development services	–	303
Total	29	596

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

14 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balance with a related party:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Amounts due to a related party		
Non-trade in nature		
ABS (i)	482	350
Less: non-current portion	(482)	(350)
Current portion	—	—

- (i) ABS is the non-controlling shareholder of ABT. The amounts due to ABS are attributable to the contingent consideration for the acquisition of ABT. As at 30 June 2025, the fair value of contingent consideration was approximately RMB482,000. The amount will be payable to ABS upon reaching certain milestone achievements in relation to development progress, regulatory approval and license-out arrangements.

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Salaries, bonuses and other benefits	5,799	8,341
Share-based payment expenses (i)	(2,013)	9,707
Pension, social security costs and housing benefits	983	823
Total	4,769	18,871

- (i) The share-based payment expenses were recognised based on the fair value at the grant date.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

15 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The Group's equity investment designated at fair value through other comprehensive income was measured at fair value at the end of the reporting period, the Group applied the back-solve method to determine the fair value of the equity investment. The fair value measurement of this equity investment may involve unobservable inputs such as volatility and risk-free rate.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2025:

	Valuation technique	Significant unobservable input	Sensitivity of fair value to the input
Unlisted equity investment	Back-solve method	Volatility: 52.58%	Increasing/decreasing expected volatility by 1% would increase/decrease the fair value of financial instruments by RMB330,000 and RMB225,000 respectively
		Risk-free rate: 3.86%	Increasing/decreasing expected risk-free rate by 1% would increase/decrease the fair value of financial instruments by RMB504,000 and RMB745,000 respectively

The Group's contingent consideration in amounts due to a related party was measured at fair value at the end of the reporting period. The valuation techniques used to determine the fair value are based on quoted market prices and the probability of the contingencies at the period end.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

15 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2024: nil).

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2025

	Fair value measurement using			Total	Carrying amounts
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Equity investment designated at fair value through other comprehensive income	–	–	83,844	83,844	83,844

As at 31 December 2024

	Fair value measurement using			Total	Carrying amounts
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Equity investment designated at fair value through other comprehensive income	–	–	83,732	83,732	83,732

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

15 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments: (Continued)

Liabilities measured at fair value:

As at 30 June 2025

	Fair value measurement using			Total	Carrying amounts
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Contingent consideration in amounts due to a related party	–	482	–	482	482

As at 31 December 2024

	Fair value measurement using			Total	Carrying amounts
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Contingent consideration in amounts due to a related party	–	350	–	350	350

DEFINITIONS

<i>"2021 RSU Plan"</i>	the 2021 RSU Plan adopted by our Company on 3 June 2021
<i>"2023 Interim Results Announcement"</i>	the interim results announcement of the Company for the six months ended 30 June 2023 dated 30 August 2023
<i>"2023 Share Option Plan"</i>	the 2023 Share Option Plan adopted by the Company on 27 October 2023
<i>"2023 RSU Plan"</i>	the 2023 RSU Plan adopted by the Company on 27 October 2023
<i>"Administrator"</i>	the Compensation Committee or its delegates which administer the operation of 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
<i>"AE"</i>	adverse events
<i>"ASH"</i>	the American Society of Hematology
<i>"associate(s)"</i>	has the meaning ascribed thereto under the Listing Rules
<i>"Audit Committee"</i>	the audit committee of our Company
<i>"Award(s)"</i>	award(s) of RSU(s) granted to a grantee pursuant to the terms of the 2021 RSU Plan or the 2023 RSU Plan
<i>"BD"</i>	business development
<i>"BIC"</i>	best-in-class
<i>"BICR"</i>	Blinded Independent Central Review
<i>"Board" or "Board of Directors"</i>	the board of directors of our Company
<i>"Candid"</i>	Candid Therapeutics, Inc., a clinical-stage biotechnology company focused on transforming the treatment of autoimmune and inflammatory diseases through novel T-cell engager platforms.



DEFINITIONS

<i>"CDMO"</i>	contract development and manufacturing organization
<i>"CG Code"</i>	the Corporate Governance Code set out in Appendix C1 of the Listing Rules
<i>"China" or the "PRC"</i>	the People's Republic of China, and for the purpose of this interim report only, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
<i>"Circular"</i>	the circular dated 26 June 2025 that the Company published in connection with the New Listing Application
<i>"CMC"</i>	chemistry, manufacturing and controls
<i>"Companies Ordinance"</i>	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
<i>"Company", "our Company" or "the Company"</i>	Genor Biopharma Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 10 April 2017
<i>"Consideration Shares"</i>	the shares that the Company will allot and issue to the shareholders of Edding in consideration of the Proposed Merger
<i>"Controlling Shareholder(s)"</i>	has the meaning ascribed thereto under the Listing Rules
<i>"Cooperative Development Agreement"</i>	a cooperative development agreement that Genor Biopharma entered into with Edding in relation to two tri-specific antibodies: GBD218, and project GBD220
<i>"CRS"</i>	cytokine release syndrome
<i>"Director(s)"</i>	the director(s) of our Company
<i>"Dr. Guo"</i>	Dr. Guo Feng (郭峰), the chief executive officer and the former executive Director of our Company

DEFINITIONS

<i>“Edding”</i>	Edding Group Company Limited (億騰醫藥集團有限公司), a company established under the laws of the Cayman Islands with limited liability
<i>“Eddingpharm (Suzhou)”</i>	Eddingpharm (Suzhou) Co., Ltd (億騰醫藥(蘇州)有限公司), a company incorporated under the laws of the People’s Republic of China (the “PRC”) with limited liability
<i>“Eligible Participant(s)”</i>	person(s) eligible to participate in the 2023 Share Option Plan or the 2023 RSU Plan (as the case may be)
<i>“Eligible Person(s)”</i>	each participant(s) selected or approved by the Administrator to participate in the Pre-IPO Share Option Plan, the Post-IPO Share Option Plan, or the 2021 RSU Plan
<i>“Enlarged Group”</i>	the Group as enlarged by Edding and its subsidiaries upon the closing of the Proposed Merger
<i>“ESMO”</i>	European Society for Medical Oncology
<i>“Executive”</i>	the Executive of the Securities and Futures Commission of Hong Kong
<i>“FIC”</i>	first-in-class
<i>“FIH”</i>	first-in-human
<i>“Genor Biopharma”</i>	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
<i>“Global Offering”</i>	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 Global Offering” in the prospectus of the Company dated 23 September 2020
<i>“GMP”</i>	Good Manufacturing Practice

DEFINITIONS

<i>"Group", "our Group", "the Group", "we", "us" or "our"</i>	the Company and its subsidiaries from time to time
<i>"HHJH"</i>	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
<i>"Hillhouse"</i>	refers to HHJH, HH BIO Investment Fund, L.P., Hillhouse Fund IV, L.P., and Hillhouse Investment Management, Ltd.
<i>"HKFRS"</i>	Hong Kong Financial Reporting Standards
<i>"Hong Kong" or "HK"</i>	the Hong Kong Special Administrative Region of the PRC
<i>"Hong Kong dollars" or "HK dollars" or "HK\$"</i>	Hong Kong dollars, the lawful currency of Hong Kong
<i>"HR"</i>	hazard ratio
<i>"HR+"</i>	hormone receptor-positive
<i>"IND"</i>	investigational new drug or investigational new drug application, also known as clinical trial application in China
<i>"IP"</i>	intellectual property
<i>"IPO"</i>	initial public offering
<i>"License"</i>	an exclusive license to develop, use, manufacture, commercialize and otherwise exploit GB261, excluding mainland China, Hong Kong, Macau and Taiwan
<i>"License Agreement"</i>	a license agreement entered into between the Group and the Licensee regarding the License
<i>"Licensee"</i>	TRC 2004, Inc., a company co-founded by Two River, LLC and Third Rock Ventures in Delaware, the United States

DEFINITIONS

<i>"Listing"</i>	the listing of the Shares on the Main Board of the Stock Exchange
<i>"Listing Date"</i>	7 October 2020, the date on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
<i>"Listing Rules"</i>	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
<i>"MAH"</i>	marketing authorization holder
<i>"Main Board"</i>	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
<i>"Merger Agreement"</i>	the agreement and plan of merger dated 13 September 2024 entered into among the Group and Edding in respect of the Proposed Merger
<i>"Merger Conditions Precedent"</i>	conditions precedents to the obligations of the Company and/or Edding to consummate the Proposed Merger
<i>"Model Code"</i>	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
<i>"mPFS"</i>	median progression free survival
<i>"NDA"</i>	new drug application
<i>"Net Proceeds"</i>	the net proceeds raised during the global offering
<i>"New Listing Application"</i>	the deemed new listing application of the Company in relation to the Proposed Merger
<i>"NMPA"</i>	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)
<i>"NRDL"</i>	National Reimbursement Drug List (《國家基本醫療保險、工傷保險和生育保險藥品目錄》)

DEFINITIONS

<i>"ORR"</i>	objective response rate
<i>"PCC"</i>	preclinical candidate compounds
<i>"PFS"</i>	progression-free survival
<i>"PK/PD"</i>	pharmacokinetics/pharmacodynamics
<i>"Post-IPO Share Option Plan"</i>	the Post-IPO Share Option Plan adopted by the Company on 18 September 2020
<i>"PR"</i>	partial responses
<i>"PRC"</i>	The People's Republic of China
<i>"Pre-IPO Share Option Plan"</i>	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
<i>"Proposed Merger"</i>	the proposed acquisition of Edding by the Company by way of merger, with Edding surviving such merger and becoming a wholly-owned subsidiary of the Company, pursuant to the Merger Agreement
<i>"Prospectus"</i>	the prospectus of the Company dated 23 September 2020
<i>"R&D"</i>	Research and Development
<i>"Reporting Period"</i>	the six months ended 30 June 2025
<i>"RMB" or "Renminbi"</i>	Renminbi, the lawful currency of PRC
<i>"RSU(s)"</i>	restricted share unit(s) which may be granted under the 2021 RSU Plan or the 2023 RSU Plan
<i>"SD"</i>	stable disease
<i>"SFO"</i>	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

<i>"Share(s)"</i>	ordinary share(s) in the share capital of our Company, currently with a par value of US\$0.00002 each
<i>"Shareholder(s)"</i>	holder(s) of the Share(s)
<i>"Stock Exchange"</i>	The Stock Exchange of Hong Kong Limited
<i>"Stock Purchase Agreement"</i>	a stock purchase agreement entered into between the Group and the Licensee regarding the License
<i>"subsidiary" or "subsidiaries"</i>	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
<i>"substantial shareholder"</i>	has the meaning ascribed to it in the Listing Rules
<i>"TCE"</i>	T-Cell Engager
<i>"United States" or "U.S."</i>	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
<i>"US dollars", "U.S. dollars", "US\$" or "USD"</i>	United States dollars, the lawful currency of the United States
<i>"Walga"</i>	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
<i>"Walvax"</i>	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)
<i>"Whitewash Waiver"</i>	the whitewash waiver in connection with the Proposed Merger
<i>"%"</i>	per cent