GENOR BIOPHARMA

嘉和生物藥業(開曼)控股有限公司
GENOR BIOPHARMA HOLDINGS LIMITED.*

(incorporated in the Cayman Islands with limited liability)

Stock Code: 6998

2020 ANNUAL REPORT

* For identification purpose only

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COMPANY PROFILE

OUR MISSION

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

OVERVIEW

Founded in 2007, the Group has been strategically focused on major therapeutic areas with substantial unmet medical needs in oncology, autoimmune and other chronic diseases. In recent years, with research centers built in both Shanghai, China and San Francisco, United States, the Group has also been expanding research and development footprint globally to build and enrich its novel drug pipeline.

The business of the Group is backed by its integrated biopharmaceutical platform covering all the key drug development functionalities, including discovery, research, clinical development, chemistry, manufacturing and controls ("**CMC**"), regulatory affairs and business development. Its integrated platform enables the Group to manage the risks of drug development by identifying and addressing potential CMC and clinical barriers early in the development process, which allows the Group to direct its efforts towards molecules with the best potential to become clinically beneficial and commercially viable drugs. Further, the Group has commercialization-ready manufacturing capabilities with quality excellence and enhanced cost efficiencies, boasting concentrated fed-batch and perfusion technologies that allow the Group to generate higher titer and yield than the conventional technologies, reaching the high-end of the industry range.

The core management team members of the Group have more than 15 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, regulatory affairs, commercialization and financing. The shareholders of the Group consist of global and Chinese biotechnology-focused specialist funds and biopharma platforms experienced in supporting and growing biopharmaceutical companies, and the Group benefit from their resources and industry expertise.

On 7 October 2020, the Company was successfully listed on the Stock Exchange, marking a new milestone for the Group.

COMPANY PROFILE

THE GROUP'S DRUG CANDIDATES

The Group has built up a well-balanced pipeline targeted drug candidates with significant commercialization potentials ongoing in Asia, with two NDAs under review by the NMPA, two registrational clinical trials to be launched in the next 12 months, and five IND applications and clinical trial notifications to be filed with the NMPA, the U.S. Food & Drug Administration ("**FDA**") and Australia Therapeutic Goods Administration, Department of Health ("**TGA**") in the next 12 months.

In particular, the Group has developed six key drug candidates in clinical stage for various oncology, autoimmune and other chronic disease indications. The key drug candidates include lerociclib (GB491), a differentiated oral CDK4/6 inhibitor; geptanolimab (GB226), a novel anti-PD-1 mAb drug candidate; GB242, an infliximab (Remicade) biosimilar; coprelotamab (GB221), a novel anti-HER2 mAb drug candidate; GB492, a STING agonist expected to exert synergistic effects in combination with GB226; and GB223, a highly promising anti-RANKL mAb drug candidate

The Group also has a strong lineup of cutting-edge bi-specific/tri-specific antibody drug candidates currently in the pre-clinical stage, fueled by our differentiated immune-oncology discovery platform with a strong phage display library, Computer-Aided Antibody Design (CAAD) capabilities, and optimized Knobs-into-Holes design (www.antibodytherapeutics.com). Leading drug candidates from the platform include CD20xCD3 (GB261), PD-L1×CD55 (GB262), EGFR×c-Met×c-Met (GB263T), and Claudin 18.2×CD3 (GB264).

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:

Product	Target/MoA (reference drug)	Indication	Classification	Commercial Rights	Pre – Clinical	IND	Phase 1	Phase 2	Phase 3	NDA Filing
GB491	CDK4/6+AI/SERD (combo w/ letrozole / fulvestrant)	1L HR+/HER2- BC	Novel (In-license)	APAC ex-JP(1)						
	CDK4/6+SERD (combo w/ fulvestrant)	2L HR+/HER2- BC							By G1 Therapeutics	
	CDK4/6+EGFR (combo w/ osimertinib)	EGFR-Mutant NSCLC							By G1 Therapeutics	
GB242	TNF-α (infliximab)	RA, AS, PsO, CD, UC	Biosimilar (In-house)	Worldwide						NDA under review
GB226	PD-1	r/r PTCL	Novel (In-license)	China						NDA under priority review
		2L+ Cervical Cancer						Pivotal		
		ASPS								
		r/r PMBCL								
	PD-1+VEGFR (combo w/ fruquintinib)	2L/3L+ EGFR+ NSCLC								
		2L+ mCRC								
GB492	PD-1 (combo w/ GB226*^)+STING	Solid Tumours	Novel (In-license)	APAC ex-JP(2)						
								By ImmuneSensor Therapeutics		
GB221	HER2	HER2+ 2L+ mBC	Novel (In-house)	Worldwide						***
GB223	RANKL	GCTB, PMO	Novel (Co-develop)	Worldwide						
GB241	CD20 (rituximab)	1L DLBCL	Biosimilar (In-house)	Co-development						
GB224	IL-6	Inflammatory Disease	Novel (In-license)	China						
GB251	HER2 ADC	HER2+ 1L/2L+ mBC	Novel (Co-develop)	Worldwide						
GB261	CD20×CD3	NHL	Novel (In-house)	Worldwide						
GB262	PD-L1×CD55	Cancers	Novel (In-house)	Worldwide						
GB263T	EGFR×c-Met×c-Met	NSCLC	Novel (In-house)	Worldwide						
GB264	Claudin 18.2×CD3	GI Cancers	Novel (In-house)	Worldwide						

Notes:

*** Denotes GB221 2L NDA expected to be filed in 2021;

(1) Clinical trials are sponsored by G1 Therapeutics.

(2) Clinical trial is sponsored by ImmuneSensor Therapeutics.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Zhou Joe Xin Hua (周新華)
Dr. Guo Feng (郭峰) *(Chief Executive Officer)*

Non-Executive Directors

Mr. Yi Qingqing (易清清) *(Chairman of the Board)*
Mr. Chen Yu (陳宇)
Dr. Li Ming (李明)

Independent Non-Executive Directors

Dr. 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. Li Ming (李明)
Dr. 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. Yi Qingqing (易清清) *(Chairman)*
Mr. Chen Wen (陳文)
Mr. Fung Edwin (馮冠豪)

COMPANY SECRETARY

Ms. Siu Wing Kit (蕭穎潔)

AUTHORISED REPRESENTATIVES

Mr. Chen Yu (陳宇)
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COMPANY WEBSITE

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FINANCIAL HIGHLIGHTS

- **Total revenue** was RMB10.3 million for the Reporting Period, primarily generated by providing research and manufacturing services to our customers under fee-for-service contract.

- **Research and development expenses** were RMB696.6 million for the Reporting Period, as compared with RMB438.8 million for the year ended 31 December 2019. The spending was mainly attributable to (i) the increase of our ongoing clinical trials expenses and (ii) our employee salary and related benefit costs.

- **Total comprehensive loss** was RMB3,032.8 million for the Reporting Period, as compared with RMB523.0 million for the year ended 31 December 2019 primarily because under the HKFRS, the Group recorded a non-recurring loss of 1,933.8 million on net fair value losses on preferred shares upon their conversion to ordinary shares at the Company's IPO.

- Under **Non-HKFRS measure**, our adjusted loss[1] was RMB654.6 million for the Reporting Period.

(1) Adjusted loss is calculated as loss for the Reporting Period excluding (i) fair value losses on preferred shares, (ii) share-based payment expenses, (iii) net foreign currency exchange losses and (iv) listing expenses. For details of the reconciliation of the loss for the year to the adjusted loss of the Group, please refer to the section headed "Management Discussion and Analysis" in this annual report.

BUSINESS HIGHLIGHTS

The Company is a commercial-ready biopharmaceutical company focusing on developing and commercializing oncology and autoimmune drugs. The Company was successfully listed and commenced trading on the Stock Exchange on the Listing Date. In 2020, the Company has made remarkable progress in the development of our drug candidates in pipeline and business operations.

PIPELINE UPDATE

GB226 (Novel Anti-PD-1 mAb)

- In July 2020, the NMPA accepted our NDA submission for GB226 as a monotherapy for relapsed/refractory (r/r) peripheral T-cell Lymphoma (PTCL) and granted priority review status (優先審評). The key clinical results from the phase 2 study of GB226 in treating r/r PTCL were also published at AACR Annual Meeting in 2020.

- The clinical trial data inspection (臨床試驗數據核查) for the NDA from the Center for Food and Drug Inspection of NMPA ("**CFDI**") were conducted from September to October in 2020.

- The On-Site Production Inspection & GMP Compliance Inspection (生產現場核查&GMP符合性檢查) for the NDA were completed at our manufacturing facility in Yuxi, Yunnan province in November 2020, and our manufacturing facility in Yuxi has successfully passed the inspection.

GB242 (Infliximab Biosimilar)

- In November 2020, the NMPA accepted our submission of a NDA for GB242. The application is currently under review by the NMPA. The NDA is based on the Phase 3 clinical trial in China evaluating the safety and efficacy of GB242 compared to Remicade in combination with methotrexate in adult patients with rheumatoid arthritis (RA). We are also applying for other approved indications of Remicade, including ankylosing spondylitis (AS), psoriasis (PsO), crohn's disease (CD), Pediatric Crohn's Disease (pCD) and ulcerative colitis (UC)

GB221 (Novel Anti-HER2 mAb)

- Our phase 3 clinical trial evaluating GB221 in treating 2L HER2+ breast cancer patients was completed and met primary endpoint in 2020.

GB491 (Differentiated oral CDK4/6 inhibitor)

- In December 2020, IND applications for GB491 for the treatment of 1L and 2L HR+/HER2- breast cancer have been submitted to the NMPA in China.

GB223 (Anti-RANKL mAb)

- In August 2020, Phase 1 clinical trial of GB223 has completed the last patient enrollment.

BUSINESS HIGHLIGHTS

BUSINESS DEVELOPMENT

- In June 2020, we in-licensed GB491, a differentiated novel CDK4/6 inhibitor for the treatment of HR+/HER2- breast cancer from G1 Therapeutics, further expanding our breast cancer franchise.

- In June 2020, we in-licensed GB492, a potentially best-in-class STING agonist, from ImmuneSensor Therapeutics. We plan to develop the drug candidate in combination with GB226 as a first-in-class therapy in treating multiple solid tumors with significant unmet medical needs in China.

COMMERCIALIZATION & MANUFACTURING

- In preparation for the new drug launch, we are steadily building up our commercialization team. Currently, over 20 key commercial people are on-board.

- Our commercial team has participated in the 2020 annual conference of China Cancer Prevention and Treatment League and promoted the Company and GB226 r/r PTCL studies among medical society.

- Our commercial team has been working closely with key stakeholders for health economics (HE) study for GB226 in preparation for the product launch and participations of National Reimbursement Drug List ("**NRDL**") negotiation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

1. Events during the Reporting Period

Clinical Development Milestones and Achievements

Clinical stage drug candidates

GB491

- GB491 (lerociclib), is a novel, potent, selective oral bioavailable CDK4/6 inhibitor co-developed by the Company and G1 Therapeutics, a US based company, for use in combination with endocrine therapy/targeted therapies in breast cancer. Based on the data published at European Society for Medical Oncology 2020 conference, GB491, comparing to the currently approved CDK4/6 inhibitor in China, palbociclib, has demonstrated a better safety profile and could be a potentially best-in-class CDK4/6 drug candidate.

- In December 2020, multiple IND applications for GB491 have been submitted to the NMPA in China including indications for 1L/2L hormone receptor positive/human epidermal growth factor receptor 2 negative (HR+/HER2-) locally advanced or metastatic breast cancer.

GB226

- GB226 is an investigational, humanized, IgG4 mAb targeting the programmed cell death-1 receptor (PD-1) on immune cells. It selectively blocks dual ligands (PD-L1 and PD-L2), and restores the ability of the immune system to recognize and kill tumor cells.

- We are developing GB226 as a monotherapy for treating PTCL, cervical cancer, PMBCL and ASPS in China, with a pivotal Phase 2 clinical trial ongoing for cervical cancer. We are also exploring GB226 in combination with a small molecule VEGFR inhibitor (Fruquintinib), and another combination with our potentially best-in-class STING agonist (GB492).

- In May and June 2020 respectively, we have completed two clinical study reports for GB226, based on a phase 1 clinical study (Gxplore-001) and a phase 2 clinical study in 2L PTCL (Gxplore-002).

- In June 2020, we submitted the NDA for PTCL to the NMPA. The NDA submission was officially accepted by NMPA and then granted "priority review status" by CDE in July 2020. GB226 is the first PD-1 mAb with an NDA accepted by NMPA for the indication of PTCL.

- In September and October 2020 respectively, we received clinical trial data inspection (臨床試驗數據核查) at two sites from CFDI (Center for Food and Drug Inspection, NMPA) regarding our NDA for GB226.

- The On-Site Production Inspection & GMP Compliance Inspection (生產現場核查 & GMP符合性檢查) for the NDA were completed at our manufacturing facility in Yuxi, Yunnan province in November 2020, and our manufacturing facility in Yuxi has successfully passed the inspection.

- During 2020, the Company has published key clinical results from three clinical studies of GB226:
    - In April 2020, clinical data of Gxplore-002 and Gxplore-005 were presented either orally or by posters/abstracts at the 111th AACR Annual Meeting. Gxplore-002 is a Phase 2 registrational clinical trial designed to evaluate the safety and efficacy of Geptanolimab (GB226) monotherapy in relapsed/refractory peripheral T-cell Lymphoma (PTCL). Gxplore-005 is a Phase 2 registrational clinical trial designed to evaluate the safety and efficacy of Geptanolimab (GB226) monotherapy in relapsed/refractory ASPS patients.
    - In September 2020, a poster of Gxplore-008 was presented at the Chinese Society of Clinical Oncology. Gxplore-008 is a phase 2 clinical study evaluating GB226 in recurrent or metastatic cervical cancer patients with PD-L1 positive status, who failed in platinum-based chemotherapy.
    - In October 2020, an article about clinical trial results of Gxplore-005 was published in the journal Clinical Cancer Research, an Official Journal of the AACR.
    - In December 2020, an article about clinical trial results of Gxplore-002 was accepted by the Journal of Hematology & Oncology.

GB242

- GB242 is a biosimilar product candidate to infliximab, and is able to bind to TNF-α at low doses and thus suppresses the body's nature response to TNF-α and ameliorates inflammatory responses and autoimmune disease.
- In October 2020, we completed two clinical study reports for GB242, based on a phase 3 study in rheumatoid arthritis (RA) and a phase 1 study in healthy volunteers.
- In November 2020, the NMPA accepted our submission of an NDA for GB242. The NDA is based on the Phase 3 clinical trial in China to evaluate the safety and efficacy of GB242 compared to Remicade in combination with methotrexate in adult patients with rheumatoid arthritis (RA) patients. The application is currently under review by the NMPA. We are also applying for other approved indications of Remicade, including ankylosing spondylitis (AS), psoriasis (PsO), crohn's disease (CD), Pediatric Crohn's Disease (pCD) and ulcerative colitis (UC).

GB221

- Coprelotamab (GB221) is a mAb for HER2+ mBC in China. We have completed the Phase 3 clinical trial in 2L HER2+ metastatic and advanced breast cancer in China in 2020 and the primary endpoint has met, with an NDA expected to be filed in 2021. GB221 has demonstrated a comparable safety and toxicity profile and efficacy to those of trastuzumab in pre-clinical studies and clinical trials.

GB223

- GB223 is a novel humanized mAb against receptor activator of nuclear factor kappa-B ligand (RANKL) that we are developing for the treatment of giant-cell tumor of bone and postmenopausal osteoporosis. In August 2020, we completed patient enrollment of the Phase 1 clinical trial of GB223.

Pre-clinical stage drug candidates

The Company is dedicated to be an end-to-end innovative antibody drug platform from target identification to commercial success. We have a strong antibody technology platform for the discovery and development of bispecific antibodies. With the advanced antibody platform, we have generated multiple novel bispecific antibodies.

GB261

GB261 is a novel bispecific antibody for CD20xCD3. Its properties significantly differentiate from other CD20xCD3 bispecific antibodies. GB261 is the first T-cell engager with very low affinity to bind CD3 and enables Fc functions (ADCC and CDC). Although its binding affinity to CD20 is as high as rituximab, GB261 significantly inhibits rituximab-resistant cancer cell proliferation by in vitro assays and in vivo models. Importantly, GB261 induces low levels of cytokine production by hPBMC and in monkeys, indicating low occurrences of CRS. Thus, GB261 is a highly promising bispecific therapeutic antibody for B cell malignancies. It may ultimately provide a concept shift to better and safer T-cell engager antibody drugs for various cancers.

Moreover, benefiting from years of experience in biologics development, we have rapidly expanded our CMC capabilities from monoclonal antibody technologies to a bispecific and multi-specific antibody platform, ranging from cell line development, bioprocess development, and analytical development. After the lead selection of GB261 at the end 2019, the IND-enabling CMC work and preclinical work were started early 2020. We have also established high yield manufacturing process producing high quality preclinical and clinical materials, and we expected to apply for clinical trial applications to the Chinese, US and Australia Regulatory Agencies. We expect to start clinical trials in 2021.

GB262 (PD-L1xCD55 BsAb)

GB262 is a first-in-class bispecific antibody targeting PD-L1 and CD55. CD55 inhibits complement activation, and is highly upregulated in a variety of cancer cells. The specific design of low binding affinity to CD55 aims to improve therapeutic window.

For CMC, we have accomplished lead selection in September 2020 and obtained stable cell line with high expression rate. IND enabling preclinical work is scheduled with the manufacturing process, drug product formulation, and product quality profile being developed and locked down for Tox supply and IND enabling batches.

GB263T (EGFRxc-Metxc-Met TsAb) and GB264 (Claudin 18.2xCD3 BsAb)

To treat NSCLC with better efficacy, we have also created a tri-specific antibody targeting EGFR and two different cMET epitopes. Preclinical studies have showed that this antibody exhibits enhanced internalization ability of the receptors, and better efficacy than that of bispecific antibody analogue to EFGRxcMet. GB264 is another T-cell engager bispecific antibody targeting CD3 and claudin 18.2, potentially used for gastric and pancreatic cancers.

For CMC, we have accomplished lead selection in December 2020. Stable cell line, manufacturing process, drug product formulation and the analytical package are being developed.

Currently we are building innovative early phase drug discovery program. Together with our existing strong antibody development platform, leading CMC ability and antibody manufacture factory, we aim to discover, develop and deliver innovative medicines that will address unmet medical needs across a variety of cancers.

Business Development Progress

- In June 2020, we entered into an exclusive license agreement with G1 Therapeutics with respect to the development, manufacture and commercialization of Lerociclib (GB491) in Asia ex-Japan. We have filed IND submission for Phase 1b study of 1L and 2L HR+/HER2- breast cancer in December 2020.

- In June 2020, we entered into an exclusive license agreement with ImmuneSensor Therapeutics with respect to the development, manufacture and commercialization of IMSA101 (GB492) in Asia ex-Japan. We plan to develop in combination with GB226 as a first-in-class therapy for solid tumors in China and to submit an IND for phase 1/2a study in patients with advanced treatment-refractory malignancies in the first quarter of 2021.

Commercialization and Manufacturing

Our strong Shanghai-based CMC capabilities resulted from approximately one decade of relentless development efforts and have supported our and our collaborators' IND applications with the NMPA and/or planned IND applications with the FDA for more than 20 antibodies. In addition, we have commercialization-ready manufacturing capabilities based in Yuxi, Yunnan with excellent quality and enhanced cost efficiencies, boasting concentrated fed-batch and perfusion technologies which allow us to generate higher titer and yield than the conventional technologies, driving the highend of the industry range. We benefit from our cost-effective and high-yield CMC capabilities.

- The On-Site Production Inspection & GMP Compliance Inspection (註冊生產現場核查和GMP符合性檢查) for GB226 NDA was completed at our manufacturing facility in Yuxi, Yunnan province in November 2020. Furthermore, our manufacturing facility in Yuxi has successfully passed the inspection.

- In preparation for the new drug launch, the Company is steadily building up our commercialization and sales team. We were excited to have Mr. Chen Wende joining us as Chief Operation Officer in July 2020. With over 20 years of experience in biopharmaceutical industry, Mr. Chen will lead commercialization preparations for launches of late-stage drug candidates. Currently, there are over 20 key commercial people on-board.

- In December 2020, our commercial team has participated in the annual conference of China Cancer Prevention and Treatment League and promoted the Company and GB226 r/r PTCL studies among medical society.

- Our commercial team has been working closely with key stakeholders for health-economics (HE) study for GB226 in preparation for the product launch and participation of NRDL negotiation.

2. Events after the Reporting Period

The Company has continued to make strong efforts on advancing the development of drugs candidates in the pipeline and speeding up the commercialization process after the Reporting Period, listed below:

GB491

- The Company has received IND approvals from the NMPA for two Phase 1b bridging studies: (1) GB491 and Letrozole in first line HR+/HER2- advanced breast cancer; and (2) GB491 and Fulvestrant in second line HR+/HER2- advanced breast cancer in March 2021.

- The Ethic Committee approvals were also obtained for the two trials as of March, 2021.

Bi-specific/tri-specific antibodies

- We have submitted four abstracts regarding our bi-specific/tri-specific antibody drug candidates, GB261 (CD20xCD3), GB262 (PD-L1xCD55), GB263T (EGFRxc-Metxc-Met), and GB264 (Claudin 18.2xCD3), for 2021 AACR in February 2021, and all of them have been accepted presentations in the e-poster section.

- We have submitted GB492 IND application (phase I/IIa) to NMPA in March 2021.

- We have submitted first-in-human clinical trial application of GB261 in Australia in March 2021.

Manufacturing

- In February 2021, the Company signed an investment agreement with China (Shanghai) Pilot Free Trade Zone Lin-Gang Special Area Administration to build a commercial manufacturing facility with over 43,000 sqm in Shanghai Ling Gang Special Area.

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules: The Company cannot guarantee that it will be able to develop, or ultimately market, any of the above 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

BUSINESS OUTLOOK

The Group strives to build up a world-class China-based innovative biopharmaceutical company through its integrated biopharmaceutical platform. To achieve this mission, the Group will continue to expand our innovative pipeline to address unmet medical needs in China and globally and at the same time to maximize existing portfolio by developing and executing comprehensive strategy. We will also continue to expedite regulatory approval and commercialization of the Group's lead product candidates and rapidly advance the Group's novel bispecific/tri-specific pipeline candidates into clinical stages.

In particular, we expect to launch geptanolimab (GB226) in the next 6 to 18 months, and infliximab biosimilar (GB242) in the next 12 to 18 months, upon approval of NDAs that are currently under review. We will continue to explore approval for geptanolimab (GB226) in other indications as well as novel combination therapy potential, including combination therapy with our STING agonist (GB492), to benefit more patients in China with unmet medical need.

Regarding key drug candidates in our portfolio treating breast cancer, we plan to file NDA for coprelotamab (GB221) in HER2+ breast cancer in the next 6 to 12 months, and start two phase 3 clinical trials for lerociclib (GB491) in 1L and 2L HR+/HER2- breast cancer in the next 6 to 12 months. We remain committed to addressing the large market of breast cancer in China with safe, effective, and well tolerated novel therapies with a comprehensive breast cancer franchise.

Most importantly, we will continue to focus on developing our early-stage innovative pipeline from our two research hubs in Shanghai and San Francisco. We currently have multiple bi-specific and tri-specific antibody drug candidates, the highlights among which include candidates targeting CD20xCD3, PD-L1×CD55, EGFR×c-Met×c-Met, and Claudin 18.2×CD3, none of which currently have approved drugs worldwide. We plan to file IND applications with the NMPA, the FDA and the TGA and advance these antibody drug candidates into the clinical stage in the next 6 to 18 months, and further explore global development opportunities. We plan to submit our first-in-human clinical trial application of GB261 (CD20xCD3 bi-specific antibody) in Australia in March 2021.

We have been setting up our commercial team and developing commercial strategy to support GB226 launch in 2021 and other new product launches in the future successfully.

We are also delighted to have Dr. HAN Shuhua joining us as the Chief Scientist Officer of the Group in January 2021. Dr. Han, with over 25 years' experience in drug discovery and academic research in the fields of immunology, cancer immunotherapy, oncology, autoimmune diseases and inflammation, will lead our in-house research and discovery efforts and accelerate our footprint towards building a world-class innovation engine.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Reporting Period Compared to the Year Ended 31 December 2019

		Year ended 31 December	
		2020	2019
	Notes	**RMB'000**	RMB'000
Revenue	*2*	**10,331**	13,039
Cost of revenue	*3*	**(2,596)**	(9,562)
Gross profit		**7,735**	3,477
Administrative expenses	*4*	**(241,440)**	(89,367)
Research and development expenses	*5*	**(696,574)**	(438,817)
Other (expenses)/income – net	*6*	**(4,429)**	4,082
Other (losses)/gains – net	*7*	**(1,968,314)**	53
Operating loss		**(2,903,022)**	(520,572)
Finance income	*8*	**3,715**	624
Finance costs	*8*	**(137,003)**	(3,689)
Loss before income tax		**(3,036,310)**	(523,637)
Income tax credit		**5,806**	891
Loss for the year	*9*	**(3,030,504)**	(522,746)

1. Overview

For the Reporting Period, the Group recorded revenue of RMB10.3 million, as compared with RMB13.0 million for the year ended 31 December 2019, and loss of RMB3,030.5 million for the Reporting Period, as compared with RMB522.7 million for the year ended 31 December 2019.

Research and development expenses of the Group were RMB696.6 million for the Reporting Period, as compared with RMB438.8 million for the year ended 31 December 2019. Administrative expenses were RMB241.4 million for the Reporting Period, as compared with RMB89.4 million for the year ended 31 December 2019.

2. **Revenue**

We primarily generated revenue by providing research and manufacturing services to our customers under fee-for-service contract. Our revenue in 2020 and 2019 were RMB10.3 million and RMB13.0 million, separately.

3. **Cost of Revenue**

Our cost of revenue decreased by 72.9% from RMB9.6 million in 2019 to RMB2.6 million in 2020, primarily due to the decrease of our revenue.

4. **Administrative Expenses**

Our administrative expenses increased by 170.2% from RMB89.4 million in 2019 to RMB241.4 million in 2020, primarily due to (i) the increases of listing expenses and (ii) our employee salary and related benefit costs, including share-based payment expenses, for managerial personnel.

5. **Research and Development Expenses**

Our research and development expenses increased by 58.7% from RMB438.8 million in 2019 to RMB696.6 million in 2020, primarily due to (i) the increase of our ongoing clinical trials expenses and (ii) our employee salary and related benefit costs, including share-based payment expenses, for research and development personnel.

The following table summarizes the components of our research and development expenses for the years ended 31 December 2020 and 2019:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Testing fee and clinical trial expenses	**268,444**	186,041
Employee benefits expense	**273,321**	128,414
Raw material and consumables used	**72,603**	61,042
Depreciation and amortization	**47,185**	37,667
Utilities	**11,350**	10,333
Traveling and transportation expenses	**4,647**	6,355
Consulting fee	**7,162**	1,361
Others	**11,862**	7,604
Total	**696,574**	438,817

6. Other (Expenses)/Income – Net

Other (Expenses)/income – net primarily consists of government grants and net fair value losses on contingent consideration payable to Ab Studio Inc. ("**ABS**"). Government grants amounted to RMB5.9 million and RMB8.3 million in 2020 and 2019, separately. Net fair value losses on contingent consideration payable to ABS amounted to RMB10.3 million and RMB4.3 million in 2020 and 2019, separately.

7. Other (Losses)/Gains – Net

Our other (losses)/gains – net changed from net gains of RMB53.0 thousand in 2019 to net losses of RMB1,968.3 million in 2020. This is mainly due to RMB1,933.8 million of the net fair value losses on preferred shares in 2020.

8. Finance Income and Costs

Finance income increased from RMB0.6 million in 2019 to RMB3.7 million in 2020, primarily due to the increase of bank deposit interest income.

Finance costs increased from RMB3.7 million in 2019 to RMB137.0 million in 2020, primarily because of the foreign exchange losses.

9. Loss for the Reporting Period

As a result of the foregoing, our losses increased to RMB3,030.5 million in 2020 from RMB522.7 million in 2019.

10. Liquidity and Source of Funding and Borrowing

Our management monitors and maintains a level of cash and cash equivalents 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.

As at 31 December 2020, our cash and cash equivalents increased to RMB2,929.7 million from RMB253.5 million as at 31 December 2019. The increase was mainly due to our successful IPO on the Stock Exchange.

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-IFRS 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 periods presented to the most directly comparable financial measures calculated and presented in accordance with HKFRS:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
HKFRS Loss for the year	**(3,030,504)**	(522,746)
Add:		
Net fair value losses on preferred shares	**1,933,816**	–
Share-based payment expenses	**257,624**	108,099
Net foreign currency exchange losses	**131,344**	1,535
Listing expenses	**53,157**	–
Adjusted Loss for the year	**(654,563)**	(413,112)

12. Key Financial Ratios

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

	As at 31 December 2020	As at 31 December 2019
Current ratio[1]	**12.47**	0.97
Quick ratio[2]	**12.34**	0.90
Gearing ratio[3]	**0.09**	0.69

1 Current ratio is calculated using current assets divided by current liabilities as of the same date.

2 Quick ratio is calculated using current assets less inventories and divided by current liabilities as of the same date.

3 Gearing ratio is calculated using total liabilities divided by total assets.

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 2020) 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.

15. Pledge of Assets

As at 31 December 2020, none of the Group's assets were pledged.

16. Contingent Liabilities

As at 31 December 2020, the Group did not have any material contingent liabilities.

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 and HKD which were primarily received from the investors as capital contributions.

As at 31 December 2020, 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 RMB46,651,000 lower or higher (2019: RMB6,330,000 lower or higher).

As at 31 December 2020, if RMB weakened or strengthened by 10% against HKD, with all other variables held constant, loss for the year of the Group would have been approximately RMB225,311,000 lower or higher (2019: nil).

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 2020, the Group had a total of 508 employees including 335 employees in Shanghai, 166 employees in Yuxi, Yunnan and 7 employees in San Francisco, United States. The following table sets forth the total number of employees by function as of 31 December 2020:

Function	Number of employees	% of total
Research and Development	326	64.2%
Clinical Development	114	22.4%
General and Administrative	68	13.4%
Total	**508**	**100%**

The total remuneration cost incurred by the Group for the Reporting Period was RMB423.9 million, as compared to RMB200.6 million for the year ended 31 December 2019.

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 of 31 December 2020, 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 and the Post-IPO Share Option Plan, please refer to the section headed "Equity Plans" in this annual report for further details.

REPORT OF DIRECTORS

The Board of the Company 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)
Dr. Guo Feng (郭峰) *(Chief Executive Officer)*

Non-Executive Directors:

Mr. Yi Qingqing (易清清) *(Chairman of the Board)*
Mr. Chen Yu (陳宇)
Dr. Li Ming (李明)

Independent Non-Executive Directors:

Dr. 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 40 to 48 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 commercializing oncology and autoimmune drugs. Our mission is to become a biopharmaceutical engine in discovery, research, development, manufacturing and commercialization 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 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 66 to 67 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 "Chairman's Statement" and "Management Discussion and Analysis" of this report. These discussions form part of this report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Important Events After the Reporting Period" in this 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" to be published within 3 months from the publication of this annual 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 commercialization of pharmaceutical products are heavily regulated;
- commercialization 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 and giving back to community and achieving sustainable growth.

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.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2020, the Group had 508 (2019: 344) employees. The following table sets forth the total number of employees by function as of 31 December 2020:

Function	Number of employees	% of total
Research and Development	326	64.2%
Clinical Development	114	22.4%
General and Administrative	68	13.4%
Total	**508**	**100.0%**

The remuneration of the employees of the Group 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.

The Company has also adopted the Pre-IPO Share Option Plan and the Post-IPO Share Option 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 RMB423.9 million, as compared to RMB200.6 million for the year ended 31 December 2019.

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

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

During the Reporting Period, the Group derived all of its revenues from providing research and manufacturing services to customers, primarily pharmaceutical and biotechnology companies, under fee-for-service contracts. For the Reporting Period, revenue from our five largest customers accounted for 100% (2019: 88.51%) of the Group's total revenue. The Group's largest customer for the Reporting Period accounted for approximately 87.83% (2019: 27.61%) of Group's total revenue for the same year.

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 customers.

Major Suppliers

For the Reporting Period, purchases from the Group's five largest suppliers accounted for approximately 36.04% (2019: 39.83%) of the Group's total purchase amount in the same year. The Group's largest supplier for the Reporting Period accounted for approximately 19.55% (2019: 21.86%) 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.

During the Reporting Period, the Group did not experience any 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 three financial years, as extracted from the audited consolidated financial statements, is set out on page 148 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 13 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 16 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 24 to the consolidated financial statements.

DONATION

During the Reporting Period, the Group made charitable donations of approximately RMB418,562.30 (2019: 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 and the Post-IPO Share Option Plan as set out in this annual report, 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 2020, the Company had distributable reserves for share premium of RMB9,187,780,000 (2019: RMB1,921,731,000).

Details of movements in the reserves of the Group and the Company during the Reporting Period are set out in the consolidated statement of changes in equity on pages 70 to 71 and in Note 24 to the consolidated financial statements, respectively.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2020, there is no bank loans and other borrowings of the Group.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors 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).

The non-executive Director 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 or until the third annual general meeting of the Company since the Listing Date (whichever is sooner).

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 Prospectus until the third annual general meeting of the Company the Listing Date (whichever is sooner).

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

CONTRACTS WITH CONTROLLING SHAREHOLDERS

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

MANAGEMENT CONTRACTS

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

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

As at 31 December 2020, 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)]	2.59%	Long position
Dr. Zhou Joe Xin Hua	Interest in a controlled corporation	5,669,117[(3)]	1.15%	Long position

Notes:

(1) The calculation is based on the total number of 491,030,371 Shares in issue as at 31 December 2020.

(2) These Shares include Dr. Guo's entitlement to receive up to 12,738,108 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.

(3) These Shares are held by J&Z Biologicals Limited, which is wholly owned by Trident Trust Company (HK) Limited as trustee of J&Z Trust. Dr. Zhou is the settlor of Trident Trust Company (HK) Limited as trustee of J&Z Trust. Under the SFO, Dr. Zhou is deemed to be interested in these Shares.

Save as disclosed above, as at 31 December 2020, 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.

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

As at 31 December 2020, 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
Hillhouse Capital Management, Ltd.[(2)]	Investment manager	127,989,103	26.07%	Long position
	Investment manager	17,982,000	3.66%	Short position
HH BIO Investment Fund L.P.[(2)]	Interest in a controlled corporation	126,239,103	25.71%	Long position
HHJH Holdings Limited[(2)]	Beneficial owner	126,239,103	25.71%	Long position
Hillhouse Fund IV, L.P.[(2)]	Interest in a controlled corporation	126,239,103	25.71%	Long position
Walga Biotechnology Limited[(3)]	Beneficial owner	37,560,998	7.65%	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	7.65%	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	7.65%	Long position
Temasek Holdings (Private) Limited[(4)]	Interest in a controlled corporation	31,157,348	6.35%	Long position
Aranda Investments Pte. Ltd.[(4)]	Beneficial owner	29,157,348	5.94%	Long position
Seletar Investments Pte Ltd[(4)]	Interest in a controlled corporation	29,157,348	5.94%	Long position
Temasek Capital (Private) Limited	Interest in a controlled corporation	29,157,348	5.94%	Long position

Notes:

(1) The calculation is based on the total number of 491,030,371 Shares in issue as at 31 December 2020.

(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. HM Healthcare is owned as to 71.03% by HM Healthcare Services, Ltd. ("**HM Healthcare Services**"), whose controlling stake is held by Hillhouse Fund II, L.P. ("**Hillhouse Fund II**"). Hillhouse Capital Management, Ltd. ("**Hillhouse Capital**") acts as the sole management company of both Hillhouse Fund II and Hillhouse Fund IV.

(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.

Save as disclosed above, as at the date 31 December 2020, no other Directors or chief executives of the Company 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 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.

Further details of the Pre-IPO Share Option Plan are set out in the Prospectus and Note 26 to the consolidated financial statements.

A summary of the principal terms of the Pre-IPO Share Option Plan is set out below:

Eligible Participants

The compensation committee of the Board, or its delegates, will select participants from among employees, directors, consultants and advisors of the Company and its affiliates, or any other persons approved by the compensation committee of the Board, or its delegates to participate in the Pre-IPO Share Option Plan.

Maximum Number of Shares Available for Issue under the Pre-IPO Share Option Plan

The overall limit on the number of underlying Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Pre-IPO Share Option Plan at any time shall not exceed 58,573,872 Shares.

As at 31 December 2020, the aggregate number of underlying Shares pursuant to the outstanding options and share awards granted under the Pre-IPO Share Option Plan was 56,244,644 Shares, representing approximately 96.0% of overall limitation. Details of the Pre-IPO Share Option Plan are set out in Note 26 to the consolidated financial statements.

Consideration

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

Determination of Exercise Price

The exercise price of an option may be a fixed price based on the par value of an ordinary share of the Company or variable price related to the fair market value of an ordinary share of the Company. The exercise price of all the options and share awards granted under the Pre-IPO Share Option Plan is US$0.0002 or US$2.

Life of the Pre-IPO Share Option Plan

The Pre-IPO Share Option Plan commenced on 19 August 2019 (the "Effective Date") and will terminate at the close of business on the day before the 10th anniversary of the Effective Date. No options may be granted after the termination of the plan (whichever is earlier) but, each option outstanding as at such termination shall continue to be administered and remain exercisable in accordance with the Pre-IPO Share Option Plan and the relevant Grant Agreement.

Outstanding Share Options

The table below shows details of the outstanding share options granted to all grantees under the Pre-IPO Share Option Plan as of 31 December 2020. No options were granted since the Listing Date and up to the date of this annual report. For further details on the movement of the options during the Reporting Period please see Note 26 to the consolidated financial statements.

No options have been granted to connected persons of the company (excluding directors of the company and the senior management) under the Pre-IPO Share Option Plan which are outstanding.

Below are the details of options granted to our Directors and senior management and grantees that are beneficially interested in 500,000 options or above under the Pre-IPO Share Option Plan which are outstanding:

Name	Role	Date of Grant	Option Period	Exercise Price (per Share)	Outstanding as at the Listing Date	Exercised during the period from the Listing Date to 31 December 2020	Cancelled/ Lapsed during the period from the Listing Date to 31 December 2020	Outstanding as at December 31, 2020
1. KAN Steven Ziyi	Chief Technology officer	18 December 2019	10 years	US$2.0	500,000	–	–	500,000
2. MaplesFS (BVI) Limited on behalf of AKQM Partner Trust[1]		28 April 2020, 15 May 2020, 31 July 2020, 14 August 2020	10 years	US$0.0002 or US$2	20,765,488 500,000 6,450,000 1,200,000	– – – –	– – – –	20,765,488 500,000 6,450,000 1,200,000
(a) Dr. GUO Feng	Executive Director and Chief Executive Officer	16 April 2020 and 30 April 2020	10 years	US$0.0002 or US$2	12,738,108	–	–	12,738,108
(b) Ms. CHEN Yao	Vice President of Regulatory Affairs	16 September 2019 and 16 April 2020	10 years	US$0.0002 or US$2	986,764	–	–	986,764
(c) Ms. CHENG Huiyang	Vice President of Global Strategy	16 September 2019	10 years	US$0.0002	1,060,125	–	–	1,060,125
(d) Mr. DUAN Qingtang	General Manager of Yuxi Genor	16 April 2020	10 years	US$0.0002	4,273,021	–	–	4,273,021
(e) Mr. LIN Jun	Vice President of Quality Analysis	16 April 2020	10 years	US$0.0002 or US$2	507,470	–	–	507,470
(f) Ms. LI Tong	Chief Medical Officer	31 July 2020	10 years	US$0.0002 or US$2	1,950,000	–	–	1,950,000
(g) Mr. CHEN Wende	Chief Operation Officer	31 July 2020	10 years	US$0.0002 or US$2	4,500,000	–	–	4,500,000
(h) Mr. HAN Jing	Senior Vice President	14 August 2020	10 years	US$0.0002 or US$2	1,050,000	–	–	1,050,000
(i) Ms. ZHU Xiaojing	Vice President of Human Resources	16 September 2019, 16 April 2020 and 31 July 2020	10 years	US$0.0002 or US$2	700,000	–	–	700,000

Name	Role	Date of Grant	Option Period	Exercise Price (per Share)	Outstanding as at the Listing Date	Exercised during the period from the Listing Date to 31 December 2020	Cancelled/ Lapsed during the period from the Listing Date to 31 December 2020	Outstanding as at December 31, 2020
(j) Mr. WENG Chengyi	Vice President of Finance	16 September 2019 and 16 April 2020	10 years	US$0.0002 or US$2	650,000	–	–	650,000
(k) Mr. XU Zhuo	Former chief executive officer	16 April 2020	10 years	US$0.0002 or US$2	500,000	–	–	500,000
Subtotal:					**29,415,488**	**–**	**–**	**29,415,488**

Note:

(1) 28,915,488 options granted to 7 members of our Directors and senior management and 4 other grantees who are beneficially interested in 500,000 options or above are held by MaplesFS (BVI) Limited on behalf of AKQM Partner Trust. Details of which can be referred to the grantees 2(a) to (k) above.

Details of the outstanding Options granted to the remaining 182 grantees, under the Pre-IPO Share Option Plan during the Reporting Period are as follows:

Range of Shares underlying outstanding options under the Pre-IPO Share Option Plan	Total number of grantees	Date of grant	Vesting Period	Exercise Period	Exercise Price	Outstanding as at the Listing Date	Exercised during the period from the Listing Date to 31 December 2020	Cancelled/ Lapsed during the period from the Listing Date to 31 December 2020	Outstanding as at December 31, 2020
1 share to 50,000 shares	83	16 April 2020	Date of grant	10 years from the grant date	US$0.0002 or US$2	2,264,097	–	–	2,264,097
50,001 shares to 100,000 shares	52	16 September 2019 to 31 August 2020	Date of grant – 4.5 years from date of grant	10 years from the grant date	US$0.0002 or US$2	4,193,320	–	–	4,193,320
100,001 shares to 200,000 shares	26	16 September 2019 to 31 August 2020	Date of grant – 4.5 years from date of grant	10 years from the grant date	US$0.0002 or US$2	3,795,948	–	–	3,795,948

Range of Shares underlying outstanding options under the Pre-IPO Share Option Plan	Total number of grantees	Date of grant	Vesting Period	Exercise Period	Exercise Price	Outstanding as at the Listing Date	Exercised during the period from the Listing Date to 31 December 2020	Cancelled/ Lapsed during the period from the Listing Date to 31 December 2020	Outstanding as at December 31, 2020
200,001 shares to 300,000 shares	16	16 September 2019 to 31 August 2020	Date of grant – 4.5 years from date of grant	10 years from the grant date	US$0.0002 or US$2	4,133,772	–	–	4,133,772
300,001 shares to 400,000 shares	4	16 September 2019 to 31 July 2020	Date of grant – 4.5 years from date of grant	10 years from the grant date	US$0.0002 or US$2	1,345,658	–	–	1,345,658
400,001 shares to 499,999 shares	1	16 April 2020	Date of grant	10 years from the grant date	US$2	469,261	–	–	469,261
Subtotal	**182**					**16,202,056**	**–**	**–**	**16,202,056**

2. Post-IPO Share Option Plan

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.

Further details of the Post-IPO Share Option Plan are set out in the Prospectus.

A summary of the principal terms of the Post-IPO Share Option Plan is set out below:

Eligible Participants

The compensation committee of the Board, or its delegates, 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 Post-IPO Share Option Plan.

Maximum Number of Shares

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Plan and any other schemes is 48,109,150, being no more than 10% of the Shares in issue on the date the Shares commenced trading on the Stock Exchange (the "**Scheme Mandate**").

As at 31 December 2020, no options had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Post-IPO Share Option Plan and therefore the total number of Shares available for grant under the Post-IPO Share Option Plan was 48,109,150 Shares (representing approximately 100% of the total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Plan and any other schemes as at the date of this annual report).

The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Plan and any other share option schemes of the Company must not exceed such number of Shares as shall represent 30% of the Shares in issue from time to time (as required under Chapter 17 of the Listing Rules). No options may be granted if such grant will result in this 30% limit being exceeded.

The Company may seek approval by its shareholders in general meeting for refreshing the Scheme Mandate provided that the total number of Shares in respect of which Options may be granted under the Post-IPO Share Option Plan and any other share option schemes of the Company under the Scheme Mandate as refreshed must not exceed 10% of the total number of Shares in issue as at the date of such shareholders' approval. For these purposes, options previously granted under the Post-IPO Share Option Plan and any other share option schemes of the Company, whether outstanding, cancelled, lapsed in accordance with its applicable rules or already exercised, will not be counted. The Company shall send to its shareholders a circular containing the information required under Chapter 17 of the Listing Rules.

Limit 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.

Duration

The Post-IPO Share Option Plan shall be valid and effective for the period of ten years commencing on the Listing Date (after which, no further options shall be offered or granted under the Post-IPO Share Option Plan), but in all other respects the provisions of the Post-IPO Share Option Plan shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the rules of the Post-IPO Share Option Plan.

Exercise Price

The exercise price of each option will be determined by the compensation committee of the Board or its delegate(s). Options, once granted, may be repriced only in accordance with the applicable requirements of the Post-IPO Share Option Plan and the Grant Agreement.

Consideration

As at 31 December 2020, no options had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Post-IPO Share Option Plan and therefore nil of consideration is required to be paid.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed in this annual report, at no time during 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.

REPORT OF DIRECTORS

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 Note 11, 37(d) and 38, 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 37 to the consolidated financial statements.

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

Other than the global offering, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the period from the Listing Date up to 31 December 2020.

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 the Listing Date with a total of 129,683,500 offer shares (including shares issued as a result of the full exercise of the over-allotment option) issued and the net proceeds raised during the global offering were approximately HK$2,923 million. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus and the Company will gradually utilise the residual amount of the net proceeds in accordance with such intended purposes depending on actual business needs.

As at 31 December 2020, approximately RMB179.3 million of the net proceeds of the global offering had been utilized as follows:

	Allocation of net proceeds from the global offering in the proportion disclosed in the Prospectus(1) RMB million	**Utilization as at 31 December 2020** RMB million	**Unutilized as at 31 December 2020** 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 commercialization	938.6	109.1	829.5
Fund research and development activities of our other key products, including ongoing and planned clinical trials, indication expansion and preparation for registration filings	514.0	20.4	493.6
Fund ongoing and planned clinical trials, indication expansion and preparation for registration filings of the other drug candidates in our pipeline	335.1	8.7	326.4
Fund the expansion of our drug pipeline	223.5	19.6	203.9
General corporate purposes	223.5	21.5	202.0
	2,234.7	179.3	2,055.4

Note:

(1) The net proceeds figure has been translated to Renminbi for the allocation and the utilization calculation, and has been adjusted slightly due to the fluctuation of the foreign exchange rates since the Listing.

The table below specifies the further breakdown for net proceeds to be allocated to different stages of each of our Core Products[(2)], other key products and other pipeline products and their utilization:

	Net Proceeds to be Allocated to Each Stage[(3)]				
	Pre-clinical RMB million	**Clinical** RMB million	**Commercialization (including registration)** RMB million	**Utilization as at 31 December 2020** **RMB million**	**Unutilized as at 31 December 2020** **RMB million**
Core Products					
GB226	–	335.2	223.5	**54.3**	**504.4**
GB221	–	111.7	111.7	**39.5**	**183.9**
GB242	–	44.7	111.7	**15.3**	**141.1**
Other Key Products					
GB491	–	335.2	–	**19.4**	**315.8**
GB223	–	178.8	–	**1.0**	**177.8**
Other Pipeline Products (including GB241, GB222, GB224, GB235, GB251, GB232, GB261, GB262, GB263 and GB264)	111.7	223.5	–	**31.6**	**303.6**
				161.1	**1,626.6**

Notes:

(2) "Core Products" has the meaning ascribed to it under Chapter 18A of the Listing Rules.

(3) The net proceeds figure has been translated to Renminbi for the allocation and the utilization calculation, and has been adjusted slightly due to the fluctuation of the foreign exchange rates since the Listing.

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.

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. Yi Qingqing
Chairman

Hong Kong
23 March 2021

DIRECTORS AND SENIOR MANAGEMENT

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

DIRECTORS

Executive Directors

Dr. Zhou Joe Xin Hua (周新華), aged 67, joined the Group as a Chief Executive Officer of Genor Biopharma in October 2008. He served as a Chief Executive Officer of Genor Biopharma from 14 October 2008 to 20 May 2019 and has served as a director of Genor Biopharma since 20 June 2013. Since 20 May 2019, he has been re-designated as the President and Chief Scientist of the Group. Dr. Zhou was appointed as a Director of the Board on 25 November 2019 and was designated as an Executive Director on 24 June 2020. He resigned as the Chief Scientist of the Group on 29 January 2021. Dr. Zhou is primarily responsible for overall R&D strategy and execution, and business direction of the Group.

Prior to joining the Group, Dr. Zhou served as the research scientist and then the scientific director in the process development department of Amgen, Inc., a company listed on NASDAQ (ticker symbol: AMGN) from March 2004 and he focused on supervision of process research.

Dr. Zhou obtained a master's degree of science from China Medical University, the PRC in December 1982. He obtained a Ph.D in biopharmaceuticals from Queen's University of Belfast in the United Kingdom in December 1990. Dr. Zhou has served as the founder of China Protein Drug Quality Alliance (中國蛋白藥物質量聯盟). He was a member of the monoclonal antibody committee of China Medicinal Biotech Association (中國醫藥生物技術協會單克隆抗體專業委員會) from October 2015 to September 2019 and the vice chairman of the International Innovation Drug Development Association (創新藥物研發聯合會) under the Sino-EU Chemical Manufacturers Association Biomedical Committee (中歐生物醫藥委員會) from 2016 to 2018. In April 2015, he was awarded the "best task force award" from International Society for Pharmacoepidemiology China Annual Spring Conference. Dr. Zhou has been a visiting professor of Peking University since 2007, teaching the master's degree program in international pharmaceutical engineering management.

Dr. Guo Feng (郭峰), aged 51, is an Executive Director of the Company and Chief Executive Officer of the Group. He was appointed as a Director of the Board on 16 April 2020. Dr. Guo has also held the positions of director of Genor Biopharma and executive director of Yuxi Genor since 16 April 2020 and 3 June 2020, respectively. Dr. Guo is primarily responsible for the overall management, business and strategy of the Group. Dr. Guo has accumulated over 18 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.

Non-executive Directors

Mr. YI Qingqing (易清清), aged 49, is the Chairman of the Board and a Non-executive Director. Mr. Yi was designated by HHJH and appointed as a Director and the chairman of the Board on 3 December 2018 and 25 November 2019, respectively. He has also been the chairman of Genor Biopharma since 9 November 2018. Mr. Yi is also the chairman of the Nomination Committee. He is primarily responsible for providing overall guidance on the business, strategies and development of the Group and taking part in decision-making on important matters of the Group.

Mr. Yi currently serves as a partner with Hillhouse. He has worked with Hillhouse since 2005. Mr. Yi's work at Hillhouse includes investments in the healthcare sectors. Mr. Yi is also a director of HM Healthcare, a member of Hillhouse. Mr. Yi has been an independent non-executive director of BeiGene, Ltd (百濟神州有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 6160) and NASDAQ (ticker symbol: BGNE), a non-executive director of Shanghai Junshi Biosciences Co., Ltd. (上海君實生物醫藥科技股份有限公司), a company listed on the Stock Exchange (stock code: 1877) and Shanghai Stock Exchange (stock code: 688180) since December 2016 and a non-executive director of JD Health International Inc. (京東健康股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 6618) since December 2020.

Mr. Yi received a Bachelor of Science degree in engineering from Shanghai Maritime University in the PRC in July 1995 and a master's degree of business administration from University of Southern California in the United States in May 2003.

Mr. Chen Yu (陳宇), aged 39, 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 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 also been a director of Genor Biopharma since 9 November 2018.

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 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

Dr. Li Ming (李明), aged 43, joined the Group as a director of Genor Biopharma on 13 August 2019 and was appointed as a Director of the Board on 25 November 2019. Dr. Li was designated as a Non-executive Director on 24 June 2020. He is also a member of the Audit Committee. Dr. Li is primarily responsible for providing overall guidance on the business, strategies and development of the Group.

Dr. Li has over 18 years of experience in the pharmaceutical industry. Prior to joining the Group, Dr. Li served at IMS Health Marketing Research Consulting (Shanghai) Co., Ltd. (艾美仕市場調研諮詢(上海)有限公司), a consultancy company for the pharmaceutical and healthcare industries, from June 2011 to January 2014. From October 2008 to May 2011, he served at GlaxoSmithKline (China) R&D Co., Ltd. (葛蘭素史克(上海)醫藥研發有限公司). From April 2007 to May 2008, he served at the chemical processing department of Suzhou Novartis Pharma Technology Co., Ltd (諾華(蘇州)科技製藥有限公司). During the period from December 2002 and March 2007, he worked as a research assistant and postdoctoral researcher at various academic institutions, including Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences, Laboratoire de Chimie de Coordination du CNRS, France and Laboratoire de Chimie Organique, Pierre and Marie Curie University.

Dr. Li currently also serves as a director of multiple pharmaceutical companies including Suzhou Zanrong Pharmaceutical Technology Co., Ltd (蘇州贊榮醫藥科技有限公司), Antengene Corporation, Jiangsu Asieris Pharmaceuticals Technology Co., Ltd (江蘇亞虹醫藥科技有限公司) and Jiangsu Synecoun Medical Technology Co., Ltd. (江蘇信立康醫療科技有限公司).

Dr. Li graduated with a Bachelor of Science degree in chemistry and a master's degree in organic chemistry from Northwest University in Shaanxi Province, the PRC in February 1998 and July 2000, respectively. He obtained a doctoral degree of philosophy in organic chemistry from Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences in Shanghai, the PRC in August 2003.

Independent Non-executive Directors

Dr. Zhou Honghao (周宏灝), aged 81, was appointed as an Independent non-executive Director of the Company on 23 September 2020. He is a member of the Audit Committee. Dr. Zhou is primarily responsible for supervising and providing independent judgment to the Board.

Dr. 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, Dr. Zhou was the vice president of the former Hunan Medical University and the director of the Institute of Clinical Pharmacology of Central South University. Dr. 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.

Dr. 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 Dr. 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.

Dr. 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.

Mr. Fung Edwin (馮冠豪), aged 56, 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 34 years of experience in an international accounting firm. He joined KPMG in Hong Kong in July 1986. Mr. Fung held various senior positions in KPMG, including the founding chairman of KPMG's Global China Practice, the senior partner of KPMG Northern China region and Beijing office, and the Vice Chairman of KMPG China before he retired from KPMG in September 2017. Mr. Fung was an independent director of Wanda Sports Group Company Limited, a company listed on NASDAQ (ticker symbol: WSG) from May 2019 to January 2021, and an independent director of Phoenix Tree Holdings Limited, a company listed on the New York Stock Exchange (stock code: DNK) from January 2020 to December 2020. He was the director of Beijing Vantone Real Estate Co., Ltd. (北京萬通地產股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600246) from June 2019 to December 2019. Mr. Fung currently acts as the advisor to the Sino-International Entrepreneurs Federation.

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 52, was appointed as an Independent non-executive Director on 16 June 2020. He is the chairman of the Compensation Committee and a member of 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) 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. (上海涌鏵投資管理有限公司).

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

SENIOR MANAGEMENT

Dr. Zhou Joe Xin Hua (周新華), see the section headed "Executive Directors" for details.

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

Dr. Hu Qiyong (胡琦勇), aged 47, has served as the Chief Financial Officer and Chief Strategy Officer of the Group since 2 September 2019. Dr. Hu is primarily responsible for the overall financial strategy and operations, financing, investor relations, overall strategic planning, business development and IT of the Group.

Dr. Hu has over 16 years of experience in financial and investments matters, particularly in the healthcare and biotechnology industries. Prior to joining the Group, from June 2010 to August 2019, Dr. Hu served as a managing director in the corporate and investment bank division of the Deutsche Bank Group, and as the head of healthcare equity research for APAC, he focused on leading equity research covering healthcare related stocks in the PRC and Japan. From February 2008, Dr. Hu worked at Visium Asset Management LP, a healthcare-focused hedge fund company, and was responsible for running the book of healthcare investments in the Asian markets, and subsequently he served as the chief executive officer of Healthasia Management Inc. From March 2007 to January 2008, Dr. Hu was a senior biotechnology analyst at Oppenheimer & Co. Inc., in charge of research covering biotechnology related stocks in the United States. During the period from May 2005 to November 2006, Dr. Hu served as an equity research associate at Prudential Equity Group, LLC, a broker-dealer primarily in the business of mortgage bankers and loan correspondents and at SVB Leerink (which was then known as Leerink Swann & Company) a leading investment bank, specializing in healthcare and life sciences. Dr. Hu also worked as an associate product manager at Wyeth, LLC, a pharmaceutical company, for the period between June 2004 and April 2005.

Dr. Hu received a bachelor's degree of science in biology from Wuhan University in Hubei Province, the PRC in July 1995. He earned his Ph.D in molecular genetics from the University of Texas M.D. Anderson Cancer Center in the United States in May 2002. He obtained a master's degree in business administration from Rice University in the United States in May 2014.

DIRECTORS AND SENIOR MANAGEMENT

Dr. Kan Steven Ziyi (闞子義), aged 59, has been the Chief Technology Officer of the Group since March 2017. Dr. Kan is primarily responsible for manufacturing science and technology of drug products and quality control of the Group.

Before joining the Group, Dr. Kan was the vice president of the engineering department of Innovent Biologics (Suzhou) Co., Ltd (信達生物製藥(蘇州)有限公司) from September 2016 to February 2017 and was responsible for the design, planning and construction of the commercial facility for the biopharmaceutical product pipeline. He also served as the vice general manager (quality control) of Livzon MABPharm Inc. (珠海市麗珠單抗生物技術有限公司), a subsidiary of Livzon Pharmaceutical Group Inc., a company listed on the Hong Kong Stock Exchange (stock code: 1513), from April 2014 to March 2016 and the vice general manager of quality control of Sinocelltech Ltd. (神州細胞工程有限公司) from February 2013 to March 2014 and was primarily in charge of overseeing the quality control, quality assurance. Prior to that, he had served as an associate director of Ionis Pharmaceuticals, Inc. (which was then known as Isis Pharmaceuticals, Inc.), a company listed on NASDAQ (ticker symbol: IONS) from March 2008. He was the senior scientist in the biopharmaceuticals department of Allergan Inc. from January 2007 to March 2008. From November 2004 to January 2007, Dr. Kan worked as a senior principal scientist of Pfizer Inc., a company listed on the New York Stock Exchange (stock code: PFE). From September 2001 to November 2004, Dr. Kan was a senior scientist at the analytical sciences center of Monsanto Company. He served as a senior mass spectroscopist at the department of chemistry of Indiana University from April 1996 to September 2001 and was responsible for managing the operation of the lab and participating in research programs and supervising technical staff.

Dr. Kan earned his bachelor's degree of science in chemistry (environmental chemistry) and master's degree of science from Jilin University in the PRC in July 1984 and July 1987, respectively. In December 1993, he received a Ph.D in analytical chemistry from The University of British Columbia in Vancouver, Canada. He was a postdoctoral researcher in analytical chemistry at Purdue University, West Lafayette, Indiana, the United States.

Mr. Chen Wende (陳文德), aged 57, has been appointed as the Chief Operation Officer of the Group since July 2020. Mr. Chen is primarily responsible for strategic planning and execution of the commercialization of our drug candidates.

Mr. Chen has over 28 years of experience in the pharmaceutical industry. Prior joining the Group, Mr. Chen was the vice president of corporate affairs, market access and channel management of Shanghai Roche Pharmaceuticals Limited (上海羅氏製藥有限公司) from October 2016 to May 2019. He worked as the senior vice president of Zhejiang Hisun Pharmaceutical Co., Ltd (浙江海正藥業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600267) from September 2012 to December 2014, and was responsible for the product sales and marketing in the PRC, and the president of the operation center of Luye Pharma Group Ltd. (綠葉製藥集團有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 2186) from September 2011 and August 2012. He served as a senior vice president of the sales and marketing department of AstraZeneca (Wuxi) Trading Co., Ltd. (阿斯利康(無錫)貿易有限公司), a subsidiary of AstraZeneca Plc, a company whose shares are listed on the London Stock Exchange (stock code: AZN), Nasdaq Stockholm (stock code: AZN) and the New York Stock Exchange (stock code: AZN), from March 2010 to August 2011. He worked at Pfizer Investment Co., Ltd. (輝瑞投資有限公司) from 1992 to 2009, during which he served as the senior national sales director from 1994 to 2009, leading all therapeutics sales units and oncology business unit, sales training team and sales operation in Pfizer China.

Mr. Chen graduated from Bengbu Medical College in Bengbu, Anhui Province, the PRC with a bachelor's degree in medical clinic in July 1985. He obtained an executive master's degree of business administration from the Hong Kong University of Science and Technology in November 2006.

Ms. Li Tong (李彤), aged 52, 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. Cheng Huiyang (程慧暘), aged 45, has been serving as the Group's vice president of global strategy since November 2019. Prior to joining the Group in November 2010 as vice president of our clinical operation, Ms. Cheng worked at Shanghai Biomabs Pharmaceuticals Co. Ltd. (上海百邁博製藥有限公司) from August 2010 to October 2010. Ms. Cheng was the senior project manager of the drug administration department of Drug Source Company, LLC (美國藥物資源有限公司), a subsidiary of Zhejiang Hisun Pharmaceutical Co, Ltd. (浙江海正藥業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600267) from September 2003 to September 2009. Ms. Cheng obtained a bachelor's degree in pharmacy from China Pharmaceutical University, Nanjing, the PRC in July 1996 and a master's degree in International Pharmaceutical Engineering Management from the Peking University in January 2010.

Mr. Lin Jun (林軍), aged 36, has been serving as the vice president of quality analysis of the Group since January 2020. He is primarily responsible for the CMC and quality analysis of our Group. Prior to becoming our vice president, Mr. Lin joined the Group in December 2008 as a research assistant engineer, and was promoted and served as the manager and subsequently the director of the analytical sciences and formulation department of the Group from January 2014 to December 2019. Mr. Lin graduated from Xiamen University with a bachelor's degree in biological engineering in July 2006. He obtained a master's degree in biochemical engineering from Zhejiang University in June 2008.

Ms. Chen Yao (陳瑤), aged 47, has been serving as the vice president of regulatory affairs of the Group since July 2019 and 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, leading the regulatory strategy development and regulatory activities for all new products and establishing products and building a strong regulatory team in both China and Hong Kong affiliates to accelerate product registration. 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.

Mr. Duan Qingtang (段清堂), aged 38, has been serving as the General Manager of Yuxi Genor since August 2019. He is primarily responsible for overall supervision of Yuxi Genor manufacturing base. Mr. Duan joined the Group through assignment by Walvax to Yuxi Genor from 8 July 2014 to 30 April 2020 to manage the operation of Yuxi Genor. He was appointed as the deputy general manager of Yuxi Genor in December 2015, and has been redesignated as the general manager since August 2019. Mr. Duan was appointed as the supervisor of Yuxi Genor from 2 March 2015 to 7 August 2019.

Mr. Duan has about 12 years' experience in the commercial production of pharmaceutical products. From January 2012 to April 2020, Mr. Duan worked at Walvax for different positions, including as the director of engineering and technology, the manager of engineering facilities department and the manager of the quality and production management center. From January 2008 to December 2011, Mr. Duan served as the manager of the product industrialization department of Yuxi Wosen Biological Technology Co., Ltd. (玉溪沃森生物技術有限公司), a wholly owned subsidiary of Walvax. Mr. Duan currently serves as the director and general manager of Shijiazhuan Lanwo Biotechnology Co., Ltd. (石家莊藍沃生物技術有限公司), a joint venture of Walvax, and the supervisor of Yuxi Zerun Biotechnology Co., Ltd. (玉溪澤潤生物技術有限公司) and the director of Shanghai Zerun Anke Biopharmaceutical Co., Ltd. (上海澤潤安珂生物製藥有限公司), both of which are subsidiaries of Walvax.

Mr. Duan received a bachelor's degree of biological science from Yunnan Normal University, the PRC in February 2012.

DIRECTORS AND SENIOR MANAGEMENT

CHANGES TO DIRECTORS' INFORMATION

Changes in information of the Directors since the publication of the prospectus of the Company dated 23 September 2020, which are required to be disclosed pursuant to Rule 13.51(B)(1) of the Listing Rules, are set out below:

Directors' Positions Held

- Dr. Zhou Joe Xin Hua ceased to be the Chief Scientist of the Group on 29 January 2021.

Other Major Positions Held

- Mr. Yi Qingqing became a non-executive director of JD Health International Inc. (京東健康股份有限公司) since 21 August 2020, a company listed on the Hong Kong Stock Exchange (stock code: 6618) since December 2020.

- Mr. Fung Edwin ceased to be an independent director of Wanda Sports Group Company Limited, in 29 January 2021, a company listed on NASDAQ (ticker symbol: WSG).

- Mr. Fung Edwin ceased to be an independent director of Phoenix Tree Holdings Limited in December 2020, a company listed on New York Stock Exchange (stock code: DNK).

Director's Emoluments

- Pursuant to the appointment letters entered with the Company on 17 September 2020, the Independent Non-Executive Directors are not entitled to any remuneration and benefits. On 23 March 2021, the Board approved a bonus payment in the amount of RMB210,000 to each of Dr. Zhou Honghao, Mr. Fung Edwin and Mr. Chen Wen, the Independent Non-executive Directors for the year ended 31 December 2020.

- On 23 March 2021, the Board approved directors' emolument in the amount of RMB35,000 per month to be paid to each of Dr. Zhou Honghao, Mr. Fung Edwin and Mr. Chen Wen, the Independent Non-executive Directors, with retrospective effect from 1 January 2021.

CORPORATE GOVERNANCE REPORT

The Board is pleased to report to the shareholders on the corporate governance of the Company for the period from the Listing Date up to ended 31 December 2020.

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 complied with all applicable code provisions set out in the CG Code except as disclosed below.

Code provision A.1.1 of the CG Code provides that board meetings should be held at least four times a year at approximately quarterly intervals. As the Company was only listed on the Listing Date, the Company did not hold any Board meeting throughout the period from the Listing Date and up to 31 December 2020.

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 period from the Listing Date up to 31 December 2020.

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.

CORPORATE GOVERNANCE REPORT

Board Composition

The Board of the Company currently comprises the following Directors:

Executive Directors

Dr. Zhou Joe Xin Hua
Dr. Guo Feng *(Chief Executive Officer)*

Non-executive Directors

Mr. Yi Qingqing *(Chairman of the Board)*
Mr. Chen Yu
Dr. Li Ming

Independent non-executive Directors

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

The biographical information of the Directors are set out in the section headed "Directors and Senior Management" on pages 40 to 48 of this annual report for the Reporting Period.

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

Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by Mr. Yi Qingqing and Dr. Guo Feng respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and daily management and operations generally.

Independent Non-executive Directors

Since the Listing Date up to 31 December 2020, 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/her 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.

Appointment and Re-election of Directors

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

All the Directors of the Company are subject to retirement by rotation and re-election at the annual general meetings. Under the Articles of Association of the Company, 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 Company's 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, at the Company's expenses for discharging their duties to the Company.

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.

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.

Audit Committee

The Audit Committee consists of three Independent Non-executive Directors, namely Mr. Fung Edwin, Dr. Li Ming and Dr. 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.

No meeting of the Audit Committee was held during the period from the Listing Date to 31 December 2020. Up to the date of this annual report, a meeting of the Audit Committee was held on 23 March 2021, to review, in respect of the Reporting Period, the annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and relevant scope of works and, connected transactions and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee will also meet the external auditors twice without the presence of the Executive Directors.

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.

As the Company has just been listed on the Listing Date, and there was no change in the policy and structure of the remuneration of the Directors and senior management of the Company, no meeting of the Compensation Committee was held from the Listing Date up to 31 December 2020. Up to the date of this Annual Report, a meeting of the Compensation Committee was held on 23 March 2021 to review and make recommendation to the Board on the remuneration policy and the remuneration packages of the Directors and senior management.

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

Emolument	Number of persons
Nil - HKD1,000,000	–
HKD2,500,001 - HKD3,000,000	1
HKD5,500,001 - HKD6,000,000	1
HKD6,500,001 - HKD7,000,000	1
HKD7,000,001 - HKD7,500,000	1
HKD8,000,001 - HKD8,500,000	1
HKD12,000,001 - HKD12,500,000	1
HKD13,000,001 - HKD13,500,000	1
HKD33,000,001 - HKD33,500,000	1
HKD57,000,001 - HKD57,500,000	1
HKD73,000,001 - HKD73,500,000	1

Nomination Committee

The Nomination Committee consists of three members, a Non-Executive Director, namely Mr. Yi Qingqing and two Independent Non-Executive Directors, namely Mr. Fung Edwin and Mr. Chen Wen. Mr. Yi Qingqing 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.

No meeting of the Nomination Committee was held from the Listing Date to 31 December 2020. Up to the date of this Annual Report, a meeting of the Nomination Committee was held on 23 March 2021 to review the structure, size and composition of the Board and the independence of the Independent Non-executive Directors and to consider the qualifications of the retiring directors standing for election at the Annual General Meeting. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

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 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.

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 D.3.1 of the CG Code.

During the period from the Listing Date to the date of this report, 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 our Board.

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

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

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

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

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

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

– the Company has formulated a number of policies to ensure that the Company complies with the listing rules, including but not limited to corporate governance, inside information, conflict of interest and directors' securities transactions.

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

RISK MANAGEMENT

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

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

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

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

INTERNAL CONTROL

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

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

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

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

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

Effectiveness of Risk Management and Internal Controls

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

From the Listing Date to the date of publication of this annual report, 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.

CORPORATE GOVERNANCE REPORT

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

The Company has 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 61 to 65.

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	
IPO services	4,950
Annual audit services	1,500
Non-audit services	1,175
Total	7,625

COMPANY SECRETARY

Ms. Siu Wing Kit has been appointed as the Company's company secretary. She is a senior manager of corporate services of Tricor Services Limited. Ms. Siu has confirmed that she 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, Non-executive Director has been designated as the primary contact person at the Company which would work and communicate with Ms. Siu 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.

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:	Level 54, Hopewell Centre, 183 Queen's Road East, 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. The Company is 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.

During the period from the Listing Date to 31 December 2020, the Company has not made any changes to its Memorandum and Articles of Association. The Company's Memorandum and Articles of Association is available on the websites of the Company and Stock Exchange.

POLICIES RELATING TO SHAREHOLDERS

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 adopted a Dividend Policy on payment of dividends. The Company do not have any pre-determined dividend payout 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 JHBP (CY) Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of JHBP (CY) Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 66 to 147, which comprise:

- the consolidated balance sheet as at 31 December 2020;
- 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 a summary of significant accounting policies.

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 2020, 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.

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.

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 26 to the consolidated financial statements. The Group operates share option plans and has entered into agreements with employees at several grant dates during the year. 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. The key assumptions used in determining the grant date fair values include the expected price volatility, risk-free interest rate and employee forfeiture rate. Furthermore, the achievements of performance and service conditions are also considered in estimating the vesting period and the number of options to be vested. The fair value of share options at each grant date was disclosed in Note 26 to the consolidated financial statements. During the year ended 31 December 2020, the total share-based payment expense of approximately RMB257,624,000 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 estimation of the vesting period and the numbers to be vested.	We reviewed the key terms of the agreements for the share option plans. We assessed the competence, capabilities and objectivity of the independent external valuer. 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 achievement by reference to business plan and historical performance. Based on the procedures performed, we found that the significant judgements and estimates made by management in assessing the fair value of share options at each grant date, the vesting period and the numbers to be vested were supported by the evidences we gathered.

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.

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2020	2019
	Notes	**RMB'000**	RMB'000
Revenue	*7*	**10,331**	13,039
Cost of revenue	*10*	**(2,596)**	(9,562)
Gross profit		**7,735**	3,477
Administrative expenses	*10*	**(241,440)**	(89,367)
Research and development expenses	*10*	**(696,574)**	(438,817)
Other (expenses)/income – net	*8*	**(4,429)**	4,082
Other (losses)/gains – net	*9*	**(1,968,314)**	53
Operating loss		**(2,903,022)**	(520,572)
Finance income	*12*	**3,715**	624
Finance costs	*12*	**(137,003)**	(3,689)
Finance costs – net		**(133,288)**	(3,065)
Loss before income tax		**(3,036,310)**	(523,637)
Income tax credit	*14*	**5,806**	891
Loss for the year		**(3,030,504)**	(522,746)
Loss for the year is attributable to:			
Owners of the Company		**(3,027,102)**	(522,082)
Non-controlling interests		**(3,402)**	(664)
Other comprehensive loss			
Items that may be reclassified to profit or loss			
– Exchange differences on translation of foreign operations		**(2,271)**	(217)
Total comprehensive loss for the year		**(3,032,775)**	(522,963)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2020	2019
	Notes	**RMB'000**	RMB'000
Total comprehensive loss for the year is attributable to:			
Owners of the Company		**(3,029,373)**	(522,299)
Non-controlling interests		**(3,402)**	(664)
Loss per share attributable to the ordinary equity holders of the Company			
Basic and diluted loss per share (in RMB)	*15*	**(12.36)**	(1.89)

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	
		2020	2019
	Notes	**RMB'000**	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	*16*	**200,288**	191,429
Right-of-use assets	*17(a)*	**28,875**	33,267
Intangible assets	*18*	**156,936**	94,317
Other receivables, deposits and prepayments	*22*	**80,300**	64,902
Deferred income tax assets	*32*	**5,643**	680
Total non-current assets		**472,042**	384,595
Current assets			
Inventories	*20*	**31,465**	25,269
Contract cost	*21*	**1,755**	3,927
Other receivables, deposits and prepayments	*22*	**108,690**	44,582
Amounts due from related parties	*31*	**27,754**	20,942
Restricted bank deposits	*23*	**2,000**	–
Cash and cash equivalents	*23*	**2,929,743**	253,520
Total current assets		**3,101,407**	348,240
Total assets		**3,573,449**	732,835
EQUITY			
Equity attributable to the ordinary equity holders of the Company			
Share capital	*24*	**67**	39
Share premium	*24*	**9,187,780**	1,921,731
Treasury shares	*24*	**(6,813)**	–
Other reserves	*25*	**(1,426,445)**	(209,350)
Accumulated losses		**(4,520,536)**	(1,493,434)
		3,234,053	218,986
Non-controlling interests		**3,072**	6,474
Total equity		**3,237,125**	225,460

CONSOLIDATED BALANCE SHEET

	Notes	As at 31 December 2020 RMB'000	2019 RMB'000
LIABILITIES			
Non-current liabilities			
Contract liabilities	*29*	**755**	755
Lease liabilities	*17(a)*	**16,014**	29,351
Amounts due to related parties	*31*	**34,797**	31,916
Deferred income	*27*	**21,903**	22,892
Deferred income tax liabilities	*32*	**14,125**	14,968
Other non-current liabilities		**–**	47,369
Total non-current liabilities		**87,594**	147,251
Current liabilities			
Trade payables	*28*	**91,732**	103,363
Contract liabilities	*29*	**4,893**	11,844
Other payables and accruals	*30*	**116,346**	212,801
Lease liabilities	*17(a)*	**15,045**	12,412
Amounts due to related parties	*31*	**17,022**	16,202
Deferred income	*27*	**3,692**	3,502
Total current liabilities		**248,730**	360,124
Total liabilities		**336,324**	507,375
Total equity and liabilities		**3,573,449**	732,835

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

The consolidated financial statements on pages 66 to 147 were approved by the Board of Directors on 23 March 2021 and were signed on its behalf.

Zhou Joe Xin Hua	**Guo Feng**	**Hu Qiyong**
Director	*Director*	*Chief Financial Officer*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company						
	Notes	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2019		15	1,463,629	–	331,312	(971,352)	–	823,604
Comprehensive loss								
– Loss for the year		–	–	–	–	(522,082)	(664)	(522,746)
– Other comprehensive loss		–	–	–	(217)	–	–	(217)
Transaction with owners								
– Issuance of shares	*24(b)*	3	396,179	–	–	–	–	396,182
– Repurchase of part of the shares from shareholders of Genor Biopharma Co., Ltd. ("Genor Biopharma") in the Reorganisation		20	–	–	(574,412)	–	–	(574,392)
– Acquisition of business		–	–	–	–	–	7,138	7,138
– Share-based payment	*26*	–	–	–	74,945	–	–	74,945
– Shares exercised under employee option plan	*26*	1	61,923	–	(40,978)	–	–	20,946
Balance at 31 December 2019		39	1,921,731	–	(209,350)	(1,493,434)	6,474	225,460

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Attributable to owners of the Company						
		Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2020		39	1,921,731	–	(209,350)	(1,493,434)	6,474	225,460
Comprehensive loss								
– Loss for the year		–	–	–	–	(3,027,102)	(3,402)	(3,030,504)
– Other comprehensive loss		–	–	–	(2,271)	–	–	(2,271)
Transaction with owners								
– Issuance of shares before global offering	*24(b)*	1	55,557	–	–	–	–	55,558
– Share-based payment	*26*	–*	–	–	283,284	–	–	283,284
– Shares exercised under employee option plan	*26*	1	81,514	–	(81,508)	–	–	7
– Re-designation and reclassification as Series A Preferred Shares	*24(c)*	(33)	(2,058,013)	–	(1,416,600)	–	–	(3,474,646)
– Shares issued under employee option plan	*24(d)*	–*	6,813	(6,813)	–	–	–	–
– Issuance of shares as consideration for business combination	*24*	–*	12,808	–	–	–	–	12,808
– Conversion of Preferred Shares into ordinary shares	*24(f)*	42	6,580,309	–	–	–	–	6,580,351
– Issuance of ordinary shares upon global offering	*24(g)*	16	2,496,712	–	–	–	–	2,496,728
– Issuance of ordinary shares upon exercise of over-allotment option	*24(g)*	1	203,452	–	–	–	–	203,453
– Share issuance costs	*24(g)*	–	(113,103)	–	–	–	–	(113,103)
Balance at 31 December 2020		67	9,187,780	(6,813)	(1,426,445)	(4,520,536)	3,072	3,237,125

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2020 RMB'000	2019 RMB'000
Cash flows from operating activities			
Cash used in operations	*34*	**(790,430)**	(111,153)
Interest received		**3,715**	624
Net cash used in operating activities		**(786,715)**	(110,529)
Cash flows from investing activities			
Payments for property, plant and equipment		**(28,317)**	(20,593)
Payments for intangible assets		**(69,976)**	(7,354)
Net cash used in business combination		**–**	(12,730)
Proceeds from disposals of property, plant and equipment		**49**	–
Net cash used in investing activities		**(98,244)**	(40,677)
Cash flows from financing activities			
Proceeds from issuance of shares before global offering	*24*	**34,866**	862,911
Issuance of preferred shares		**1,013,118**	–
Proceeds from issuance of ordinary shares upon global offering	*24(g)*	**2,496,728**	–
Proceeds from issuance of ordinary shares upon exercise of over-allotment option	*24(g)*	**203,453**	–
Payments for share issuance costs		**(109,214)**	–
Repurchase of part of the shares from shareholders of Genor Biopharma		**–**	(574,392)
Principal elements of lease payments		**(18,520)**	(7,885)
Interest of lease payments		**(2,031)**	(2,091)
Proceeds from issuance of convertible loans	*37(b)*	**119,981**	–
Net cash generated from financing activities		**3,738,381**	278,543
Net increase in cash and cash equivalents		**2,853,422**	127,337
Cash and cash equivalents at the beginning of the year		**253,520**	125,158
Exchange (losses)/gains on cash and cash equivalents		**(177,199)**	1,025
Cash and cash equivalents at the end of the year		**2,929,743**	253,520

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

JHBP (CY) Holdings Limited (the "Company") with its subsidiaries (together the "Group"), have principally engaged on 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.

After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country. 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 outbreak.

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 JHBP (CY) Holdings Limited and its subsidiaries.

2.1 Basis of preparation

(a) *Compliance with HKFRS and HKCO*

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

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

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material – amendments to HKAS 1 and HKAS 8

- Definition of a Business – amendments to HKFRS 3

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

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

- Interest Rate Benchmark Reform – amendments to HKFRS 9, HKAS 39 and HKFRS 7
- Revised Conceptual Framework for Financial Reporting

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) *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards 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 when 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).

Intercompany 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.

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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

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.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation (Continued)

(b) *Transactions and balances (Continued)*

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.

(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.

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 of 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 according 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.

(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;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets (Continued)

(d) Research and development (Continued)

(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.

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 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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(a) Classification (Continued)

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.

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. The Group adopted measurement below in which was classified 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 gains/(losses) – net together with foreign exchange gains and losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(c) Measurement (Continued)

Debt instruments (Continued)

- 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 gains/(losses). 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 gains/(losses) 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 gains/(losses) in the period in which it arises.

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.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss and other comprehensive income as applicable.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Inventories

Inventories are stated at the lower of cost and net realizable value. 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 are assigned to individual items of inventory on the basis of weighted average 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 in the ordinary course of business. They are generally settled by payment term within 1 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.

2.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks.

2.14 Share capital

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 and holds them in treasury ("treasury shares"). The amount paid for the treasury shares is deducted from equity. No gain or loss should be recognised in profit or loss on the purchase, sale, issue or cancellation of a company's equity instruments. Consideration paid or received for the purchase or sale of a company's equity instruments should be recognised directly in 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Current and deferred income tax (Continued)

(b) *Deferred income tax (Continued)*

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employee benefits (Continued)

(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.

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).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Share-based payments (Continued)

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

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.

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 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. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue recognition (Continued)

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.

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;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue recognition (Continued)

(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.

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.

In the year of 2020, the Group primarily 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.

2.22 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. Note 8 provides further information on how the Group accounts for government grants.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Government grants (Continued)

Based on whether the government grants are related to ordinary course of business, they are recognised as other income or other gains in the statement of profit or loss and other comprehensive income.

2.23 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see Note 9 below.

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 12 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).

2.24 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 payment 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 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.

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. 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 2020, the Group was exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the Hong Kong dollars ("HKD") and United States dollars ("USD").

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:

	31 December 2020		31 December 2019	
	HKD	**USD**	HKD	USD
	RMB'000	**RMB'000**	RMB'000	RMB'000
Cash and cash equivalents	**2,253,105**	**466,514**	–	63,295

The aggregate net foreign exchange losses recognised in profit or loss were:

	Years ended 31 December	
	2020	2019
	RMB'000	RMB'000
Net foreign exchange loss included in finance costs	**(131,344)**	(1,535)
Total net foreign exchange losses recognised in profit before income tax for the year	**(131,344)**	(1,535)

As at 31 December 2020, 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 RMB46,651,000 lower or higher (2019: RMB6,330,000 lower or higher).

As at 31 December 2020, if RMB weakened or strengthened by 10% against HKD, with all other variables held constant, loss for the year of the Group would have been RMB225,311,000 lower or higher (2019: nil).

(b) Credit Risk

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

The credit risk of cash and cash equivalents and short-term deposit is limited, because the counterparties are state-owned or public listed commercial banks.

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 from providing FFS services
- Other receivables
- Amounts due from related parties

While cash and cash equivalents 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 2020, the Group had no balance in respect of trade receivables.

As at 31 December 2020, the Group had RMB27,754,000 in respect of amounts due from related parties, which represented capital receivables from a related party. Considering the shareholders are financially strong and are capable to repay the balance, the credit risk of the receivables was minor and the Company do not expect any losses from amounts due from related parties.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit Risk (Continued)

(i) Impairment of financial assets (Continued)

As at 31 December 2020, the Group had RMB41,774,000 in respect of other receivables, of which RMB40,522,000 was receivables from employees. Due to several employees exercised the share options, the Group paid the related personal income tax on behalf of employees. Considering the credit risk of the receivables was minor and the Company do not expect any losses from amounts due from the employees.

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

As at 31 December 2020 and 2019, 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 2019					
Trade payables	103,363	–	–	–	103,363
Other payables and accruals (excluding non-financial liabilities)	151,166	–	–	–	151,166
Amounts due to related parties (excluding contingent consideration to be settled in equity)	6,211	–	–	–	6,211
Lease liabilities	12,660	13,041	11,468	9,950	47,119
	273,400	13,041	11,468	9,950	307,859

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 2020					
Trade payables	91,732	–	–	–	91,732
Other payables and accruals (excluding non-financial liabilities)	71,753	–	–	–	71,753
Amounts due to related parties (excluding contingent consideration to be settled in equity)	12,425	–	–	–	12,425
Lease liabilities	16,763	5,821	9,208	7,498	39,290
	192,673	5,821	9,208	7,498	215,200

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 2020 and 2019 was as follows:

	As at 31 December	
	2020	2019
Gearing ratio	**9.41%**	69.23%

There were no changes in the Group's approach to capital management for the year ended 31 December 2020.

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. This is the case for unlisted equity securities.

The following table presents the Group's liabilities that are measured at fair value at 31 December 2020 and 2019.

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2019				
Contingent consideration in amounts due to related parties	–	–	41,907	41,907
As at 31 December 2020				
Contingent consideration in amounts due to related parties	**–**	**39,394**	**–**	**39,394**

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(b) *Valuation techniques used to determine fair values*

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 3)*

The following table presents the changes in level 3 items for the years ended 31 December 2020 and 2019:

	Contingent consideration in amounts due to related parties Years ended 31 December	
	2020	2019
	RMB'000	RMB'000
Opening balance	**41,907**	–
Additions	**–**	37,574
Issued shares as consideration	**(12,808)**	–
Losses recognised in other income	**10,295**	4,333
Transfer to level 2	**(39,394)**	–
Closing balance	**–**	41,907

(d) *Transfers between levels 2 and 3*

Along with the Company's listing on Main Board of The Stock Exchange of Hong Kong Limited on 7 October 2020, the contingent consideration recorded in amounts due to related parties transferred from level 3 to level 2. The fair value of contingent consideration is based on quoted market prices and the probability of the contingencies at the year ended 31 December 2020.

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 26, 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 have been determined based on value-in-use calculations. These calculations 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 2020 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 2020 to 2040. 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 twenty-year 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.

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 segment, 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 entity of the Group is 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	
		2020	2019
	Notes	**RMB'000**	RMB'000
Net fair value losses on preferred shares	*9*	**1,933,816**	–
Share-based payment expenses	*26*	**257,624**	108,099
Total material items		**2,191,440**	108,099

7 REVENUE

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue from contracts with customers		
Revenue on fee-for-service contracts at a point in time	**10,331**	13,039

All revenues are generated in the PRC.

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	
	2020	2019
	RMB'000	RMB'000
Customer A	**9,074**	3,600
Customer B	**N/A***	2,874
Customer C	**N/A***	1,887
Customer D	**N/A***	1,724
Customer E	**1,257**	1,456
	10,331	11,541

* The corresponding revenue did not contribute over 10% of total revenue of the Group for the year concerned.

8 OTHER (EXPENSES)/INCOME – NET

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Government grants	**5,858**	8,275
Net fair value losses on contingent liability consideration to Ab Studio Inc. ("ABS")	**(10,295)**	(4,333)
Others	**8**	140
	(4,429)	4,082

9 OTHER (LOSSES)/GAINS – NET

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Net fair value losses on Preferred Shares *(a)*	**(1,933,816)**	–
Net fair value losses on re-designation and reclassification of ordinary shares *(Note 24(c))*	**(34,065)**	–
Net loss on disposal of property, plant and equipment	**(551)**	(73)
Others	**118**	126
	(1,968,314)	53

(a) On 26 May 2020, 477,819,181 ordinary shares in total were reclassified into the series A preferred shares of par value USD0.00001 each (the "Series A Preferred Shares").

On 18 May 2020, the Company entered into a shares subscription agreement with several subscribers, namely pre-IPO financing plan. Pursuant to this agreement, the Company agreed to allot and issue 145,576,631 series B preferred shares to HHJH Holdings Limited ("HHJH"), Aranda Investments Pte Ltd, Honor Noble Holdings Limited, HaiTong XuYu International Limited, CPED Pharma Limited, NM Strategic Focus Fund II, L.P., Strategic China Healthcare Holdings Limited and Solshire International SPC (the "Series B Preferred Shares", together the "Preferred Shares"). The total consideration of Series B Preferred Shares was USD160,000,000, out of which, USD17,492,041 (approximately RMB123,489,000) was settled by convertible loans hold by HHJH and remaining consideration was settled by cash.

On 7 October 2020, all preferred shares were converted to ordinary shares on a one-to-one basis upon the completion of IPO, which provided an increase on net fair value losses with RMB1,933,816,000.

10 EXPENSES BY NATURE

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Employee benefits expenses *(Note 11)*	**423,903**	200,614
Testing fee and clinical trial expenses	**268,444**	186,041
Raw material and consumables used	**72,625**	61,966
Depreciation and amortization	**50,485**	40,636
Consulting fee	**27,157**	5,994
Utilities	**12,642**	11,299
Traveling and transportation expenses	**5,150**	7,055
Write down of inventories and impairment in property, plant and equipment	**2,843**	1,340
Decrease in contract cost	**2,173**	6,962
Auditors' remuneration		
– Audit services	**1,500**	–
Listing expenses	**53,157**	–
Others	**20,531**	15,839
	940,610	537,746

11 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Share-based payment expenses *(Note 26)*	**257,624**	108,099
Salaries, bonuses and other benefits	**153,877**	80,364
Social security costs and housing benefits	**8,104**	6,307
Termination benefits	**3,323**	–
Pension-defined contribution plan *(i)*	**975**	5,844
	423,903	200,614

(i) The Group did not have any forfeited contribution for the year ended 31 December 2020 in connection with the defined contribution plan operated by local governments.

11 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2019: one) directors, whose emoluments are reflected in the analysis presented in Note 38. The emoluments payable to the remaining three (2019: four) individuals were as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Salaries, bonuses and other benefits	**6,837**	6,922
Share-based payment expenses	**44,564**	65,213
Social security costs and housing benefits	**65**	159
	51,466	72,294

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 (2019: Nil).

The emoluments fell within the following bands:

	Year ended 31 December	
	2020	2019
	no. of individuals	no. of individuals
Emolument bands (in HKD)		
Nil – HKD1,000,000	**–**	–
HKD5,500,001 – HKD6,000,000	**–**	1
HKD11,000,001 – HKD11,500,000	**–**	1
HKD12,000,001 – HKD12,500,000	**1**	–
HKD13,000,001 – HKD13,500,000	**1**	–
HKD16,000,001 – HKD16,500,000	**–**	1
HKD33,000,001 – HKD33,500,000	**1**	–
HKD47,500,001 – HKD48,000,000	**–**	1
	3	4

12 FINANCE INCOME AND COSTS

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Finance income		
Interest from deposits	**3,715**	624
	3,715	624
Finance costs		
Interest on convertible loans *(Note 37(b))*	**(3,508)**	–
Interest for lease liabilities	**(2,031)**	(2,091)
Net foreign currency exchange loss	**(131,344)**	(1,535)
Others	**(120)**	(63)
	(137,003)	(3,689)
Financial costs – net	**(133,288)**	(3,065)

13 SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2020 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	
			2020	2019	**2020**	2019
Directly owned:						
HH CT Holdings Limited ("HHCT")	Hong Kong, 24 October 2016, limited liability company	1 ordinary share, HKD0.001	**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%
Indirectly owned:						
Genor Biopharma Co., Ltd. (嘉和生物藥業有限公司)	The PRC, 4 December 2007, limited liability company	RMB606,119,466	**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	RMB400,000,000	**100.00%**	100.00%	**–**	–
Genor Biopharma (USA), Inc.	USA, 23 November 2020, corporation	100 ordinary shares, USD0.001	**100.00%**	–	**–**	–

(a) Significant restrictions

Cash and cash equivalents of RMB266,404,000 (2019: RMB199,144,000) 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.

13 SUBSIDIARIES (CONTINUED)

(b) Investments in subsidiaries

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Interests in subsidiaries *(i)*	**2,484,094**	1,854,172
Deemed capital contribution to subsidiaries *(ii)*	**358,229**	74,945
	2,842,323	1,929,117

(i) For the year ended 31 December 2020, the Company injected RMB629,922,000 to HHCT.

(ii) The amounts represent the equity-settled share-based payments in respect of the respective share options granted by the Company to certain employees of the specified subsidiaries for employees' services rendered to the respective subsidiaries under the Company's employee option plan as disclosed in Note 26. Since the subsidiaries have no obligation to reimburse such expense, 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.

14 INCOME TAX CREDIT

(a) Income tax credit

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Current tax		
Current tax on profits for the year	**–**	–
Total current tax expense	**–**	–
Deferred income tax		
Increase in deferred tax assets *(Note 32 (a))*	**(4,963)**	(680)
Decrease in deferred tax liabilities *(Note 32 (b))*	**(843)**	(211)
Total deferred tax credit	**(5,806)**	(891)
Income tax credit	**(5,806)**	(891)

14 INCOME TAX CREDIT (CONTINUED)

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

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Loss before income tax	**(3,036,310)**	(523,637)
Calculated at the PRC taxation rate of 25%	**(759,078)**	(130,909)
Effect of different tax rates of operating entities in other jurisdictions	**548,244**	47,420
Income not subject to tax	**–**	(770)
Expenses not deductible for taxation purposes	**66,755**	11,911
Super deduction of research and development expenses	**(94,047)**	(40,644)
Unused tax loss not recognised as deferred tax assets	**232,320**	112,101
Income tax credit	**(5,806)**	(891)

(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 2020(2019: 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 2020 and 2019.

(iii) *USA Corporate Income Tax*

ABT was established in California, USA. The corporate income tax rate of ABT is subject to both federal income tax rate and California income tax rate, which is 29.84% in total for the year ended 31 December 2020 (2019: 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 2020 and 2019.

(iv) *PRC Corporate Income Tax*

On 23 November 2017, a "Certificate of New Hi-tech Enterprise" was granted to Genor Biopharma, and then Genor Biopharma becomes eligible for a preferential corporate income tax rate of 15% up to the year ended 31 December 2019. As of 31 December 2020, Genor Biopharma was in progress of applying for renewal of "Certificate of New Hi-tech Enterprise", and the 2020 income tax rate was changed from 15% to 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 2020 (2019: 25%).

14 INCOME TAX CREDIT (CONTINUED)

(c) Tax losses

The expiry date of tax losses is as follow:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
As at 31 December 2020	**–**	53,090
As at 31 December 2021	**79,395**	79,395
As at 31 December 2022	**58,251**	58,251
As at 31 December 2023	**449,260**	449,260
As at 31 December 2024	**648,583**	648,583
As at 31 December 2025	**929,279**	–
Deductible losses without expiry date *(Note 32 (b))*	**18,912**	2,280
Total	**2,183,680**	1,290,859

15 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	
	2020	2019
Loss attributable to owners of the Company (in RMB'000)	**(3,027,102)**	(522,082)
Weighted average number of ordinary shares in issue (in thousand) *(i)*	**244,890**	276,482
Basic and diluted loss per share (in RMB)	**(12.36)**	(1.89)

(i) In the calculation of weighted average number of ordinary shares outstanding for the years ended 31 December 2020 and 2019, the share consolidation occurred on 3 September 2020 (see Note 24(e)) had been adjusted retrospectively as if those shares have been issued since 1 January 2019.

(b) Diluted loss per share

The Group has potential dilutive shares throughout for the year ended 31 December 2020 related to the shares held for employee option plan (Note 26(a)) and shares to be issued to Dr. Yue Liu and ABS (Note 26(c)). Due to the Group's losses for the year ended 31 December 2020, shares held for employee option plan and shares to be issued to Dr. Yue Liu and ABS 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.

16 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 2019						
Cost	72,282	223,678	595	4,904	424	301,883
Accumulated depreciation	(23,917)	(70,169)	(171)	(3,601)	–	(97,858)
Net book amount	48,365	153,509	424	1,303	424	204,025
Year ended 31 December 2019						
Opening net book amount	48,365	153,509	424	1,303	424	204,025
Additions	1,149	8,995	–	1,330	5,439	16,913
Transfer upon completion	454	642	–	–	(1,096)	–
Disposals	–	(63)	–	(10)	–	(73)
Depreciation charge *(a)*	(6,883)	(22,027)	(113)	(413)	–	(29,436)
Closing net book amount	43,085	141,056	311	2,210	4,767	191,429
At 31 December 2019						
Cost	73,885	232,818	595	6,086	4,767	318,151
Accumulated depreciation	(30,800)	(91,762)	(284)	(3,876)	–	(126,722)
Net book amount	43,085	141,056	311	2,210	4,767	191,429
Year ended 31 December 2020						
Opening net book amount	**43,085**	**141,056**	**311**	**2,210**	**4,767**	**191,429**
Additions	**1,736**	**7,678**	**7**	**2,140**	**29,383**	**40,944**
Transfer upon completion	**6,834**	**23,506**	**–**	**–**	**(30,340)**	**–**
Disposals	**–**	**(552)**	**–**	**(30)**	**–**	**(582)**
Depreciation charge *(a)*	**(7,613)**	**(21,404)**	**(113)**	**(983)**	**–**	**(30,113)**
Impairment loss	**–**	**(1,390)**	**–**	**–**	**–**	**(1,390)**
Closing net book amount	**44,042**	**148,894**	**205**	**3,337**	**3,810**	**200,288**
At 31 December 2020						
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**

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Depreciation charges were expensed in the following categories in the consolidated statements of profit or loss and other comprehensive income:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Contract cost	**–**	315
Cost of revenue	**104**	301
Administrative expenses	**767**	459
Research and development expenses	**29,242**	28,361
	30,113	29,436

17 LEASES

(a) Amounts recognised in the balance sheet

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Right-of-use assets		
Properties	**28,875**	33,267
	28,875	33,267
Lease liabilities		
Current	**15,045**	12,412
Non-current	**16,014**	29,351
	31,059	41,763

Additions to the right-of-use assets in 2020 were RMB7,815,000 (2019: RMB4,898,000).

17 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	
	2020	2019
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Properties	**12,207**	8,913
Interest expense (included in finance cost)	**2,031**	2,091
Expense relating to short-term leases (included in research and development expenses and administrative expenses)	**950**	417
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in research and development expenses administrative expenses)	**86**	90

The total cash outflow for leases in 2020 was approximately RMB21,587,000(2019: RMB10,483,000).

(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

18 INTANGIBLE ASSETS

Non-current assets	Goodwill RMB'000 *(Note a)*	Computer software RMB'000	Licenses RMB'000	Total RMB'000
At 1 January 2019				
Cost	–	1,690	17,925	19,615
Accumulated amortisation	–	(665)	(2,917)	(3,582)
Net book amount	–	1,025	15,008	16,033
Year ended 31 December 2019				
Opening net book amount	–	1,025	15,008	16,033
Additions	–	4,203	4,062	8,265
Acquisition of business *(b)*	21,753	–	50,868	72,621
Amortisation	–	(889)	(1,713)	(2,602)
Closing net book amount	21,753	4,339	68,225	94,317
At 31 December 2019				
Cost	21,753	5,893	72,855	100,501
Accumulated amortization	–	(1,554)	(4,630)	(6,184)
Net book amount	21,753	4,339	68,225	94,317
Year ended 31 December 2020				
Opening net book amount	**21,753**	**4,339**	**68,225**	**94,317**
Additions	**–**	**4,054**	**66,730**	**70,784**
Amortisation	**–**	**(1,837)**	**(6,328)**	**(8,165)**
Closing net book amount	**21,753**	**6,556**	**128,627**	**156,936**
At 31 December 2020				
Cost	**21,753**	**9,947**	**139,585**	**171,285**
Accumulated amortization	**–**	**(3,391)**	**(10,958)**	**(14,349)**
Net book amount	**21,753**	**6,556**	**128,627**	**156,936**

18 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	
	2020	2019
	RMB'000	RMB'000
Administration expenses	**1,183**	429
Research and development expenses	**6,982**	2,173
	8,165	2,602

(a) Impairment tests for goodwill

Goodwill of RMB21,753,000 is resulted from the acquisition of a subsidiary in 2019, see above Note 18(b). The subsidiary is principally engaged in the provision of research and development in the USA.

Goodwill is monitored by the management at the operating segment level. Management reviews the business performance of the only operating segment.

The following is a summary of goodwill allocation for the only operating segment:

	Opening	**Addition**	**Impairment**	**Closing**
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2019				
The operating segment	–	21,753	–	21,753
Year ended 31 December 2020				
The operating segment	**21,753**	**–**	**–**	**21,753**

The recoverable amount of the only operating segment 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 (2019: twenty-one-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 2040 in the goodwill impairment test, which demonstrated a twenty-year forecast period when counted from the year of 2020. Cash flows beyond the twenty-year period are extrapolated using the estimated growth rates stated below.

18 INTANGIBLE ASSETS (CONTINUED)

(a) Impairment tests for goodwill (Continued)

The recoverable amount of the only operating segment (including goodwill) based on the estimated value-in-use calculations was higher than the carrying amount at 31 December 2020 and 2019. 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 2020 and 2019 are as follows.

	31 December 2020	31 December 2019
Revenue (% compound growth rate)	**34.46%**	31.12%
Research and development expenses (% compound growth rate)	**-9.74%**	-6.02%
Pre-tax discount rate	**23.81%**	16.64%
Long-term average growth rate	**0.00%**	0.00%
Recoverable amount of operating segment (RMB'000)	**5,715,664**	4,882,662

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

- Revenue compound growth rate is for the twenty-year forecast period. It is based on the business strategy and the management's expectation for the market development. The management forecasted the revenue of drugs would be generated from the year of 2021.

- Research and development expenses compound growth rate is for the twenty-year forecast period. It 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 the operating segment 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.

If the revenue compound growth rate had been 2% lower, or the research and development expenses compound growth rate had been 5% higher, or the pre-tax discount rate had been 1% higher, there was still sufficient headroom with no impairment required for the years ended 31 December 2020 and 2019. Therefore, a reasonably possible change in such key assumptions would not cause the carrying amount of the cash-generating unit ("CGU") to exceed its recoverable amount.

18 INTANGIBLE ASSETS (CONTINUED)

(a) Impairment tests for goodwill (Continued)

The table below sets forth the breakeven point of such key assumptions for the twenty-year and twenty-one-year forecast period as of 31 December 2020 and 2019 (estimates based on the operations for the periods indicated) used in goodwill impairment testing:

	Year ended 31 December 2020		Year ended 31 December 2019	
	Key assumption	**Breakeven point**	Key assumption	Breakeven point
Revenue (% compound growth rate)	**34.46%**	**29.23%**	31.12%	26.50%
Research and development expenses (% compound growth rate)	**-9.80%**	**8.76%**	-6.02%	13.69%
Pre-tax discount rate	**23.81%**	**36.25%**	16.64%	33.34%

As of 31 December 2020, if the revenue compound growth rate had been 5.24% lower, or the research and development expenses compound growth rate had been 18.50% higher, or the pre-tax discount rate had been 12.44% higher, the carrying amount of the CGU would exceed its recoverable amount.

As of 31 December 2019, if the revenue compound growth rate had been 4.62% lower, or the research and development expenses compound growth rate had been 19.71% higher, or the pre-tax discount rate had been 16.70% higher, the carrying amount of the CGU would exceed its recoverable amount.

No impairment was charged for the CGU during the years ended 31 December 2020 and 2019.

(b) On 27 September 2019, the Company acquired 80% of the issued share capital of ABT, a company set up by ABS and Dr. Yue Liu and engaged in the business of therapeutic antibody research and development, with USD1,800,000 (RMB12,731,000) as cash consideration and 8,181,819 ordinary shares (Note 26(c)) of the Company as contingent consideration. Immediately after the completion of the acquisition, the Company obtained the control of ABT.

The goodwill of RMB21,753,000 arising from the acquisition is attributable to the synergy of business combination arising from advantages of human resources and biopharmaceutical research technology. None of the goodwill recognised is expected to be deductible for income tax purpose.

19 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Financial Assets		
Financial assets at amortised cost		
Trade receivables	**–**	–
Other receivables, deposits and prepayments (excluding prepayments and VAT input tax to be deducted)	**43,420**	2,024
Amounts due from related parties	**27,754**	20,942
Restricted bank deposits	**2,000**	–
Cash and cash equivalents	**2,929,743**	253,520
	3,002,917	276,486

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Financial Liabilities		
Financial liabilities at amortised cost		
Trade payables	**91,732**	103,363
Other payables and accruals (excluding accrued employee benefits, accrued share-based payment and tax payable)	**71,753**	151,166
Amounts due to related parties (excluding contingent consideration)	**12,425**	6,211
Lease liabilities	**31,059**	41,763
Other non-current liabilities (excluding accrued share-based payment)	**–**	37,423
Financial liabilities at fair value		
Contingent consideration in amounts due to related parties *(Note 31(b))*	**39,394**	41,907
	246,363	381,833

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.

20 INVENTORIES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Current assets		
Consumables	**9,729**	14,422
Raw materials	**22,030**	12,187
	31,759	26,609
Less: provisions for inventories	**(294)**	(1,340)
	31,465	25,269

21 CONTRACT COST

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Contract performance cost	**1,755**	3,927

22 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Prepayment for inventories and clinical fee	**63,152**	43,855
VAT input tax to be deducted	**76,805**	53,230
Receivable from employees	**40,522**	–
Prepayment for equipment and software	**2,310**	10,025
Rental deposits	**2,642**	1,823
Others	**3,559**	551
	188,990	109,484
Less: non-current portion	**(80,300)**	(64,902)
Current portion	**108,690**	44,582

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

23 CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Cash on hand	**397**	–
Cash at banks *(a)*		
– RMB deposits	**209,727**	190,225
– HKD deposits	**2,253,105**	–
– USD deposits	**466,514**	63,295
	2,929,346	253,520
Cash and cash equivalents	**2,929,743**	253,520
Restricted bank deposits *(b)*		
– RMB deposits	**2,000**	–

23 CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS (CONTINUED)

(a) Cash at banks comprised of cash and short-term bank deposit with a right to withdraw at any time. Bank balances earns interest at market rates which ranged from 0.01% to 1.73% per annum at 31 December 2020 (2019: from 0.05% to 1.52% per annum).

(b) Restricted bank deposits

As at 31 December 2020, the restricted bank deposit was RMB2,000,000, which was frozen by Shanghai Pudongxinqu People's Court for an ongoing litigation case.

24 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of shares	Nominal value of shares
		USD
Authorised ordinary shares		
As at 31 December 2020	1,000,000,000	20,000

24 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 2019	212,087,501	15	1,463,629	–	1,463,644
Shares issued to the Original Domestic Shareholders in Reorganization *(a)*	276,260,295	20	–	–	20
Shares subscribed by shareholders *(b)*	56,593,381	3	396,179	–	396,182
Shares exercised under employee option plan	8,000,000	1	61,923	–	61,924
As at 31 December 2019	552,941,177	39	1,921,731	–	1,921,770
Shares subscribed by shareholders *(b)*	**8,000,000**	**1**	**55,557**	**–**	**55,558**
Shares exercised under employee option plan	**12,837,308**	**1**	**81,514**	**–**	**81,515**
Re-designation and reclassification as Series A Preferred Shares *(c)*	**(477,819,181)**	**(33)**	**(2,058,013)**	**–**	**(2,058,046)**
Shares issued under employee option plan *(d)*	**2,000,000**	**–***	**6,813**	**(6,813)**	**–**
Adjustment for the Share Consolidation *(e)*	**(48,944,430)**	**–**	**–**	**–**	**–**
Issuance of shares as consideration for a business combination	**634,091**	**–***	**12,808**	**–**	**12,808**
Conversion of Preferred Shares into ordinary shares *(f)*	**311,697,906**	**42**	**6,580,309**	**–**	**6,580,351**
Issuance of ordinary shares upon global offering *(g)*	**119,881,000**	**16**	**2,496,712**	**–**	**2,496,728**
Issuance of ordinary shares upon exercise of over-allotment option *(g)*	**9,802,500**	**1**	**203,452**	**–**	**203,453**
Share issuance costs *(g)*	**–**	**–**	**(113,103)**	**–**	**(113,103)**
As at 31 December 2020	**491,030,371**	**67**	**9,187,780**	**(6,813)**	**9,181,034**

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

24 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (CONTINUED)

(a) During the period from 2018 to 2020, the Group prepared for the listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited and completed the reorganization (「Reorganization」) by signing a series of shares agreements with Yunnan Walvax Biotechnology Co., Ltd.(雲南沃森生物技術股份有限公司), Zhejiang CONBA Pharmaceutical Co., Ltd.(浙江康恩貝製藥股份有限公司), Jiaxing Guanyou Xingwo Equity Investment Partnership, L.P.(嘉興觀由興沃股權投資合夥企業(有限合夥)), Yuxi Runtai Investment Management L.P.(玉溪潤泰投資管理合夥企業(有限合夥)), Fujian Pingtan Huaxing Kangping Pharmaceutical Industry Investment Partnership, L.P.(福建平潭華興康平醫藥產業投資合夥企業(有限合夥)) and Pingtan Tiger Yingke Investment Partnership, L.P.(平潭泰格盈科創業投資合夥企業(有限合夥)), which collectively referred to as the「Original Domestic Shareholders」.

In the Reorganization, the Original Domestic Shareholders agreed to sell 49.96% interests in Genor Biopharma in exchange for the Company's issuance of 276,260,295 ordinary shares in total with par value USD0.00001 each to the Original Domestic Investors of the Original Domestic Shareholders.

(b) In 2019, the Company entered into share subscription agreements with several subscribers. Pursuant to the agreements, the 56,593,381 ordinary shares were issued in 2019, and 5,000,000 ordinary shares were issued in January 2020.

On 11 May 2020, the Company entered into a share subscription agreement with Yaly Capital Biotech Investment 1 Limited, one of the subscribers. Pursuant to this agreement, 3,000,000 ordinary shares were issued in May 2020.

(c) On 26 May 2020, the Company conducted a re-designation of its authorized share capital from USD10,000 (divided into 1,000,000,000 ordinary shares of par value USD0.00001 each) to USD20,000, divided into (i) 1,376,604,188 ordinary shares of par value USD0.00001 each, (ii)477,819,181 series A preferred shares of par value USD0.00001 each (the "Series A Preferred Shares"), (iii) 145,576,631 series B preferred shares of par value USD0.00001 each (the "Series B Preferred Shares", collectively with the Series A Preferred Shares, the "Preferred Shares"). On the same date, 477,819,181 ordinary shares in total were reclassified into the Series A Preferred Shares, resulting a decrease in share premium and capital reserve of RMB2,058,013,000 and RMB1,416,600, respectively, an increase in other gains/(losses) with approximately RMB34,065,000 and an increase in financial liabilities at fair value through profit or loss with approximately RMB3,508,712,000.

(d) On 31 July 2020, the Company issued 2,000,000 ordinary shares to Watchmen Alpha Limited which is owned by a key management officer, in accordance with 2020 employee option plan (Note 26(a)), with a total exercise price of USD1,000,100, equivalent to approximately RMB6,813,000. The consideration of 1,000,000 ordinary shares of USD0.0001 each were paid on 27 September 2020, and the remaining 1,000,000 ordinary shares of USD1.0000 each amounting to USD1,000,000, equivalent to approximately RMB6,813,000(Note 31), is yet to be paid.

(e) On 3 September 2020 ("Share Consolidation date"), the Company consolidated every two shares with a par value of USD0.00001 each in the Company's issued and unissued share capital into one share with a par value of USD0.00002. Following the consolidation of shares, the authorized share capital of the Company is USD20,000.00 divided into 1,000,000,000 shares with a par value of USD0.00002 each ("Share Consolidation").

(f) On 7 October 2020, 238,909,590.5 Series A Preferred Shares and 72,788,315.5 Series B Preferred Shares were converted to ordinary shares on a one-to-one basis upon the completion of IPO.

24 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (CONTINUED)

(g) On 7 October 2020, the Company was listed on Main Board of The Stock Exchange of Hong Kong Limited with the global offering with a par value of ordinary share of USD0.00002 each of the Company including, a public offering in Hong Kong of 59,941,000 shares and an international offering of 59,940,000 shares, in each case at a price of HKD24.00 per share. The gross proceeds from the share offering were approximately RMB2,496,728,000.

On 28 October 2020, the Company issued 9,802,500 additional new ordinary shares with a par value of USD0.00002 each at HKD24.00 per share pursuant to the full exercise of the over-allotment option. The proceeds from the over-allotment option were approximately RMB203,453,000.

The share issuance costs of the global offering and exercise of over-allotment option were approximately RMB113,103,000 and recorded as a deduction of share premium.

25 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 2019	287,747	43,565	–	331,312
Other comprehensive loss	–	–	(217)	(217)
Repurchase of part of the shares from shareholders of Genor Biopharma in the Reorganisation *(Note 24(a))*	(574,412)	–	–	(574,412)
Share-based payment *(Note 26)*	–	74,945	–	74,945
Shares exercised under employee option plan	–	(40,978)	–	(40,978)
At 31 December 2019	(286,665)	77,532	(217)	(209,350)
At 1 January 2020	**(286,665)**	**77,532**	**(217)**	**(209,350)**
Other comprehensive loss	**–**	**–**	**(2,271)**	**(2,271)**
Share-based payment *(Note 26)*	**–**	**283,284**	**–**	**283,284**
Shares exercised under employee option plan	**–**	**(81,508)**	**–**	**(81,508)**
Re-designation and reclassification as Series A Preferred Shares *(Note 24(c))*	**(1,416,600)**	**–**	**–**	**(1,416,600)**
At 31 December 2020	**(1,703,265)**	**279,308**	**(2,488)**	**(1,426,445)**

26 SHARE-BASED PAYMENTS

(a) 2020 Employee Option Plan

On 19 August 2019, the compensation committee approved JHBP (CY) Holdings Limited Share Option Plan ("2019 Employee Option Plan") with the authorization from the board of directors of the Company. On 16 April 2020, the board of directors of the Company approved Pre-IPO Share Option Plan ("2020 Employee Option Plan"), which has an amendment on the 2019 Employee Option Plan. Pursuant to which, the Company granted options to executive directors and key employees to award their previous contributions and to acquire their long-term service in future.

Under the 2020 Employee Option Plan, certain employees signed new agreements in replace of the original agreements, which was considered a modification on 2019 Employee Option Plan and relevant incremental fair value granted as a result of the modification amounted to approximately RMB4,803,000 in 2020.

There were three categories of share-based payment under the 2020 Employee Option Plan.

- Category I: equity-settled share-based payment with exercise price of USD0.0001
- Category II: equity-settled share-based payment with exercise price of USD1.0000
- Category III: share-based payment with cash alternatives

Whatever categories belong to, these options are valid for ten years once vested.

(i) Category I and II

The Company entered into agreements with certain employees on 31 August 2019, 16 September 2019, 18 December 2019, 29 February 2020, 16 April 2020, 30 April 2020, 31 July 2020, 14 August 2020 and 31 August 2020, separately. Under these agreements, the options are vested based on service condition or performance conditions. The service condition is 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.

(ii) Category III

The Company entered into agreements with certain employees on 16 September 2019, under which, the options were vested immediately. Pursuant to these agreements, the employees were granted the choice of cash settlement or equity settlement.

26 SHARE-BASED PAYMENTS (CONTINUED)

(a) 2020 Employee Option Plan (Continued)

Set out below are summaries of options granted:

	Category I	
	Exercise price per share	**Number of options**
As at 1 January 2019	–	–
Granted	USD0.0001	26,837,029
Exercised	USD0.0001	(5,000,000)
Forfeited	USD0.0001	(130,000)
As at 31 December 2019	USD0.0001	21,707,029
Vested and exercisable at 31 December 2019		–
As at 1 January 2020	**USD0.0001**	**21,707,029**
Granted during the period from 1 January 2020 to Share Consolidation date	**USD0.0001**	**44,291,408**
Exercised during the period from 1 January 2020 to Share Consolidation date	**USD0.0001**	**(12,766,853)**
Forfeited during the period from 1 January 2020 to Share Consolidation date	**USD0.0001**	**(6,980,000)**
As at Share Consolidation date	**USD0.0001**	**46,251,584**
Adjustment for the Share Consolidation		**(23,125,792)**
Forfeited during the period from Share Consolidation date to 31 December 2020	**USD0.0002**	**(285,000)**
As at 31 December 2020	**USD0.0002**	**22,840,792**
Vested and exercisable at 31 December 2020		**–**

26 SHARE-BASED PAYMENTS (CONTINUED)

(a) 2020 Employee Option Plan (Continued)

	Category II	
	Exercise price per share	Number of options
As at 1 January 2019	–	–
Granted	USD1.0000	18,509,823
Exercised	USD1.0000	(3,000,000)
Forfeited	USD1.0000	(270,000)
As at 31 December 2019	USD1.0000	15,239,823
Vested and exercisable at 31 December 2019		–
As at 1 January 2020	**USD1.0000**	**15,239,823**
Granted during the period from 1 January 2020 to Share Consolidation date	**USD1.0000**	**37,154,490**
Exercised during the period from 1 January 2020 to Share Consolidation date	**–**	**–**
Forfeited during the period from 1 January 2020 to Share Consolidation date	**USD1.0000**	**(10,336,470)**
As at Share Consolidation date	**USD1.0000**	**42,057,843**
Adjustment for the Share Consolidation		**(21,028,922)**
Forfeited during the period from Share Consolidation date to 31 December 2020	**USD2.0000**	**(685,000)**
As at 31 December 2020	**USD2.0000**	**20,343,921**
Vested and exercisable at 31 December 2020		**–**

26 SHARE-BASED PAYMENTS (CONTINUED)

(a) 2020 Employee Option Plan (Continued)

	Category III(A)	
	Exercise price per share	Number of options
As at 1 January 2019	–	–
Granted	USD0.0001	5,253,008
Exercised	–	–
Forfeited	–	–
As at 31 December 2019	USD0.0001	5,253,008
Vested and exercisable at 31 December 2019		–
As at 1 January 2020	**USD0.0001**	**5,253,008**
Granted during the period from 1 January 2020 to Share Consolidation date	**–**	**–**
Exercised during the period from 1 January 2020 to Share Consolidation date	**USD0.0001**	**(1,417,280)**
Forfeited during the period from 1 January 2020 to Share Consolidation date	**–**	**–**
As at Share Consolidation date	**USD0.0001**	**3,835,728**
Adjustment for the Share Consolidation		**(1,917,864)**
Forfeited during the period from Share Consolidation date to 31 December 2020	**–**	**–**
As at 31 December 2020	**USD0.0002**	**1,917,864**
Vested and exercisable at 31 December 2020		**–**

26 SHARE-BASED PAYMENTS (CONTINUED)

(a) 2020 Employee Option Plan (Continued)

	Category III(B)	
	Exercise price per share	Number of options
As at 1 January 2019	–	–
Granted	USD1.0000	100,000
Exercised	–	–
Forfeited	–	–
As at 31 December 2019	USD1.0000	100,000
Vested and exercisable at 31 December 2019		–
As at 1 January 2020	**USD1.0000**	**100,000**
Granted during the period from 1 January 2020 to Share Consolidation date	**–**	**–**
Exercised during the period from 1 January 2020 to Share Consolidation date	**–**	**–**
Forfeited during the period from 1 January 2020 to Share Consolidation date	**–**	**–**
As at Share Consolidation date	**USD1.0000**	**100,000**
Adjustment for the Share Consolidation		**(50,000)**
Forfeited during the period from Share Consolidation date to 31 December 2020	**–**	**–**
As at 31 December 2020	**USD2.0000**	**50,000**
Vested and exercisable at 31 December 2020		**–**

No options expired during the years covered by the above tables.

26 SHARE-BASED PAYMENTS (CONTINUED)

(a) 2020 Employee Option Plan (Continued)

Share options outstanding as at 31 December 2020 have the following exercise prices:

	Exercise price per share	Share options as at 31 December 2020
Category I	USD0.0002	**22,840,792**
Category II	USD2.0000	**20,343,921**
Category III(A)	USD0.0002	**1,917,864**
Category III(B)	USD2.0000	**50,000**
Total		**45,152,577**

Weighted average remaining contractual life of options outstanding as at 31 December 2020 is 9.24 years.

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.

(b) Fair value of options granted

The fair value at grant date is independently determined using binomial model. The significant inputs were listed as below,

2020 Employee Option Plan – Granted in 2019	Category I	Category II	Category III
Expected price volatility	42.8% to 43.7%	42.8% to 43.7%	43.6%
Expected option life (year)	10.00	10.00	10.00
Risk free interest rate	1.50% to 1.92%	1.84% to 1.92%	1.84%
Fair value of ordinary shares (USD)	0.88 to 1.00	0.88 to 1.00	0.88
Fair value of ordinary shares (RMB)	6.1276 to 6.9632	6.1276 to 6.9632	6.1276

– Granted in 2020	**Category I**	**Category II**
Expected price volatility	**43.1% to 43.7%**	**43.1% to 43.7%**
Expected option life (year)	**10.00**	**10.00**
Risk free interest rate	**0.53% to 1.16%**	**0.53% to 1.16%**
Fair value of ordinary shares (USD)	**0.98 to 1.22**	**0.98 to 1.22**
Fair value of ordinary shares (RMB)	**6.8522 to 8.5361**	**6.8522 to 8.5361**

26 SHARE-BASED PAYMENTS (CONTINUED)

(b) Fair value of options granted (Continued)

The volatility factor estimated was based on the historical share price movement of the comparable companies for the period which approximates the expected period to exercise.

(c) 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 Share Consolidation (see Note 24(e)), the above new ordinary shares changed to 4,090,909 to ABS and 454,546 to Dr. Yue Liu.

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").

The Company issued the first 511,364 shares and 56,818 shares to ABS and Dr. Yue Liu, respectively on 27 September 2020, being the first anniversary of the Closing. On 16 October 2020, as a result of certain research and development program milestone achievement, the Company issued 122,727 shares and 13,636 shares to ABS and Dr. Yue Liu, respectively. 56,818 shares and 13,636 shares were exercised under ABT Batch I and Batch II, respectively, during this year.

The assessed fair value at grant date of the share options settled annually over four years as service condition was USD0.88 per option, which was determined by an independent professional valuer using the same valuation form stated in Note 26(b). The assessed fair value at grant date of the other share options settled based on milestone without service condition was USD0.88 per option, which was determined by an independent professional valuer using the same valuation form stated in Note 26(b). Key assumptions used in determining the fair value of share options are as follows:

	ABT Batch I	ABT Batch II
Key assumptions:		
Expected price volatility	43.6% to 43.7%	43.6% to 43.7%
Expected option life (year)	10.00	10.00
Risk free interest rate	1.50% to 1.84%	1.50% to 1.84%
Fair value of ordinary shares (RMB)	6.1276	6.1276

26 SHARE-BASED PAYMENTS (CONTINUED)

(d) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised for the years ended 31 December 2020 and 2019 as part of employee benefit expense were as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Employee option plan		
– Share-based payment with cash alternatives	**–**	33,154
– Equity-settled share-based payment	**256,913**	73,436
Share-based payment to Dr. Yue Liu	**711**	1,509
	257,624	108,099

27 DEFERRED INCOME

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Government grant		
Asset-related grants *(a)*	**22,400**	23,919
Reimbursement of future expenses *(b)*	**3,195**	2,475
	25,595	26,394
Less: current portion	**(3,692)**	(3,502)
Non-current portion	**21,903**	22,892

(a) The asset-related grants are the subsidies received from the government for the purpose of compensation for purchase of the Group's property, plant and equipment.

(b) Government grants as reimbursement of future expenses are subsidies received for compensating the Group's future research and development activities with regards to certain projects.

The amount of government grants that credited to the statement of profit or loss and other comprehensive income is disclosed in Note 8.

28 TRADE PAYABLES

An aging analysis, based on invoice date, of trade payables as at the consolidated statements of financial position dates were as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within 1 year	**90,497**	103,110
1-2 years	**1,235**	253
	91,732	103,363

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

29 CONTRACT LIABILITIES

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

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Contract liabilities	**5,648**	12,599
Less: non-current portion	**(755)**	(755)
Current portion	**4,893**	11,844

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.

29 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	
	2020	2019
	RMB'000	RMB'000
Revenue recognised relating to carried-forward contract liabilities	**7,127**	5,963

Transaction price allocated to the unsatisfied performance obligations.

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Aggregate amount of transaction price allocated to FFS contracts that are partially or fully unsatisfied	**12,859**	22,886

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 2020 will be recognized as revenue within next one year (2019: RMB19,956,000). The remaining will be recognized in more than one year. The amounts disclosed above do not include variable consideration which is constrained.

30 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Accrued employee benefits	**39,994**	17,090
Payables to project funding *(a)*	**37,423**	–
Payable to the third parties *(a)*	**2,248**	132,673
Payables to suppliers of services and fixed assets	**28,989**	14,216
Tax payable	**2,351**	638
Accrued share-based payments	**–**	23,208
Capital received in advance *(Note 24(b))*	**–**	20,699
Others	**5,341**	4,277
	116,346	212,801

(a) Genor Biopharma and other seven independent biological research companies jointly entered into an agreement with National Health Commission ("NHC") of the PRC in relation to a major new drug development project ("Project Agreement") in 2019. Genor Biopharma, as the leader of the project, received RMB170,096,000 from NHC, out of which, RMB132,673,000 was granted and payable to the other companies while the rest RMB37,423,000 was enjoyed by Genor Biopharma (the "Funds").

As of 31 December 2020, Genor Biopharma paid out all the Funds which belonged to other seven companies. Considering the significant uncertainty on the satisfaction of the given conditions, Genor Biopharma may return the Funds in the year ending 31 December 2022.

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.

31 BALANCES WITH RELATED PARTIES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Amounts due from related parties		
Non-trade in nature		
Watchmen Alpha Limited *(a)*	**27,754**	20,942
	27,754	20,942

31 BALANCES WITH RELATED PARTIES (CONTINUED)

(a) The amounts arose from outstanding capital contribution by Watchmen Alpha Limited, which is owned by a key management officer, in connection with its subscription of ordinary shares in December 2019 and July 2020 (Note 24(d)). The settlement of the receivables will be designated by the compensation committee of the Board of the Company and estimated to be settled in the coming year.

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Amounts due to related parties		
Trade in nature		
Yuxi Walvax Biotechnology Co., Ltd. (玉溪沃森生物技術有限公司) ("Yuxi Walvax")	**3,988**	5,555
ABS	**1,624**	635
	5,612	6,190
Non-trade in nature		
Yuxi Walvax	**–**	21
ABS *(b)*	**39,394**	41,907
Watchmen Alpha Limited	**6,813**	–
	46,207	41,928
Total	**51,819**	48,118
Less: non-current portion	**(34,797)**	(31,916)
Current portion	**17,022**	16,202

(b) The amounts due to ABS is attributable to the contingent consideration for the acquisition of business, and the fair value of contingent consideration was approximately RMB37,574,000 at the acquisition date. As at 31 December 2020, the fair value of contingent consideration was approximately RMB39,394,000, and the fair value changes amounting to RMB5,425,000 are recognised in other (expenses)/income in the consolidated statement of profit or loss and other comprehensive income. The amounts will be payable to ABS upon reaching certain milestone achievement in relation to development status, regulatory approval and license out arrangements.

32 DEFERRED INCOME TAX

(a) Deferred income tax assets

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
The balance comprises temporary differences attributable to:		
Tax losses of ABT	**5,643**	680

Movements	**Tax losses**
	RMB'000
At 1 January 2019	–
Credited to the profit or loss	680
At 31 December 2019	680
At 1 January 2020	**680**
Credited to the profit or loss	**4,963**
At 31 December 2020	**5,643**

(b) Deferred income tax liabilities

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
The balance comprises temporary differences attributable to:		
Intangible assets	**14,125**	14,968

32 DEFERRED INCOME TAX (CONTINUED)

(b) Deferred income tax liabilities (Continued)

Movements	Intangible assets RMB'000
At 1 January 2019	–
Acquisition of business	15,179
Credited to the profit or loss	(211)
At 31 December 2019	14,968
At 1 January 2020	**14,968**
Credited to the profit or loss	**(843)**
At 31 December 2020	**14,125**

As at 31 December 2020, ABT had net operating losses amounted to RMB18,912,000 to offset against future net profit for income tax purposes. According to the local tax laws and regulations, the net operation losses would be carried forward and deducted for income tax purposes forevermore.

33 DIVIDEND

No dividend has been paid or declared by the Company during the years ended 31 December 2020 and 2019.

34 NET CASH USED IN OPERATIONS

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Loss before income tax	**(3,036,310)**	(523,637)
Adjustments for:		
– Non-cash share-based payment expenses	**257,624**	108,099
– Depreciation of property, plant and equipment	**30,113**	29,121
– Amortisation of right-of-use assets and intangible assets	**20,372**	11,515
– Finance cost	**4,480**	1,874
– Provision for impairment of inventories and property, plants and equipment	**2,843**	1,340
– Interest income	**(3,715)**	(624)
– Foreign exchange losses/(gains)	**177,199**	(1,025)
– Gains from asset related government grants	**(3,518)**	(3,502)
– Net fair value losses on contingent consideration payable to ABS	**10,295**	4,333
– Net fair value losses on re-designation and reclassification of ordinary shares	**34,065**	–
– Net fair value losses on preferred shares	**1,933,816**	–
– Loss on disposal of property, plants and equipment	**551**	73
	(572,185)	(372,433)
Changes in working capital (excluding the effects of acquisition and currency translation differences on consolidation):		
– Restricted bank deposits	**(2,000)**	–
– Inventories	**(7,660)**	(1,369)
– Contract cost	**2,172**	4,474
– Trade receivables	**–**	581
– Other receivables and prepayments	**(87,682)**	(1,907)
– Trade payables	**(11,631)**	72,495
– Accruals and other payables	**(69,191)**	143,686
– Amounts due to related parties	**(599)**	6,190
– Contract liabilities	**(6,951)**	(181)
– Deferred income of reimbursement of future expenses	**2,720**	(112)
– Other non-current liabilities *(Note 30)*	**(37,423)**	37,423
Net cash used in operations	**(790,430)**	(111,153)

34 NET CASH USED IN OPERATIONS (CONTINUED)

Net debt reconciliation is shown below:

	Lease liabilities RMB'000	Convertible loans RMB'000	Total debts RMB'000
At 1 January 2019	44,750	–	44,750
Cash flows	(9,976)	–	(9,976)
Non-cash movements	6,989	–	6,989
At 31 December 2019	41,763	–	41,763
Cash flows	(20,551)	119,981	99,430
Non-cash movements	9,847	(119,981)	(110,134)
At 31 December 2020	**31,059**	**–**	**31,059**

35 CONTINGENCIES

As at 31 December 2020, there were no significant contingencies for the Group and the Company.

36 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	
	2020 RMB'000	2019 RMB'000
Contracted but not provided for		
– Property, plant and equipment	**9,209**	19,378

36 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 17 for further information. The following is the details of operating lease commitments for short-term and low value leases.

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Less than 1 year	**217**	924
Between 1 and 5 years	**125**	63
	342	987

37 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
Yuxi Walvax	Entity controlled by the shareholder of the Company
HHJH	Entity controlled by the shareholder of the Company
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, 2020 and 2019. 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.

37 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Purchase of rental services and utilities from		
–Yuxi Walvax	**7,724**	7,371
–ABS	**579**	146
Purchase of equipment from		
–Yuxi Walvax	**623**	–
Purchase of research and development services from		
–ABS	**11,549**	1,410
	20,475	8,927

(b) Loans from related parties

Convertible loans from HHJH

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
At 1 January 2019	**–**	–
Convertible loans received *(i)*	**119,981**	–
Interest on convertible loans	**3,508**	–
Conversion into Series B Preferred Shares *(Note 9)*	**(123,489)**	–
At 31 December 2020	**–**	–

(i) During the period from March to May 2020, JHBP issued a total of USD17,000,000 in convertible loans to HHJH in five times, equivalent to RMB119,981,000.

37 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances with related parties

Balances with related parties as at 31 December 2020 and 2019 were disclosed in Note 31.

(d) 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	
	2020	2019
	RMB'000	RMB'000
Salaries, bonuses and other benefits	**30,339**	12,954
Share-based payment expenses	**169,124**	82,337
Pension, social security costs and housing benefits	**405**	398
	199,868	95,689

38 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 2020 and 2019 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				
	Salaries	Discretionary bonuses	Share-based payment expenses	Social security costs, housing benefits and other employee benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2020					
Name of directors					
Mr. Yi Qingqing	**–**	**–**	**–**	**–**	**–**
Mr. Chen Yu	**–**	**–**	**–**	**–**	**–**
Dr. Zhou Joe Xin Hua	**2,772**	**693**	**58,140**	**8**	**61,613**
Mr. Li Yunchun	**–**	**–**	**–**	**–**	**–**
Mr. Chen Yuezhong	**–**	**–**	**–**	**–**	**–**
Mr. Wang Ruwei	**8**	**–**	**–**	**–**	**8**
Dr. Li Ming	**–**	**–**	**–**	**–**	**–**
Dr. Guo Feng	**3,957**	**1,125**	**42,997**	**6**	**48,085**
Mr. Fung Edwin	**–**	**210**	**–**	**–**	**210**
Mr. Chen Wen	**–**	**210**	**–**	**–**	**210**
Dr. Zhou Honghao	**–**	**210**	**–**	**–**	**210**
	6,737	**2,448**	**101,137**	**14**	**110,336**
For the year ended 31 December 2019					
Name of directors					
Mr. Yi Qingqing	–	–	–	–	–
Mr. Chen Yu	–	–	–	–	–
Mr. Chen Yong	–	–	–	–	–
Dr. Zhou Joe Xin Hua	1,672	693	13,551	7	15,923
Mr. Li Yunchun	–	–	–	–	–
Mr. Chen Yuezhong	–	–	–	–	–
Mr. Wang Ruwei	–	–	–	–	–
Dr. Li Ming	–	–	–	–	–
	1,672	693	13,551	7	15,923

38 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive's emoluments (Continued)

Mr. Chen Yong resigned on 25 November 2019.

Dr. Zhou Joe Xinhua, Mr. Li Yunchun, Mr. Chen Yuezhong, Mr. Wang Ruwei and Dr. Li Ming were appointed as the directors of the Company on 25 November 2019.

Dr. Guo Feng was appointed as the director of the Company and Mr. Chen Yuezhong resigned on 16 April 2020.

Mr. Fung Edwin and Mr. Chen Wen were appointed as the directors of the Company and Mr. Li Yunchun and Mr. Wang Ruwei resigned on 16 June 2020.

Dr. Zhou Honghao was appointed as the director of the Company on 23 September 2020.

In 2020, none of directors waived or agreed to waive any emoluments (2019: 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 (2019: 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 2020 and 2019.

39 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.

40 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	Notes	As at 31 December 2020 RMB'000	2019 RMB'000
ASSETS			
Non-current assets			
Intangible assets		**64,539**	–
Investments in subsidiaries		**2,842,323**	1,929,117
Financial assets at fair value through profit or loss		**38,184**	35,114
Other receivables and prepayments		**19,575**	–
Total non-current assets		**2,964,621**	1,964,231
Current assets			
Amounts due from related parties		**263,142**	20,942
Cash and cash equivalents		**2,630,678**	42,892
Total current assets		**2,893,820**	63,834
Total assets		**5,858,441**	2,028,065
EQUITY			
Equity attributable to owners of the Company			
Share capital		**67**	39
Share premium		**9,187,780**	1,921,731
Treasury shares		**(6,813)**	–
Other reserves	*(a)*	**(1,180,877)**	33,947
Accumulated losses	*(a)*	**(2,207,055)**	(10,289)
Total equity		**5,793,102**	1,945,428

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

Balance sheet of the Company (Continued)

	Notes	As at 31 December 2020 RMB'000	2019 RMB'000
LIABILITIES			
Non-current liabilities			
Amounts due to related parties		**34,797**	31,916
Total non-current liabilities		**34,797**	31,916
Current liabilities			
Other payables and accruals		**8,740**	20,699
Amounts due to related parties		**21,802**	9,991
Consideration of preference shares payable to a subsidiary		**–**	20,031
Total current liabilities		**30,542**	50,721
Total liabilities		**65,339**	82,637
Total equity and liabilities		**5,858,441**	2,028,065

(a) Reserve movement of the Company

	Accumulated losses	Other reserves
At 1 January 2019	(1,710)	–
Loss for the year	(8,579)	–
Repurchase of part of the shares from shareholders of Genor Biopharma in the Reorganisation	–	(20)
Share-based payment	–	74,945
Shares exercised under employee option plan	–	(40,978)
At 31 December 2019	(10,289)	33,947
At 1 January 2020	**(10,289)**	**33,947**
Loss for the year	**(2,196,766)**	**–**
Share-based payment	**–**	**283,284**
Shares exercised under employee option plan	**–**	**(81,508)**
Re-designation and reclassification as Series A Preferred Shares	**–**	**(1,416,600)**
At 31 December 2020	**(2,207,055)**	**(1,180,877)**

THREE YEAR FINANCIAL SUMMARY

	Year ended 31 December		
	2020	2019	2018
	RMB'000	RMB'000	RMB'000
Revenue	**10,331**	13,039	6,882
Loss before income tax	**(3,036,310)**	(523,637)	(288,077)
Income tax credit	**5,806**	891	–
Loss for the year	**(3,030,504)**	(522,746)	(288,077)
Loss for the year is attributable to:			
Owners of the Company	**(3,027,102)**	(522,082)	(288,077)
Non-controlling interests	**(3,402)**	(664)	-

	As at 31 December		
	2020	2019	2018
	RMB'000	RMB'000	RMB'000
Total assets	**3,573,449**	732,835	987,661
Total liabilities	**336,324**	507,375	164,057
Total equity	**3,237,125**	225,460	823,604
Equity attributable to:			
Owners of the Company	**3,234,053**	218,986	823,604
Non-controlling interests	**3,072**	6,474	–

DEFINITIONS

"AACR"	the American Association for Cancer Research
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Articles of Association"	the articles of association of the Company adopted on 18 September 2020 with effect from Listing, as amended from time to time
"AGM"	the annual general meeting of the Company to be held on 11 June 2021
"Audit Committee"	the audit committee of the Company
"Board" or "Board of Directors"	the board of directors of our Company
"CG Code"	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Listing Rules
"China" or the "PRC"	the People's Republic of China, and for the purpose of this report only, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Compensation Committee"	the compensation committee of the Company
"Company", "our Company" or "the Company"	JHBP (CY) Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 10 April 2017
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"CMC"	chemistry, manufacturing and controls
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transactions"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of our Company
"FDA"	the U.S. Food & Drug Administration
"GMP"	Good Manufacturing Practice

DEFINITIONS

"Genor Biopharma"	Genor Biopharma Co., Ltd. (嘉和生物藥業有限公司), a company established under the laws of the PRC on 4 December 2007 and one of the Company's principal subsidiaries
"Group", "our Group", "the Group", "we", "us" or "our"	the Company and its subsidiaries from time to time
"HHJH"	HHJH Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 1 June 2018, a member of Hillhouse and one of our Pre-IPO Investors
"Hillhouse"	refers to HHJH, HH BIO Investment Fund, L.P., Hillhouse Fund IV, L.P., HM Healthcare, HM Healthcare Services, Ltd., Hillhouse Fund II, L.P. and Hillhouse Capital Management, Ltd.
"HM Healthcare"	HM Healthcare Management Services, Ltd., an exempted limited liability company incorporated under the laws of the Cayman Islands on 27 November 2014, a member of Hillhouse and one of our Pre-IPO Investors
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"IPO"	initial public offering
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	7 October 2020, the date on which the Shares are listed and on which dealings in the Shares are fist permitted to take place on the Stock Exchange
"Listing Rules"	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange

DEFINITIONS

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"NDA"	new drug application
"NMPA"	China National Medical Products Administration (國家藥品監督管理局), successor to the China Food and Drug Administration (國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of the Company
"Post-IPO Share Option Plan"	The Post-IPO Share Option Plan adopted by the Company on 18 September 2020
"PRC Legal Advisor"	Haiwen & Partners, our legal advisor on PRC law
"Pre-IPO Share Option Plan"	the Pre-IPO Share Option Plan adopted by the Company on 19 August 2019 and amended and restated on 16 April 2020 and 31 July 2020
"Prospectus"	the prospectus of the Company dated 23 September 2020
"RMB" or "Renminbi"	Renminbi, the lawful currency of PRC
"Reporting Period"	the year ended 31 December 2020
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company, currently with a par value of US$0.00002 each
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States

DEFINITIONS

"Walga"	Walga Biotechnology Limited (沃嘉生物技術有限公司), a business company incorporated under the laws of the British Virgin Islands on 5 June 2019 and an indirect wholly-owned subsidiary of Walvax and one of our substantial shareholders
"Walvax"	Yunnan Walvax Biotechnology Co., Ltd. (雲南沃森生物技術股份有限公司), a public company established under the laws of the PRC on 16 January 2001 and listed on the Shenzhen Stock Exchange (stock code: 300142)
"Yuxi Genor"	Yuxi Genor Biotechnology Co., Ltd. (玉溪嘉和生物技術有限公司), a company established under the laws of the PRC on 8 July 2014 and one of the Company's principal subsidiaries
"%"	per cent