嘉和生物藥業(開曼)控股有限公司

GENOR BIOPHARMA HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code: 6998

2022

Annual Report

CONTENTS

COMPANY PROFILE

OUR MISSION

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

OVERVIEW

Founded in 2007, the Group has been striving to "provide innovative therapeutics initially for patients in China and gradually for patients globally". The Company is committed to creating an innovative, platform-based and integrated company capable of drugs innovation, research and development, pre-clinical study, clinical development, registration, CMC development and commercialized manufacturing based in China, with global reach.

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

In terms of early-stage research and development, the Company has successfully established the research and development platform for global FIC/differential T-cell Engager, bispecific/multi-specific antibodies in immune-oncology and BsADC, focusing on molecules with potential to be the global FIC and BIC products featuring with the best potential to become clinically beneficial and commercially viable drugs.

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

The in-depth perception of product science, mechanisms and features by each department subordinate to the Company, efficient, professional, thorough and complete preparations and close cooperation across different departments contributed to the rapid celebration of clinical trials. In 2022, several of our clinical trials – GB491 (Lerociclib), GB261 (CD20/CD3, BsAb) and GB263T (EGFR/cMET/cMET, TsAb) achieved rapid progress in a rate higher than the industrial level despite the great difficulties brought forth by the pandemic in various regions. We are pleased to note that the NMPA has officially accepted the new drug application for GB491 (Lerociclib) in combination with Fluvestran as the treatment of HR+/HER2- locally advanced or metastatic breast cancer patients with disease progression following previous endocrine therapy. We hope to provide this safer and effective CDK4/6 inhibitor as a meaningful new treatment option to Chinese breast cancer patients soon.

COMPANY PROFILE

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

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

With a clear objective and strategy, the passion and motivation to tackle difficulties and its profound expertise accumulated, combined with the internationally advanced process development capability, pre-clinical and clinical drugs manufacturing capability, improved analysis and test capability, comprehensive quality control system and commercial production capability, the Company achieved rapid progress in key projects during the Reporting Period, which not only allowed it to become an industry leader in many areas, but also laid a solid foundation for the consequent achievements.

THE GROUP'S DRUG CANDIDATES

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

- Phase 3 clinical trial for the second line breast cancer indication of GB491 (Lerociclib) has completed patient enrolment.

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

COMPANY PROFILE

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

- Two highly differentiated bi-specific/multi-specific antibody drugs, namely GB261 (CD20/CD3, BsAb) and GB263T (EGFR/cMET/cMET, TsAb) have made breakthroughs and are progressing rapidly. Both drugs have been dosed to patients in FIH clinical trials in Australia and Phase I/II clinical trials approved by the NMPA in China, and are advancing rapidly.

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

- The NDA of Aibining 艾比寧® (GB226, Geptanolimab) was under technical review.

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

PRODUCT PIPELINE

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

Product	Target/MoA (reference drug)	Indication	Classification	Commercial Rights	Discovery	Pre-Clinical	IND	Phase 1	Phase 2	Phase 3	NDA Review
GB491 (Lerociclib)	CDK4/6+AI (combo w/ letrozole)	1L HR+/HER2-BC	Novel (In-license)	APAC ex-JP (1)							
	CDK4/6+SERD (combo w/ fulvestrant)	2L HR+/HER2-BC									
								By G1 Therapeutics			
	CDK4/6+ EGFR (combo w/ osimertinib)	EGFR-Mutant NSCLC						By G1 Therapeutics			
GB261	CD20 x CD3	NHL	Novel (In-house)	Worldwide				Phase 1 / 2			
GB263T	EGFRxc-Metxc-Met	NSCLC	Novel (In-house)	Worldwide							
GB 242 (Infliximab)	TNF-α (infliximab)	RA, AS, Ps, CD, UC	Biosimilar (In-house)	Worldwide					NDA Approved		
GB226 (Geptanolimab)	PD-1	r/r PTCL	Novel (In-license)	China					NDA under priority review		
		2L+ Cervical Cancer									
		ASPS									
		r/r PMBCL									
	PD-1+VEGFR (combo w/ fruquintinib)	2L/3L+ EGFR+ NSCLC									
		2L+mCRC									
GB492 (IMSA101)	PD-1 (combo w/ GB226*^)+STING	Solid Tumours	Novel (In-license)	APAC ex-JP (2)							
							By ImmuneSensor Therapeutics				
GB221 (Coprelotamab)	HER2	HER2+ 1L/2L+mBC	Novel (In-house)	Worldwide							
GB223	RANKL	GCTB, PMO	Novel (Co-develop)	Worldwide							
GB241 (Rituximab)	CD20 (rituximab)	1L DLBCL	Biosimilar (In-house)	Co-development							
GB251	HER2 ADC	HER2+ 1L/2L+ mBC	Novel (Co-develop)	Worldwide							
GB262	PD-L1xCD55	Cancers	Novel (In-house)	Worldwide							
GB264	Claudin 18.2xCD3	GI Cancers	Novel (In-house)	Worldwide							
GB266	PD-L1xLAG3xLAG3	Cancers	Novel (In-house)	Worldwide							
GB267	Undisclosed	Cancers	Novel (In-house)	Worldwide							
***	Undisclosed	Cancers	Novel (In-house)	Worldwide							

Notes:

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

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

* Five undisclosed candidate molecules in discovery stage

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Zhou Joe Xin Hua (周新華) *(Resigned on 15 April 2022)*
Dr. Guo Feng (郭峰) *(Chief Executive Officer and Chairman of the Board)*

Non-Executive Directors

Dr. Lyu Dong (呂東)
Mr. Chen Yu (陳宇)
Dr. Ni Lin (倪琳) *(Resigned on 29 July 2022)*
Mr. Liu Yi (劉逸) *(Appointed on 29 July 2022)*

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

COMPENSATION COMMITTEE

Mr. Chen Wen (陳文) *(Chairman)*
Mr. Chen Yu (陳宇)
Mr. Fung Edwin (馮冠豪)

NOMINATION COMMITTEE

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

COMPANY SECRETARY

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

AUTHORISED REPRESENTATIVES

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

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COMPANY WEBSITE

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FINANCIAL HIGHLIGHTS

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

- **Research and development expenses** were RMB583.9 million for the Reporting Period, as compared with RMB612.7 million for the year ended 31 December 2021. The spending was mainly attributable to (i) our new drugs development fee and ongoing clinical trials expenses and (ii) our employee salary and related benefit costs. The decrease was mainly due to the decrease in employee benefits expenses.

- **Total comprehensive loss** was RMB731.8 million for the Reporting Period, as compared with RMB865.8 million for the year ended 31 December 2021. The decrease was primarily due to (i) decrease in expenses and (ii) total revenue generated for the Reporting Period.

- Under **Non-HKFRS measures**, our adjusted loss[(1)] was RMB682.2 million for the Reporting Period, as compared with RMB731.1 million for the year ended 31 December 2021.

  (1) Adjusted loss is calculated as loss for the years of 2022 and 2021 excluding share-based payment expenses. For details of the reconciliation of the loss for the Reporting Period to the adjusted loss of the Group, please refer to the section headed "Financial Review" in this annual report.

BUSINESS HIGHLIGHTS

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

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

- In January 2022, the first patient was dosed in a phase III clinical trial of GB491 (Lerociclib) in combination with Letrozole in first line HR+/HER2 – advanced breast cancer.

- Phase III clinical trial for the second-line has completed patient enrolment.

- Phase III clinical trial for the first-line is progressing rapidly as planned.

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

- Several clinical centers have been opened in Australia and China.

- We observed efficacy in the FIH clinical trial in Australia in the dose escalation up to 3mg with preliminary clinical POC data, which were consistent with the molecular design mechanism of GB261, indicating a good safety, pharmacokinetic profile and clinical antitumor activities. As at the date of this annual report, a high-dose escalation is in progress.

- On 23 May 2022, implied permission was obtained from the NMPA for the phase I/II clinical trial of GB261 (CD20/CD3, BsAb) for the treatment of patients with relapsed or refractory B-cell non-Hodgkin Lymphoma (B-NHL) and Chronic Lymphocytic Leukemia/Small Lymphocytic Lymphoma (CLL/SLL).

- On 8 September 2022, the first patient was dosed in the phase I/II clinical trial of GB261(CD20/CD3, BsAb) in China.

GB263T (EGFR/cMET/cMET, TsAb)

- On 28 March 2022, the FIH clinical trial application for GB263T (EGFR/cMET/cMET, TsAb) was approved by Bellberry HREC in Australia to treat advanced NSCLC.

- On 18 May 2022, the first patient was dosed in the FIH clinical trial of GB263T (EGFR/cMET/cMET, TsAb).

- On 2 June 2022, phase I/II clinical trials of GB263T (EGFR/cMET/cMET, TsAb) were approved by NMPA to treat advanced NSCLC.

- On 14 October 2022, the first patient was dosed in the phase I/II clinical trials of GB263T (EGFR/cMET/cMET, TsAb). As at the date of this annual report, a high-dose escalation is in progress.

BUSINESS HIGHLIGHTS

GB492 (IMSA101)

- In January 2022, GB492 (IMSA101) was approved by the CDE to conduct the dose escalation research of GB492 (IMSA101) with PD-1 in subjects with advanced refractory malignancies, and the 400ug monotherapy dose group escalation of clinical trial was completed.

- The clinical trial of the new drug combining GB492 (IMSA101) with Aibining® (GB226, Geptanolimab) was approved by the Human Genetic Resources Administration Office of the PRC.

Strategic Cooperation and Commercialization

Cooperative Development Agreement with Abogen

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

Jiayoujian 佳佑健® (GB242, Infliximab Biosimilar)

- On 23 February 2022, we obtained approval from the NMPA for the launch of Jiayoujian 佳佑健® (GB242, Infliximab Biosimilar) in the treatment of Rheumatoid Arthritis, Ankylosing Spondylitis, Psoriasis, Adult Ulcerative Colitis, Adult and over 6 years old Pediatric Crohn's Disease, and Fistulising Crohn's Disease.

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

New Drugs Research and Development

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

- As of December 31, 2022, five FIC/BIC bi-specific/multi-specific antibody projects were carried out and nearly 10 differentiated innovation projects involving different molecular forms were in the early stage of research and development.

Chemistry, Manufacturing and Controls (CMC)

- The Company continued to promote efficient innovation and development in technology, research and development, processes, management and other areas.

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

RECENT DEVELOPMENT AFTER THE REPORTING PERIOD

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

GB491 (Lerociclib)

- Phase III clinical trial of GB491 (Lerociclib) for the first line HR+/HER2- advanced breast cancer has completed patient enrolment.

- The NMPA has officially accepted the new drug application for GB491 (Lerociclib) in combination with Fluvestran as the treatment of HR+/HER2- locally advanced or metastatic breast cancer patients with disease progression following previous endocrine therapy on 28 March 2023.

Jiayoujian 佳佑健® (GB242, Infliximab Biosimilar)

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

BUSINESS REVIEW

1. Events during the Reporting Period

Research and Development of the Global Innovative New Drugs

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

As at 31 December 2022,

- Five FIC/BIC bi-specific/multi-specific antibody projects were carried out.

- Nearly 10 differentiated innovation projects involving different molecular forms were in the early stage of research and development.

Continuous Promotion of the Establishment of CMC Platform

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

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

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

- We further improved the quality control and study platform. We strengthened the construction of applicable quality system and MAH-related quality system and initiated the establishment of the drug variety archive.

Accelerated Registration and Clinical Trials

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

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

- Relying on plentiful experience and extensive resources, the Group carried out the layout and establishment of the research centre, project initiating and management, selection and recruitment of, and the entering of agreements with patients and subjects in an efficient and quality manner.

- **CMC Process Technology R&D Centre** fully supported the advancement of projects at different stages. It promoted and completed the validation of API process for the project at late clinical stage (i.e. GB491 (Lerociclib)), and initiated the validation of the preparation process and packaging of such project; and facilitated the preparation of relevant research and data for approval of IND projects (i.e. GB261 (CD20/CD3, BsAb) and GB263T (EGFR/cMET/cMET, TsAb)) with clinical approvals successfully obtained. Moreover, it facilitated the development of early research projects to IND.

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

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

1) Two Phase III trials of GB491 (Lerociclib) completed patient enrolment. The NMPA has officially accepted the new drug application for GB491 (Lerociclib) in combination with Fluvestran as the treatment of HR+/HER2- locally advanced or metastatic breast cancer patients with disease progression following previous endocrine therapy on 28 March 2023.

2) GB261 (CD20/CD3, BsAb) obtained the preliminary clinical POC data, and is in the process of high dose escalation; Phase I/II clinical trials have achieved first patient dosed in China.

3) GB263T (EGFR/cMET/cMET, TsAb) was approved by the Bellberry HREC for the first FIH clinical trial in Australia and approved by the NMPA for Phase I/II clinical trials in China, and the first patient was dosed.

4) GB226-008 pivotal Phase II trial enrolment was completed.

5) The monotherapy clinical trial of dose escalation up to 400ug of GB492(IMSA101) was completed.

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

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

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

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

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

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

NMPA has officially accepted the new drug application for GB491 (Lerociclib) in combination with Fluvestran as the treatment of HR+/HER2- locally advanced or metastatic breast cancer patients with disease progression following previous endocrine therapy on 28 March 2023.

GB261 (CD20/CD3, BsAb)

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

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

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

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

GB263T (EGFR/cMET/cMET, TsAb)

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

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

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

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

GB492 (IMSA101) – potential BIC STING agonist

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

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

- In January 2022, we finished monotherapy clinical trials.

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

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

Aibining®艾比寧® (GB226, Geptanolimab)

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

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

GB221 (Her2, monoclonal antibody)

In April 2022, the last patient in GB221-004, a randomized, double-blind, multi-center phase III clinical study evaluating GB221 (Her2, monoclonal antibody) or trastuzumab in combination with docetaxel in patients with HER2+mBC in the first-line setting, was enrolled to complete 12 months of treatment.

GB241 (Rituximab Biosimilar)

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

Strategic Cooperation and Commercialization

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

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

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

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

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

2. **Events after the Reporting Period**

GB491 (Lerociclib)

- Phase III clinical trial of GB491 (Lerociclib) for the first line HR+/HER2- advanced breast cancer has completed patient enrolment.

- The NMPA officially accepted the new drug application for GB491 (Lerociclib) in combination with Fluvestran as the treatment of HR+/HER2- locally advanced or metastatic breast cancer patients with disease progression following previous endocrine therapy on 28 March 2023.

Jiayoujian 佳佑健® (GB242, Infliximab Biosimilar)

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

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

BUSINESS OUTLOOK

The Group strives to build an innovative, platform-based and integrated company capable of drugs innovation, research and development, pre-clinical study, clinical development, registration, CMC development and commercialized manufacturing.

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

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

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

Other than concentration and optimization, we will continuously seek the acceleration of clinical advancement and diversification of market expansion. The Company plans to submit the NDA to the NMPA in the next 18 months depending on the results of the phase III clinical trial of GB491 (Lerociclib) in the first line HR+/HER2-breast cancer and to achieve the approval of the NDA for GB491 (Lerociclib) in combination with Fluvestran as the treatment of HR+/HER2- locally advanced or metastatic breast cancer patients with disease progression following previous endocrine therapy. We remain committed to addressing the large market of breast cancer in China and around the world with a safe, effective and well tolerated novel therapy.

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

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

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

FINANCIAL REVIEW

The Reporting Period compared to year ended 31 December 2021

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

MANAGEMENT DISCUSSION AND ANALYSIS

1. Overview

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

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

2. Revenue

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

3. Cost of Revenue

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

4. Selling Expenses

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

5. Administrative Expenses

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

6. Research and Development Expenses

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

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

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

7. Other Income – Net

Other income – net primarily consists of government grants and net fair value gains on contingent consideration payable to AB Studio Inc. ("**ABS**"). Government grants amounted to RMB4.9 million and RMB19.2 million in 2022 and 2021, separately. Net fair value gains on contingent consideration payable to ABS decreased from RMB25.3 million in 2021 to RMB4.9 million in 2022.

8. Finance Income and Costs

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

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

9. Loss for the Reporting Period

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

10. Liquidity and Source of Funding and Borrowing

Our management monitors and maintains a level of cash and bank balances deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flow. We rely on equity financing as the major source of liquidity. Historically, we had borrowed loans from related parties and bank. As at 31 December 2022, the short-term borrowings from bank were nil (as at 31 December 2021: RMB29.7 million).

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

11. Non-HKFRS Measure

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

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
HKFRS Loss for the year	**(730,396)**	(865,374)
Add:		
Share-based payment expenses	**48,238**	134,273
Adjusted Loss for the year	**(682,158)**	(731,101)

12. Key Financial Ratios

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

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

Notes:

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

13. Significant Investments

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5 per cent or more of the Company's total assets as at 31 December 2022) during the Reporting Period.

14. Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the Reporting Period (for the year ended 31 December 2021: nil).

15. Pledge of Assets

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

16. Contingent Liabilities

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

17. Foreign Exchange Exposure

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

As at 31 December 2022, if RMB weakened or strengthened by 10% against USD, with all other variables held constant, loss for the year of the Group would have been approximately RMB22,555,000 lower or higher (2021: RMB35,851,000 lower or higher).

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

18. Employees and Remuneration

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

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

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

Our employees' remuneration comprises salaries, bonuses, share-based payment expenses, social security contributions and other welfare payments. In accordance with applicable Chinese laws, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees. As at 31 December 2022, we had complied with all statutory social security insurance fund and housing fund obligations applicable to us under Chinese laws in all material aspects.

The Company also has adopted the Pre-IPO share option plan, the post-IPO share option plan and the 2021 RSU Plan to provide incentives or rewards to eligible participants for their contribution to the Group. Please refer to the section headed "Statutory and General Information – D. Share Option Schemes" in Appendix IV to the Prospectus for further details of the Pre-IPO Share Option Plan and the Post-IPO Share Option Plan and the announcements of the Company dated 3 June 2021, dated 27 August 2021 and dated 5 October 2022 for further details of the 2021 RSU Plan.

REPORT OF DIRECTORS

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

DIRECTORS

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

Executive Directors

Dr. Zhou Joe Xin Hua (周新華) *(resigned on 15 April 2022)*
Dr. Guo Feng (郭峰) *(Chief Executive Officer and Chairman of the Board)*

Non-Executive Directors

Dr. Lyu Dong (呂東)
Mr. Chen Yu (陳宇)
Dr. Ni Lin (倪琳) *(resigned on 29 July 2022)*
Mr. Liu Yi (劉逸) *(appointed on 29 July 2022)*

Independent Non-Executive Directors

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

Biographical details of the Directors are set out in the section headed "Directors and Senior Management" on pages 50 to 56 of this annual report.

GENERAL INFORMATION

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

PRINCIPAL ACTIVITIES

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

RESULTS

The results of the Group for the year ended 31 December 2022 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 82 to 83 of this annual report.

REPORT OF DIRECTORS

BUSINESS REVIEW

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment, giving back to the community and achieving sustainable growth.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

EMPLOYEES AND REMUNERATION POLICIES

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

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

The remuneration of the employees of the Group comprises salaries, bonuses, share-based payment expenses, social security contributions and other welfare payments. In accordance with applicable Chinese laws, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees. As at 31 December 2022, we had complied with all statutory social security insurance fund and housing fund obligations applicable to us under Chinese laws in all material aspects.

The Company has also adopted the Pre-IPO Share Option Plan, the Post-IPO Share Option Plan and the 2021 RSU Plan to provide incentives for the Group's employees. Please refer to the section headed "Equity Plans" in this report for further details.

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

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

REPORT OF DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

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

Major Suppliers

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

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

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

FINANCIAL SUMMARY

A summary of the audited consolidated results, assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 164 of this annual report. This summary does not form part of the audited consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

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

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 11 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 14 to the consolidated financial statements.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Group for the Reporting Period and details of the Shares issued during the Reporting Period are set out in Note 21 to the consolidated financial statements.

DONATION

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

DEBENTURE ISSUED

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

EQUITY-LINKED AGREEMENTS

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

FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the Reporting Period.

PERMITTED INDEMNITY

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

Such permitted indemnity provision has been in force for the Reporting Period. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

DISTRIBUTABLE RESERVES

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

As at 31 December 2022, the Company had distributable reserves for share premium of RMB9,375,785,000 (2021: RMB9,290,903,000).

Details of movements in the reserves of the Group and the Company during the Reporting Period are set out in the consolidated statement of changes in equity on pages 86 to 87 and in Note 21, Note 23 and Note 37(a) to the consolidated financial statements, respectively.

BANK LOANS AND OTHER BORROWINGS

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

DIRECTORS' SERVICE CONTRACTS

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

Each of Dr. Lyu Dong and Mr. Liu Yi has signed a letter of appointment with the Company for an initial term of three years with effect from the date of his letter of appointment, and renewable automatically thereafter for successive terms of three years until terminated by giving to the other party no less than three months prior notice in writing. Mr. Chen Yu has signed a letter of appointment with the Company for an initial term of three years with effect from the date of the Prospectus or until the third annual general meeting of the Company since the Listing Date (whichever is sooner), and renewable automatically thereafter for successive terms of three years until terminated by giving to the other party no less than three months prior notice in writing.

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

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

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

CONTRACTS WITH CONTROLLING SHAREHOLDERS

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

MANAGEMENT CONTRACTS

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

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

As at 31 December 2022, the interests and short positions of the Directors or chief executives of our Company in any of the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix 10 to the Listing Rules were as follows:

Name of Director	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding[(1)]	Long position/ Short position
Dr. Guo Feng	Beneficial owner	12,738,108[(2)]	2.52%	Long position

Notes:

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

(2) These Shares include Dr. Guo's entitlement to receive up to 11,289,149 shares pursuant to the exercise of options held by MaplesFS (BVI) Limited under the Pre-IPO Share Option Scheme on behalf of AKQM Partner Trust, subject to the conditions of those options.

Save as disclosed above, as at 31 December 2022, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF DIRECTORS

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

As at 31 December 2022, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding[1]	Long position/ Short position
HHJH Holdings Limited[2]	Beneficial owner	126,239,103	24.99%	Long position
HH BIO Investment Fund L.P.[2]	Interest in a controlled corporation	126,239,103	24.99%	Long position
Hillhouse Fund IV, L.P.[2]	Interest in a controlled corporation	126,239,103	24.99%	Long position
Hillhouse Investment Management, Ltd.[2]	Investment manager	127,989,103	25.33%	Long position
Walga Biotechnology Limited[3]	Beneficial owner	37,560,998	7.43%	Long position
Shanghai Walga Biotechnology Co., Ltd. 上海沃嘉生物技術有限公司[3]	Interest in a controlled corporation	37,560,998	7.43%	Long position
Yunnan Walvax Biotechnology Co., Ltd. 雲南沃森生物技術股份有限公司[3]	Interest in a controlled corporation	37,560,998	7.43%	Long position
Aranda Investments Pte. Ltd.[4]	Beneficial owner	29,157,348	5.77%	Long position
Seletar Investments Pte Ltd[4]	Interest in a controlled corporation	29,157,348	5.77%	Long position
Temasek Capital (Private) Limited[4]	Interest in a controlled corporation	29,157,348	5.77%	Long position
Temasek Holdings (Private) Limited[4]	Interest in a controlled corporation	31,157,348	6.17%	Long position

Notes:

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

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

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

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

Save as disclosed above and other than the Directors or chief executives of the Company whose interests are set out in this annual report, as at 31 December 2022, no other persons had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

EQUITY PLANS

1. Pre-IPO Share Option Plan

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

(a) Purpose

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

(b) *Participants*

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

(c) *Total Number of Shares Available for Issue*

The total number of Shares available for issue under the Pre-IPO Share Option Scheme at any time shall not exceed 58,573,872 Shares, representing approximately 11.58% of the Shares in issue (i.e. 505,717,263 Shares) as at the date of this annual report (i.e. 30 March 2023).

(d) *Exercise Period and Vesting Period of the Options Granted*

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

The Administrator may determine the time or times at which an option will vest or become exercisable and the terms on which an option will remain exercisable.

(e) *Consideration for Acceptance of the Options*

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

(f) *Exercise Price*

The exercise price of options will be determined by the Administrator. Options, once granted, may be repriced only in accordance with the applicable requirements of the Pre-IPO Share Option Plan and the grant agreement.

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

The Pre-IPO Share Option Plan will expire on 19 August 2029. The remaining life of the Pre-IPO Share Option Plan is approximately 6.4 years from the date of this annual report (i.e. 30 March 2023).

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

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

Name	Role	Date of Grant	Vesting Period[2]	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2022	Exercised during the Reporting Period[4]	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2022
Dr. GUO Feng[3]	Executive Director, Chief Executive Officer and Chairman of the Board	30 April 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$0.0002	4,458,338	1,114,584	–	–	3,343,754
		30 April 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$2	4,458,338	–	–	–	4,458,338
		30 April 2020	Milestone Achievement	10 years from Date of Grant	US$0.0002	1,910,716	334,375	–	–	1,576,341
		30 April 2020	Milestone Achievement	10 years from Date of Grant	US$2	1,910,716	–	–	–	1,910,716
Total:						**12,738,108**	**1,448,959**	**-**	**-**	**11,289,149**

Date of Grant	Vesting Period[2]	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2022	Exercised during the Reporting Period[4]	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2022
Employees Group A (MaplesFS(BVI) Limited on behalf of AKQM Partner Trust)[3]								
16 September 2019	Date of Grant-4.5 years from Date Grant	10 years from Date of Grant	US$0.0002	229,088	138,000	–	–	91,088
16 September 2019	Milestone Achievement	10 years from Date of Grant	US$0.0002	1,060,125	1,060,000	–	–	125
16 September 2019	Date of Grant-4.5 years from Date of Grant	10 years from Date of Grant	US$2	731,176	–	–	–	731,176
16 April 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$0.0002	3,673,021	918,000	–	–	2,755,021
16 April 2020	Milestone Achievement	10 years from Date of Grant	US$0.0002	449,470	240,000	–	–	209,470
16 April 2020	Milestone Achievement	10 years from Date of Grant	US$2	695,000	–	–	–	695,000
31 July 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$0.0002	1,887,500	487,500	–	750,000	650,000
31 July 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$2	4,300,000	–	–	1,500,000	2,800,000
Employees Group B								
16 September 2019	Date of Grant-4.5 years from Date Grant	10 years from Date of Grant	US$0.0002	205,125	20,750	–	62,375	122,000
16 September 2019	Milestone Achievement	10 years from Date of Grant	US$0.0002	27,212	–	–	–	27,212
16 September 2019	Date of Grant-4.5 years from Date of Grant	10 years from Date of Grant	US$2	543,125	–	–	273,125	270,000
16 September 2019	Milestone Achievement	10 years from Date of Grant	US$2	62,500	–	–	–	62,500
18 December 2019	Milestone Achievement	10 years from Date of Grant	US$2	500,000	–	–	500,000	–
29 February 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$0.0002	665,771	128,250	–	339,021	198,500
29 February 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$2	929,479	–	–	297,479	632,000
16 April 2020	Milestone Achievement	10 years from Date of Grant	US$0.0002	1,470,644	714,971	–	1,050	754,623
16 April 2020	Milestone Achievement	10 years from Date of Grant	US$2	948,292	–	–	219,311	728,981
30 April 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$0.0002	128,000	23,250	–	20,000	84,750

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

Notes:

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

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

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

(4) The weighted average closing price of the shares immediately before the dates on which the options were exercised during the Reporting Period was HK$3.5889 per share.

2. **Post-IPO Share Option Plan**

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

(a) Purpose

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

(b) Participants

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

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

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

(c) Total Number of Shares Available for Issue

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

(d) Maximum Entitlement of Each Participant

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

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

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

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

(f) *Consideration for Acceptance of the Options*

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

(g) *Exercise Price*

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

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

The Post-IPO Share Option Plan will expire on 7 October 2030. The remaining life of the Post-IPO Share Option Plan is approximately 7.5 years from the date of this annual report (i.e. 30 March 2023).

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

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

Date of Grant	Vesting Period[2]	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2022
Employees									
3 June 2021	Date of entry-4 years from Date of entry	10 years from Date of Grant	HKD 17.080	4,942,799	–	–	–	1,997,299	2,945,500
27 August 2021	Date of entry-4 years from Date of entry	10 years from Date of Grant	HKD 10.848	2,529,000	–	–	–	1,596,000	933,000
5 October 2022	Date of entry-4 years from Date of entry	10 years from Date of Grant	HKD 1.728	–	2,251,500	–	–	–	2,251,500
Total				**7,471,799**	**2,251,500**	**-**	**-**	**3,593,299**	**6,130,000**

Notes:

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

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

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

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

The grants of options under the Post-IPO Share Option Plan during the Reporting Period are all vested based on the grantees' performance; i.e. subject to the fulfillment of annual performance targets, namely (a) having passed the probation review conducted by the Company from time to time; and (b) having fulfilled the performance evaluation conducted under the Company's employee performance evaluation system; and the option to be vested on the relevant vesting date shall be adjusted based on the grantee's annual performance results for the preceding fiscal year prior to the relevant vesting date as follows:

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

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

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

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

The fair value of the options granted on 5 October 2022 was between RMB0.6329 to RMB0.6918 per share. The fair value at grant date is independently determined using binomial option pricing model by an independent qualified valuer, for further details please refer to Note 2.20 and Note 24(b) to the consolidated financial statements.

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

3. 2021 RSU Plan

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

(a) Purpose

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

(b) Participants

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

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

(c) Total Number of Shares Available for Issue

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

(d) Maximum Entitlement of Each Participant

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

(e) Vesting Period of the RSUs granted

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

(f) Consideration for Acceptance of the RSUs

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

(g) *Purchase Price of the RSUs*

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

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

The 2021 RSU Plan will expire on 3 June 2031. The remaining life of the 2021 RSU Plan is approximately 8.2 years from the date of this annual report (i.e. 30 March 2023).

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

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

Date of Grant	Vesting Period[3]	Unvested as at 1 January 2022	Granted during the Reporting Period	Vested during the Reporting Period[2]	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as at 31 December 2022
Employees							
3 June 2021	Date of entry-4 years from Date of entry	2,678,150	–	718,450	–	538,100	1,421,600
27 August 2021	Date of entry-4 years from Date of entry	1,262,250	–	253,250	–	656,500	352,500
5 October 2022	Date of entry-4 years from Date of entry	–	1,089,300	229,250	–	–	860,050
5 October 2022	Date of entry-10 October 2022	–	56,000	56,000	–	–	–
Total		**3,940,400**	**1,145,300**	**1,256,950**	**–**	**1,194,600**	**2,634,150**

Notes:

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

(2) The weighted average closing price of the shares immediately before the dates on which the RSUs were vested during the Reporting Period was HK$3.7042 per share.

(3) The RSUs are all vested based on the grantees' performance and the respective vesting period is listed in the above table.

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

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

The grants of RSUs under the 2021 RSU Plan during the Reporting Period are all vested based on the grantees' performance, i.e. The RSUs granted under performance grants shall vest subject to the fulfillment of annual performance targets, namely (a) having passed the probation review conducted by the Company from time to time; and (b) having fulfilled the performance evaluation conducted under the Company's employee performance evaluation system; and the RSU to be vested on the relevant vesting date shall be adjusted based on the grantee's annual performance results for the preceding fiscal year prior to the relevant vesting date as follows:

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

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

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

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

The fair value of the RSUs granted on 5 October 2022 was RMB1.56 per share, based on the closing price on the date of grant. Further details refer to Note 2.20 and Note 24(c) to the consolidated financial statements.

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

The number of shares that may be issued in respect of options and RSUs granted under all schemes of the Company (i.e the Pre-IPO Share Option Plan, the Post-IPO Share Option Plan and the 2021 RSU Plan) during the Reporting Period divided by the weighted average number of the Shares in issue for the Reporting Period is 2.2%.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

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

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

In compliance with Rule 3.25 of the Listing Rules and the CG Code as set out in Appendix 14 to the Listing Rules, the Company has established the Compensation Committee to formulate remuneration policies. The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Compensation Committee. The Directors and the senior management personnel are eligible participants of the Equity Plans. Details of the remuneration of the Directors, senior management and the five highest paid individuals are set out in Notes 9, 34(c) and 35, respectively to the consolidated financial statements.

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

CONTINUING CONNECTED TRANSACTIONS

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

The Board confirms that the related party transactions as disclosed in Note 34 of Notes to the Consolidated Financial Statements does not fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules.

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

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

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

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

Save as disclosed above, neither the Company nor any of its subsidiaries or consolidated affiliated entities purchased, sold or redeemed any of the Company's listing securities during the Reporting Period.

MATERIAL LITIGATION

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

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The Company's shares were listed on the Stock Exchange on 7 October 2020 with a total of 129,683,500 offer shares (including shares issued as a result of the partial exercise of the over-allotment option) issued and the net proceeds raised during the global offering were approximately HK$2,923 million. The net proceeds from the global offering were allocated and used in accordance with the use of proceeds as set out in the Prospectus and the change in use of proceeds from the global offering allocated to different stages of each of our Core Products, other key products and other pipeline products as set out in the interim results announcement of the Company for the six months ended 30 June 2022 (the "**2022 Interim Results Announcement**").

The unutilised net proceeds are approximately RMB1,179.4 million as at 31 December 2022, which will be allocated and used in accordance with the purposes and proportions as set out in the Prospectus and the 2022 Interim Results Announcement. The Company will gradually utilise the residual amount of the net proceeds in accordance with such intended purposes depending on actual business needs.

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

	Allocation of net proceeds from the global offering in the proportion disclosed in the Prospectus[Note 1] RMB million	Utilisation as at 31 December 2022 RMB million	Unutilised as at 31 December 2022 RMB million	Expected timeline to fully utilise the remaining unutilised net proceeds[Note 2]
Fund research and development activities of our Core Products, including ongoing and planned clinical trials, indication expansion and preparation for registration filings, and commercialisation	1,065.1	570.6	494.5	On or before 31 December 2025
Fund research and development activities of our other key products, including ongoing and planned clinical trials, indication expansion and preparation for registration filings	583.3	396.8	186.5	On or before 31 December 2025
Fund ongoing and planned clinical trials, indication expansion and preparation for registration filings of the other drug candidates in our pipeline	380.4	139.8	240.6	On or before 31 December 2025
Fund the expansion of our drug pipeline	253.6	73.5	180.1	On or before 31 December 2025
General corporate purposes	253.6	175.9	77.7	On or before 31 December 2024
Total	**2,536.0**	**1,356.6**	**1,179.4**	

Notes:

1. The net proceeds include the additional net proceeds from the partial exercise of the over-allotment option. As set out in the Company's announcement dated 28 October 2020, the Company shall utilise the additional net proceeds on a pro-rata basis for the purposes set out in the Prospectus. The net proceeds figure has been translated to Renminbi for the allocation and the utilisation calculation, and has been adjusted slightly due to the fluctuation of the foreign exchange rates since the Listing.

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

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

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

Notes:

3. The net proceeds include the additional net proceeds from the partial exercise of the over-allotment option. The net proceeds figure has been translated to Renminbi for the allocation and the utilisation calculation, and has been adjusted slightly due to the fluctuation of the foreign exchange rates since the Listing. As set out in the Company's announcement dated 28 October 2020 and the 2022 Interim Results Announcement, the Company shall utilise the additional net proceeds according to the revised allocation based on the purposes set out in the Prospectus.

4. The expected timeline for fully utilising the remaining unutilised net proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

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

PUBLIC FLOAT

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

AUDITOR

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

IMPORTANT EVENTS AFTER THE REPORTING DATE

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

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

Hong Kong
30 March 2023

DIRECTORS AND SENIOR MANAGEMENT

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

DIRECTORS

Executive Director

Dr. Guo Feng (郭峰), aged 53, is an Executive Director of the Company and Chief Executive Officer of the Group, and the Chairman of the Board. He was appointed as a Director of the Board on 16 April 2020 and Chairman of the Board on 2 November 2021. Dr. Guo also holds the positions of director of Genor Biopharma, executive director of Yuxi Genor, director of Genor Biopharma (HK) Limited and director of Genor Biopharma PTY LTD. Dr. Guo is primarily responsible for the overall management, business and strategy of the Group. Dr. Guo has accumulated over 20 years of experience in biopharmaceutical industry, particularly in its management and in research and development.

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

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

Non-executive Directors

Dr. Lyu Dong (呂東), aged 48, was appointed as a non-executive Director of the Company on 2 November 2021. He is a member of the Nomination Committee. Dr. Lyu also holds the position of a director of Genor Biopharma. Dr. Lyu is primarily responsible for providing overall guidance on the business, strategies and development of the Group.

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

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

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

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

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

DIRECTORS AND SENIOR MANAGEMENT

Mr. Liu Yi (劉逸), aged 33, was appointed as a non-executive Director on 29 July 2022. He is also a member of the Audit Committee. Mr. Liu is primarily responsible for providing overall guidance on the business, strategies and development of the Group.

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

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

Independent Non-executive Directors

Mr. Zhou Honghao (周宏灝), aged 83, was appointed as an Independent non-executive Director of the Company on 23 September 2020. He is a member of the Audit Committee. Mr. Zhou is primarily responsible for supervising and providing independent judgment to the Board.

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

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

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

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

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

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

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

Mr. Chen Wen (陳文), aged 54, was appointed as an Independent non-executive Director on 16 June 2020. He is the chairman of each of the Compensation Committee and the Nomination Committee. Mr. Chen is primarily responsible for supervising and providing independent judgment to the Board.

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

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

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

Mr. Liang Qibin (梁其斌), aged 66, has been appointed as the Chief Technology Officer of the Group since October 2021. Mr. Liang is primarily responsible for the manufacturing science and technology of drug products and quality control of the Group, to further strengthen the innovation ability of core technologies and achieve efficient innovation in technology, research and development, processes, management and other areas.

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

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

Dr. Han Shuhua (韓淑華), aged 63, has been appointed as the Chief Scientist of the Group since January 2021. Dr. Han is primarily responsible for establishing the global first-in-class/differential research and development platform for early identifying bi-specific/multi-specific antibodies in immune-oncology, building new drug discovery teams and conducting molecules research on potential global first-in-class and best-in-class products, which will become clinically beneficial and commercially viable drugs with the best potential.

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

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

Ms. Li Tong (李彤), aged 54, has been serving as the Group's Chief Medical Officer since August 2020. Ms. Li is primarily responsible for the overall management of clinical trials and clinical development of the Group.

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

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

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

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

DIRECTORS AND SENIOR MANAGEMENT

CHANGES TO DIRECTORS' INFORMATION

Changes in information of the Directors during the financial year ended 31 December 2022 and up to the date of this annual report, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Positions Held in the Group

(a) Dr. Zhou Joe Xin Hua resigned as an executive Director due to his decision to devote more time on his other businesses with effect from 15 April 2022.

(b) Dr. Ni Lin ("**Dr. Ni**") tendered her resignation as a non-executive Director and member of the Audit Committee with effect from 29 July 2022 due to her decision to devote more time on her other business commitments.

(c) Following the resignation of Dr. Ni, Mr. Liu Yi has been appointed as a non-executive Director and a member of the Audit Committee with effect from 29 July 2022.

Other Major Positions Held

- Dr. Lyu Dong resigned as a non-executive director of Keymed Biosciences Inc. (康諾亞生物醫藥科技有限公司) (a company listed on the Stock Exchange, stock code: 2162) in March 2022.

- Dr. Lyu Dong resigned as a non-executive director of Clover Biopharmaceuticals, Ltd. (三葉草生物製藥有限公司) (a company listed on the Stock Exchange, stock code: 2197) in October 2022.

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

CORPORATE GOVERNANCE REPORT

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the year ended 31 December 2022.

CORPORATE GOVERNANCE CULTURE

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

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

- Big picture – Make all decisions with the core goals and interests of the Company in mind and keep them in alignment with the strategic objectives of the Company.

- Entrepreneurial spirit – Dare to take actions and work steadfastly towards achievements by pushing yourself and others forward.

- Build trust – Be an expert in the designated area, with clear and unambiguous communication and direct and honest feedback.

- Respect each other – Treat people equally, act fairly, discuss openly; to be realistic, express different views and give constructive feedback openly.

- Dare to take responsibilities – Maximize individual capabilities, take responsibilities, promote and support changes, stimulate interest, and pursue unremittingly.

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

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

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

CORPORATE GOVERNANCE REPORT

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code to regulate all dealings by Directors and relevant employees in securities of the Company and other matters covered by the Model Code.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2022.

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

BOARD OF DIRECTORS

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

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

Board Composition

The composition of the Board during the year ended 31 December 2022 and up to the date of this annual report is set out below:

Executive Directors
Dr. Zhou Joe Xin Hua *(resigned on 15 April 2022)*
Dr. Guo Feng *(Chief Executive Officer and Chairman of the Board)*

Non-executive Directors
Dr. Lyu Dong
Mr. Chen Yu
Dr. Ni Lin *(resigned on 29 July 2022)*
Mr. Liu Yi *(appointed on 29 July 2022)*

Independent non-executive Directors
Mr. Zhou Honghao
Mr. Fung Edwin
Mr. Chen Wen

The biographical information of the Directors is set out in the section headed "Directors and Senior Management" on pages 50 to 56 of this annual report for the Reporting Period.

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

Board Meetings

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

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

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

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

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

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

Directors' Attendance Records

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

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

Notes:

(1) Dr. Zhou Joe Xin Hua resigned as an executive Director and ceased to be the President of the Group with effect from 15 April 2022. 1 Board meeting was held before his resignation.

(2) Dr. Ni Lin resigned as a non-executive Director and a member of the Audit Committee with effect from 29 July 2022. 3 Board meetings, 1 Audit Committee meeting and 1 general meeting were held before her resignation.

(3) Mr. Liu Yi was appointed as a non-executive Director and a member of the Audit Committee with effect from 29 July 2022. 1 Board meeting and 2 Audit Committee meetings were held after his appointment.

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

Chairman and Chief Executive Officer

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

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

Independent Non-executive Directors

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

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

Board Independence Evaluation

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

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

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

Appointment and Re-election of Directors

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

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

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

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

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

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

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

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

Continuous Professional Development of Directors

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

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

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 6 of this annual report.

Audit Committee

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

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

During the Reporting Period, the Audit Committee held three meetings to (i) review the annual results for the year ended 31 December 2021, interim results for the six months ended 30 June 2022 as well as the audit report prepared by the external auditor relating to accounting issues and major findings in course of audit, and review the external auditor's audit work planning for the year ended 31 December 2022; (ii) review the effectiveness of the risk management and internal control systems and internal audit function; and (iii) make recommendation to the Board on the re-appointment of external auditor and relevant scope of works.

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

Compensation Committee

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

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

During the Reporting Period, the Compensation Committee held two meetings to (i) review the Company's policy and structure for the remuneration of all Directors and senior management; (ii) review the remuneration of Directors and senior management of the Company; (iii) assess performance of executive directors and approve the terms of Directors' service contracts; (iv) approve the grant of RSUs under the 2021 RSU Plan; and (v) approve the grant of options under the Post-IPO Share Option Plan.

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

Emolument	Number of persons(2)
Nil – HKD1,000,000	4
HKD1,000,001 – HKD10,000,000	3
HKD10,000,001 – HKD50,000,000	3
HKD50,000,001 – HKD75,000,000	0

Note:*

1. The emolument mainly comprises of salaries, bonuses and share-based payment expenses, and the share-based payment expenses were recognised based on the fair value at the grant date. Details are set out in Note 9, Note 24 and Note 34(c) to the consolidated financial statements.

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

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

The Compensation Committee also made recommendations to the Board on the terms of the appointment letter of the new non-executive Director appointed during the year.

Nomination Committee

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

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

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

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

Board Diversity Policy

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

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

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

The Board comprises seven members, including one executive Director, three non-executive Directors and three independent non-executive Directors. The Directors age from 33 to 83 and have a balanced mix of experiences, including management and strategic development, finance and investment and accounting experiences in addition to biopharmaceutical industry knowledge.

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

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

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at 31 December 2022:

	Female	Male
Board	0	7

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

Process of appointment of directors

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

Corporate Governance Functions

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

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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.

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

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

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

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

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

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

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

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 77 to 81 of this annual report.

AUDITORS' REMUNERATION

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

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

Services rendered for the Company	**Total fees paid and payable RMB'000**
Audit services (including review on interim results)	3,100
Non-audit services (including capital verification and other services)	348
Total	3,448

COMPANY SECRETARY

Ms. Ho Siu Pik has resigned as the Company's company secretary with effect from 30 June 2022. Following the resignation of Ms. Ho Siu Pik, Mr. Ip Tak Wai has been appointed as the Company's company secretary with effect from 30 June 2022 in place of Ms. Ho Siu Pik. Mr. Ip is an executive director of Share Registry & Issuer Services of Tricor Services Limited. Mr. Ip has confirmed that he has taken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules during the Reporting Period.

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

SHAREHOLDERS' RIGHTS

The Company engages with Shareholders through various communication channels.

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

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

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

Putting Forward Enquiries to the Board

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

Contact Details

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

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

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

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

POLICIES RELATING TO SHAREHOLDERS

Shareholders' Communication Policy

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

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

(a) Corporate Communication

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

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

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

(c) Corporate Website

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

(d) Shareholders' Meetings

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

(e) Shareholders' Enquiries

Enquiries about Shareholdings

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

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

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

(f) Other Investor Relations Communication Platforms

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

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

Amendments to Constitutional Documents

During the Reporting Period, the Company has not made any changes to its Memorandum and Articles of Association. An up to date version of the Company's Memorandum and Articles of Association is also available on the Company's website and the Stock Exchange's website.

As disclosed in the announcement of the Company dated 30 March 2023, the Company proposed to amend and restate its current Memorandum and Articles of Association mainly for the purpose complying with the core shareholder protection standards set out in Appendix 3 of the Listing Rules which took effect on 1 January 2022. A circular containing, amongst others, further details of the proposed amendments to the Memorandum and Articles of Association, the adoption of the Seventh Amended and Restated Memorandum and Articles of Association will be despatched to the Shareholders in due course.

Dividend Policy

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

INDEPENDENT AUDITOR'S REPORT

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

OPINION

What we have audited

The consolidated financial statements of Genor Biopharma Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 82 to 163, comprise:

- the consolidated balance sheet as at 31 December 2022;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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

Independence

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

KEY AUDIT MATTERS

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

The key audit matter identified in our audit is related to share-based payment.

Key Audit Matter	How our audit addressed the Key Audit Matter
Share-based payment	
Refer to Notes 2.20, 4(a) and 24 to the consolidated financial statements. The Group operates share option plans and has entered into agreements with employees at grant date 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 expected option life. Furthermore, the achievements of performance and service conditions are also considered in estimating the vesting period and the number of options to be vested. The fair value of share options at each grant date was disclosed in Note 24 to the consolidated financial statements. During the year ended 31 December 2022, the total share-based payment expense amounting to approximately RMB48,238,000 was recognized in the consolidated statement of profit or loss and other comprehensive income. We focused on this area because of the significant assumptions applied in the valuation of the share options at each grant date and the estimation of the vesting period and the numbers of options to be vested.	We reviewed the key terms of the agreements under 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 achievements by reference to company 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 values of share options at each grant date, the vesting period and the numbers of options to be vested were supported by the evidence we gathered.

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 Ng Tsun.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

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

CONSOLIDATED BALANCE SHEET

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

CONSOLIDATED BALANCE SHEET

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

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

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

Guo Feng	**Chen Yu**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	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
		Attributable to owners of the Company						
Balance at 1 January 2022		68	9,290,903	(5,198)	(1,409,824)	(5,385,760)	2,922	2,493,111
Comprehensive loss								
– Loss for the year		–	–	–	–	(730,214)	(182)	(730,396)
– Other comprehensive loss		–	–	–	(1,389)	–	–	(1,389)
Transaction with owners								
– Share-based payment	24	–	–	–	48,238	–	–	48,238
– Shares exercised under employee option plan and RSU plan	24	1	89,234	–*	(89,229)	–	–	6
– Shares repurchased and cancelled	21	–*	(5,134)	–	–	–	–	(5,134)
– Issuance of shares as consideration for a business combination	28(a)	–*	782	–	–	–	–	782
Balance at 31 December 2022		69	9,375,785	(5,198)	(1,452,204)	(6,115,974)	2,740	1,805,218

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

1.1 General information

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

(b) *Historical cost convention*

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(c) New and amended standards adopted by the Group

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

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

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

(d) New standards and interpretations not yet adopted

		Effective for annual periods beginning on or after
• HKFRS 17	Insurance Contracts	01-Jan-23
• HKFRS 17	Amendments to HKFRS 17	01-Jan-23
• HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9-Comparative Information	01-Jan-23
• Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	01-Jan-23
• Amendments to HKAS 8	Definition of Accounting Estimates	01-Jan-23
• Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01-Jan-23
• Hong Kong Interpretations 5 (Revised)	Presentation of financial statements-classification by the borrower of a term loan that contains a repayment on demand clause	01-Jan-24
• Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	01-Jan-24
• Amendments to HKAS 1	Non-current Liabilities with Covenants (amendments)	01-Jan-24
• Amendments to HKFRS 16	Lease liability in a sale and leaseback	01-Jan-24
• Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

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

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

2.2 Principles of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.3).

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and balance sheet respectively.

(b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources, assessing performance of the operating segments, and has been identified as the executive directors of the Group that make strategic decisions.

The Group has only one operating segment during the reporting period, so no segment information is presented.

2.6 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Since the majority of the operations of the Group are located in the PRC, the consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income, within finance income or finance costs.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,

- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

–	Leasehold improvements	Shorter of remaining lease term or estimated useful lives
–	Equipment and instruments	5-10 years
–	Office equipment and furniture	5 years
–	Motor vehicles	5 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other (losses)/gains – net" in the statement of profit or loss and other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (Continued)

Construction-in-progress (the "CIP") represents equipment and decorations under construction, and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction and acquisition and capitalized borrowing costs. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the cost are transferred to leasehold improvements as well as equipment and instruments and depreciated in accordance with the policy as stated above.

2.8 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.3. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 5).

(b) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software into usage. These costs are amortised using the straight-line method over their estimated useful lives of 5 years. Costs associated with maintaining computer software programmes are recognised as expense as incurred.

(c) Licenses

Licenses acquired separately or as part of a business combination are recognised as intangible assets at historical cost and amortised using the straight-line method over their estimated useful lives of 10 to 20 years, which are determined by reference to the authorized useful lives and the management's estimation. The estimation is made considering the duration of the patent right and the technique advancement of the licenses. They are subsequently carried at cost less accumulated amortisation and impairment losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets (Continued)

(d) Research and development

The Group incurs significant costs and efforts on research and development activities, which include expenditures on oncology and autoimmune drugs. Research expenditures are charged to the profit or loss as an expense in the period the expenditure is incurred. Development costs are recognised as assets if they can be directly attributable to a newly developed biopharmaceutical product and all the following can be demonstrated:

(i) The technical feasibility to complete the development project so that it will be available for use or sale;

(ii) The intention to complete the development project to use or sell the product;

(iii) The ability to use or sell the product;

(iv) The manner in which the development project will generate probable future economic benefits for the Group;

(v) The availability of adequate technical, financial and other resources to complete the development and to use or sell the product; and

(vi) The expenditure attributable to the asset during its development can be reliably measured.

The cost of an internally generated intangible asset is the sum of the expenditure incurred from the date the asset meets the recognition criteria above to the date when it is available for use. The costs capitalized in connection with the intangible asset include costs of materials and services used or consumed, testing fee, employee costs incurred in the creation of the asset and an appropriate portion of relevant overheads.

Capitalized development costs are amortised using the straight-line method over the life of the related product. Amortisation shall begin when the asset is available for use.

Development expenditures not satisfying the above criteria are recognised in the profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(c) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other (losses)/gains – net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other (losses)/gains – net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other (losses)/gains – net" and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "other (losses)/gains – net" in the period in which it arises.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(c) Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1 for further details.

2.11 Inventories

Consumables, raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for fee-for-service ("FFS") services performed and sales of goods in the ordinary course of business. They are generally settled by payment term within one year and therefore all classified as current.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less allowance for impairment. See Note 3.1 for a description of the Group's impairment policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Cash and bank balances

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

2.14 Share capital and shares held for employee share scheme

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, those instruments are deducted from equity. The consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

Shares held by the MaplesFS (BVI) Limited on behalf of AKQM Partner Trust are disclosed as treasury shares and deducted from contributed equity.

2.15 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Borrowings (Continued)

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

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

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

2.17 Borrowing costs

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

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

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

2.18 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Current and deferred income tax (Continued)

(b) *Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(c) *Investment allowances and similar tax incentives*

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employee benefits

(a) *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) *Post-employment obligations*

The Group's subsidiaries mainly incorporated in the PRC contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan organized by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to the existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separate from the Group.

The employees in United States of America ("USA") are covered by other defined contribution pension plans sponsored by the respective local governments. The Group pays contributions to publicly or privately administered pension insurance plans on a contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

(c) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Share-based payments

(a) Equity-settled share-based payment transactions

The Group operates an equity-settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (including shares or share options) of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions

- excluding the impact of any service and non-market performance vesting conditions (for example, remaining an employee of the entity over a specified time period)

- including the impact of any non-vesting conditions (for example, the fulfillment of each applicable milestones with respect to certain research and development program).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of share options that are expected to vest based on the non-market performance and service conditions, irrespective of whether those non-vesting conditions are satisfied. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(b) Share-based payment transactions with cash alternatives

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Share-based payments (Continued)

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

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

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

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

2.21 Revenue recognition

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

(a) *Fee for services*

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue recognition (Continued)

(a) Fee for services (Continued)

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

- direct measurements of the value of individual services transferred by the Group to the customer relative to the remaining services promised under the contract; or

- the Group's efforts or inputs to the satisfaction of the performance obligation.

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

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

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

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

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

(i) The costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(ii) The costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(iii) The costs are expected to be recovered.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue recognition (Continued)

(a) *Fee for services (Continued)*

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

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

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

(b) *Sale of goods*

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

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

(c) *Financing components*

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

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

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.23 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to costs or expenses are deferred and recognised in the profit or loss over the period necessary to match them with the costs or expenses that they are intended to compensate. Where the grants relating to an expense item, it is recognised as income on a systematic basis over the period that the costs, which it is intended to compensate, are expensed. Where the grants relating to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss and other comprehensive income over the expected useful life of the relevant asset on straight-line basis.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

For government grants relate to ordinary course of business, they are recognised as other income in the statement of profit or loss and other comprehensive income.

For government grants not relate to ordinary course of business, they are recognised as other gains in the statement of profit or loss and other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Interest income

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

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 10 below. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.25 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Leases (Continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, for example, term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Leases (Continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise information technology equipment and small items of office furniture.

3 FINANCIAL RISK MANAGEMENT

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

3.1 Financial risk factors

(a) Market Risk

(i) Foreign exchange risk

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

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

As at 31 December 2022, the Group had foreign currency of Hong Kong dollars ("HKD"), United States dollars ("USD") and Australian dollars ("AUD") and was exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market Risk (Continued)

(i) Foreign exchange risk (Continued)

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

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

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

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

As at 31 December 2022, if RMB weakened or strengthened by 10% against USD, with all other variables held constant, loss for the year of the Group would have been RMB22,555,000 lower or higher (2021: RMB35,851,000 lower or higher).

(b) Credit Risk

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

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit Risk (Continued)

(i) Impairment of financial assets

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

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

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

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

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

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

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

As at 31 December 2022, the Group had no balance in respect of trade receivables nor amounts due from related parities.

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit Risk (Continued)

(i) Impairment of financial assets (Continued)

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

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

(c) Liquidity Risk

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

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2021					
Trade payables	129,666	–	–	–	129,666
Other payables and accruals (excluding non-financial liabilities)	62,763	–	–	–	62,763
Amounts due to related parties (excluding contingent consideration to be settled in equity)	733	–	–	–	733
Short-term borrowings	30,360	–	–	–	30,360
Lease liabilities	8,758	4,530	11,367	5,941	30,596
	232,280	4,530	11,367	5,941	254,118

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity Risk (Continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2022					
Trade payables	132,158	–	–	–	132,158
Other payables and accruals (excluding non-financial liabilities)	66,543	–	–	–	66,543
Lease liabilities	8,038	8,579	12,544	2,914	32,075
	206,739	8,579	12,544	2,914	230,776

3.2 Capital Risk Management

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

The Group monitors its capital structure on the basis of liability-to-asset ratio, which is calculated as total liabilities divided by total assets. The liability-to-asset ratio of the Group as at 31 December 2022 and 2021 was as follows:

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

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

(a) Fair value hierarchy

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

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

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

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

The following table presents the Group's liabilities that are measured at fair value at 31 December 2022 and 2021.

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

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(b) Valuation techniques used to determine fair values level 2 and level 3 fair values

The valuation techniques used to determine the fair value of the Group's level 2 instruments are based on quoted market prices and the probability of the contingencies at the year ended.

The valuation techniques used to determine the fair value of the Group's level 3 instruments are discounted cash flow method and option-pricing method.

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

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

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

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Recognition of share-based payment expenses

As mentioned in Note 24, share-based payment was granted to the employees. The management have used the binomial option pricing model to determine the total fair value of the awarded options granted to employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the expected price volatility, expected option life, risk-free interest rate and estimation of achievement of non-vesting condition, is required to be made by the management in applying the binomial model. The management applies judgements and estimates, such as employee performance, employee forfeiture rate and achievement of performance and service conditions, in determining share-based payment expenses each period.

(b) Impairment assessment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of cash-generating units was determined based on value-in-use calculations which require the use of estimates. When applying valuation technique, the Group relies on a number of factors and judgements, including, among others, historical results, business plans, forecasts and market data.

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

(i) Revenue (% compound growth rates)

The revenue compound growth rates for the twenty-year projection period is based on the Company's forecast of its average revenue growth rate from 2023 to 2042. The Company considers the business strategy and the management's expectation for the market development in estimating these growth rates.

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

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

(iii) Discount rate

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

5 SEGMENT

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

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

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

6 MATERIAL PROFIT OR LOSS ITEMS

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

		Year ended 31 December	
		2022	2021
	Notes	**RMB'000**	RMB'000
Share-based payment expenses	*24*	**48,238**	134,273

7 REVENUE

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

7 REVENUE (CONTINUED)

(a) Information about major customers

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

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

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

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

8 EXPENSES BY NATURE

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

9 EMPLOYEE BENEFIT EXPENSES

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

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

9 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(a) Five highest paid individuals

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

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

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

The emoluments fell within the following bands:

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

10 FINANCE INCOME AND COSTS

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

11 SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

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

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

(a) Significant restrictions

As at 31 December 2022, cash and bank balances of RMB1,085,704,000 (2021: RMB1,212,902,000) are held in Mainland China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

11 SUBSIDIARIES (CONTINUED)

(b) Investments in subsidiaries

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

(i) The amounts represent the equity-settled share-based payments in respect of the respective share options granted by the Company to certain employees of certain subsidiaries for employees' services rendered to the respective subsidiaries under the Company's employee option plan as disclosed in Note 24. Since the subsidiaries have no obligation to reimburse such expenses, the amounts are treated as deemed capital contribution by the Company to the subsidiaries and included in the Company's cost of investments in subsidiaries.

12 INCOME TAX CREDIT

(a) Income tax credit

	Year ended 31 December	
	2022	2021
	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 29 (a))*	**(1,181)**	(89)
Decrease in deferred tax liabilities *(Note 29 (b))*	**(843)**	(843)
Total deferred tax credit	**(2,024)**	(932)
Income tax credit	**(2,024)**	(932)

12 INCOME TAX CREDIT (CONTINUED)

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

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

(i) *Cayman Islands income tax*

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

(ii) *Hong Kong Profits Tax*

Hong Kong profits tax rate is 16.5% for the year ended 31 December 2022 (2021: 16.5%). No Hong Kong profit tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax for the years ended 31 December 2022 and 2021.

(iii) *USA Corporate Income Tax*

The corporate income tax rate of ABT and GBUS are subject to both federal income tax rate and California income tax rate, which is 29.84% in total for the year ended 31 December 2022 (2021: 29.84%). No USA profit tax was provided for as there was no estimated assessable profit that was subject to USA profits tax for the years ended 31 December 2022 and 2021.

(iv) *PRC Corporate Income Tax*

In 2022, a "Certificate of New Hi-tech Enterprise" was granted to Genor Biopharma with a valid period of 3 years, and then Genor Biopharma becomes eligible for a preferential corporate income tax rate of 15% for the year ended 31 December 2022 (2021: 25%).

Other subsidiaries established and operated in Mainland China are subject to the PRC corporate income tax at the rate of 25% for the year ended 31 December 2022 (2021: 25%).

12 INCOME TAX CREDIT (CONTINUED)

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

(v) Australian Corporate Income Tax

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

(c) Tax losses

The expiry date of tax losses is as follow:

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

(i) The tax losses of the Company's Mainland China subsidiaries with the exception of those of Genor Biopharma will expire within five years. Genor Biopharma, as a High and New Technology Enterprise can carry forward losses for 10 years.

13 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Year ended 31 December	
	2022	2021
Loss attributable to owners of the Company (in RMB'000)	**(730,214)**	(865,224)
Weighted average number of ordinary shares in issue (in thousand)	**504,301**	495,180
Basic loss per share (in RMB)	**(1.45)**	(1.75)

13 LOSS PER SHARE (CONTINUED)

(b) Diluted loss per share

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

- the after-income tax effect of fair value changes with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

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

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

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

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

14 PROPERTY, PLANT AND EQUIPMENT

Non-current	Leasehold improvements RMB'000	Equipment and instruments RMB'000	Motor vehicles RMB'000	Office Equipment and furniture RMB'000	Construction-in-progress RMB'000	Total RMB'000
At 1 January 2021						
Cost	82,455	257,782	602	8,036	3,810	352,685
Accumulated depreciation	(38,413)	(108,888)	(397)	(4,699)	–	(152,397)
Net book amount	44,042	148,894	205	3,337	3,810	200,288
Year ended 31 December 2021						
Opening net book amount	44,042	148,894	205	3,337	3,810	200,288
Additions	841	2,967	–	487	31,531	35,826
Transfer upon completion	1,102	19,830	–	675	(21,607)	–
Disposals	–	(751)	–	(80)	–	(831)
Depreciation charge *(a)*	(9,178)	(24,825)	(98)	(1,149)	–	(35,250)
Closing net book amount	36,807	146,115	107	3,270	13,734	200,033
At 31 December 2021						
Cost	84,398	278,957	602	8,822	13,734	386,513
Accumulated depreciation	(47,591)	(132,842)	(495)	(5,552)	–	(186,480)
Net book amount	36,807	146,115	107	3,270	13,734	200,033
Year ended 31 December 2022						
Opening net book amount	**36,807**	**146,115**	**107**	**3,270**	**13,734**	**200,033**
Additions	**–**	**1,492**	**–**	**26**	**11,263**	**12,781**
Transfer upon completion	**–**	**14,982**	**–**	**331**	**(15,313)**	**–**
Disposals	**–**	**(1,998)**	**–**	**(473)**	**–**	**(2,471)**
Depreciation charge *(a)*	**(5,661)**	**(23,497)**	**(74)**	**(1,121)**	**–**	**(30,353)**
Closing net book amount	**31,146**	**137,094**	**33**	**2,033**	**9,684**	**179,990**
At 31 December 2022						
Cost	**84,398**	**280,673**	**602**	**6,289**	**9,684**	**381,646**
Accumulated depreciation	**(53,252)**	**(143,579)**	**(569)**	**(4,256)**	**–**	**(201,656)**
Net book amount	**31,146**	**137,094**	**33**	**2,033**	**9,684**	**179,990**

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Depreciation were charged in the following categories:

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

15 LEASES

(a) Amounts recognised in the balance sheet

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

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

15 LEASES (CONTINUED)

(b) Amounts recognised in the statement of profit or loss and other comprehensive income

The statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Properties	**14,502**	14,678
Interest expense (included in finance cost)	**1,789**	1,558
Expense relating to short-term leases (included in research and development expenses, selling expenses and administrative expenses)	**640**	943
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in research and development expenses, selling expenses and administrative expenses)	**34**	117

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

(c) The Group's leasing activities and how these are accounted for

The Group leases various offices and vehicles. Rental contracts are typically made for fixed periods of 2 years to 15 years.

16 INTANGIBLE ASSETS

Non-current assets	Goodwill	Computer software	Licenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Note a)			
At 1 January 2021				
Cost	21,753	9,947	139,585	171,285
Accumulated amortisation	–	(3,391)	(10,958)	(14,349)
Net book amount	21,753	6,556	128,627	156,936
Year ended 31 December 2021				
Opening net book amount	21,753	6,556	128,627	156,936
Additions	–	2,107	22,817	24,924
Amortisation	–	(2,060)	(8,757)	(10,817)
Closing net book amount	21,753	6,603	142,687	171,043
At 31 December 2021				
Cost	21,753	12,054	162,402	196,209
Accumulated amortization	–	(5,451)	(19,715)	(25,166)
Net book amount	21,753	6,603	142,687	171,043
Year ended 31 December 2022				
Opening net book amount	**21,753**	**6,603**	**142,687**	**171,043**
Additions	**–**	**1,557**	**2,358**	**3,915**
Amortisation	**–**	**(2,514)**	**(9,236)**	**(11,750)**
Closing net book amount	**21,753**	**5,646**	**135,809**	**163,208**
At 31 December 2022				
Cost	**21,753**	**13,611**	**164,760**	**200,124**
Accumulated amortization	**–**	**(7,965)**	**(28,951)**	**(36,916)**
Net book amount	**21,753**	**5,646**	**135,809**	**163,208**

16 INTANGIBLE ASSETS (CONTINUED)

Amortisation charges were expensed in the following categories in the consolidated statements of profit or loss and other comprehensive income:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Research and development expenses	**9,587**	9,528
Administrative expenses	**1,708**	1,244
Selling expenses	**455**	45
	11,750	10,817

(a) Impairment tests for goodwill

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

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

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

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

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

16 INTANGIBLE ASSETS (CONTINUED)

(a) Impairment tests for goodwill (Continued)

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

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

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

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

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

- Revenue compound growth rate is based on the business strategy and the management's expectation for the market development.

- Research and development expenses compound growth rate is based on management's expectation and the progress of clinical trials.

- The discount rates used are pre-tax and reflect specific risks relating to the operating segment. By reference to relevant accounting standards, the future cash flows used in value-in-use calculations to assess the goodwill impairment of a group of cash-generating units did not include income tax receipts or payments, and thus the management of the Company used the pre-tax discount rate to match the future cash flows when calculating the recoverable amount of the operating segment.

16 INTANGIBLE ASSETS (CONTINUED)

(a) Impairment tests for goodwill (Continued)

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

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

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

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

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

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

17 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

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

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

The Group's exposure to various risks associated with the financial instruments are discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

18 INVENTORIES

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

(i) Amounts recognised in profit or loss

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

19 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

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

20 CASH AND BANK BALANCES AND RESTRICTED BANK DEPOSITS

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

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

21 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

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

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

	Number of shares	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Total RMB'000
Issued ordinary shares					
As at 1 January 2021	491,030,371	67	9,187,780	(6,813)	9,181,034
Shares exercised under employee option plan and RSU plan	7,117,526	1	109,329	1,703	111,033
Shares reacquired and held for employee share scheme	–	–	(11,977)	(88)	(12,065)
Shares issued and held for employee share scheme *(Note 24)*	3,630,184	–*	–	–*	–
Issuance of shares as consideration for the acquisition of business *(Note 28(a))*	695,455	–*	5,771	–	5,771
As at 31 December 2021	502,473,536	68	9,290,903	(5,198)	9,285,773
Shares exercised under employee option plan and RSU plan	**3,673,698**	**1**	**89,234**	**–**	**89,235**
Shares repurchased and cancelled *(a)*	**(1,417,000)**	**–***	**(5,134)**	**–**	**(5,134)**
Issuance of shares as consideration for the acquisition of business *(Note 28(a))*	**511,364**	**–***	**782**	**–**	**782**
As at 31 December 2022	**505,241,598**	**69**	**9,375,785**	**(5,198)**	**9,370,656**

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

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

22 TREASURY SHARES

	2022 **RMB'000**	2021 RMB'000
Shares held for employee share scheme	**5,198**	5,198

	2022 **Shares**	2021 Shares
Shares held for employee share scheme *(a)*	**3,786,684**	6,630,184

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

23 OTHER RESERVES

	Other Reserves			
	Capital reserve RMB'000	**Share-based payment reserve** RMB'000	**Other comprehensive loss** RMB'000	**Total** RMB'000
At 1 January 2021	(1,703,265)	279,308	(2,488)	(1,426,445)
Other comprehensive loss	–	–	(465)	(465)
Share-based payment *(Note 24)*	–	123,694	–	123,694
Shares exercised under employee option plan and RSU plan	–	(106,608)	–	(106,608)
At 31 December 2021	(1,703,265)	296,394	(2,953)	(1,409,824)
At 1 January 2022	**(1,703,265)**	**296,394**	**(2,953)**	**(1,409,824)**
Other comprehensive loss	**–**	**–**	**(1,389)**	**(1,389)**
Share-based payment *(Note 24)*	**–**	**48,238**	**–**	**48,238**
Shares exercised under employee option plan and RSU plan	**–**	**(89,229)**	**–**	**(89,229)**
At 31 December 2022	**(1,703,265)**	**255,403**	**(4,342)**	**(1,452,204)**

24 SHARE-BASED PAYMENTS

(a) 2020 Employee Option Plan

Set out below are summaries of options granted:

	Category I	
	Exercise price per share	Number of options
As at 1 January 2021	USD0.0002	22,840,792
Exercised	USD0.0002	(5,786,053)
Forfeited	USD0.0002	(1,343,679)
As at 31 December 2021	USD0.0002	15,711,060
Vested and exercisable at 31 December 2021	USD0.0002	2,683,505
As at 1 January 2022	**USD0.0002**	**15,711,060**
Exercised	**USD0.0002**	**(4,000,567)**
Forfeited	**USD0.0002**	**(1,310,446)**
As at 31 December 2022	**USD0.0002**	**10,400,047**
Vested and exercisable at 31 December 2022	**USD0.0002**	**3,717,137**

	Category II	
	Exercise price per share	Number of options
As at 1 January 2021	USD2.0000	20,343,921
Exercised	USD2.0000	(3,221,795)
Forfeited	USD2.0000	(210,500)
As at 31 December 2021	USD2.0000	16,911,626
Vested and exercisable at 31 December 2021	USD2.0000	3,153,296
As at 1 January 2022	**USD2.0000**	**16,911,626**
Forfeited	**USD2.0000**	**(3,218,915)**
As at 31 December 2022	**USD2.0000**	**13,692,711**
Vested and exercisable at 31 December 2022	**USD2.0000**	**6,808,151**

24 SHARE-BASED PAYMENTS (CONTINUED)

(a) 2020 Employee Option Plan (Continued)

	Category III (A)	
	Exercise price per share	**Number of options**
As at 1 January 2021	USD0.0002	1,917,864
Exercised	USD0.0002	(687,664)
As at 31 December 2021	USD0.0002	1,230,200
Vested and exercisable at 31 December 2021	USD0.0002	1,230,200
As at 1 January 2022	**USD0.0002**	**1,230,200**
Exercised	**USD0.0002**	**(1,202,863)**
As at 31 December 2022	**USD0.0002**	**27,337**
Vested and exercisable at 31 December 2022	**USD0.0002**	**27,337**

	Category III (B)	
	Exercise price per share	**Number of options**
As at 1 January 2021	USD2.0000	50,000
As at 31 December 2021	USD2.0000	50,000
Vested and exercisable at 31 December 2021	USD2.0000	50,000
As at 1 January 2022	**USD2.0000**	**50,000**
As at 31 December 2022	**USD2.0000**	**50,000**
Vested and exercisable at 31 December 2022	**USD2.0000**	**50,000**

The fair value of the options under Category I ranged from RMB6.3224 to RMB8.5361, the fair value of the options under Category II ranged from RMB1.5520 to RMB4.2642, and the fair value of the options under Category III ranged from RMB3.8199 to RMB6.3224.

24 SHARE-BASED PAYMENTS (CONTINUED)

(a) 2020 Employee Option Plan (Continued)

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

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

(b) Post-IPO Share Option Plan

On 18 September 2020, the board of directors of the Company approved Post-IPO Share Option Plan. Under the plan, the Company granted options to executive directors and key employees to award their previous contributions and to acquire their long-term service in future.

The share-based payment under the Post-IPO Share Option Plan is equity-settled share-based payments with exercise price of HKD17.08, HKD10.85 or HKD1.73. The Company entered into agreements with certain employees on 3 June 2021 ("Batch I"), 27 August 2021 ("Batch II") and 5 October 2022 ("Batch III"). Under these agreements, the options are vested based on service conditions. The service conditions are designed to acquire service from certain employees for a specified period.

24 SHARE-BASED PAYMENTS (CONTINUED)

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

Set out below are summaries of options and shares granted:

	Batch I	
	Exercise price per share	Number of options
As at 1 January 2021		–
Granted	HKD17.08	6,096,099
Forfeited	HKD17.08	(1,153,300)
As at 31 December 2021	HKD17.08	4,942,799
Vested and exercisable at 31 December 2021	HKD17.08	708,750
As at 1 January 2022	**HKD17.08**	**4,942,799**
Forfeited	**HKD17.08**	**(1,997,299)**
As at 31 December 2022	**HKD17.08**	**2,945,500**
Vested and exercisable at 31 December 2022	**HKD17.08**	**953,375**

	Batch II	
	Exercise price per share	Number of options
As at 1 January 2021		–
Granted	HKD10.85	3,016,000
Forfeited	HKD10.85	(487,000)
As at 31 December 2021	HKD10.85	2,529,000
Vested and exercisable at 31 December 2021	HKD10.85	7,500
As at 1 January 2022	**HKD10.85**	**2,529,000**
Forfeited	**HKD10.85**	**(1,596,000)**
As at 31 December 2022	**HKD10.85**	**933,000**
Vested and exercisable at 31 December 2022	**HKD10.85**	**233,250**

24 SHARE-BASED PAYMENTS (CONTINUED)

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

	Batch III	
	Exercise price per share	Number of options
As at 1 January 2022		–
Granted	HKD1.73	2,251,500
As at 31 December 2022	HKD1.73	2,251,500
Vested and exercisable at 31 December 2022	HKD1.73	476,250

The fair value of the options under the Post-IPO Share Option Plan was ranging from RMB0.6329 to RMB6.9810.

Fair value of options granted

The fair value at grant date is independently determined using binomial option pricing model by an independent qualified valuer, the significant inputs were listed as below:

Post-IPO Share Option Plan	Batch I	Batch II	Batch III
Expected price volatility	51.95% to 52.08%	52.40% to 52.54%	53.42% to 53.51%
Expected option life (year)	10	10	10
Risk free interest rate	1.26% to 1.40%	1.09% to 1.20%	3.49% to 3.51%
Stop price of ordinary shares (HKD)	17.08	10.85	1.73

The volatility factor estimated was based on the historical daily share price volatility of the comparable companies for the period close to the expected time to exercise. The risk free interest rate was based to the market yield of government bond with similar issuing dates and maturity dates as of the respective grant dates.

(c) 2021 RSU Plan

On 3 June 2021, the board of directors of the Company approved 2021 restricted share unit plan (the "2021 RSU Plan"). Under the plan, the Company granted RSUs to employees to recruit, incentivize and retain key employees.

The share-based payment under the 2021 RSU Plan is equity-settled share-based payments with exercise price of nil. The Company entered into agreements with certain employees on 3 June 2021, 27 August 2021 and 5 October 2022. Under these agreements, the shares are vested based on service condition. The service condition is designed to acquire service from certain employees for a specified period.

24 SHARE-BASED PAYMENTS (CONTINUED)

(c) 2021 RSU Plan (Continued)

Set out below are summaries of shares granted:

	2021 RSU Plan	
	Exercise price per share	Number of shares
As at 1 January 2021	–	–
Granted	–	5,116,249
Exercised	–	(356,037)
Forfeited	–	(819,812)
As at 31 December 2021	–	3,940,400
Vested and exercisable at 31 December 2021	**–**	**–**
As at 1 January 2022	**–**	**3,940,400**
Granted	**–**	**1,145,300**
Exercised	**–**	**(1,256,950)**
Forfeited	**–**	**(1,194,600)**
As at 31 December 2022	**–**	**2,634,150**
Vested and exercisable at 31 December 2022	**–**	**–**

The fair value of the RSUs under the 2021 RSU Plan granted on 5 October 2022 was RMB1.56 per share, based on the closing price on the date of grant.

No options and shares expired during the year covered by the above tables in Note 24(a), (b) and (c).

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

24 SHARE-BASED PAYMENTS (CONTINUED)

(d) Share subscription and purchase agreement

On 26 September 2019, the Company entered into a subscription agreement with ABS, Dr. Yue Liu and ABT. Pursuant to the subscription agreement, the Company shall allot and issue 8,181,819 new ordinary shares to ABS and 909,091 new ordinary shares to Dr. Yue Liu. After the shares consolidated on 3 September 2020, the number of the above new ordinary shares changed to 4,090,910 and 454,546 for ABS and Dr. Yue Liu, respectively.

Out of 4,090,910 ordinary shares to be issued to ABS, 2,045,455 shares would be evenly issued on each anniversary of the closing of subscription agreement ("Closing") through the fourth anniversary of the Closing, and 2,045,455 shares would be issued based on the level of achievement of ABT's completion of milestones with respect to certain research and development programs.

Out of 454,546 ordinary shares to be issued to Dr. Yue Liu, 227,273 shares would be evenly issued on each anniversary of the Closing through the fourth anniversary of the Closing ("ABT Batch I"), and 227,273 shares would be issued based on the level of achievement of ABT's completion of milestones with respect to certain research and development program ("ABT Batch II").

On 17 October 2022, being the third anniversary of the Closing, the Company issued 511,364 shares and 56,818 shares to ABS and Dr. Yue Liu, respectively.

(e) Expenses arising from share-based payment transactions

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

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

25 TRADE PAYABLES

The aging analysis, based on invoice date, of trade payables as at the consolidated balance sheet date were as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Within 1 year	**130,964**	127,594
1-2 years	**397**	1,772
2-3 years	**797**	300
	132,158	129,666

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

26 CONTRACT LIABILITIES

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

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

The Group classifies these contract liabilities as current because the Group expects to realize them in their normal operating cycle, which are expected within one year.

26 CONTRACT LIABILITIES (CONTINUED)

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue recognised relating to carried-forward contract liabilities	**755**	–

Transaction price allocated to the unsatisfied performance obligations.

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

The above remaining performance obligation expected to be recognized mainly related to the contract of service. Management expects that the amount of RMB10,377,000 of the transaction to unsatisfied obligations as of 31 December 2022 will be recognized as revenue within next one year (2021: RMB10,377,000). The remaining will be recognized in more than one year. The amounts disclosed above do not include variable consideration which is constrained.

27 OTHER PAYABLES AND ACCRUALS

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

(a) Genor Biopharma entered into two agreements with National Health Commission (the "NHC") of the PRC in relation to two major new drug development projects in previous years. Due to the assessment of the given conditions of the two agreements, the total amount of RMB38,012,200 is expected to be settled in the coming twelve months.

The carrying amounts of accruals, other payables and provisions are mainly denominated in RMB. The carrying amounts approximate their fair values due to their short-term maturities.

28 BALANCES WITH RELATED PARTIES

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

28 BALANCES WITH RELATED PARTIES (CONTINUED)

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

29 DEFERRED INCOME TAX

(a) Deferred income tax assets

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
The balance comprises temporary differences attributable to:		
Tax losses of ABT	**6,913**	5,732

Movements	**Tax losses**
	RMB'000
At 1 January 2021	5,643
Credited to the profit or loss	89
At 31 December 2021	5,732
At 1 January 2022	**5,732**
Credited to the profit or loss	**1,181**
At 31 December 2022	**6,913**

As at 31 December 2022, ABT had net operating losses amounting to RMB23,167,000 (2021: RMB19,207,000). Under federal tax regulations, the net operating losses can be carried forward and deductible for income tax purposes indefinitely. Under California state tax regulations, the net operating losses can generally be carried forward 20 years following the year of the loss incurred. Accordingly, the company recognised deferred tax assets amounting to RMB6,913,000.

29 DEFERRED INCOME TAX (CONTINUED)

(b) Deferred income tax liabilities

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
The balance comprises temporary differences attributable to:		
Intangible assets	**12,439**	13,282

Movements	**Intangible assets**
	RMB'000
At 1 January 2021	14,125
Credited to the profit or loss	(843)
At 31 December 2021	13,282
At 1 January 2022	**13,282**
Credited to the profit or loss	**(843)**
At 31 December 2022	**12,439**

30 DIVIDEND

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

31 NET CASH USED IN OPERATIONS

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

31 NET CASH USED IN OPERATIONS (CONTINUED)

Net debt reconciliation is shown below :

	Lease liabilities RMB'000	Bank borrowings RMB'000	Total debts RMB'000
At 1 January 2021	31,059	–	31,059
Cash flows	(14,046)	29,700	15,654
Non-cash movements	10,695	–	10,695
At 31 December 2021	27,708	29,700	57,408
Cash flows	(21,491)	(29,700)	(51,191)
Non-cash movements	22,369	–	22,369
At 31 December 2022	**28,586**	**–**	**28,586**

32 CONTINGENCIES

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

33 COMMITMENTS

(a) Capital commitments

The following is the details of capital expenditure contracted for but not provided in the financial information.

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Contracted but not provided for		
– Property, plant and equipment	**4,069**	7,803

33 COMMITMENTS (CONTINUED)

(b) Operating lease commitments for short-term and low value leases

The Group has recognized right-of-use assets for these leases, except for short-term and low-value leases, see Note 15 for further information. The following is the details of operating lease commitments for short-term and low value leases.

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

34 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related because they are subject to common control, common significant influence or joint control in the controlling shareholder's families. Members of key management and their close family member of the Group are also considered as related parties.

The executive directors are of the view that the following parties that had transactions or balances with the Group are related parties:

Name	Relationship with the Group
ABS	Minority shareholder of ABT

The following significant transactions were carried out between the Group and its related parties for the years ended December 31, 2022 and 2021. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties

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

(b) Balances with related parties

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

(c) Key management compensation

Key management includes directors and senior managements. The compensation paid or payable to key management for employee services was shown below:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Salaries, bonuses and other benefits	**27,247**	37,329
Share-based payment expenses *(i)*	**33,335**	95,192
Pension, social security costs and housing benefits	**1,443**	1,772
	62,025	134,293

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

35 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the years ended 31 December 2022 and 2021 were set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking						
	Director's fees RMB'000	Salaries *(i)* RMB'000	Discretionary bonuses RMB'000	Share-based payment expenses *(i)* RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Social security costs, housing benefits and other employee benefits RMB'000	Total RMB'000
For the year ended 31 December 2022							
Name of directors							
Dr. Guo Feng	–	4,500	1,500	24,813	–	1,364	32,177
Dr. Zhou Joe Xin Hua	–	728	–	–	–	2	730
Dr. Lyu Dong	–	–	–	–	–	–	–
Dr. Ni Lin	–	–	–	–	–	–	–
Mr. Chen Yu	–	–	–	–	–	–	–
Mr. Liu Yi	–	–	–	–	–	–	–
Mr. Zhou Honghao	420	–	–	–	–	–	420
Mr. Fung Edwin	420	–	–	–	–	–	420
Mr. Chen Wen	420	–	–	–	–	–	420
	1,260	5,228	1,500	24,813	–	1,366	34,167
For the year ended 31 December 2021							
Name of directors							
Mr. Yi Qingqing	–	–	–	–	–	–	–
Dr. Zhou Joe Xin Hua	–	3,013	728	–	–	8	3,749
Dr. Guo Feng	–	5,250	1,500	33,658	–	788	41,196
Dr. Lyu Dong	–	–	–	–	–	–	–
Mr. Chen Yu	–	–	–	–	–	–	–
Dr. Ni Lin	–	–	–	–	–	–	–
Dr. Li Ming	–	–	–	–	–	–	–
Mr. Zhou Honghao	420	–	–	–	–	–	420
Mr. Fung Edwin	420	–	–	–	–	–	420
Mr. Chen Wen	420	–	–	–	–	–	420
	1,260	8,263	2,228	33,658	–	796	46,205

35 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

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

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

The salaries paid to a director is generally an emolument paid or receivable in respect of that person's other services in connection with the management of the affairs of the company or its subsidiary undertakings.

Mr.Liu Yi was appointed as the director of the Company and Dr.Ni Lin was resigned on 29 July 2022.

Mr. Zhou Joe Xin Hua was resigned on 15 April 2022.

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

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

In 2022, none of directors waived or agreed to waive any emoluments (2021: Nil). In addition, no emoluments were paid to directors as an inducement to join or upon joining the Group or as compensation for loss of office (2021: Nil).

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 December 2022 and 2021.

36 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There is no subsequent event after the reporting period which has material impact to the consolidated financial statements of the Group.

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

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

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

Balance sheet of the Company (Continued)

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

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

Balance sheet of the Company (Continued)

(a) Reserve movement of the Company

	Other reserves RMB'000	Accumulated losses RMB'000
At 1 January 2021	(1,180,877)	(2,207,055)
Loss for the year	–	(1,871,518)
Share based payment	123,694	–
Shares exercised under employee option plan and RSU plan	(106,608)	–
At 31 December 2021	(1,163,791)	(4,078,573)
At 1 January 2022	**(1,163,791)**	**(4,078,573)**
Loss for the year	**–**	**(2,063,725)**
Share based payment	**48,238**	**–**
Shares exercised under employee option plan and RSU plan	**(89,229)**	**–**
At 31 December 2022	**(1,204,782)**	**(6,142,298)**

FIVE YEARS FINANCIAL SUMMARY

	Year ended 31 December				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**15,932**	–	10,331	13,039	6,882
Loss before income tax	**(732,420)**	(866,306)	(3,036,310)	(523,637)	(288,077)
Income tax credit	**2,024**	932	5,806	891	–
Loss for the year	**(730,396)**	(865,374)	(3,030,504)	(522,746)	(288,077)
Loss for the year is attributable to:					
Owners of the Company	**(730,214)**	(865,224)	(3,027,102)	(522,082)	(288,077)
Non-controlling interests	**(182)**	(150)	(3,402)	(664)	–

	As at 31 December				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**2,115,091**	2,862,841	3,573,449	732,835	987,661
Total liabilities	**309,873**	369,730	336,324	507,375	164,057
Total equity	**1,805,218**	2,493,111	3,237,125	225,460	823,604
Equity attributable to:					
Owners of the Company	**1,802,478**	2,490,189	3,234,053	218,986	823,604
Non-controlling interests	**2,740**	2,922	3,072	6,474	–

DEFINITIONS

"2021 RSU Plan"	the restricted share unit plan adopted by the Company on 3 June 2021
"Administrator"	the Compensation Committee or its delegates which administer the operation of the Pre-IPO Share Option Plan, the Post-IPO Share Option Plan and the 2021 RSU Plan
"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 29 June 2023
"Audit Committee"	the audit committee of the Company
"Bellberry HREC"	Bellberry Human Research Ethics Committee
"BIC"	best-in-class
"Board" or "Board of Directors"	the board of directors of our Company
"CDE"	Centre for Drug Evaluation
"CG Code"	the Corporate Governance Code 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"	Genor Biopharma Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 10 April 2017
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"CMC"	chemistry, manufacturing and controls
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transactions"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of our Company

DEFINITIONS

"FIC"	first-in-class
"FIH"	first-in-human
"GMP"	Good Manufacturing Practice
"Genor Biopharma"	Genor Biopharma Co., Ltd. (嘉和生物藥業有限公司), a company established under the laws of the PRC on 4 December 2007 and one of the Company's principal subsidiaries
"Global Offering"	the offer of Shares for subscription by the public in Hong Kong and the conditional placing of the Shares, as further described in the section headed "Structure of the Global Offering" in the prospectus of the Company dated 23 September 2020
"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., and Hillhouse Investment Management, Ltd.
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"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
"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
"NSCLC"	non-small cell lung cancer
"POC"	Proof of Concept
"Post-IPO Share Option Plan"	The Post-IPO Share Option Plan adopted by the Company on 18 September 2020 and effective from the Listing Date (i.e. 7 October 2020)
"Pre-IPO Share Option Plan"	the Pre-IPO Share Option Plan adopted by the Company on 19 August 2019 and amended and restated on 16 April 2020 and 31 July 2020
"Prospectus"	the prospectus of the Company dated 23 September 2020
"RMB" or "Renminbi"	Renminbi, the lawful currency of PRC
"Reporting Period"	the year ended 31 December 2022
"RSU(s)"	restricted share unit(s) which may be granted under the 2021 RSU Plan
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company, currently with a par value of US$0.00002 each

DEFINITIONS

"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
"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