Transcenta Holding Limited
創勝集團醫藥有限公司

(registered by way of continuation in the Cayman Islands with limited liability)

(Stock Code: 6628)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

The board (the "**Board**") of directors (the "**Directors**") of Transcenta Holding Limited (the "**Company**" or "**Transcenta**", and together with its subsidiaries, the "**Group**") is pleased to announce the audited consolidated results of the Group for the year ended December 31, 2023 (the "**Reporting Period**"), together with the comparative figures for the year ended December 31, 2022. The consolidated financial statements of the Group for the Reporting Period have been reviewed by the audit committee of the Company (the "**Audit Committee**") and audited by the Company's auditor, Deloitte Touche Tohmatsu (the "**Auditor**").

In this announcement, "we", "us" and "our" refer to the Company (as defined above) and where the context otherwise requires, the Group (as defined above). Certain amount and percentage figure included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

FINANCIAL HIGHLIGHTS

International Financial Reporting Standards ("IFRS") Measures:

- **Revenue** decreased from RMB101.9 million for the year ended December 31, 2022 to RMB53.8 million for the year ended December 31, 2023, primarily attributable to the decrease in CDMO services.
- **Other income** decreased by RMB9.1 million from RMB46.4 million for the year ended December 31, 2022 to RMB37.3 million for the year ended December 31, 2023, primarily attributable to the decrease in interest income, and partly offset by the increase in government subsidies recognized during the year ended December 31, 2023.
- **Other gains and losses** decreased by RMB27.3 million from a gain of RMB29.7 million for the year ended December 31, 2022 to a gain of RMB2.4 million for the year ended December 31, 2023, primarily attributable to difference in net foreign exchange gain.
- **Research and development expenses** increased by RMB32.2 million from RMB349.8 million for the year ended December 31, 2022 to RMB382.0 million for the year ended December 31, 2023, primarily attributable to key pipeline advancement and resource prioritization.

- **Administrative and selling expenses** increased by RMB5.0 million from RMB112.4 million for the year ended December 31, 2022 to RMB117.4 million for the year ended December 31, 2023, primarily attributable to the increase in share-based compensation.

- As a result of the above factors, **loss and total comprehensive expenses for the year** increased by RMB48.0 million from RMB417.7 million for the year ended December 31, 2022 to RMB465.7 million for the year ended December 31, 2023, primarily attributable to R&D investment related to our pipeline advancement.

Non-International Financial Reporting Standards ("Non-IFRS") Measures:

- **Revenue** decreased from RMB101.9 million for the year ended December 31, 2022 to RMB53.8 million for the year ended December 31, 2023, primarily attributable to the decrease in CDMO services.

- **Other income** decreased by RMB9.1 million from RMB46.4 million for the year ended December 31, 2022 to RMB37.3 million for the year ended December 31, 2023, primarily attributable to the decrease in interest income, and partly offset by the increase in government subsidies recognized during the year ended December 31, 2023.

- **Research and development expenses** excluding the share-based payment expenses increased by RMB32.0 million from RMB340.5 million for the year ended December 31, 2022 to RMB372.5 million for the year ended December 31, 2023, primarily attributable to key pipeline advancement and resource prioritization.

- **Administrative and selling expenses** excluding the share-based payment expenses decreased by RMB6.3 million from RMB104.9 million for the year ended December 31, 2022 to RMB98.6 million for the year ended December 31, 2023, primarily attributable to decrease in personnel cost and professional services.

- **Adjusted loss and total comprehensive expenses for the year** excluding share-based payment expenses increased by RMB36.4 million from RMB400.9 million for the year ended December 31, 2022 to RMB437.3 million for the year ended December 31, 2023, primarily due to R&D investment related to our pipeline advancement.

BUSINESS HIGHLIGHTS

Summary

2023 was a transformative year for Transcenta. We continued to work for significant medical breakthroughs and made great progress from the ongoing studies.

For our lead oncology asset, the Claudin18.2-targeting antibody osemitamab (TST001), we have generated a robust dataset and obtained encouraging data from the ongoing Phase II studies. Based on these data, we have received regulatory approvals from the U.S. Food and Drug Administration (FDA), China Center for Drug Evaluation (CDE) and South Korea Ministry of Food and Drug Safety (MFDS) to proceed with a global Phase III pivotal trial. We anticipate submitting pivotal trial declarations with European Medicines Agency (EMA), Japan Pharmaceuticals and Medical Devices Agency (PMDA) and other regions of the world in 2024. Our global Phase III pivotal trial will test the efficacy and safety of osemitamab (TST001) when combined with nivolumab and chemotherapy for the first-line (1L) treatment of patients with Claudin18.2 expressing locally advanced or metastatic gastric or gastroesophageal junction (G/GEJ) adenocarcinoma. Our strategy is to lead the next wave of innovation by developing osemitamab (TST001) combination with checkpoint inhibitor (i.e., nivolumab) and chemotherapy, delivering more effective treatment to patients with Claudin18.2 expressing G/GEJ cancer. We believe osemitamab (TST001) is expected to be a blockbuster with significant growth potential after the commercial launch globally.

For our lead non-oncology asset, the anti-sclerostin antibody blosozumab (TST002), we have completed China Phase I study and obtained the encouraging preliminary bone mineral density (BMD) data. We have also received approval from CDE to initiate Phase II clinical trial in China.

In addition, we advanced our first-in-class anti-GREMLIN-1 antibody TST003 into clinical stage and have completed the third dose escalation cohort of a U.S./China Phase I trial. We have also generated several preclinical stage lead molecules for both oncology and non-oncology indications.

Furthermore, we have made significant progress in improving our continuous bioprocessing platform technology HiCB (Highly Intensified Continuous Bioprocessing) and successfully implemented this technology in the GMP manufacturing of osemitamab (TST001).

As of the date of this announcement, a shortlist of our achievements includes the following:

Clinical Programs Achievements

Osemitamab (TST001, A Humanized ADCC Enhanced Claudin18.2 mAb for Solid Tumors)

- In January 2023, we presented the design of Phase I/II studies (TranStar102) of osemitamab (TST001) in combination with nivolumab plus capecitabine and oxaliplatin (CAPOX) in 1L or with nivolumab in late-line treatment in locally advanced and metastatic G/GEJ cancer at American Society of Clinical Oncology (ASCO) GI 2023.

- In March 2023, in collaboration with leading researchers at Beijing Cancer Hospital and other institutes, we published the study results of Claudin18.2-targeting Immuno-PET probe [^{89}Zr]Zr-DFO-TST001 for non-invasive imaging in gastrointestinal tumors on Journal of Pharmaceutical Analysis.

- In March 2023, we received orphan drug designation from FDA for the treatment of patients with pancreatic cancer for osemitamab (TST001).

- In April 2023, we completed the enrollment of Claudin18.2 expressing first-line advanced G/GEJ cancer patients in cohorts C (osemitamab (TST001) in combination with CAPOX) and G (osemitamab in combination with nivolumab and CAPOX) for the China Phase I/II study (TranStar102, NCT04495296). Together with the data from the U.S. study TranStar101, both cohort C and cohort G results will be used to support the upcoming global Phase III pivotal trial (TranStar301).

- In April 2023, we submitted the CTA of the global, randomized Phase III pivotal study (TranStar301) to China CDE and South Korea MFDS. We obtained approvals in July 2023.

- In June 2023, at American Society of Clinical Oncology (ASCO) annual meeting, we presented the updated data of osemitamab (TST001) in combination with CAPOX as the 1L treatment of advanced G/GEJ cancer (cohort C from TranStar102). The data showed progression free survival (PFS) of 9.5 months and duration of response (DoR) of 9.9 months from all dose groups. We also presented a Trial-in-Progress of TranStar101, the ongoing Phase I/IIa trial in the U.S that explores the combination of osemitamab (TST001) in combination with nivolumab, and osemitamab (TST001) in combination with nivolumab and mFOLFOX6 in G/GEJ cancer.

- In June 2023, at European Society for Medical Oncology Gastrointestinal Congress (ESMO GI), we presented the details of PFS data by Claudin18.2 expression level (all doses) from cohort C of TranStar102 where osemitamab (TST001) was tested in combination with CAPOX as the 1L treatment of advanced G/GEJ cancer in a group of Claudin18.2 positive patients representing more than 55% of all G/GEJ adenocarcinomas. These data will be used to support the upcoming global Phase III pivotal trial (TranStar301).

- In July 2023, we received approvals from China CDE and South Korea MFDS to initiate TranStar301 global Phase III pivotal trial of osemitamab (TST001) in combination with nivolumab and chemotherapy for the 1L treatment of patients with Claudin18.2 expressing locally advanced or metastatic G/GEJ cancer.

- In September 2023, we had a productive EOP2 (End of Phase II) meeting with FDA where we shared our clinical and clinical pharmacology data as well as our phase III trial plan. Following this FDA consultation, the Company is ready to proceed with TranStar301 global Phase III pivotal trial of osemitamab (TST001) in combination with nivolumab and chemotherapy as first-line treatment in patients with Claudin18.2 expressing locally advanced or metastatic gastric or gastroesophageal (G/GEJ) adenocarcinoma. This milestone marks a crucial advancement in the progression of osemitamab (TST001) toward becoming a global therapy that elevates the current standard of care for Claudin18.2 expressing metastatic gastric or gastroesophageal (G/GEJ) adenocarcinoma. By specifically targeting Claudin18.2 and combining it with nivolumab and chemotherapy, Osemitamab (TST001) is poised to reshape the treatment paradigm for G/GEJ cancer.

- In October 2023, we presented the updated efficacy data from the expansion cohort C of the TranStar102 for osemitamab (TST001) plus CAPOX chemotherapy as the first-line treatment of advanced G/GEJ Cancer at the ESMO Congress 2023 in Madrid, Spain. The data revealed a confirmed objective response rate (ORR) of 55% in all patients with measurable disease, median duration of response (DoR) of 12.7 months and median progression-free survival (PFS) of 14.0 months for patients treated with 6mg/kg Q3W in the expansion cohort C. Two additional posters were presented. One was about the preclinical data supporting the triple combination of osemitamab (TST001), anti-PD1/PD-L1 antibodies and chemotherapy over osemitamab (TST001) and chemotherapy or anti-PD1/PD-L1 antibodies and chemotherapy in PD-L1 positive or PD-L1 negative tumors. The other detailed the clinical pharmacology explorations supporting the recommended Phase III dose.

- In December 2023, the preclinical anti-tumor efficacy and safety results of [^{177}Lu]Lu-TST001 were published on the European Journal of Nuclear Medicine and Molecular Imaging (EJNMMI). This research was conducted by the Company in collaboration with the team of Professor Hua Zhu from Beijing Cancer Hospital.

CDx Progress for Osemitamab (TST001)

- Claudin18.2 GMP CDx assay has been optimized and the GMP kit manufacturing has been produced and shipped to central labs to support the global Phase III trial (TranStar301).

Blosozumab (TST002, A Humanized Sclerostin mAb for Osteoporosis)

- In January 2023, we completed blosozumab (TST002) Single Ascending Dose (SAD) study in China (NCT05391776) and successfully enrolled 32 patients in total.

- In March 2023, we filed the supplementary application to the current China IND of blosozumab (TST002) for a Phase II multiple ascending dose study.

- In May 2023, we completed the database lock and data unblinding of the Phase I study (NCT05391776) of single dose of blosozumab (TST002) in Chinese postmenopausal women and elder men with reduced BMD. We presented the preliminary result at the 2023 annual meeting of Chinese Society of Osteoporosis and Bone Mineral Research (CSOBMR). Safety, bone formation and resorption markers and BMD data were collected from 32 patients treated with a single dose of blosozumab (TST002) and followed for 85 days. After a single dose of blosozumab (TST002) up to 1200 mg, the average increase of lumbar spine BMD at day 85 (D85) ranged from 3.52% to 6.20% and total hip BMD from 1.30% to 2.24% across dose cohorts. The lumbar spine BMD increase exceeded the least significant difference level (2.77%) and was clinically meaningful. The BMD increase was associated with the dose-dependent increase in bone formation markers and the reduction in bone resorption markers – consistent with the dual mechanism of action of increasing osteoblast mediated bone formation and inhibiting osteoclast mediated bone resorption. The encouraging BMD increases in femoral neck BMD were also observed. These results are comparable with those observed in blosozumab single ascending dose study in Japanese subjects at similar dose levels, and support our plan to initiate a Phase II clinical study in Chinese postmenopausal osteoporosis patients with multiple doses once every two or three months.

- In July 2023, we received approval from CDE to initiate Phase II clinical trial.

TST003 (A First-in-Class Humanized Anti-GREMLIN-1 Antibody)

- In January 2023, we received IND clearance from CDE of China's National Medical Products Administration (NMPA) for TST003.

- In March 2023, we dosed our first patient in TST003 First-in-Human (FIH) study in the U.S. (NCT05731271).

- In April 2023, we presented a poster for the preclinical study results of TST003 at the American Association for Cancer Research (AACR) Annual Meeting 2023. Preclinical characterization results provided the rationale for on-going clinical evaluation of TST003 in patients with advanced solid tumors of high unmet medical needs either as monotherapy or in combination with SoC, in particular micro-satellite stable colorectal cancer (MSS CRC) and castration resistant prostate cancer (CRPC).

- In October 2023, we expanded our clinical trial and dosed first patient in China.

- In November 2023, we completed the third dose escalation cohort for TST003.

TST005 (A PD-L1/TGF-β Bi-functional Protein for Solid Tumors)

- The dose escalation study has been completed. The encouraging results of the study were reported at ASCO in June 2023. TST005 demonstrated a favourable safety profile with encouraging efficacy signals. Five heavily pre-treated patients had durable stable disease for more than six months, including two who had failed prior anti-PD-1 treatments. The PK/PD data showed favourable profiles with dose dependent exposure, and complete reduction of serum TGFβ-1 levels at all doses and saturated PD-L1 receptor occupancy maintained over the dosing interval at high doses.

Research/Early Development Update

TST010 (T Regulatory Cell Depleting mAb to Target Immune Checkpoint Inhibitor Resistance)

- In April 2023, we presented a poster for the preclinical study results of TST010 at the American Association for Cancer Research (AACR) Annual Meeting 2023. Preclinical studies in mouse syngeneic tumor models demonstrated that TST010 had a good potential to induce effective anti-tumor immune responses in TME and tumor growth inhibition especially in combination with PD-1/PD-L1 inhibitor.

TST012 (An ADC Candidate Targeting Biomarker Expressing Gastric Cancer and Other Solid Tumors)

- TST012 is an ADC candidate targeting biomarker expressing gastric cancer and other solid tumors. We have obtained the lead molecule and finished the cell line development. This targeted program will be complementary to our osemitamab (TST001) program in the first-line gastric cancer.

TST013 (An ADC Candidate Targeting a Validated Tumor Antigen)

- TST013 is a next generation ADC candidate for a validated target antigen expressed by breast cancer and other tumor types. This ADC molecule combined an in-house generated antibody with prolonged PK and site-specific conjugation of TOPI inhibitor. We have conducted in vivo pharmacology study, and showed superior anti-tumor growth with significantly improved therapeutic window in mouse model of breast cancer.

TST801 (A Bifunctional Fusion Protein for Autoimmune Diseases)

- TST801 is a first-in-class bifunctional fusion protein targeting receptors involved in regulating B cell activation and differentiation and is designed for the treatment of systemic lupus erythematosus (SLE), a disease with high unmet medical needs and high prevalence globally. We have obtained the lead molecule and finished the cell line development and are ready to initiate IND-enabling studies.

Business Development Achievements

Osemitamab (TST001, A Humanized ADCC Enhanced Claudin18.2 mAb for Solid Tumors)

- We have continued the clinical trial collaboration with BMS, completed enrollment of 82 patients in China with osemitamab (TST001), nivolumab and chemotherapy in TranStar102 and 18 patients in TranStar101 in the U.S..

- We have continued the collaboration with a global companion diagnostic (CDx) development partner for our Claudin18.2 specific IHC CDx Assay.

- We have engaged multiple parties for global partnership discussions.

CMC&CDMO UPDATES

CMC deliverables

- In support of osemitamab (TST001) late-stage and commercial manufacturing, we completed the tech transfer of hybrid continuous downstream process leveraging Mobius MCC (Multi-Column Chromatography) and Combo technology, industry-first automated and single-use flow-through polishing continuous downstream technology, co-developed with Merck KGaA, to manufacturing, and successfully completed full production scale pre-Process Performance Qualification (PPQ) GMP run.

- We have demonstrated significant productivity improvement for late stage manufacturing process for blosozumab (TST002) using intensified fed-batch and perfusion processes (up to 10X productivity). This will help drive down cost of goods once implemented in commercial manufacturing.

- We have supported all early clinical stage and pre-IND stage programs and ensured supplies.

Platform and technology development

- We have continued to invest in our HiCB platform technology to increase our competitive edge. Implementing HiCB in biomanufacturing enables us to expedite speed to clinic/ market, mitigate manufacturing risks, ensure drug supply, maintain consistent high product quality, and significantly lower the cost of goods.

- We have completed the testing of the MCC system and the Combo system, developed robust bioburden control strategy and fully mitigated technical and operational risks for GMP operation.

- We have set up infrastructure and capability to develop ADC products and lyophilized drug products to expand support of internal and external programs.

- We continued to make significant productivity improvements to our in-house medium for both fed-batch and perfusion processes and is actively seeking commercial partner(s) to market and sell, as well as in-licensing, our cell culture media under the brand name ExcelPro.

CDMO business

- In 2023, we expanded the breath of our CDMO services, now including CHO cell culture media development and optimization, siRNA DP formulation development and manufacturing, protein lyophilization development, and ADC CMC development.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

We are a clinical stage biopharmaceutical company with fully integrated capacities in discovery, research, development, and manufacturing. With the commitment of an experienced and fully functional team with extensive global clinical research and development capabilities located both in China and the U.S., we continue to drive our launches and innovation with expected breakthrough potential in a variety of modalities including oncology, osteoporosis, kidney disease and autoimmune disease.

We adopt a multi-regional development strategy with an aim to forge a global commercial pathway for our products. In particular, we have obtained the U.S. FDA, China CDE and South Korea MFDS approvals for initiating a global Phase III trial for osemitamab (TST001) in combination with nivolumab and chemotherapy as the 1L treatment for Claudin18.2 expressing locally advanced or metastatic G/GEJ adenocarcinomas. A proprietary Claudin18.2 companion diagnostic assay has also been developed to support the patient selection for the pivotal trial.

Our proprietary antibody discovery platform empowers us to discover best-in-class or first-in-class agents while our fully integrated CMC capabilities enable the efficient progression of these agents from discovery to the patients and eventually to the marketplace. By leveraging the advanced translational science platform, we are able to advance our discovery pipeline into development for clinical applications with precision. The HiCB manufacturing platform technology enables us to deliver high quality products to patients at substantially reduced cost. In addition, we are also leveraging our fully comprehensive CMC capabilities to provide high quality CDMO services to generate revenue to support the sustainability of our operations.

Moreover, with the global rights and commercial potential of our pipeline, we continue to execute our global strategy by establishing partnerships with global and local biopharmaceutical companies as well as academic research institutions.

Our Product Pipeline

We have established a diversified and differentiated pipeline of 13 molecules in oncology, bone disorders and nephrology. Most of antibody candidates were generated in-house by our antibody discovery platform covering validated, partially validated, and novel biological pathways, whereas one pipeline candidate was acquired through in-licensing. The following chart summarizes the drug candidates that are currently under development globally across various therapeutic areas as of the date of this announcement:

	Drug candidate	Target		Indications	Clinical trial region	Preclinical	IND	Phase 1a	Phase 1b/ Phase 2a	Pivotal Phase 2b / Phase3	Rights	Partner
Oncology	Osemitamab (TST001)	Claudin 18.2	G/GEJC	1L	Global	Combo with Nivolumab/Chemo					Global	In-house
			PADC	1L	Global	Combo with Chemo						
	MSB0254	VEGFR2		Solid tumors	China	Mono					Global	In-house
	TST005	PD-L1/TGF-β Bi-functional		Solid tumors (HPV+ and NSCLC, etc)	Global	Mono					Global	In-house
	TST003	GREMLIN-1 (FIC)		Solid tumors	Global	Mono					Global	In-house
	TST006	Claudin 18.2/PDL1 Bi-specific		Solid tumors	Global	Mono					Global	In-house
	TST010	Undisclosed ADCC enhanced mAb		Solid tumors	Global	Mono					Global	In-house
	TST012	Undisclosed ADC		Solid tumors	Global	Mono					Global	In-house
	TST013	Undisclosed ADC		Solid tumors	Global	Mono					Global	In-house
	MSB2311	PD-L1		TMB-H solid tumors	China	Mono					Global	In-house
				Solid tumors	China	Combo with VEGFRi						
Non-oncology	(Blosozumab) TST002	Sclerostin		Osteoporosis	China	Mono			US Ph II Completed		Greater China	Lilly
	TST004	MASP2		IgAN, TMA	Global	Mono					Global	ALEBUND
	TST008	MSAP2/BAFF Bi-Specific (FIC)		SLE/LN/IgAN	Global	Mono					Global	In-house
	TST801	Bi-specific (FIC)		SLE/LN/IgAN	Global	Mono					Global	In-house

Source: Company

Abbreviations: PD-L1=Programmed death-ligand 1; VEGFR2=Vascular endothelial growth factor receptor 2; TGFβ=Transforming growth factor beta; MASP2=Mannan-binding lectin serine protease 2; IND=Investigational new drug; FIC=First-in-class; HPV=Epstein-Barr Virus; BMP Antagonist=Bone morphogenetic protein Antagonist; TACI=transmembrane activator and CAML interactor; CAML=calcium-modulator and cyclophilin ligand; NSCLC=Non-small cell lung cancer; SLE=Systemic lupus erythematosus; TMA=Thrombotic microangiopathy; IgA nephropathy=Immunoglobulin A nephropathy; Combo=Combination; Chemo=Chemotherapy; VEGFR2=Vascular endothelial growth factor receptor 2 inhibitor

(1) Solid tumors in the "Indications" column include all tumor types other than hematologic malignancies. The particular tumor types as indications for each product depends on the mechanism of action of the corresponding drug candidate and emerging or established pre-clinical/clinical evidence. See the subsections headed "Clinical Development Plan" for each of our drug candidates in "Business" section of the Prospectus for the specific tumor types targeted for clinical development.

(2) Global in the "Clinical trial region" column represents Asia (including China), United States, European Union and Oceania.

BUSINESS REVIEW

We are proud to have developed three best-in-class molecules and three first-in-class molecules that address serious unmet medical needs for patients. During 2023, we have made significant progress with our pipeline assets in both oncology and non-oncology therapeutic areas and achieved multiple clinical and preclinical milestones that are listed as follows:

Oncology Program

Our oncology pipeline includes multiple innovative and differentiated biologic molecules targeting major cancer pathways. Several drug candidates, including osemitamab (TST001), MSB0254, TST003, TST005, TST006, TST010, TST012 and TST013, are designed to achieve anti-tumor activities with different mechanisms that are potentially synergistic with each other for indications with high unmet medical needs. Our key oncology candidates include:

- Osemitamab (TST001), our lead asset, is a potential best-in-class and differentiated antibody targeting Claudin18.2, a validated tumor associated antigen in several solid tumors, including but not limited to gastric and gastroesophageal cancer. Approvals to launch a global Phase III registration trial (TranStar301) to develop osemitamab (TST001) in combination with nivolumab and chemotherapy as the 1L treatment for Claudin18.2 expressing G/GEJ adenocarcinomas have been received from U.S. FDA, China CDE and South Korea MFDS. Consultations with regulatory bodies in other regions have been conducted in 2023. Further explorations include other Claudin18.2 expressing tumors in addition to G/GEJ cancer.

- MSB0254 is a high affinity humanized antibody against VEGFR2, with an anti-tumor mechanism of action by inhibiting/normalizing tumor angiogenesis. Phase I study of MSB0254 has been completed and RP2D dose has been determined.

- TST003 is a first-in-class humanized antibody targeting GREMLIN-1. It is currently tested in a global FIH trial.

- TST005 is a bifunctional fusion protein targeting both PD-1/PD-L1 and TGF-β pathways, the latter being a key MOA for PD-1/PD-L1 resistance. TST005 global Phase I study has been completed in 2023.

- TST006 is a bispecific Claudin18.2-PD-L1 antibody which is currently in preclinical stage.

- TST010 is a newly nominated preclinical antibody candidate at preclinical stage, targeting regulatory T cells to enhance T cell mediated tumor killing.

- TST012 is an ADC candidate at preclinical stage targeting biomarker expressing gastric cancer and other solid tumors.

- TST013 is an ADC candidate at preclinical stage with potential targeting both HR+/HER2-, breast cancer, triple negative breast cancer and other tumor types.

Our broad portfolio also offers opportunities to cover additional unmet medical needs through combinations: for example, TST005, MSB0254, TST003 and TST010 are highly synergistic with osemitamab (TST001) allowing to enhance our Claudin18.2 franchise through proprietary combinations with osemitamab (TST001); TST003 and MSB0254 combinations have the potential to offer new therapeutic alternatives for various solid tumors.

Osemitamab (TST001) (A Humanized ADCC-enhanced anti-Claudin18.2 mAb for Solid Tumors)

Osemitamab (TST001), our lead asset, is a potential best-in-class and ADCC enhanced humanized antibody specifically targeting Claudin18.2 with high-affinity. Claudin18.2 is overexpressed in multiple tumor types including gastric/gastroesophageal junction cancer, pancreatic cancer and non-small cell lung cancer. Our strategy is to lead the next wave of innovation by developing osemitamab (TST001) combination with checkpoint inhibitor (i.e., nivolumab) and chemotherapy, delivering more effective treatment to patients with Claudin18.2 expressing G/GEJ cancer.

The combination of Claudin18.2 targeting antibody with chemotherapy has been validated recently by zolbetuximab as an effective treatment option for the 1L patients with Claudin18.2 expressing G/GEJ cancer in two Phase III trials. Zolbetuximab benefits around 38% of all G/GEJ cancer, based on their Claudin18.2 expression levels. Osemitamab (TST001) is the second generation Claudin18.2 targeting antibody designed to have more potent anti-tumor activities than zolbetuximab. It is a humanized antibody with higher affinity and enhanced ADCC (antibody-dependent cellular cytotoxicity) which accounts for the direct killing of cancer cells via anti-Claudin18.2 antibody. Our preliminary clinical data indicates that osemitamab (TST001) has the potential to benefit a broader patient population of at least 55% of all cases. Our strategy is to lead the next wave of innovation by developing osemitamab (TST001) in combination with checkpoint inhibitor (i.e., nivolumab) and chemotherapy, delivering more effective treatment to patients with Claudin18.2 expressing G/GEJ cancer.

During the year of 2023, we have obtained encouraging data from Phase II studies and after interactions with U.S. FDA, China CDE and South Korea MFDS, are proceeding to launch a global Phase III registration trial (TranStar301) to develop osemitamab (TST001) in combination with nivolumab and chemotherapy as the 1L treatment for Claudin18.2 expressing G/GEJ adenocarcinomas. We anticipate submitting pivotal trial declarations with EMA, Japan PMDA and other regions of the world in 2024.

We have made significant progress in 2023 in advancing the clinical development for osemitamab (TST001), which includes:

Recent Product Developments and Milestones

- In January 2023, we presented the design of Phase I/II studies (TranStar102) of osemitamab (TST001) in combination with nivolumab plus CAPOX in 1L or with nivolumab in late-line treatment in locally advanced and metastatic G/GEJ cancer at American Society of Clinical Oncology (ASCO) GI 2023.

- In March 2023, in collaboration with leading researchers at Beijing Cancer Hospital and other institutes, we published the study results of Claudin18.2-targeting Immuno-PET probe [^{89}Zr]Zr-DFO-TST001 for non-invasive imaging in gastrointestinal tumors on Journal of Pharmaceutical Analysis.

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- In June 2023, at European Society for Medical Oncology Gastrointestinal Congress (ESMO GI), we presented the details of PFS data by Claudin18.2 expression level (all doses) from cohort C of TranStar102 where osemitamab (TST001) was tested in combination with CAPOX as the 1L treatment of advanced G/GEJ cancer in a group of Claudin18.2 positive patients representing more than 55% of all G/GEJ adenocarcinomas. These data will be used to support the upcoming global Phase III pivotal trial (TranStar301).

- In July 2023, we received approvals from China CDE and South Korea MFDS to initiate TranStar301 global Phase III pivotal trial of osemitamab (TST001) in combination with nivolumab and chemotherapy for the 1L treatment of patients with Claudin18.2 expressing locally advanced or metastatic G/GEJ cancer.

- In September 2023, we had a productive EOP2 meeting with FDA where we shared our clinical and clinical pharmacology data as well as our phase III plans. Following this consultation, the Company is ready to proceed with TranStar301 global Phase III pivotal trial of osemitamab (TST001) in combination with nivolumab and chemotherapy as first-line treatment in patients with Claudin18.2 expressing locally advanced or metastatic gastric or gastroesophageal (G/GEJ) adenocarcinoma. This milestone marks a crucial advancement in the progression of osemitamab (TST001) toward becoming a global therapy that elevates the current standard of care for Claudin18.2 metastatic gastric or gastroesophageal (G/GEJ) adenocarcinoma. By specifically targeting Claudin18.2 and combining it with nivolumab and chemotherapy, Osemitamab (TST001) is poised to reshape the treatment paradigm for G/GEJ cancer.

- In October 2023, we presented the updated efficacy data from the expansion cohort C of the TranStar102 for osemitamab (TST001) plus CAPOX chemotherapy as the first-line treatment of advanced G/GEJ Cancer at the ESMO Congress 2023 in Madrid, Spain. The data revealed a confirmed objective response rate (ORR) of 55% in all patients with measurable disease, median duration of response (DoR) of 12.7 months and median progression-free survival (PFS) of 14.0 months for patients treated with 6mg/kg Q3W in the expansion cohort C. Two additional posters were presented. One was about the preclinical data supporting the triple combination of osemitamab (TST001), anti-PD1/PD-L1 antibodies and chemotherapy over osemitamab (TST001) and chemotherapy or anti-PD1/PD-L1 antibodies and chemotherapy in PD-L1 positive or PD-L1 negative tumors. The other detailed the clinical pharmacology explorations supporting the recommended Phase III dose.

- In December 2023, the preclinical anti-tumor efficacy and safety results of [^{177}Lu]Lu-TST001 were published on the European Journal of Nuclear Medicine and Molecular Imaging (EJNMMI). This research was conducted by the Company in collaboration with the team of Professor Hua Zhu from Beijing Cancer Hospital.

CDx Progress for Osemitamab (TST001)

Recent Product Developments and Milestones

- Claudin18.2 GMP CDx kit assay has been optimized and the GMP kit manufacturing has been produced and shipped to central labs to support the global Phase III trial (TranStar301).

TST003 (A First-in-Class Humanized Anti-GREMLIN-1 Antibody)

TST003 is a first-in-class and high affinity humanized monoclonal antibody targeting GREMLIN-1, a regulatory protein that is highly expressed by stromal cells and tumor cells in diverse human carcinomas, especially in colon cancer, prostate cancer, gastric cancer, lung cancer, esophageal cancer, pancreatic cancer, and breast cancer.

Recent Product Developments and Milestones

- In January 2023, we received IND clearance from CDE of China's National Medical Products Administration (NMPA) for TST003.

- In March 2023, we dosed our first patient in TST003 First-in-Human (FIH) study in the U.S (NCT05731271).

- In April 2023, we presented a poster for the preclinical study results of TST003 at the American Association for Cancer Research (AACR) Annual Meeting 2023. Preclinical characterization results provided the rationale for on-going clinical evaluation of TST003 in patients with advanced solid tumors of high unmet medical needs either as monotherapy or in combination with SoC, in particular micro-satellite stable colorectal cancer (MSS CRC) and castration resistant prostate cancer (CRPC).

- In October 2023, we expanded our clinical trial and dosed first patient in China.

- In November 2023, we completed the third dose escalation cohort for TST003.

TST005 (A PD-L1/TGF-β Bi-functional Protein for Solid Tumors)

TST005 is a bi-functional fusion protein designed to simultaneously target two immunosuppressive pathways, transforming growth factor-β (TGF-β) and programmed cell death ligand-1 (PD-L1), that are commonly used by cancer cells to evade the immune system. TST005 global Phase I study has been completed in 2023.

Recent Product Developments and Milestones

- The dose escalation study has been completed. The encouraging results of the study were reported at ASCO in June 2023. TST005 demonstrated a favourable safety profile with encouraging efficacy signals. Five heavily pre-treated patients had durable stable disease for more than six months, including two who had failed prior anti-PD-1 treatments. The PK/PD data showed favourable profiles with dose dependent exposure, and complete reduction of serum TGFβ-1 levels at all doses and saturated PD-L1 receptor occupancy maintained over the dosing interval at high doses.

MSB0254 (A Humanized VEGFR2 mAb for Solid Tumors)

MSB0254 is a high affinity humanized antibody against VEGFR2, with an anti-tumor mechanism of action by inhibiting tumor angiogenesis. MSB0254 has been generated using the Company's in-house antibody discovery platform. VEGFR-2 is overexpressed in neovascular tumor endothelial cells in many tumors in comparison to normal endothelial cells. VEGFR-2 pathway controls vascular permeability, survival and migration of the vascular endothelial cells. VEGFR-2 inhibitors have been shown to be able to inhibit tumor-induced angiogenesis and effectively block tumor growth, and thus may have a potential therapeutic role in multiple tumor types. We have completed the Phase I dose escalation study and determined RP2D dose.

TST010 (T regulatory Cell Depleting mAb to Target Immune Checkpoint Inhibitor Resistance)

TST010 is an ADCC enhanced monoclonal antibody designed for depleting Tumor-infiltrating regulatory T cells (Tregs). Tregs' presence was reported to correlate with tumor progression and a worsening prognosis in many cancers. As at the date of this announcement, it is at preclinical stage.

Recent Product Developments and Milestones

- In April 2023, we presented a poster for the preclinical study results of TST010 at the American Association for Cancer Research (AACR) Annual Meeting 2023. Preclinical studies in mouse syngeneic tumor models demonstrated that TST010 had a good potential to induce effective anti-tumor immune responses in TME and tumor growth inhibition especially in combination with PD-1/PD-L1 inhibitor.

TST006 (A Bispecific Claudin18.2-PD-L1 Antibody)

TST006 is a bi-specific antibody targeting Claudin18.2 and PD-L1, which has the potential for the treatment of Claudin18.2-expressing cancer patients, gastric cancer patients, pancreatic cancer patients and others. As at the date of this announcement, it is at preclinical stage.

TST012 (An ADC Candidate Targeting Biomarker Expressing Gastric Cancer and Other Solid Tumors)

TST012 is an ADC candidate targeting biomarker expressing gastric cancer and other solid tumors. We have obtained the lead molecule and finished the cell line development. This targeted program will be complementary to our osemitamab (TST001) program in the first-line gastric cancer. As at the date of this announcement, it is at preclinical stage.

TST013 (An ADC Candidate Targeting a Validated Tumor Antigen)

TST013 is an ADC candidate with potential targeting both HR+/HER2-, breast cancer, triple negative breast cancer and other tumor types. As at the date of this announcement, it is at preclinical stage. In 2023, we have obtained the ADC molecule and have conducted in vivo pharmacology study, and showed superior anti-tumor growth with significantly improved therapeutic window in mouse model of breast cancer.

MSB2311 (A Humanized PD-L1 mAb for Solid Tumors)

MSB2311, is a second-generation PD-L1 inhibitor with unique pH dependent PD-L1 binding property, an important differentiation from other PD-(L)1 antibodies. Please refer to the "Reasons for the Change in Use of Net Proceeds" in our 2022 annual results announcement for further details.

Non-oncology Program

Our highly differentiated non-oncology pipelines target bone and kidney diseases (blosozumab (TST002), TST004, and TST008, TST801) that have large patient population and high unmet medical needs. We have focused on indication expansion with huge market potentials and aim to form partnerships to accelerate product development.

We have been developing blosozumab (TST002), a Phase II stage agent targeting bone disorders as a lead asset. To further expand our current pipeline in autoimmune diseases, we are developing TST801, a first-in-class bi-functional antibody. This molecule also has the potential for the treatment of IgA nephropathy and other autoimmune diseases, such as SLE, a progressive disease affecting over three million people worldwide with early onset (age 18-44) and limited treatment options to slow down or stop the organ damages caused by the disease.

Blosozumab (TST002) (A Humanized Sclerostin mAb for Osteoporosis)

Blosozumab (TST002), one of our key products, is a humanized monoclonal antibody with neutralizing activity against sclerostin for which we in-licensed the Great China rights from Eli Lilly. Eli Lilly has completed Phase II trial with blosozumab in postmenopausal women in the United States and Japan. The data has shown that blosozumab can induce significant dose-dependent increases in spine, femoral neck, and total hip bone mineral density (BMD) as compared with placebo. In these studies, in the highest dose group, blosozumab treatment increased mean BMD by 17.7% at the spine, and 6.2% at the total hip from baseline after 12 months.

Recent Product Developments and Milestones

- In January 2023, we completed blosozumab (TST002) Single Ascending Dose (SAD) study in China (NCT05391776) and successfully enrolled 32 patients in total.

- In March 2023, we filed the supplementary application to the current China IND of blosozumab (TST002) for a Phase II multiple ascending dose study.

- In May 2023, we completed the database lock and data unblinding of the Phase I study (NCT05391776) of single dose of blosozumab (TST002) in Chinese postmenopausal women and elder men with reduced BMD. We presented the preliminary result at the 2023 annual meeting of Chinese Society of Osteoporosis and Bone Mineral Research (CSOBMR). Safety, bone formation and resorption markers and BMD data were collected from 32 patients treated with a single dose of blosozumab (TST002) and followed for 85 days. After a single dose of blosozumab (TST002) up to 1200 mg, the average increase of lumbar spine BMD at day 85 (D85) ranged from 3.52% to 6.20% and total hip BMD from 1.30% to 2.24% across dose cohorts. The BMD increase of lumbar spine exceeded the least significant difference (2.77%) and was clinically meaningful. The BMD increase was associated with the dose-dependent increase in bone formation markers and the reduction in bone resorption markers – consistent with the dual mechanism of action of increasing osteoblast mediated bone formation and inhibiting osteoclast mediated bone resorption. The encouraging BMD increases in femoral neck BMD were also observed. These results are comparable with that those observed in blosozumab single ascending dose study in Japanese subjects at similar dose levels, and support our plan to initiate a Phase II clinical study in Chinese postmenopausal osteoporosis patients with multiple doses once every two or three months.

- In July 2023, we received approval from CDE to initiate Phase II clinical trial.

TST004 (A Humanized MASP-2 mAb Candidate for Complement Mediated Diseases)

TST004, one of our key products, is a humanized mAb targeting mannan-binding lectin serine protease 2 (MASP2) designed to prevent inflammation and tissue damage mediated by lectin pathway complement activation. It can be potentially applied to multiple MASP2-dependent complement mediated diseases, including IgAN, a highly prevalent chronic kidney disease globally. As at the date of this announcement, it is at the Phase I stage.

TST008 (A Bi-Functional Antibody for MASP-2 and BAFF for Autoimmune Diseases)

TST008 is a first-in-class bispecific antibody combining MASP2 antibody with another molecule blocking B-cell activation and/or differentiation. As at the date of this announcement, it is at preclinical stage.

TST801 (A Bifunctional Fusion Protein for Autoimmune Diseases)

TST801 is a first-in-class bifunctional fusion protein targeting receptors involved in regulating B cell activation and differentiation and is designed for the treatment of SLE, a disease with high unmet medical needs and high prevalence globally. We have obtained the lead molecule and finished the cell line development and the process development, ready for IND-enabling studies. As at the date of this announcement, it is at preclinical stage.

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

Research and Early Development Efforts

We are dedicated to the discovery and development of differentiated and competitive biologics, targeting to shape an innovative and risk-balanced drug pipeline covering both oncology and non-oncology disease areas. We have expanded our discovery pipeline with two new IND-approved programs, one of which started the First-in-Human (FIH) study in 2023. Furthermore, we progressed two early-stage programs with intention to be developed as ADCC enhanced antibody or antibody drug conjugates (ADC). We have also progressed another early-stage program of a first-in-class bifunctional fusion protein for the treatment of SLE to the IND-enabling study stage. We are expanding two new non-oncology targets to B cell and/or complement pathways for autoimmune diseases in our early discovery pipeline.

Strategic Partnership to Advance Pipeline

Partnerships and collaborations are the key for maximizing the clinical and commercial potential of our assets. With the help of our differentiated or first-in-class molecules, we have established partnerships with BMS for clinical trial collaboration of osemitamab (TST001), Eli Lilly & Company for in-licensing blosozumab (TST002) rights in Greater China, Alebund Pharmaceuticals for developing TST004 in China. Additionally, we have established multiple research collaborations with prominent academic institutions including Dana Farber Cancer Institute and John Hopkins University, and industry players around the world, including 5 different ADC platform companies and a technology collaboration with Merck KGaA for continuous downstream processing.

Details of our existing partnerships are shown below.

Osemitamab (TST001)

We aim to develop osemitamab (TST001) as the cornerstone of the future new treatment paradigm in Claudin18.2 expressing solid tumors including gastric or gastroesophageal junction cancer (G/GEJC), pancreatic cancer (PDAC), and non-small cell lung cancer (NSCLC).

In 2022, we established a global clinical trial collaboration with BMS to evaluate the combination of osemitamab (TST001) with BMS Opdivo® (nivolumab), an anti-PD-1 therapy, for the treatment of patients with unresectable locally advanced or metastatic Claudin18.2 expressing G/GEJ cancer.

We have been discussing with multiple MNCs and other strategic collaborators on the potential global collaboration of osemitamab (TST001) for Claudin18.2 positive gastric cancer and other solid tumors. The combination of Claudin18.2 targeting antibody with chemotherapy has been validated recently by zolbetuximab as an effective treatment option for the 1L patients with Claudin18.2 expressing G/GEJ cancer in two Phase III trials. Zolbetuximab benefits around 38% of all G/GEJ cancer, based on their Claudin18.2 expression levels. Osemitamab (TST001) is the second generation Claudin18.2 targeting antibody designed to have more potent anti-tumor activities than zolbetuximab. It is a humanized antibody with higher affinity and enhanced ADCC (antibody-dependent cellular cytotoxicity) which accounts for the direct killing of cancer cells via anti-Claudin18.2 antibody. Our preliminary clinical data indicate that osemitamab (TST001) has the potential to benefit a broader patient population of at least 55% of all cases. Our strategy is to lead the next wave of innovation by developing osemitamab (TST001) combination with checkpoint inhibitor (i.e., nivolumab) and chemotherapy, delivering more effective treatment to patients with Claudin18.2 expressing G/GEJ cancer.

We have continued the collaboration with a global CDx development partner for our Claudin18.2 specific CDx Assay, which is ready to support our upcoming Phase III study (TranStar301).

Blosozumab (TST002)

In 2019, we entered into an exclusive and royalty bearing license agreement with Eli Lilly for LY-2541546 (blosozumab), LY-3108653 and LY-2950913 (each a "**Licensed Compound**"). We gained exclusive rights to develop, use or commercialize and manufacture the Licensed Compound in Greater China regions including the PRC, Hong Kong, Macau and Taiwan.

We completed technology transfer, established manufacturing process for blosozumab (TST002), and GMP production for clinical use and all the additional preclinical studies required for blosozumab (TST002) IND application in China. We received IND Clearance from CDE in 2021.

We have been actively discussing with multiple domestic pharmaceutical companies for the potential collaboration on the development and commercialization of blosozumab (TST002) in Greater China.

TST004

We collaborate with Shanghai Alebund Pharmaceuticals Limited ("**Alebund Pharmaceuticals**") after establishing an equity joint venture registered under the law of PRC in 2020 to carry out pre-clinical research and conduct clinical trials in Greater China region. Currently, we have completed GMP material productions, in vitro/in vivo product characterization studies, non-GLP tox studies, GLP tox studies and pharmacology studies.

We have obtained IND clearance from FDA.

Multiple companies including MNCs and biotech have reached out to us for potential collaboration on TST004. Partnering processes are ongoing.

TST003

We have been approached by multiple MNCs and are in the process of potential partnership discussion on both oncology and non-oncology applications.

Translational Research Collaborations

We also entered multiple research collaborations with prominent academic institutions around the world, including the Dana-Farber Cancer Institute of Harvard Medical School, John Hopkins University, Beijing Cancer Hospital, Shanghai Pulmonary Hospital, Zhongshan Hospital, Zhongshan University, and Shanghai Jiao Tong University. The research collaborations covered osemitamab (TST001), TST003 and TST005. We also established strategic collaborations with multiple technology platform companies to explore different modalities for innovative targets, including multiple ADC platforms. These research collaborations further enhanced our global leading position in Claudin18.2 targeted combination therapies and strengthened our oncology programs.

CMC Deliverables

- In support of osemitamab (TST001) late-stage development and eventual registration filing, we have completed commercial process characterization and are actively developing a robust process control strategy.

- In support of late-stage development for blosozumab (TST002), our team has explored different strategies to significant increase productivity and lower cost.

- Since the beginning of the operation of our facility, we have successfully completed 58 GMP DS lots and 61 GMP DP lots at industry-top success rate. These are in support of our internal pipeline as well as our global CDMO clients.

Technology Partnership & Advancement

We have formed strategic alliance with ApexTide, a company specialized in siRNA drug substance synthesis, to provide CDMO services in siRNA formulation development and F&F.

We have signed collaboration agreement with Tofflon (Shenzhen Stock Exchange Stock Code: SZ 300171) for marketing and sales of HJB's ExcelPro media.

Platform and Technology Development Advancement

We have made significant investment and progress in protein expression system, cell culture media development, bioprocessing technology, analytical technology, and expanding our capabilities into ADC and lyophilization drug product development.

- We continued to improve our in-house cell line expression system and is on track to make it available for licensing to CDMO clients as well as for internal programs in 2024.

- We have made substantial investments in the development and optimization of in-house cell culture perfusion and fed-batch media for two new commercial as well as in-house cell line expression systems. These efforts were undertaken to support our CDMO business and to facilitate the launch of our cell culture media business.

- In support of the implementation of highly intensified downstream technologies, we have completed rigorous testing of the Merck KGaA's Mobius Multi-Column Chromatography (MCC) system and the Combo system (industry-first automated and single-use flow-through polishing continuous downstream technology) that was co-developed with Merck KGaA. Both technologies were integrated to osemitamab (TST001) manufacturing process and implemented for GMP operation. A comprehensive system sanitization procedure was also developed to ensure robust bioburden control of the long-term MCC operation.

- Incorporated new analytical technology to improve testing throughput for NR/R – CE SDS, CEX and PS80 content. Expanded analytical platform to support method development, release and stability testing of siRNA drug product.

- We have completed the establishment of our ADC development lab to support ADC programs internally and externally. In addition, part of the platform analytical methods needed in support of ADC platform were also established.

- We have set up infrastructure and capability for developing lyophilized drug product. Lab scale lyophilization equipment was IQ/OQ and test run has been completed. We have also completed staff training and lyophilization cycle development for a program. This is an important capability for supporting development of less stable molecules, as well as ADC's.

CDMO Business

- In 2023, cell culture media development and ADC CMC development services were added to our clients, and our CDMO business successfully added global new clients. With expanded service in media development, ADC development, lyophilized formulation, analytical testing, formulation studies, particle investigation and drug product fill & finish.

EVENTS AFTER THE REPORTING PERIOD

- We are continuing our clinical programs, CMC as well as CDMO efforts.

- We received term sheets for partnership discussions.

FUTURE OUTLOOK

We expect to advance multiple key pipeline molecule programs and continue to advance our first global registration trial (TranStar301) for osemitamab (TST001) and expand in other settings and indications. We also strive to establish collaboration on our leading assets such as osemitamab (TST001) and blosozumab (TST002). We also plan to further advance our CMC platform and grow our CDMO business and revenue. A detailed breakdown of expected developments for the rest of 2024 is as follows:

Clinical Developments

Osemitamab (TST001)

- We plan to continue to advance our global pivotal trial (TranStar301) of osemitamab (TST001) for 1L G/GEJ cancer patients with Claudin18.2 overexpression. We anticipate submitting pivotal trial declarations with EMA and other regions of the world including Japan.

- We plan to present clinical data from ongoing trials at medical conferences.

- We will continue exploring several Claudin18.2 expressing solid tumors other than G/GEJ cancer, as well as peri-operative G/GEJ cancers.

Blosozumab (TST002)

- We plan to present Phase I SAD study data at a medical conference.

- We plan to start the multiple ascending dose (MAD) Phase II in 2024 in China.

TST003

- We will continue the TST003 FIH trial to obtain safety, pharmacokinetic and pharmacodynamic data.

- We plan to present clinical data at several medical conferences.

TST801

- We plan to initiate IND-enabling study for TST801.

TST012

- We will select the candidate for initiating IND-enabling study for TST012.

TST013

- We will select the candidate for initiating IND-enabling study for TST013.

Potential Partnerships

- We expect that further clinical data from our lead asset osemitamab (TST001) will help advance the discussions with potential partners for global partnership of osemitamab (TST001) in Claudin18.2 expressing solid tumors including G/GEJ cancer, pancreatic cancer and NSCLC.

- We will continue partnership discussions for our clinical assets including TST003 as well as non-oncology pipeline molecules such as blosozumab (TST002), TST004, TST008 and TST801 to maximize the value of our assets.

CMC and Technology Developments

- We expect to receive feedback from FDA and CDE regarding planned TST001 process change (implementation of hybrid continuous DSP).

- We will fully develop in-house cell line expression system and be ready for out-licensing for CDMO clients as well as for internal programs.

- We plan to complete blosozumab (TST002) process intensification and optimization for pivotal manufacturing.

- We plan to make progress in CMC development for a new program for IND filing.

CDMO

- We will continue to strengthen and expand BD activities globally to increase CDMO contracts from both China and U.S. clients.

- We will increase our efforts in marketing our CDMO services overseas.

- We plan to increase our competitiveness by improving operational efficiency, reducing cost, expanding new capabilities such as drug product development for siRNA therapeutics, process development for ADC, and media development.

- We will offer more diversified and tailored service from developability assessment, cell line development, media development, process development and optimization, formulation and DP product development, analytical testing as well as integrated service package for IND and BLA filings.

- We aim to increase CDMO project using perfusion process and further establish ourselves as leader in continuous bioprocessing.

We continue to drive the progression of our pipeline and keep exploring partnerships to enhance the global development strategy. We are continuously strengthening our technology platforms to improve productivity with lower costs. Leading with our global strategy and vision, we will be able to unlock the full potential of our portfolio and drive long-term value creation.

Outlook Beyond 2024

Looking ahead, we aim to continue advancing our pipeline. Our long-term growth will be further fueled by our key product osemitamab (TST001). We are enhancing the benefits for patients and generating significant value in our product portfolio with a global vision instilled from the very beginning. Meanwhile, we will keep exploring partnerships to enhance the global development and maximize the commercial value of our pipeline assets. We will continue to develop and implement leading technology to improve manufacture productivity with high quality and lower cost.

We are driven by our vision of providing patients with differentiated and competitive biologics developed through cutting-edge technologies. Leading with our global strategy and vision, we will be able to unlock the full potential of our portfolio and create long-term value for our shareholders, customers and patients.

FINANCIAL REVIEW

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

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Revenue	**53,849**	101,892
Cost of sales	**(39,451)**	(82,003)
Gross profit	**14,398**	19,889
Other income	**37,312**	46,402
Other gains and losses, net	**2,363**	29,729
Research and development expenses	**(382,047)**	(349,781)
Administrative and selling expenses	**(117,397)**	(112,449)
Impairment losses under expected credit loss model	**(1,475)**	–
Share of results of a joint venture	**43**	(23,145)
Finance costs	**(16,017)**	(17,636)
Loss before tax	**(462,820)**	(406,991)
Income tax credit	**250**	246
Loss for the year	**(462,570)**	(406,745)
Other comprehensive expense for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of a foreign operation	**(3,100)**	(10,947)
Loss and total comprehensive expenses for the year	**(465,670)**	(417,692)
Non-IFRS measure*(Note1)*:		
Add: Adjusted for share-based compensation expenses	**28,328**	16,817
Adjusted loss and total comprehensive expenses for the year	**(437,342)**	(400,875)

[1] See section below headed "FINANCIAL INFORMATION – Non-IFRS Measure" for the details of the non-IFRS measure adjustments.

SELECTED DATA FROM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	At December 31,	
	2023	2022
	RMB'000	RMB'000
	(Audited)	(Audited)
Non-current assets	**1,009,256**	1,078,070
Current assets	**684,043**	1,056,475
Total assets	**1,693,299**	2,134,545
Current liabilities	**554,292**	550,370
Non-current liabilities	**111,374**	110,275
Total liabilities	**665,666**	660,645
Net current assets	**129,751**	506,105

1. Revenue

The Group provides CDMO services and research and development services. CDMO services stands as an integrated platform to support the development of manufacturing processes and the production of advanced intermediates and active pharmaceutical ingredients and formulation development and dosage drug product manufacturing, for preclinical, clinical trials, new drug application, and commercial supply of chemical drugs as well as wide spectrum development from early to late stage. The research and development services are mainly for investigational new drug enabling studies based on customers' needs.

The Group primarily earns revenues by providing CDMO services and research and development services to its customers through fee-for-service ("FFS") contracts. Contract duration is generally a few months to two years. Under FFS method, the contracts usually have multiple deliverable units, which are generally in the form of technical laboratory reports and/or samples, each with individual selling price specified within the contract. The Group identifies each deliverable unit as a separate performance obligation, and recognizes FFS revenue of contractual elements at the point in time upon finalization, delivery and acceptance of the deliverable units.

Disaggregated revenue information:

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
CDMO services	**53,849**	87,949
Research and development services	**–**	13,943
	53,849	101,892

Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31, 2023 and the expected timing of recognizing revenue are as follows:

	CDMO services	**Research and development services**
	RMB'000	*RMB'000*
Within one year	19,123	–
More than one year	2,652	–
	21,775	–

2. Other Income

Other income consists of bank interest income and government grants. Government grants represent 1) various subsidies granted by the PRC local government authorities to our subsidiaries as incentives for our research and development activities.The government grants were unconditional and had been approved by the PRC local government authorities, which are recognized when payments were received; and 2) amortization of subsidies received from the PRC local government authorities to subsidize the purchase of the Group's property, plant and equipment.

For the year ended December 31, 2023, other income of our Group decrease by RMB9.1 million from RMB46.4 million for the year ended December 31, 2022 to RMB37.3 million for the year ended December 31, 2023. The decrease was primarily due to the decrease in interest income we recognized during the year ended December 31, 2023.

3. Other Gains and Losses, Net

Our other net gains and losses changed from gains of RMB29.7 million for the year ended December 31, 2022 to gains of RMB2.4 million for the Reporting Period. The changes were primarily due to difference in net foreign exchange gain.

4. Research and Development Expenses

Research and development expenses primarily consist of pre-clinical expenses including testing fee and pre-clinical trial expenses, staff cost for our research and development personnel, clinical expenses including testing fee and clinical trial expenses, materials consumed for research and development of our drug candidates, depreciation and amortization expenses and others. The research and development expenses increased by 9.2% from RMB349.8 million for the year ended December 31, 2022 to RMB382.0 million for the year ended December 31, 2023, primarily due to key pipeline advancement and resource prioritization.

The following table sets forth the components of the Group's research and development expenses for the year indicated.

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Clinical expenses	**187,247**	151,179
Staff cost	**121,520**	141,560
Materials consumed	**14,487**	12,596
Depreciation and amortization expenses	**35,283**	32,201
Others	**23,510**	12,245
Total	**382,047**	349,781

5. Administrative and Selling Expenses

Our administrative expenses increased by 4.4% from RMB112.4 million for the year ended December 31, 2022 to RMB117.4 million for the year ended December 31, 2023, primarily due to the increase in personnel cost and professional services.

Our selling expenses primarily consist of personnel cost, travel, depreciation and amortization and others. Our administrative expenses consist primarily of salaries and related benefits costs for our administrative personnel, professional fees for services provided by professional institutions, depreciation and amortization expenses, office expenses for our daily operation, traveling and transportation expenses, and others.

The following table sets forth the components of the Group's selling and administrative expenses for the year indicated.

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Salaries and related benefits costs	**59,832**	51,786
Professional fees	**25,166**	21,567
Depreciation and amortization expenses	**7,697**	11,600
Office expenses	**16,036**	20,252
Traveling and transportation expenses	**3,977**	3,213
Others	**4,689**	4,031
	117,397	112,449

6. Trade and other receivables

	At December 31,	
	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**38,856**	34,012
Less: Allowance for credit losses	**(1,200)**	–
Trade receivables, net of allowance for credit losses	**37,656**	34,012
Interest receivables	**2,268**	12,016
Prepayments for:		
Research and development services	**8,028**	18,719
Legal and professional services	**2,182**	2,083
Purchase of raw materials	**1,074**	2,039
	11,284	22,841
Other receivables		
Refundable rental deposits	**1,419**	1,707
Others	**460**	754
Less: Allowance for credit losses	**(275)**	–
Other receivables, net of allowance for credit losses	**1,604**	2,461
	52,812	71,330
Analyzed as:		
Non-current	**496**	1707
Current	**52,316**	69,623
	52,812	71,330

The Group normally grants a credit period of 30-90 days or a particular period agreed with customers effective from the date when the services have been completed and accepted by customers.

7. Trade and other payables

	At December 31,	
	2023	2022
	RMB'000	*RMB'000*
Trade payables	**91,841**	48,154
Accrued research and development expenses	**48,628**	51,246
Other payables:		
Purchase of property, plant and equipment	**11,905**	10,520
Legal and professional fee	**1,095**	1,125
Others	**2,736**	7,351
Interest payables	**339**	576
Other tax payables	**2,127**	1,238
Accrued staff costs and benefits	**5,373**	27,022
Other accruals	**–**	1,149
	164,044	148,381

The average credit period on purchases of goods and services of the Group is 30-90 days.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 31 December 2023 RMB'000	2022 RMB'000
Revenue	3	**53,849**	101,892
Cost of sales		**(39,451)**	(82,003)
Gross profit		**14,398**	19,889
Other income		**37,312**	46,402
Other gains and losses, net	4	**2,363**	29,729
Research and development expenses		**(382,047)**	(349,781)
Administrative and selling expenses		**(117,397)**	(112,449)
Impairment losses under expected credit loss model		**(1,475)**	–
Share of results of a joint venture		**43**	(23,145)
Finance costs		**(16,017)**	(17,636)
Loss before tax		**(462,820)**	(406,991)
Income tax credit	5	**250**	246
Loss for the year		**(462,570)**	(406,745)
Other comprehensive expense for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of a foreign operation		**(3,100)**	(10,947)
		(465,670)	(417,692)
Loss for the year attributable to:			
– Owners of the Company		**(462,570)**	(406,745)
Total comprehensive expense for the year attributable to:			
– Owners of the Company		**(465,670)**	(417,692)
Loss per share			
– Basic and diluted (RMB)	6	**(1.14)**	(0.94)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	At 31 December 2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment		**388,623**	418,992
Intangible assets		**95,860**	95,996
Right-of-use assets		**44,912**	31,302
Goodwill		**471,901**	471,901
Interests in a joint venture		**1,262**	1,219
Deposits paid for acquisition of property, plant and equipment		**5,922**	6,673
Other receivables	*7*	**496**	1,707
Time deposits		**–**	50,000
Pledged bank deposits		**280**	280
		1,009,256	1,078,070
Current assets			
Inventories		**17,907**	20,566
Trade and other receivables	*7*	**52,316**	69,623
Contract costs		**11,555**	17,636
Value-added-tax ("VAT") recoverable		**6,239**	5,564
Pledged bank deposits		**50,000**	47,636
Bank balances and cash		**546,026**	895,450
		684,043	1,056,475
Current liabilities			
Trade and other payables	*8*	**164,044**	148,381
Contract liabilities		**587**	1,146
Short-term overdrafts		**376,920**	387,600
Lease liabilities		**4,741**	5,243
Deferred income		**8,000**	8,000
		554,292	550,370
Net current assets		**129,751**	506,105
Total assets less current liabilities		**1,139,007**	1,584,175

	NOTES	At 31 December 2023 RMB'000	2022 RMB'000
Non-current liabilities			
Long-term overdrafts		**10,500**	16,000
Lease liabilities		**17,466**	2,617
Deferred income		**58,300**	66,300
Deferred tax liabilities		**25,108**	25,358
		111,374	110,275
Net assets		**1,027,633**	1,473,900
Capital and reserves			
Share capital		**283**	272
Treasury shares		**(17)**	(9)
Reserves		**1,027,367**	1,473,637
Total equity		**1,027,633**	1,473,900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Transcenta Holding Limited (the "Company") was incorporated in the British Virgin Islands as an exempted company with limited liability on 20 August 2010, and re-domiciled to the Cayman Islands on 26 March 2021 as an exempted company with limited liability under the laws of Cayman Islands. On 29 September 2021, the Company's shares became listed on the Main Board of The Stock Exchange of Hong Kong Limited. The respective address of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" section to the annual report.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") is an integrated biopharma platform that brings drug candidates from the discovery stage to the commercial stage, spanning discovery, research, development, manufacturing and commercialization.

The functional currency of the Company is Renminbi ("RMB"), which is the same as the presentation currency of the consolidated financial statements.

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

New and amendments to IFRSs that are mandatorily effective for the current year

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

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

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

2.1 Impacts on application of Amendments to IAS 12 Income Taxes International Tax Reform-Pillar Two model Rules

The Group has applied the amendments for the first time in the current year. IAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "Pillar Two legislation"). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group is yet to apply the temporary exception during the current year because the Group's entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements when the Pillar Two legislation is enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

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

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

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

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

The application of the amendments has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to IFRSs in issue but not yet effective

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

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

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

The directors of the Company anticipate that the application of these new and amendments to IFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

3. REVENUE

The Group provides contract development and manufacturing ("CDMO") services and research and development services. CDMO services stands as an integrated platform to support the development of manufacturing processes and the production of advanced intermediates and active pharmaceutical ingredients and formulation development and dosage drug product manufacturing, for preclinical, clinical trials, new drug application, and commercial supply of chemical drugs as well as wide spectrum development from early to late stage. The research and development services are mainly for investigational new drug enabling studies based on customers' needs.

The Group primarily earns revenues by providing CDMO services and research and development services to its customers through fee-for-service ("FFS") contracts. Contract duration is generally a few months to two years. Under FFS method, the contracts usually have multiple deliverable units, which are generally in the form of technical laboratory reports and/or samples, each with individual selling price specified within the contract. The Group identifies each deliverable unit as a separate performance obligation, and recognizes FFS revenue of contractual elements at the point in time upon finalization, delivery and acceptance of the deliverable units.

The Group's service contracts normally include payment schedules which require stage payments over the service period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits range from 10% to 30% of total contract sum as part of its credit risk management policies.

Disaggregated revenue information:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
CDMO services	**53,849**	87,949
Research and development services	**–**	13,943
	53,849	101,892

Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 and the expected timing of recognizing revenue are as follows:

	CDMO services	**Research and development services**
	RMB'000	*RMB'000*
Within one year	19,123	–
More than one year	2,652	–
	21,775	–

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2022 and the expected timing of recognizing revenue are as follows:

	CDMO services *RMB'000*	Research and development services *RMB'000*
Within one year	64,030	13,090
More than one year	15,190	–
	79,220	13,090

Segment Information

Operating segments are identified on the basis of internal reports about components' of the Group that are regularly reviewed by the chief operating decision maker ("CODM"), which is also identified as the chief executive officer of the Group, in order to allocate resources to segments and to assess their performance. During the year, the CODM assesses the operating performance and allocated the resources of the Group as a whole as the Group is primarily engaged in the discovering, developing, manufacturing and commercializing novel drugs. Therefore, the CODM considers the Group has one operating segment.

The CODM reviews the overall results and financial position of the Group as a whole prepared based on the accounting policies and no further analysis of the single segment is presented.

Geographical information

The Group's operations are located in the People's Republic of China (the "PRC") and the USA.

All the Group's revenue from external customers is derived from the PRC. As at 31 December 2023, no non-current assets (2022: RMB339,000) are located in the USA. The remaining non-current assets are all located in the PRC.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group during the corresponding years are as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Customer A	**20,889**	N/A
Customer B	**7,300**	20,651
Customer C	**–**	41,809

N/A: not disclosed as amounts less than 10% of total revenue

4. OTHER GAINS AND LOSSES, NET

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Net foreign exchange gain	**2,353**	33,073
Loss on disposal of property, plant and equipment	**(6)**	(51)
Loss arising on revision of interest rate of promissory note receivables	**–**	(3,299)
Gain on disposal of right-of-use assets	**16**	6
	2,363	29,729

5. INCOME TAX CREDIT

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax	**–**	(4)
Deferred tax	**250**	250
	250	246

The Company was incorporated in the BVI and re-domiciled to the Cayman Islands and is exempted from income tax.

Under the two-tiered profits tax rates regime which was effective on 21 March 2018, the first Hong Kong dollar ("HK$") 2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime is insignificant to the Group, since the group entities did not have tax assessable profit subject to Hong Kong Profits Tax for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

On 1 December 2020 and 8 December 2023, HJB Hangzhou qualified as a High and New Tech Enterprise recognized by the Ministry of Science and Technology and enjoys a preferential tax rate of 15% for a period of three years starting from 2020 and 2023, respectively.

On 6 November 2023, Suzhou Transcenta Therapeutics Co., Ltd. qualified as a High and New Tech Enterprise recognized by the Ministry of Science and Technology and enjoys a preferential tax rate of 15% for a period of three years starting from 2023.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax credit for the years can be reconciled to the loss per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Loss before tax	**(462,820)**	(406,991)
Income tax credit calculated at 25%	**(115,705)**	(101,748)
Tax effect of share of results of a joint venture	**(11)**	5,786
Tax effect of expenses that are not deductible for tax purpose	**27,914**	54,006
Tax effect of income not taxable for tax purpose	**–**	(59,175)
Tax effect of additional deductible research and development expenses (*note*)	**(65,110)**	(40,882)
Utilization of tax losses previously not recognized	**–**	(5)
Tax effect of tax losses not recognized	**107,644**	125,773
Tax effect of deductible temporary differences not recognized	**667**	5,963
Income tax effect at concessionary rate	**44,351**	10,036
Income tax credit	**(250)**	(246)

At 31 December 2023, the Group has unused tax losses of approximately RMB2,479,509,000 (2022: RMB2,114,994,000). At 31 December 2023, the Group has deductible temporary differences of approximately RMB60,398,000 (2022: RMB57,730,000). Deferred taxation had not been recognized on the unused tax losses and deductible temporary differences due to the unpredictability of future profit streams.

The unused tax losses will be carried forward and expire in years as follows:

	At 31 December	
	2023	2022
	RMB'000	*RMB'000*
2023	**–**	772
2024	**2,867**	2,867
2025	**7,040**	7,040
2026	**43,731**	44,151
2027	**181,619**	166,867
2028	**359,961**	264,650
2029	**410,451**	410,471
2030	**249,396**	249,754
2031	**495,104**	495,104
2032	**455,093**	473,318
2033	**274,247**	–
	2,479,509	2,114,994

Note: Pursuant to Caishui [2023] circular No. 7 and Caishui [2018] circular No. 99, the subsidiaries in the PRC enjoy super deduction of 200% (2022: 175%) on qualifying research and development expenditures for the year ended 31 December 2023.

6. LOSS PER SHARE

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Loss for the year attributable to the owners of the Company for the purpose of calculating basic and diluted loss per share	**(462,570)**	(406,745)

Number of shares

	Year ended 31 December	
	2023	2022
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**407,032,399**	432,827,091

The weighted average number of shares for the year shown above has been arrived after deducting treasury shares.

Diluted loss per share is calculated by adjusting weighted average number of ordinary shares outstanding assuming conversion of all dilutive ordinary shares. The computation of diluted loss per share did not assume the exercise of share options before expiration since their assumed exercise would result in a decrease in loss per share.

7. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**38,856**	34,012
Less: Allowance for credit losses	**(1,200)**	–
Trade receivables, net of allowance for credit losses	**37,656**	34,012
Interest receivables	**2,268**	12,016
Prepayments for:		
Research and development services	**8,028**	18,719
Legal and professional services	**2,182**	2,083
Purchase of raw materials	**1,074**	2,039
	11,284	22,841
Other receivables		
Refundable rental deposits	**1,419**	1,707
Others	**460**	754
	1,879	2,461
Less: Allowance for credit losses	**(275)**	–
Other receivables, net of allowance for credit losses	**1,604**	2,461
Total	**52,812**	71,330
Analyzed as:		
Non-current	**496**	1,707
Current	**52,316**	69,623
	52,812	71,330

The Group normally grants a credit period of 30-90 days or a particular period agreed with customers effective from the date when the services have been completed and accepted by customers.

The following is an aged analysis of trade receivable net of allowance for credit losses presented based on the date of completion of service at the end of each reporting period:

	At 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 30 days	**8,191**	31,965
31 – 60 days	**314**	1,936
61 – 90 days	**4**	96
91 – 120 days	**361**	–
121 – 365 days	**11,140**	15
Above 365 days	**17,646**	–
	37,656	34,012

Analysis of trade and other receivables of the Group denominated in currencies other than the functional currency of the relevant group entities is set out below:

	At 31 December	
	2023	2022
	RMB'000	*RMB'000*
US$	**1,182**	1,461

8. TRADE AND OTHER PAYABLES

	At 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade payables	**91,841**	48,154
Accrued research and development expenses	**48,628**	51,246
Other payables:		
Purchase of property, plant and equipment	**11,905**	10,520
Legal and professional fee	**1,095**	1,125
Others	**2,736**	7,351
Interest payables	**339**	576
Other tax payables	**2,127**	1,238
Accrued staff costs and benefits	**5,373**	27,022
Other accruals	**–**	1,149
	164,044	148,381

The average credit period on purchases of goods and services of the Group is 30-90 days.

The following is an aged analysis of trade payables, presented based on earlier of the date of goods and services received and the invoice dates at the end of each reporting period:

	At 31 December	
	2023	2022
	RMB'000	*RMB'000*
0 – 30 days	**31,279**	32,579
31 – 60 days	**6,329**	1,669
61 – 90 days	**13,351**	4,271
91 – 120 days	**4,096**	287
121 – 365 days	**25,870**	9,240
Over 365 days	**10,916**	108
	91,841	48,154

Analysis of trade and other payables of the Group denominated in currencies other than the functional currency of relevant group entities is set out below:

	At 31 December	
	2023	2022
	RMB'000	*RMB'000*
US$	**7,622**	2,900
HKD	**311**	–
EUR	**81**	–
GBP	**5**	–
	8,019	2,900

9. DIVIDENDS

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

Other Comprehensive Expense

Our other comprehensive expense decreased from RMB10.9 million for year ended December 31, 2022 to RMB3.1 million for year ended December 31, 2023.

Non-IFRS Measure

To supplement the Group's consolidated financial statements, which are presented in accordance with the IFRS, the Company also uses adjusted loss and total comprehensive expenses for the year and other adjusted figures as additional financial measures, which are not required by, or presented in accordance with, the IFRS. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS. The Company's presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this and other non-IFRS measures are reflections of the Group's normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance, and thus facilitate comparisons of operating performance from year to year and company to company to the extent applicable.

Adjusted loss and total comprehensive expenses for the year represents the loss and total comprehensive expenses for the period excluding the effect of share-based compensation expenses. The table below sets forth a reconciliation of the loss and total comprehensive expenses to adjusted loss and total comprehensive expenses during the periods indicated:

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Total comprehensive expenses for the year:	**(465,670)**	(417,692)
Add:		
Share-based compensation expenses	**28,328**	16,817
Fair value (loss)/gain of financial liabilities at FVTPL	**–**	–
Sub-total	**28,328**	16,817
Adjusted loss and total comprehensive expenses for the year	**(437,342)**	(400,875)

Employees and Remuneration Policies

The following table sets forth a breakdown of our employees as at December 31, 2023 by function:

	Number of employees	% of total number of employees
Research and Development	108	50.23
General and Administrative	48	22.33
Manufacturing	59	27.44
Total	**215**	**100.00**

The Group believes in the importance of attraction, recruitment and retention of quality employees in achieving the Group's success. Our success depends on our ability to attract, retain and motivate qualified personnel. The number of employees employed by the Group varies from time to time depending on our needs. Employees' remuneration is determined in accordance with prevailing industry practice and employees' educational background, experience and performance. The remuneration policy and package of the Group's employees are periodically reviewed.

Our employee remuneration comprises salaries, bonuses, social security contributions and other welfare payments. In accordance with applicable Chinese laws, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees.

The Company also has one expired share scheme with awards outstanding and one existing share scheme, namely the Pre-IPO Equity Incentive Plan and the Share Incentive Scheme, respectively. Please refer to the section headed "Appendix IV Statutory and General Information – D. Share Schemes" in the prospectus of the Company dated September 14, 2021 (the "**Prospectus**") for further details of the Pre-IPO Equity Incentive Plan and the circular published by the Company on October 16, 2022 for further details of the Share Incentive Scheme.

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

Liquidity and Financial Resources

On September 29, 2021, 40,330,000 ordinary shares of US$0.0001 par value each were issued at HK$16.00 per share for a total gross cash consideration of HK$645,280,000 (equivalent to RMB536,034,000).

As of December 31, 2023, bank balances and cash, pledged bank deposits and time deposits were RMB596.3 million, as compared to RMB993.4 million as of December 31, 2022. The decrease was mainly due to the operating cashflow out.

Gearing Ratio

The gearing ratio of the Group was calculated using interest-bearing borrowings less cash and cash equivalents divided by (deficiency of) total equity and multiplied by 100%. Since the Group maintained a net cash position as at December 31, 2023 and December 31, 2022, the gearing ratio is not applicable.

Other Financial Information

Significant Investments, Material Acquisitions and Disposals

The Group did not make any significant investments (including any investment in an investee company with a value of five percent or more of the Group's total assets as at December 31, 2023) during the Reporting Period. The Group did not have any material acquisitions or disposals of subsidiaries, associated companies or joint ventures for the year ended December 31, 2023.

Foreign Exchange Risk

The functional currency of the Company is Renminbi. During the Reporting Period, certain bank balances and cash, trade and other receivables, trade and other payables are denominated in U.S. dollars, which are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Bank Loans and Other Borrowings

As at 31 December 2023, borrowings amounting to RMB42,000,000 are secured by pledged bank deposits of RMB50,000,000.

As at 31 December 2022, borrowings amounting to RMB49,100,000 and RMB33,000,000 are secured by property, plant and equipment with carrying amount of RMB106,027,000 and pledged bank deposits of RMB41,788,000, respectively.

We had an aggregate of RMB285,500,000 overdrafts with fixed interest rates as at December 31, 2023.

The Group's borrowings that are denominated in currencies other the functional currencies of the relevant group entities are set out below:

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
US$	–	–

Contingent Liabilities

As at December 31, 2023, the Group did not have any material contingent liabilities.

ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on Friday, June 7, 2024 (the "**AGM**"). A notice convening the AGM will be published and dispatched to the shareholders of the Company (the "**Shareholders**") in the manner required by the Listing Rules in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, June 4, 2024 to Friday, June 7, 2024, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM, during which period no share transfers will be registered. To be eligible to attend and vote at the AGM, unregistered holders of shares must lodge all properly completed transfer forms accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, June 3, 2024.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company was incorporated under the laws of the British Virgin Islands on August 20, 2010 and continued in the Cayman Islands on March 26, 2021 as an exempted company with limited liability, and the Shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on September 29, 2021 (the "**Listing Date**").

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders.

The Company has adopted the principles and code provisions set out in the Corporate Governance Code contained in Appendix C1 (as amended from time to time) to the Listing Rules (the "**CG Code**") as the basis of the Company's corporate governance practices.

Compliance with the Corporate Governance Code

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders.

The Company has complied with all the applicable principles and code provisions set out in Part 2 of the CG Code as the basis of the Company's corporate governance practices.

Further information of the corporate governance practice of the Company will be disclosed in the annual report of the Company for the year ended December 31, 2023. 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.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 (as amended from time to time) to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees in securities of the Company and other matters covered by the Model Code.

The provisions under the Listing Rules in relation to compliance with the Model Code by the Directors regarding securities transactions have been applicable to the Company since the Listing Date. Having made specific enquiry, all the Directors have confirmed that they have complied with the Model Code during the Reporting Period.

No incident of non-compliance of the Model Code was noted by the Company during the Reporting Period.

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

During the Reporting Period and up to the date of the announcement, the Company repurchased a total of 2,279,500 ordinary shares (the "**Shares Repurchased**") of the Company on the Stock Exchange at an aggregate consideration of approximately HK$10,031,674. Particulars of the Shares Repurchased are as follows:

Month of Repurchase	**No. of Shares Repurchased**	**Price paid per share**		**Aggregate Consideration**
		Highest *(HK$)*	**Lowest** *(HK$)*	*(HK$)*
April	86,000	3.36	3.14	283,403
May	633,000	5.31	3.98	3,194,489
June	321,000	5.30	5.00	1,676,741
August	8,500	4.21	3.49	33,380
September	569,500	4.32	3.49	2,255,495
October	559,500	4.05	3.70	2,221,682
November	102,000	4.05	3.33	375,485
Total	2,279,500			10,031,674

The Shares Repurchased from December 22, 2022 to June 20, 2023 were subsequently cancelled on June 30, 2023. The Shares Repurchased during the period from August 23, 2023 to November 23, 2023 were cancelled on December 29, 2023.

Save as disclosed above and in the "Financial Information" section, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the Reporting Period and up to the date of this announcement.

Material Litigation

The Company was not involved in any material litigation or arbitration during the year ended December 31, 2023. The Directors are also not aware of any material litigation or claims that were pending or threatened against the Group during the year ended December 31, 2023.

Future Plans for Material Investment or Capital Assets

Save as disclosed in this announcement, the Group does not have other plans for material investments and capital assets as at the date of this announcement.

Use of Net Proceeds

With the Shares of the Company listed on the Stock Exchange on September 29, 2021 and based on the Offer Price of HK$16.00 per Offer Share, the net proceeds from the Global Offering were approximately HK$553.4 million (the "**Net Proceeds**"). As disclosed in announcement of the Company dated March 30, 2023 (the "**2022 Annual Results Announcement**"), the Board has resolved to change the intended use of Net Proceeds and remove the investment from MSB2311 and put them into TST001 (the "**Change in Use of Net Proceeds**"). The Company expects to fully utilize the residual amount of the net proceeds in accordance with such intended purposes by the end of 2025. The table below sets out the utilization of Net Proceeds as at December 31, 2023.

Use of Net Proceeds	Intended allocation of Net Proceeds after the Change in Use of Net Proceeds		Amount utilized as at January 1, 2023	Unutilized net proceeds as at January 1, 2023	Amount utilized as at December 31, 2023	Unutilized net proceeds as at December 31, 2023	Expected timeline of full utilization of the unutilized Net Proceeds
	% of net proceeds (approximately)	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	
1. Research and development of our pipeline product candidates, funding of ongoing and planned clinical and preclinical trials, preparation for registration filings and other steps or activities related to the commercialization of our four anchor products as follows:	82%	453.8	–	453.8	214.4	239.4	On or before December 31, 2025
(i) fund ongoing and planned clinical trials, preparation for registration filings and potential commercial launch (including sales and marketing) of our key product, osemitamab (TST001)	50%	276.7	–	276.7	123.9	152.8	On or before December 31, 2025

Use of Net Proceeds	Intended allocation of Net Proceeds after the Change in Use of Net Proceeds		Amount utilized as at January 1, 2023	Unutilized net proceeds as at January 1, 2023	Amount utilized as at December 31, 2023	Unutilized net proceeds as at December 31, 2023	Expected timeline of full utilization of the unutilized Net Proceeds
	% of net proceeds (approximately)	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	
(ii) fund ongoing and planned clinical trials, preparation for registration filings and potential commercial launch (including sales and marketing) of our key product, TST005	10%	55.3	–	55.3	2.6	52.7	On or before December 31, 2025
(iii) fund ongoing and planned clinical trials, preparation for registration filings and potential commercial launch (including sales and marketing) of our key product, TST002	10%	55.3	–	55.3	29.7	25.6	On or before December 31, 2025
(iv) fund ongoing and planned pre-clinical trials and preparation for registration filings of our key product and other pipeline products, including TST004, MSB0254, TST003, TST006 and TST008	12%	66.5	–	66.5	58.2	8.3	On or before December 31, 2025
2. Fund the business development for pipeline expansion and technology development, with a focus in oncology assets that have synergy with our current pipeline and promising clinical evidences, and/or technology platforms that can complement our current discovery and development platforms, such as ADC, small molecule targeted therapies, and other advanced new technologies	8%	44.3	–	44.3	0	44.3	On or before December 31, 2025

Use of Net Proceeds	Intended allocation of Net Proceeds after the Change in Use of Net Proceeds		Amount utilized as at January 1, 2023	Unutilized net proceeds as at January 1, 2023	Amount utilized as at December 31, 2023	Unutilized net proceeds as at December 31, 2023	Expected timeline of full utilization of the unutilized Net Proceeds
	% of net proceeds (approximately)	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	
3. For general working capital purposes and general operation expenses	10%	55.3	–	55.3	55.3	0	On or before December 31, 2025
Total	**100%**	**553.4**			**269.7**	**283.7**	

For detailed description of the intended use of proceeds and the expected timeline, please refer to the section headed "Future plans and use of proceeds" in the Prospectus and "Reasons for the Change in Use of Net Proceeds" in the 2022 Annual Results Announcement.

The aforesaid expected timeline of full utilization of the Net Proceeds is based on the Directors' best estimation barring unforeseen circumstances, and is subject to change in light of future development or any unforeseen circumstances.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transaction (if any) and provide advice and comments to the Board. The Audit Committee comprises three members, namely Mr. Jiasong Tang (唐稼松), Mr. Zhihua Zhang (張志華) and Dr. Yining Zhao (趙奕寧), with Mr. Jiasong Tang (唐稼松) (being our independent non-executive Director with the appropriate professional qualifications) as chairperson of the Audit Committee.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2023 and has met with the Auditor. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company, internal control and financial reporting matters with senior management members of the Group. The Audit Committee considers that this announcement is in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Other Board Committees

In addition to the Audit Committee, the Company has also established a nomination committee and a remuneration committee.

Scope of work of Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Messers. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 27 March 2024. The work performed by Messers. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messers. Deloitte Touche Tohmatsu on the preliminary announcement.

FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the year ended December 31, 2023.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (**http://www.hkexnews.hk**) and the Company (**http://www.transcenta.com/**).

The annual report of the Group for the year ended December 31, 2023 will be dispatched to the Company's shareholders (if requested) and published on the aforesaid websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

By order of the Board
Transcenta Holding Limited
Xueming Qian
Executive Director and Chief Executive Officer

Hong Kong, March 27, 2024

As at the date of this announcement, the board of directors of the Company comprises Dr. Xueming Qian as executive Director and chief executive officer, Mr. Xiaolu Weng as executive Director, Dr. Yining Zhao as chairman and non-executive Director, and Mr. Jiasong Tang, Mr. Zhihua Zhang, Dr. Kumar Srinivasan and Ms. Helen Wei Chen as independent non-executive Directors.