宜明昂科
ImmuneOnco

ImmuneOnco Biopharmaceuticals (Shanghai) Inc.
宜明昂科生物醫藥技術(上海)股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock code: 1541

Annual Report 2023

CONTENTS

Company Profile

ImmuneOnco Biopharmaceuticals (Shanghai) Inc. is a science-driven biotechnology company dedicated to the development of innovative immuno-oncology therapies. Incorporated in 2015, we stand out as one of the few biotechnology companies globally adopting a systematic approach to harness both the innate and adaptive immune systems. Strictly adhering to the "Drug-by-Design" concept and leveraging our R&D platform, we have designed a robust pipeline of over ten innovative drug candidates with eight ongoing clinical programs. Anchored by a deep and broad innate-immunity-based asset portfolio, our pipeline reflects our extensive understanding into the frontiers of cancer biology and immunology, and our expertise in turning scientific research into drug candidates.

BOARD OF DIRECTORS

Executive Directors

Dr. Tian Wenzhi (田文志)
(Chairman of the Board, chief executive officer and chief scientific officer)
Mr. Li Song (李松)
Ms. Song Ziyi (宋子一)
(resigned with effect from March 2, 2024)

Non-executive Directors

Dr. Xu Cong (徐聰)
Mr. Yu Zhihua (余治華)
Mr. Yu Xiaoyong (于曉勇)

Independent Non-executive Directors

Dr. Zhenping Zhu
Dr. Kendall Arthur Smith
Mr. Yeung Chi Tat (楊志達)

AUDIT COMMITTEE

Mr. Yeung Chi Tat (楊志達) *(Chairman)*
Dr. Xu Cong (徐聰)
Dr. Zhenping Zhu

REMUNERATION COMMITTEE

Dr. Zhenping Zhu *(Chairman)*
Dr. Tian Wenzhi (田文志)
Dr. Xu Cong (徐聰)
Dr. Kendall Arthur Smith
Mr. Yeung Chi Tat (楊志達)

NOMINATION COMMITTEE

Dr. Tian Wenzhi (田文志) *(Chairman)*
Dr. Zhenping Zhu
Mr. Yeung Chi Tat (楊志達)

SUPERVISORY COMMITTEE

Mr. Gu Jiefeng (顧傑鋒) *(Chairman)*
Ms. Tian Miao (田苗)
Mr. Zhao Zimeng (趙子萌)

JOINT COMPANY SECRETARIES

Ms. Guan Mei (關梅)
Mr. Li Kin Wai (李健威) *(Associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)*

AUTHORIZED REPRESENTATIVES

Dr. Tian Wenzhi (田文志)
(appointed with effect from March 2, 2024)
Mr. Li Kin Wai (李健威)

H SHARE REGISTRAR

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

PRINCIPAL BANKS

Industrial and Commercial Bank of China
(Shanghai Branch, Zhangjiang Pudong Software Park Sub-branch)

Bank of Ningbo
(Shanghai Branch)

China Merchants Bank
(Shanghai Branch, Zhangjiang Sub-branch)

China Construction Bank
(Shanghai Branch, Zhoudong Road Sub-branch)

REGISTERED OFFICE, HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Unit 15, 1000 Zhangheng Road
China (Shanghai) Pilot Free Trade Zone
Pudong New Area
Shanghai
PRC

Corporate Information

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor
35/F, One Pacific Place
88 Queensway
Admiralty
Hong Kong

STOCK CODE

1541

WEBSITE

www.immuneonco.com

LISTING DATE

September 5, 2023

COMPLIANCE ADVISOR

Rainbow Capital (HK) Limited
Office No. 710, 7/F, Wing On House
71 Des Voeux Road Central
Hong Kong

Dr. Wenzhi Tian

Founder,
Chairman of the Board,
Chief Executive Officer and
Chief Scientific Officer

Dear Shareholders,

I would like to express my sincere gratitude for your continuous trust and support. ImmuneOnco is a science-driven biotechnology company dedicated to the development of immuno-oncology therapies. Year 2023 marks a significant milestone for ImmuneOnco with remarkable achievements made in the development of our pipeline products. During the year, we were also successfully listed on the Hong Kong Stock Exchange under Chapter 18A of the Listing Rules.

In 2023, our core product, IMM01 (timdarpacept), achieved notable advancements in clinical development:

- We have completed the enrollment of patients for the Phase II clinical trial of IMM01 in combination with azacitidine for the first-line treatment of higher-risk myelodysplastic syndrome (MDS) in June 2023. As of December 31, 2023, among the 51 efficacy evaluable patients, the overall response rate (ORR) was 64.7% (33/51), with a complete response rate (CRR) of 29.4% (15/51). For patients treated for ≥ 4 months, the ORR reached 85.3% (29/34), with a CRR of 44.1% (15/34). Among patients treated for ≥ 6 months, the ORR reached 89.3% (25/28), and the CRR reached 53.6% (15/28), demonstrating increasing efficacy with prolonged treatment duration.

- We have completed the enrollment of patients for the Phase II clinical trial of IMM01 in combination with azacitidine for the first-line treatment of chronic myelomonocytic leukemia (CMML) in March 2023. As of December 31, 2023, among the 22 evaluable patients, the ORR reached 72.7% (16/22), with a CRR of 27.3% (6/22). For patients treated for ≥ 4 months, the ORR reached 87.5% (14/16), and the CRR reached 37.5% (6/16). Among patients treated for ≥ 6 months, the ORR reached 84.6% (11/13), and the CRR reached 46.2% (6/13), revealing increasing efficacy with prolonged treatment duration. In November 2023, the FDA has granted an orphan-drug designation (ODD) to IMM01 in combination with azacitidine for the treatment of CMML.

- We have completed the enrollment of patients for the Phase II clinical trial of IMM01 in combination with tislelizumab for the treatment of relapsed or refractory (R/R) classical Hodgkin lymphoma (cHL) patients who failed previous anti-PD-1 treatment in December 2023. As of March 1, 2024, among 33 evaluable patients, 8 achieved complete response (CR), 14 achieved partial response (PR), resulting in an ORR of 66.7% and CRR of 24.2%. These results demonstrate encouraging antitumor efficacy, along with favorable tolerability and safety profiles.

- We have received approval from the NMPA for the protocol of the Phase III clinical trial of IMM01 in combination with tislelizumab, targeting R/R cHL patients who relapsed or progressed after the treatment of PD-1 inhibitors in April 2024.

Chairman's Statement

In addition, other drug candidates have also achieved significant clinical progress. We dosed the first patient in the Phase Ib/IIa clinical trial, a combination study of IMM0306 and lenalidomide for relapsed/refractory CD20-positive B-cell non-Hodgkin lymphoma (B-NHL) in June 2023. Thus far, we have observed promising efficacy. As of January 5, 2024, among 7 efficacy-evaluable patients in the ongoing Phase Ib study, 1 CR, 4 PR, and 1 SD were observed. The ORR and disease control rate (DCR) were 71.4% and 85.7%, respectively. Moreover, we separately dosed the first patient for the Phase I clinical trials for IMM2520 in China in March 2023 and IMM47 in Australia in September 2023. We have also observed promising efficacy in our Phase I dose-escalation studies for IMM2510 and IMM27M, and have commenced the Phase II trial for IMM2510, which will be targeting various solid tumors, including relapsed and refractory soft tissue sarcoma (r/r STS), and the first-line treatment of non-small cell lung cancer (NSCLC) and triple-negative breast cancer (TNBC).

During the past year, we have also expanded our early research and development efforts into non-oncology therapeutic areas, and achieved significant progress. With solid scientific basis and well-tolerated safety profile observed in our previous clinical studies, we plan to submit IND applications for timdarpacept for the treatment of arteriosclerosis, and IMM0306 for the treatment of autoimmune disorders including systemic lupus erythematosus (SLE), lupus nephritis (LN) and neuromyelitis optica Spectrum disorders (NMOSDs) this year. We have also internally developed a new drug candidate, IMM72, an ACTRIIA fusion protein, currently under preclinical development, for the maintenance of muscle mass during weight loss as well as for the treatment of pulmonary arterial hypertension (PAH). We plan to file the pre-IND application for IMM72 this year. Based on IMM72, we have further developed bispecific molecule, IMM7211b, for the treatment of patients with osteoporosis and increase of muscle mass in patients. IMM7211b is currently under preclinical development.

Moving forward, we are steadfast in our commitment to advancing the development of innovative drug candidates, unlocking their therapeutic potential, and addressing crucial unmet medical needs. Our achievements to date position us well to make 2024 another rewarding year. In 2024, we expect to rapidly advance our core product IMM01 (timdarpacept) into Phase III registration trial, and will quickly advance other promising pipeline with positive preliminary efficacy signals observed, including IMM0306's combination trial with lenalidomide targeting relapsed/refractory B-NHL, and Phase II clinical trials for IMM2510 targeting various solid tumors. In the meantime, we will continue pressing forward other promising early-stage pipeline products, including IMM2902 and IMM2520 for the treatment of solid tumors, as well as non-oncology therapeutic candidates, including IMM72 and IMM7211b for the treatment of a slew of non-oncology indications. Simultaneously, we will actively seek collaborative partnerships while persistently pursuing in-house drug development, with the aim of collectively expanding our presence in the global market.

Dr. Wenzhi Tian
Founder, Chairman of the Board, Chief Executive Officer and Chief Scientific Officer

The Company was listed on the Stock Exchange on September 5, 2023. During the Reporting Period, we continued rapidly advancing the development of our drug pipeline, including the following milestones and achievements.

PROGRESS OF OUR CORE PRODUCT

- ***IMM01 (SIRPα-Fc Fusion Protein)***
  - We have obtained an IND approval for the Phase Ib/IIa clinical trial to evaluate the combination of IMM01 with bortezomib and dexamethasone for the treatment of multiple myeloma (MM) from the NMPA in January 2023.
  - We have completed the enrollment of patients for the Phase II clinical trial of IMM01 in combination with azacitidine for the first-line treatment of higher-risk myelodysplastic syndrome (MDS) in June 2023. As of December 31, 2023, among the 51 evaluable patients, the overall response rate (ORR) was 64.7% (33/51), with a complete response rate (CRR) of 29.4% (15/51). For patients treated for ≥ 4 months, the ORR reached 85.3% (29/34), with a CRR of 44.1% (15/34). Among patients treated for ≥ 6 months, the ORR reached 89.3% (25/28), and the CRR reached 53.6% (15/28), demonstrating increasing efficacy with prolonged treatment duration.
  - We have completed the enrollment of patients for the Phase II clinical trial of IMM01 in combination with azacitidine for the first-line treatment of chronic myelomonocytic leukemia (CMML) in March 2023. As of December 31, 2023, among the 22 evaluable patients, the ORR reached 72.7% (16/22), with a CRR of 27.3% (6/22). For patients treated for ≥ 4 months, the ORR reached 87.5% (14/16), and the CRR reached 37.5% (6/16). Among patients treated for ≥ 6 months, the ORR reached 84.6% (11/13), and the CRR reached 46.2% (6/13), revealing increasing efficacy with prolonged treatment duration.
  - We have dosed the first patient for the Phase II clinical trial of IMM01 in combination with tislelizumab, targeting relapsed or refractory (R/R) classical Hodgkin lymphoma (cHL) patients who relapsed or progressed after the treatment of PD-1 inhibitors on January 19, 2023, and completed the Phase II enrollment in December 2023. As of March 1, 2024, among 33 evaluable patients, 8 achieved complete response (CR), 14 achieved partial response (PR), resulting in an ORR of 66.7% and CRR of 24.2%. These results demonstrate encouraging antitumor efficacy, along with favorable tolerability and safety profiles.
  - The FDA has granted an orphan-drug designation to IMM01 in combination with azacitidine for the treatment of CMML in November 2023.
  - We have received approval from the NMPA for the protocol of the Phase III clinical trial of IMM01 in combination with tislelizumab, targeting R/R cHL patients who relapsed or progressed after the treatment of PD-1 inhibitors in April 2024.

PROGRESS OF OTHER SELECTED PRODUCTS

Clinical Stage Products

- ***IMM0306 (CD47×CD20)***
  - We have dosed the first patient in the Phase Ib/IIa clinical trial, a combination study of IMM0306 and lenalidomide for R/R CD20-positive B-cell non-Hodgkin lymphoma (B-NHL) in June 2023. A total of 8 patients were enrolled in this Phase Ib dose escalation trial at two dose levels (1.6 mg/kg and 2 mg/kg). According to our clinical data as of January 5, 2024, IMM0306 at the dose of 1.6 mg/kg in combination with lenalidomide at 20 mg/day was well-tolerated and demonstrated a robust preliminary antitumor activity in patients with R/R follicular lymphoma (FL) and marginal zone lymphoma (MZL). Among 7 efficacy-evaluable patients in the ongoing Phase Ib study, 1 CR (FL), 4 PR (2 FL, 2 MZL), and 1 SD were observed. The ORR and disease control rate (DCR) were 71.4% and 85.7%, respectively.

- ***IMM2510 (VEGF×PD-L1)***
  - We have dosed the first patient in the Phase II clinical trial of IMM2510 in China for the treatment of R/R soft tissue sarcoma (STS) in November 2023.

Business Highlights

- We have completed the enrollment of patients for the Phase I dose-escalation study of IMM2510 in September 2023. Total 33 patients with advanced/metastatic solid tumors were enrolled and dosed. The recommended Phase II dose (RP2D) was determined to be 20 mg/kg administered once every two weeks (Q2W). The clinical data from the Phase I trial of IMM2510 has demonstrated tolerable safety and promising antitumor activity particularly for treatments of R/R non-small cell lung cancer (NSCLC) and thymus adeno-squamous carcinoma. As of December 31, 2023, 3 patients had confirmed PR (2 squamous (sq)-NSCLC at 3 mg/kg and 10 mg/kg respectively, 1 thymus adeno-squamous carcinoma at 20 mg/kg), and 7 patients achieved SD, with 4 of them observed tumor shrinkage of over 15% (1 with cervical cancer at 3 mg/kg, 2 with non-squamous (non-sq) NSCLC at 10 mg/kg and 20 mg/kg respectively, 1 with ovarian cancer at 20 mg/kg).

- We have received an IND approval from the NMPA for the Phase II clinical trial of IMM2510 in combination with chemotherapy for the first-line treatments of NSCLC or triple-negative breast cancer (TNBC) in November 2023.

- We have received an IND approval from the NMPA for a Phase I clinical trial of IMM2510 in combination with IMM27M for advanced solid tumors in October 2023.

- ***IMM27M (CTLA-4 ADCC+)***
  - We have completed the enrollment of patients for the Phase I dose-escalation study of IMM27M, and the preliminary data has demonstrated that IMM27M is safe and well tolerated up to 7.5 mg/kg. The RP2D was determined to be 5 mg/kg administered once every three weeks (Q3W). Two confirmed PRs were achieved in heavily treated advanced hormone receptor-positive BC patients at 3 mg/kg and 5 mg/kg, respectively.

- ***IMM2520 (CD47×PD-L1)***
  - We have initiated the Phase I study of IMM2520 targeting various advanced solid tumors and dosed the first patient in March 2023. By the end of 2023, 12 patients in total have been enrolled and dosed. The preliminary data has demonstrated that IMM2520 is safe and well tolerated up to 2.0 mg/kg. The dose escalation is still ongoing. Three SDs with tumor shrinkage over 10% were achieved for a patient with cervical cancer at 0.1 mg/kg, a patient with SCLC and a patient with colorectal cancer at 2.0 mg/kg. Among them, one SCLC patient who progressed after PD-1 antibody treatment has achieved tumor shrinkage of 26.3% after 4 cycles of treatment in January 2024.

- ***IMM2902 (CD47×HER2)***
  - We are conducting the dose escalation studies in China and the U.S. In China, dose escalation is ongoing for the 7th cohort at 4.0mg/kg (step-up dose regimen).

- ***IMM47 (CD24)***
  - We have dosed the first patient for the Phase I clinical trial of IMM47 in Australia in September 2023.

  - We have obtained an IND approval for IMM47 for the treatment of advanced malignant tumors from the NMPA and advanced solid tumors and R/R B-NHL from FDA in October and December 2023, respectively.

Preclinical/IND/IND-Enabling Stage Products

- ***IMC-002 (IMM0306)***
  - The IND-enabling study is ongoing for IMC-002 (IMM0306) in treating autoimmune indications. We have filed an IND application with the NMPA for autoimmune indications in March 2024.

- ***IMC-001 (IMM01)***
  - IND-enabling study is currently ongoing for IMC-001 (IMM01) for the treatment of atherosclerosis.
- ***IMM72 (ACTRIIA fusion protein)***
  - We have completed the pilot efficacy study in rat model for pulmonary arterial hypertension (PAH).
  - We have observed preliminary efficacy of skeletal muscle increasement in mice.
  - We have developed upstream and downstream process in 3L bioreactor.
- ***IMM7211b (ACTRIIA×non-disclosed target bispecific molecule)***
  - We have completed candidate screening and proof of concept studies.
  - Cell line development is in progress.

Financial Highlights

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") MEASURES:

- **Research and development expenses** increased by 5.3% from RMB277.3 million for the year ended December 31, 2022 to RMB291.9 million for the year ended December 31, 2023, primarily attributable to (i) an increase of RMB24.9 million in clinical trial expenses due to the advancement of our clinical drug candidates; and (ii) an increase of RMB12.2 million in salaries and related benefit costs due to the continuous expansion of our clinical team throughout 2022, in line with our continuous research and development efforts in advancing and expanding our pipeline of drugs; partially offset by a decrease of RMB13.7 million in preclinical and CMC expenses due to (i) the decrease in testing expenses for certain preclinical drug assets in preparation for IND application filings; and (ii) a decrease of RMB9.6 million in share-based payments, resulting from a decrease in the number of restricted shares vested for the year ended December 31, 2023.

- **Loss for the year** was RMB379.5 million for the year ended December 31, 2023, representing a decrease of RMB23.4 million from RMB402.9 million for the year ended December 31, 2022, primarily attributable to a decrease of RMB55.5 million in our loss from changes in fair value of financial liabilities at FVTPL, due to the fact that we no longer recorded any financial liabilities at FVTPL since January 31, 2022, as our investors' preferred rights, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same day.

NON-INTERNATIONAL FINANCIAL REPORTING STANDARDS ("NON-IFRS") MEASURES:

- **Adjusted loss for the year**[1] were RMB281.8 million for the year ended December 31, 2023, representing an increase of RMB56.0 million from RMB225.8 million for the year ended December 31, 2022, primarily attributable to our continuous investment in R&D.

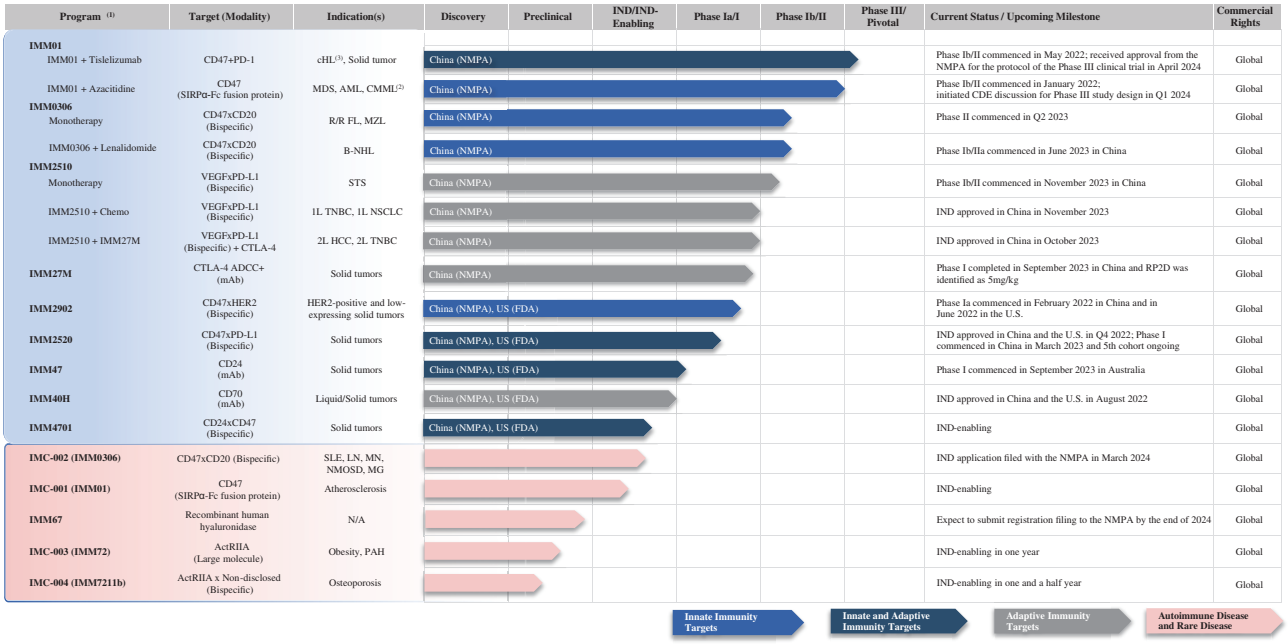
[1] Adjusted loss for the year is not a financial measure defined under the IFRS. It represents the loss for the year excluding the effect brought by certain loss/expenses, namely loss from changes in fair value of financial liabilities at FVTPL, share-based payment expenses and listing expenses. For the calculation and reconciliation of this non-IFRS measure, please refer to "Management Discussion and Analysis — Financial Review — Non-IFRS Measure".

OVERVIEW

We are a science-driven biotechnology company dedicated to the development of innovative immuno-oncology therapies. Incorporated in 2015, we stand out as one of the few biotechnology companies globally adopting a systematic approach to harness both the innate and adaptive immune systems. Strictly adhering to the "Drug-by-Design" concept and leveraging our R&D platform, we have designed a robust pipeline of over ten innovative drug candidates with eight ongoing clinical programs. Anchored by a deep and broad innate-immunity-based asset portfolio, our pipeline reflects our extensive understanding into the frontiers of cancer biology and immunology, and our expertise in turning scientific research into drug candidates.

PRODUCT PIPELINE

The following diagram summarizes the development status of our selected drug candidates as of the date of this annual report:



Notes:

(1) All of the Company's clinical-and IND-stage drug candidates are classified as Category 1 innovative drugs, and preclinical-and discovery-stage drug candidates are expected to be classified as Category 1 innovative drugs, in accordance with relevant laws and regulation in China.

(2) The cohort-expansion trials of this combination are mainly designed to target the first-line treatment of higher-risk MDS (patients who fall into higher-risk group categories in the original or revised International Prognostic Scoring System), unfit AML (individuals of older age with AML who are considered not eligible for intensive treatment approaches), and CMML. On November 8, 2023, the combination therapy of IMM01 and azacitidine was granted the orphan-drug designation by the FDA for the treatment of CMML.

(3) This combination of IMM01 and tislelizumab targets all subtypes of cHL.

Abbreviations: MDS refers to myelodysplastic syndrome; AML refers to acute myeloid leukemia; CMML refers to chronic myelomonocytic leukemia; B-NHL refers to B-cell non-Hodgkin lymphoma; STS refers to soft-tissue sarcomas; cHL refers to classical Hodgkin lymphoma; FL refers to follicular lymphoma; MZL refers to marginal zone lymphoma; IND refers to investigational new drug; CMC refers to chemistry, manufacturing, and controls; ADCC refers to antibody-dependent cellular cytotoxicity; TNBC refers to triple-negative breast cancer; NSCLC refers to non-small cell lung cancer; HCC refers to hepatocellular carcinoma; SLE refers to systemic lupus erythematosus; LN refers to lupus nephritis; MN refers to membranous nephropathy; NMOSD refers to neuromyelitis optica spectrum disorder; MG refers to myasthenia gravis; PAH refers to pulmonary arterial hypertension.

BUSINESS REVIEW

Our Product Candidates

During the Reporting Period, we made significant progress advancing our pipeline candidates and business operations. Our key achievements and planned next steps as of the date of this annual report along include:

- ***IMM01 (SIRPα-Fc Fusion Protein)***
  - IMM01, our Core Product, is an innovative CD47-targeted molecule. It is the first SIRPα-Fc fusion protein to enter into clinical stage in China. IMM01 designed with IgG1 Fc can fully activate macrophages via a dual mechanism — simultaneously blocking the "don't eat me" signal by disrupting CD47/SIRPα interaction and delivering the "eat me" signal through the engagement of activating Fcγ receptors on macrophages. Furthermore, the CD47-binding domain of IMM01 was specifically engineered to avoid human red blood cell (RBC) binding. With the differentiated molecule design, IMM01 has achieved a favorable safety profile and demonstrated its ability to activate macrophages. Moving forward, we may actively explore IMM01's therapeutic potential in other indications and seek collaboration opportunities.

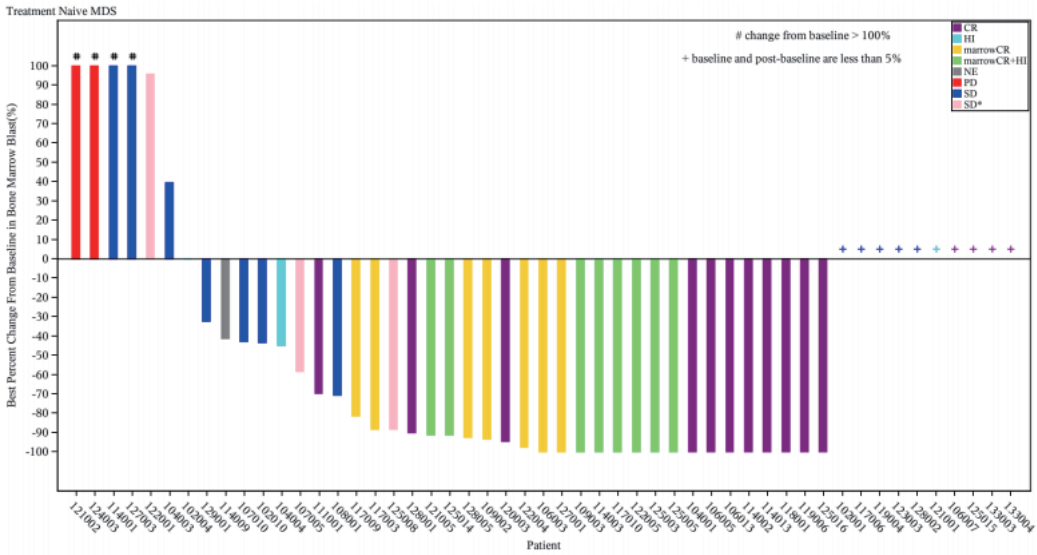
  - During the Reporting Period and up to the date of this annual report, we have achieved the following progress and milestones:

    - Combination Therapy with Azacitidine

      - The FDA has granted an orphan-drug designation to IMM01 in combination with azacitidine for the treatment of CMML in November 2023.

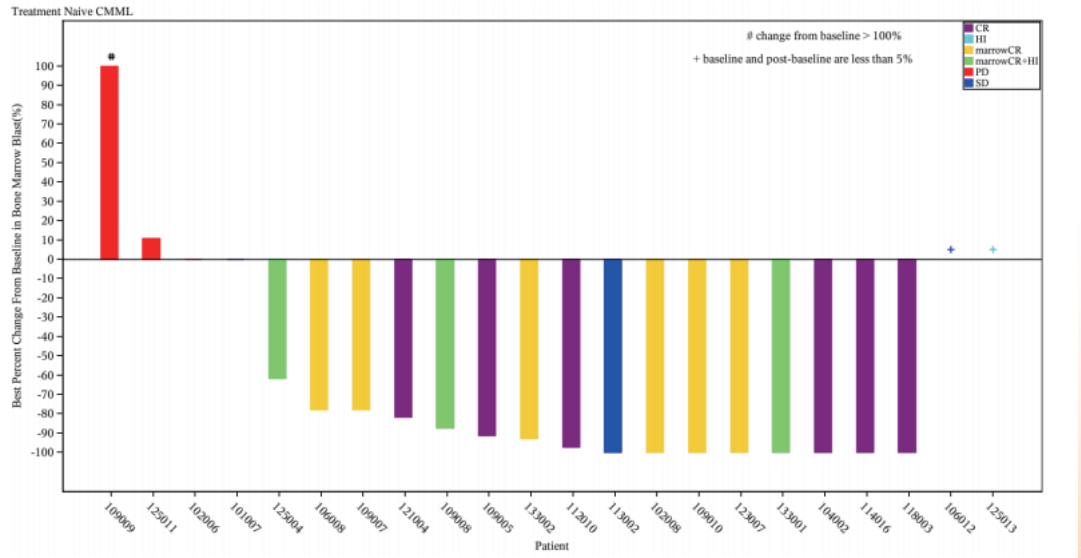
      - We have completed the enrollment of patients for the Phase II clinical trial of IMM01 in combination with azacitidine for the first-line treatment of higher-risk MDS in June 2023. 57 patients were enrolled in the study. As of December 31, 2023, among the 51 efficacy evaluable patients, ORR was 64.7% (33/51), including 29.4% (15/51) achieved CR, 15.7% reached mCR with hematologic improvement (HI), 5.9% reached HI and 13.7% reached mCR alone. For patients treated for ≥ 4 months, the ORR reached 85.3% (29/34), and the CRR was 44.1% (15/34). Among patients treated for ≥ 6 months, the ORR reached 89.3% (25/28), and the CRR was 53.6% (15/28), demonstrating increasing efficacy with prolonged treatment duration. Without having to resort to priming dose, the Grade ≥3 hemolysis was rare (only 1.8%). IMM01 (without low-dose priming) combined with azacitidine were well tolerated and showed exciting efficacy results in patients with treatment-naive higher-risk MDS, as demonstrated in the diagram below:

Waterfall Plot for Best Percent Change from Baseline in the Blast Cells in the Bone Marrow (1L MDS)



- We have completed the enrollment of patients for the Phase II clinical trial of IMM01 in combination with azacitidine for the first-line treatment of CMML in March 2023. 24 patients were enrolled. As of December 31, 2023, among the 22 evaluable patients, the ORR was 72.7% (16/22), including 27.3% (6/22) achieved CR, 13.6% reached marrow CR (mCR) with hematologic improvement (HI), 4.5% reached HI and 27.3% reached mCR alone. In patients treated for ≥ 4 months, the ORR reached 87.5% (14/16), and the CRR was 37.5% (6/16). Among patients treated for ≥ 6 months, the ORR reached 84.6% (11/13), and the CRR was 46.2% (6/13), revealing increasing efficacy with prolonged treatment duration. IMM01, without the use of low-dose priming, combined with azacitidine, was well tolerated in 1L CMML. The combination of IMM01 with azacitidine, showed exciting efficacy results for patients with treatment-naive CMML, as demonstrated in the diagram below:

Waterfall Plot for Best Percent Change from Baseline in the Blast Cells in the Bone Marrow (1L CMML)



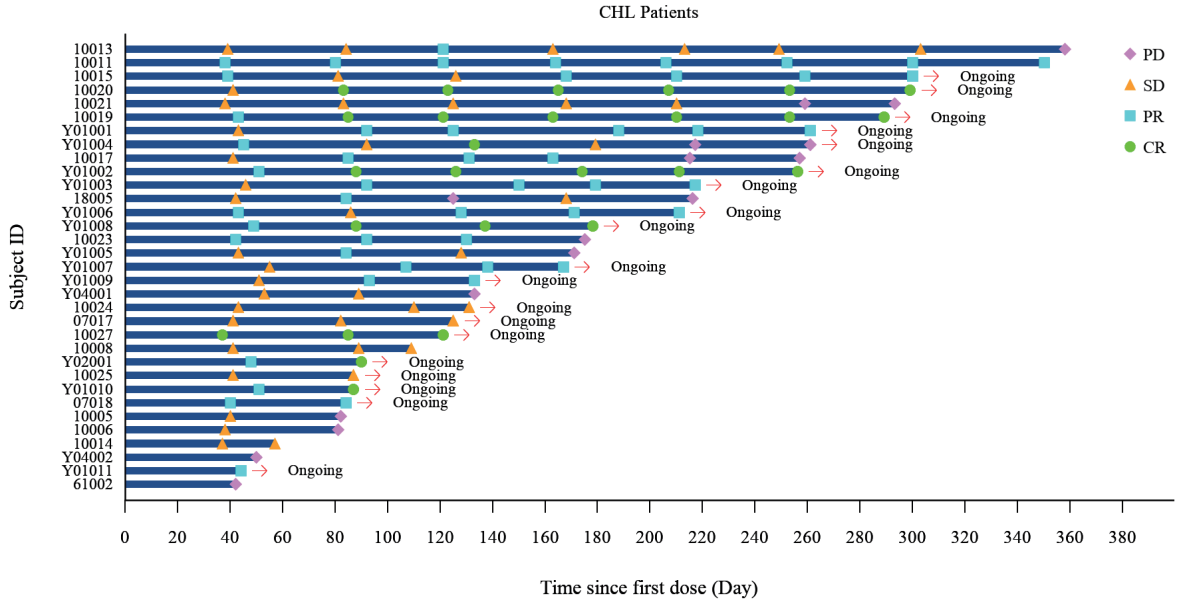
- Combination Therapy with Tislelizumab

  - We have dosed the first patient for the Phase II clinical trial of IMM01 in combination with tislelizumab on January 19, 2023, targeting R/R cHL patients who relapsed or progressed after the treatment of PD-1 inhibitors, and completed the Phase II enrollment in December 2023. As of March 1, 2024, 33 cHL patients were enrolled. Among 33 evaluable patients, 8 achieved CR, 14 achieved PR, resulting in an ORR of 66.7% and CRR of 24.2%, respectively. There was no reported hemolytic anemia or hemolysis in any of the patients. No patients experienced TRAEs leading to the study drug discontinuation or death. These results demonstrate encouraging antitumor efficacy, along with favorable tolerability and safety profiles.

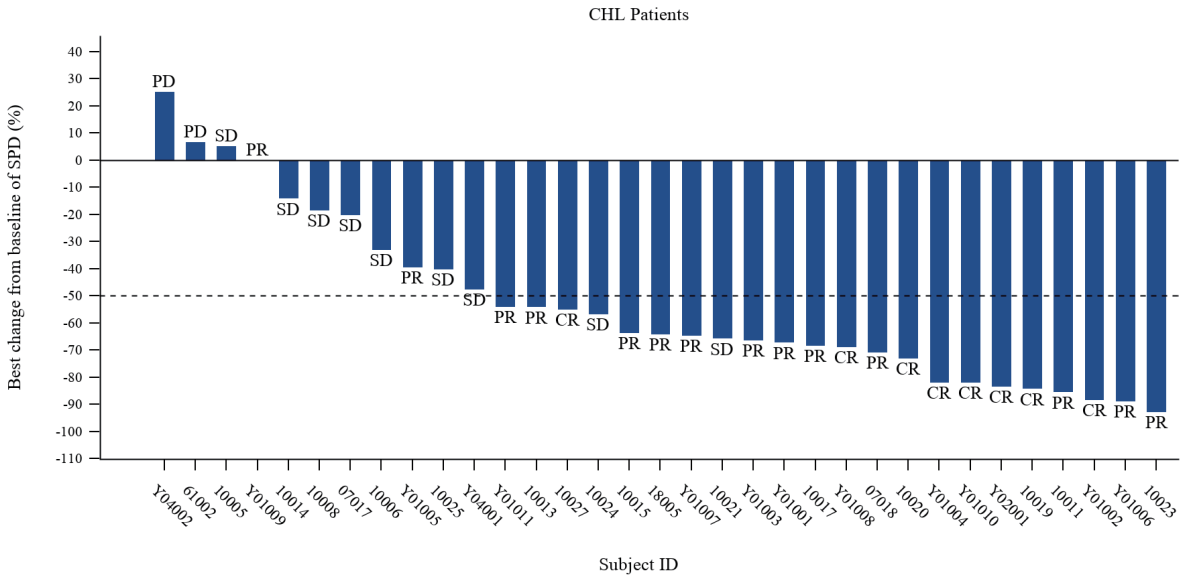
  - We expect to complete the Phase II clinical trial and initiate a pivotal trial for the treatment of anti-PD-1 resistant cHL in 2024. We have received approval from the NMPA for the protocol of the Phase III clinical trial of IMM01 in combination with tislelizumab, targeting R/R cHL patients who relapsed or progressed after the treatment of PD-1 inhibitors in April 2024.

  - The following diagrams illustrate the interim efficacy data of the combination of IMM01 and tislelizumab as of March 1, 2024:

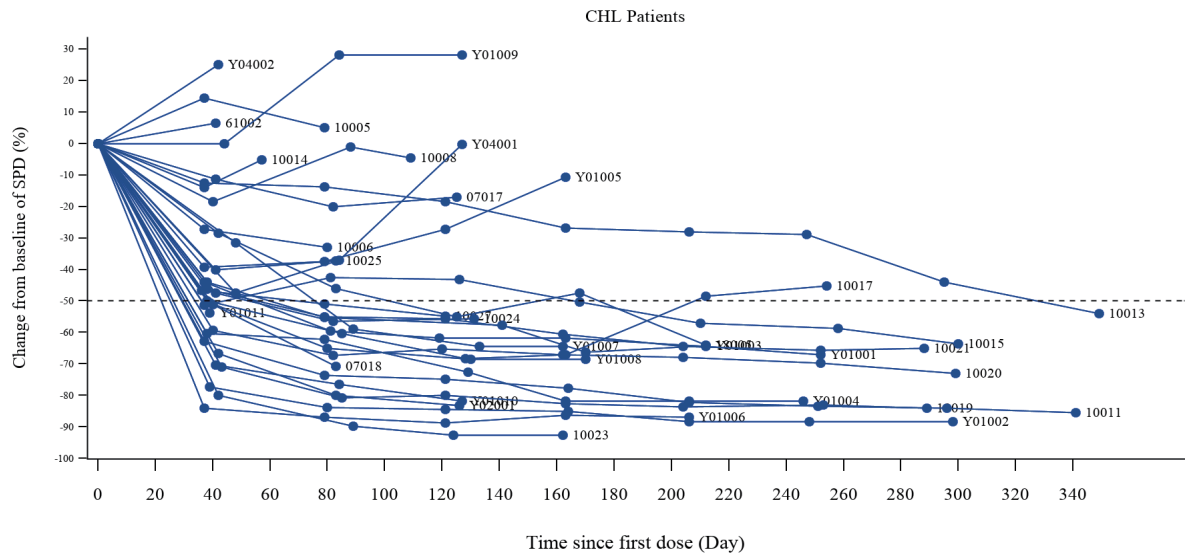
Duration of Treatment and Best Response



Best Percentage Change from Baseline in Target Lesion



Change in Target Lesion Tumor Size



- o Combination Therapy with Bortezomib and Dexamethasonum

  - ◆ We have obtained an IND approval for the Phase Ib/IIa clinical trial to evaluate the combination of IMM01 with bortezomib and dexamethasonum for the treatment of MM from the NMPA in January 2023.

- Potential Therapy for Treating Atherosclerosis

  - Based on solid scientific basis, IMM01 can also target atherosclerosis by blocking the CD47/SIRPα signaling pathway, and inducing macrophages to phagocytose the atherosclerotic plaque. IND-enabling study is currently ongoing for IMC-001 (IMM01) for the treatment of atherosclerosis.

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that IMM01 will ultimately be successfully developed and marketed by our Company.

- ***IMM0306 (CD47×CD20)***

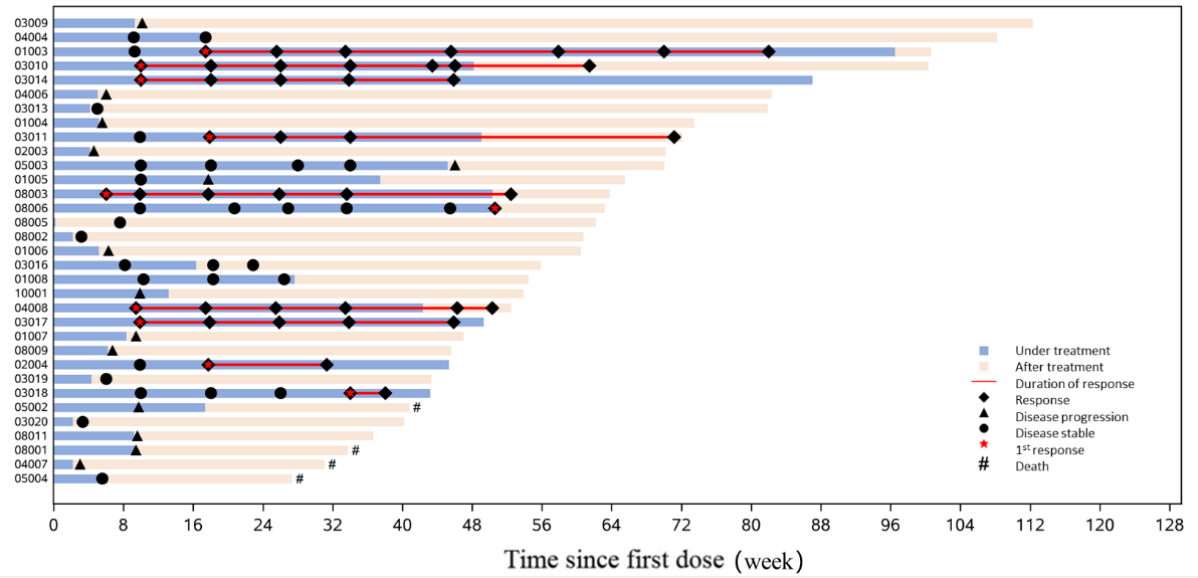
  - IMM0306 is a bispecific molecule that simultaneously targets both CD47 and CD20 and is the first CD47 and CD20 dual-targeting bispecific to enter into clinical stage globally. Based on our mAb-Trap platform, we designed the molecule of IMM0306 to consist of the CD47-binding domain of IMM01 and an ADCC-enhanced IgG1 Fc fragment which is capable of inducing full macrophage activation and much improved ADCP and ADCC activity, resulting in strong antitumor immune responses.

  - During the Reporting Period and up to the date of this annual report, we have achieved the following progress and milestones:

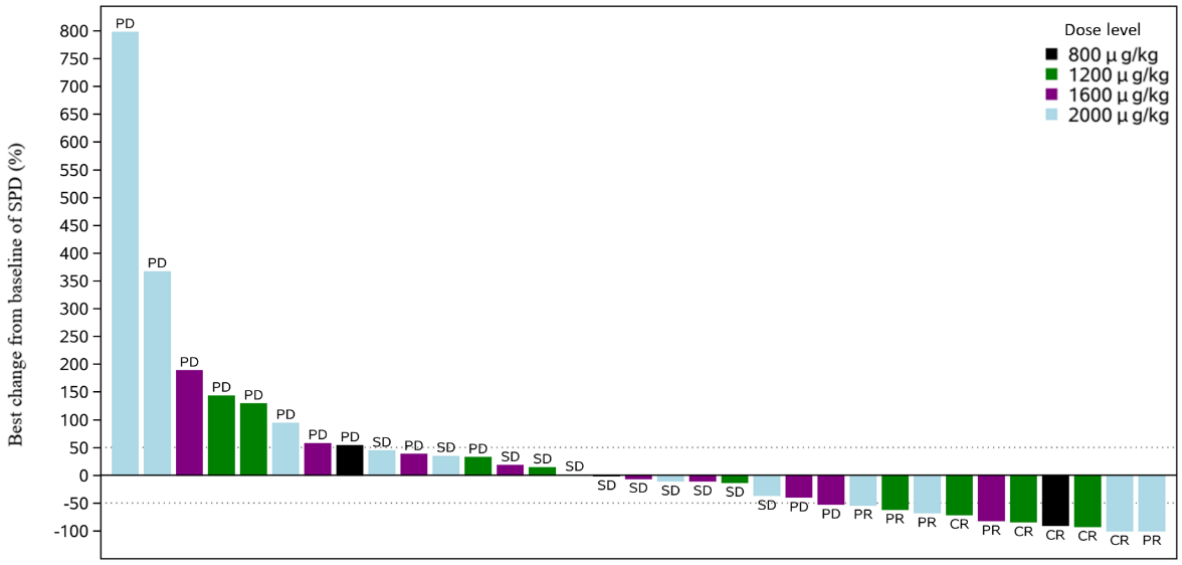
    - Monotherapy

      - As of December 31, 2023, 48 patients were enrolled. All patients received previous anti-CD20 therapy. No DLTs were observed. The RP2D was determined as 2.0 mg/kg. Among the patients who received active doses between 0.8 mg/kg and 2 mg/kg, 5 CR, 5 PR and 11 SD were observed. The following diagrams illustrate the interim efficacy data of the IMM0306 monotherapy:

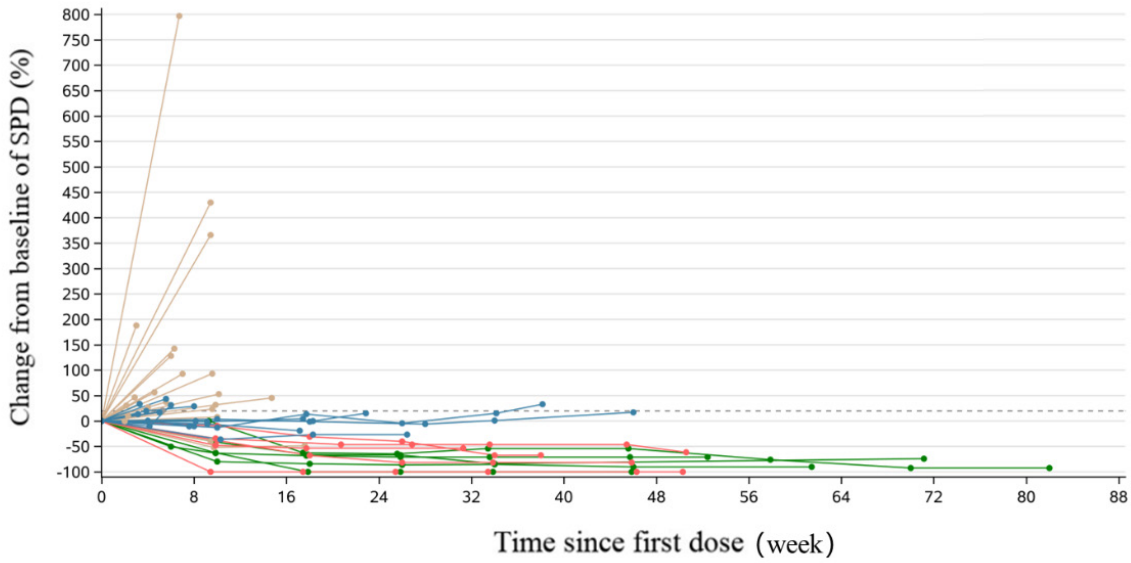
Duration of Treatment and Best Response



Best Percentage Change from Baseline in Target Lesion



Change in Target Lesion Tumor Size

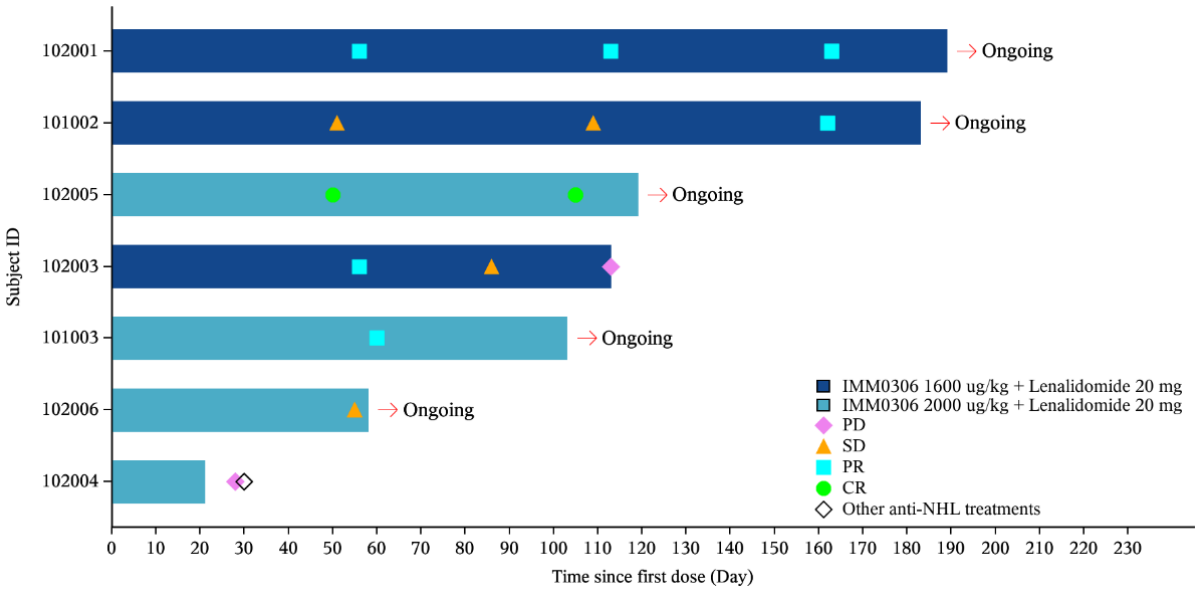


- We have completed the enrollment of patients for the Phase I trial and started the Phase II trial in the second quarter of 2023. Phase II study is currently ongoing.

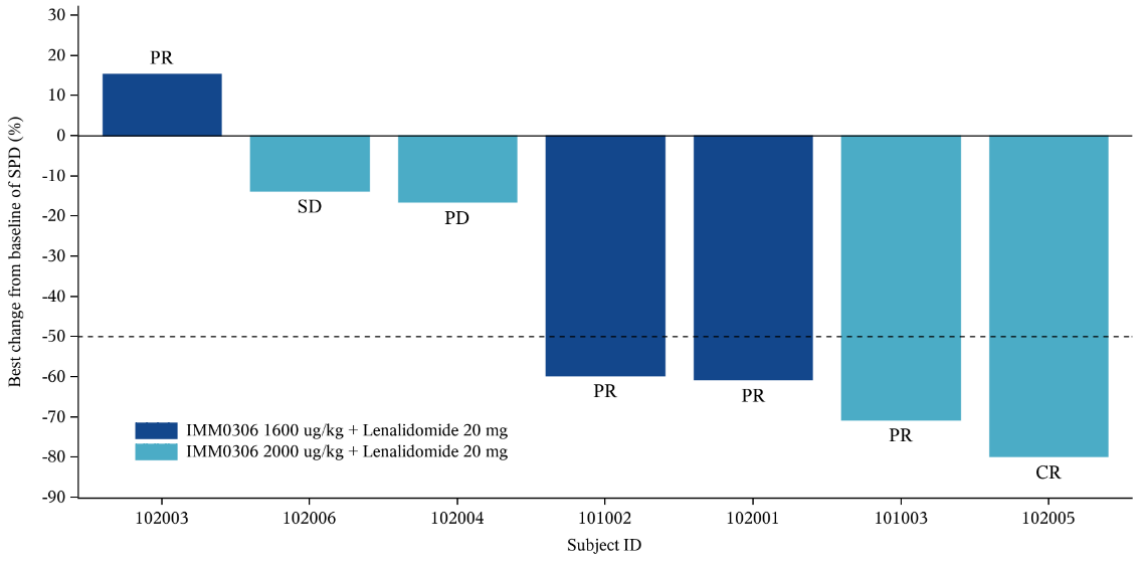
- Combination Therapy with Lenalidomide

  - We have dosed the first patient in the Phase Ib/IIa clinical trial, a combination study of IMM0306 and lenalidomide for R/R CD20-positive B-NHL in June 2023. A total of 8 patients were enrolled in this Phase Ib dose escalation trial at two dose levels (1.6 mg/kg and 2 mg/kg). According to our clinical data as of January 5, 2024, IMM0306 at the dose of 1.6 mg/kg in combination with lenalidomide at 20 mg/day was well-tolerated and demonstrated robust preliminary antitumor activity in patients with R/R FL and MZL. Among seven efficacy-evaluable patients in the ongoing Phase Ib trial, 1 CR (FL), 4 PR (2 FL, 2 MZL), and 1 SD were observed. The ORR and DCR were 71.4% and 85.7%, respectively. The following diagrams illustrate the interim efficacy data of the combination of IMM0306 and lenalidomide:

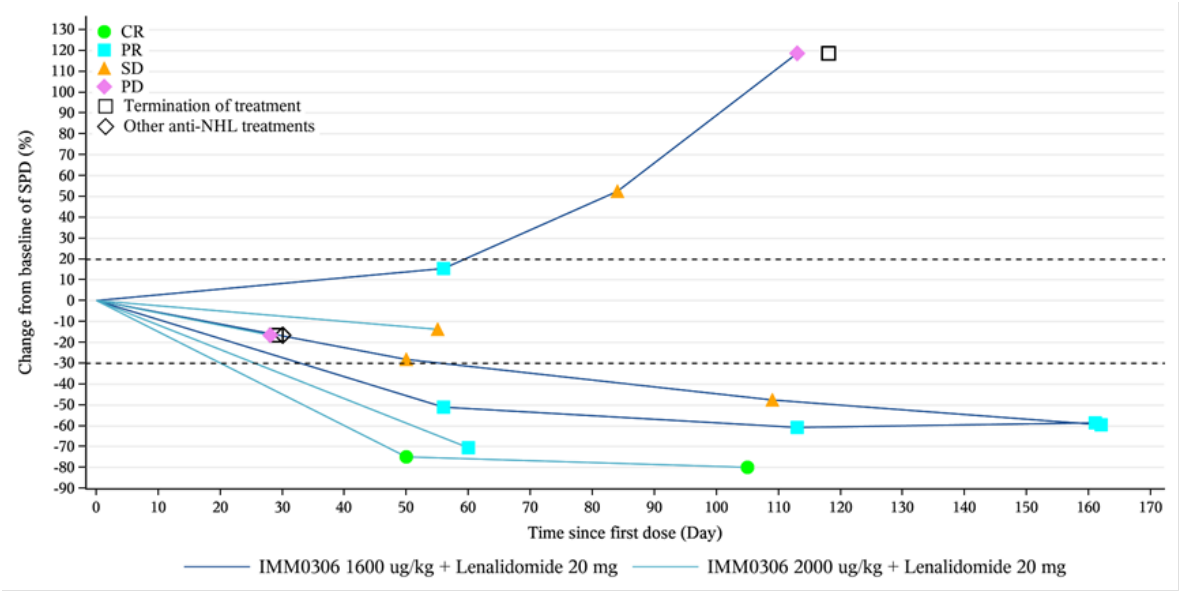
Duration of Treatment and Best Response



Best Percentage Change from Baseline in Target Lesion



Change in Target Lesion Tumor Size



o Potential Therapy for Treating Autoimmune Diseases

◆ B-cell depletion observed in IMM0306 clinical studies serves as a strong basis for its treatment of autoimmune diseases. The IND-enabling study is ongoing for IMC-002 (IMM0306) in treating autoimmune indications. We have filed an IND application with the NMPA for autoimmune indications in March 2024.

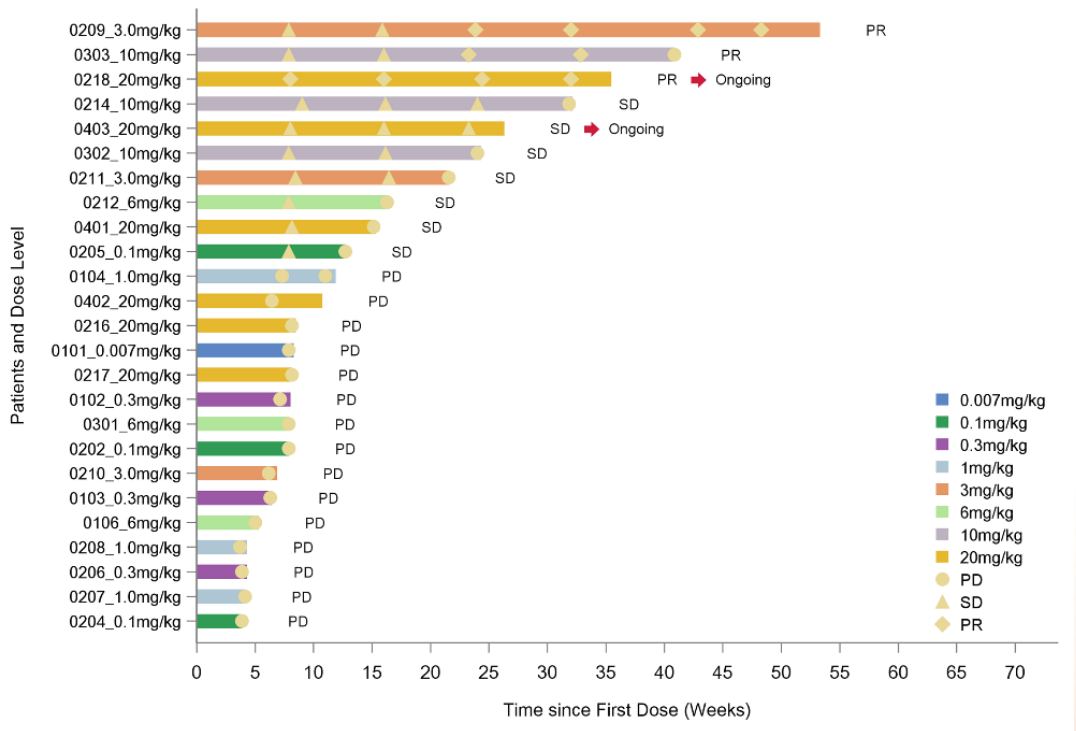
- ***IMM2510 (VEGF×PD-L1)***

➢ IMM2510 is a bispecific molecule with the mAb-Trap structure that targets VEGF and PD-L1 for the treatment of solid tumors. By targeting VEGF and PD-L1, IMM2510 is able to activate T-cell tumor killing activities and simultaneously inhibit tumor angiogenesis and tumor growth. Moreover, IMM2510 can also activate NK cells and macrophages through Fc-mediated ADCC/ADCP activities.

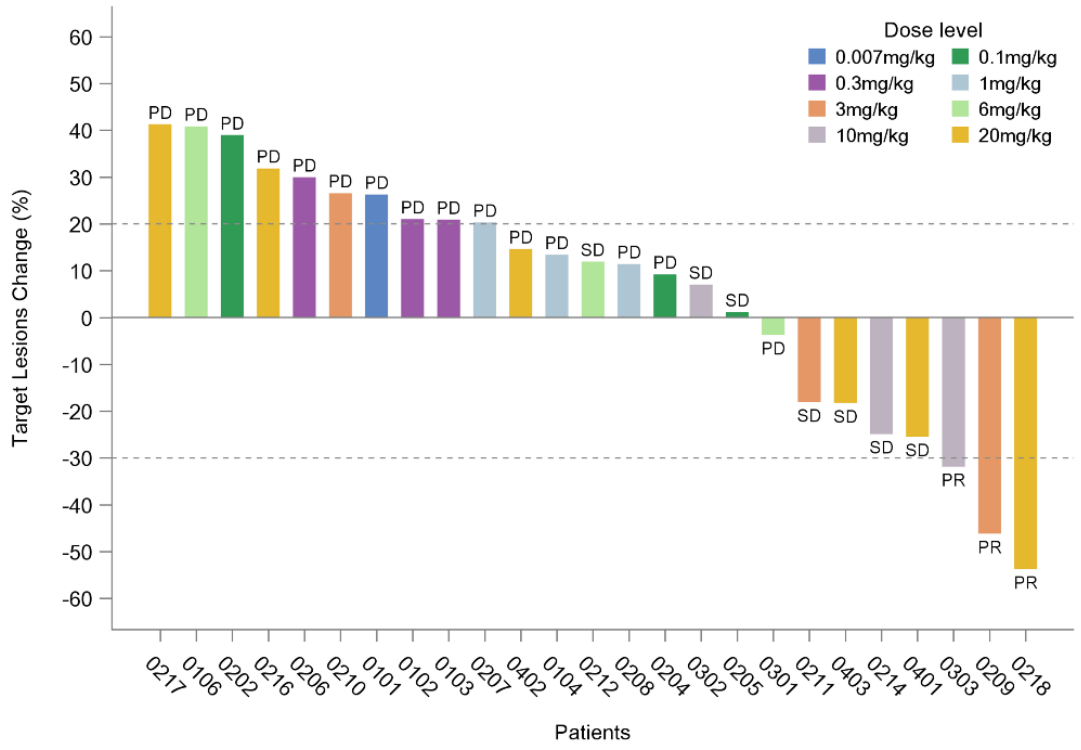
o Monotherapy

◆ We have completed the enrollment of patients for the Phase I dose-escalation study of IMM2510 in September 2023. Total 33 patients with advanced/metastatic solid tumors were enrolled and dosed. There was no DLT observed. The RP2D was determined to be 20 mg/kg administered Q2W. The clinical data as of December 31, 2023 from the Phase I trial of IMM2510 has demonstrated tolerable safety and promising antitumor activity particularly for treatments of R/R NSCLC and thymus adeno-squamous carcinoma. As of December 31, 2023, we have observed three patients had confirmed PR: one patient with sq-NSCLC (onco-driver gene negative, previous immuno-oncology treatment failure) at 3 mg/kg with tumor shrinkage 46% and still on the treatment with treatment duration over 20 months; one patient with sq-NSCLC at 10 mg/kg with tumor shrinkage about 32% along with treatment duration 9.4 months; one patient with thymus adeno-squamous carcinoma (PD-L1 CPS 80) at 20 mg/kg with tumor shrinkage over 53% and still remains on the treatment along with treatment duration 8.1 months. We observed seven patients with SD and four of them had over 15% tumor shrinkage (one cervical cancer patient with tumor shrinkage 17.9% at 3 mg/kg, two non-sq NSCLC patient with tumor shrinkage 24.8% and 18.1% at 10 and 20 mg/kg respectively, one ovarian cancer patient with tumor shrinkage 25.3% at 20 mg/kg). The following diagrams illustrate the interim efficacy data of IMM2510 monotherapy:

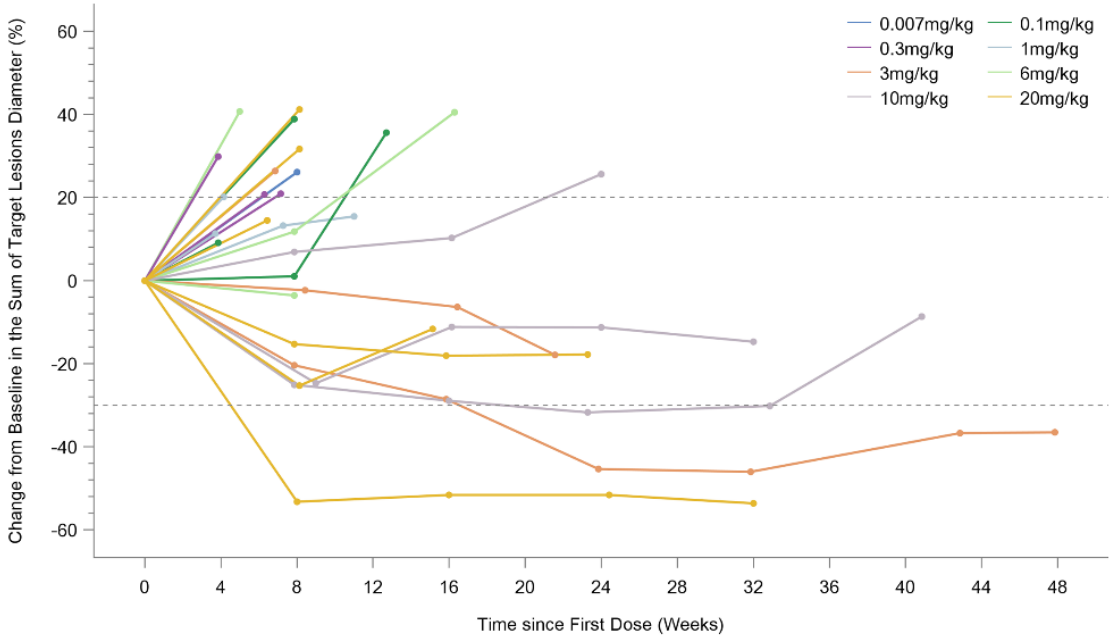
Duration of Treatment and Best Response



Best Change from Baseline in the Sum of Target Lesions



Change from Baseline in the Sum of Target Lesions



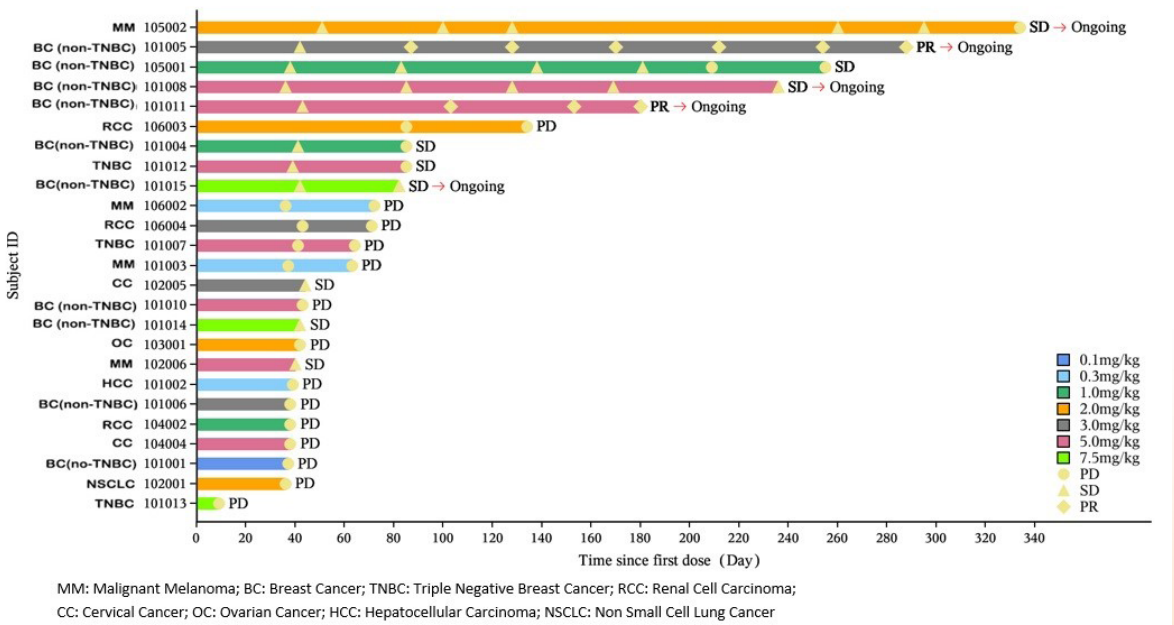
- We have dosed the first patient in the Phase II clinical trial of IMM2510 in China for the treatment of R/R STS in November 2023.

- Combination Therapy with IMM27M
  - We have received an IND approval from the NMPA for a Phase I clinical trial of IMM2510 in combination with IMM27M for advanced solid tumors in October 2023. We expect to initiate this trial in the second quarter of 2024.
- Combination Therapy with Chemotherapy
  - We have received IND approval from the NMPA for a Phase II clinical trial of IMM2510 in combination with chemotherapy for the first-line treatments of NSCLC or TNBC in November 2023.

- ***IMM27M (CTLA-4 ADCC-enhanced mAb)***
  - IMM27M is a new generation CTLA-4 antibody with enhanced ADCC activity through genetic engineering modification. As a protein receptor that can be found on the activated T cells, CTLA-4 can downregulate immune responses by binding to CD80/CD86, its natural ligands found on the surface of antigen presenting cells, delivering inhibitory signal and thus suppressing T-cell immune function. CTLA-4 antibodies can block the interaction between CTLA-4 and CD80/CD86, and thus enhance immune responses of T cells to tumor antigens.

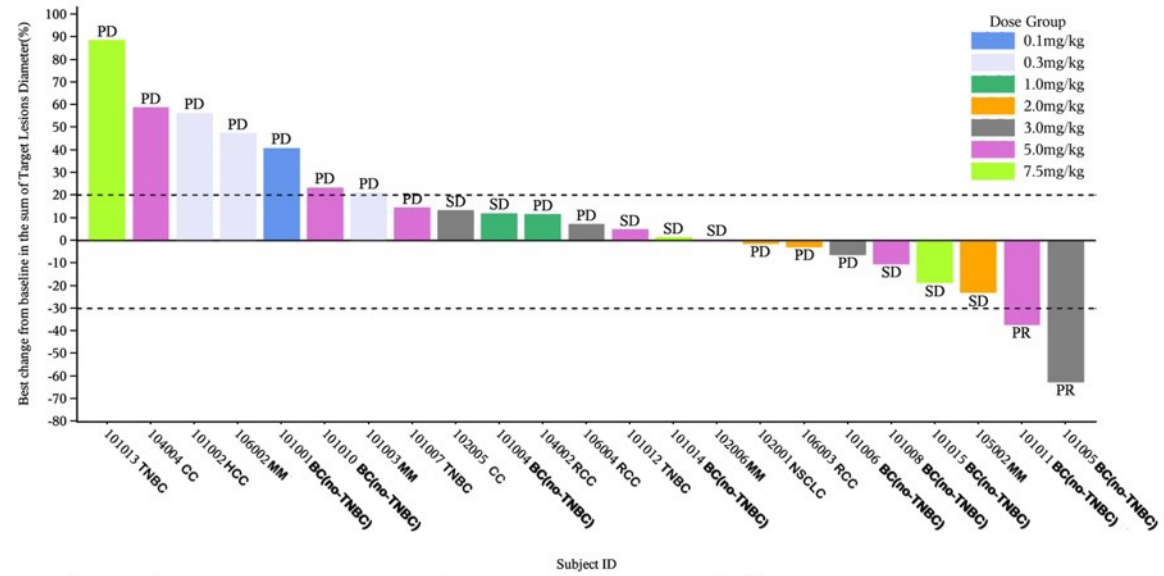
  - We have completed the enrollment of patients for the Phase I dose-escalation study of IMM27M, and the preliminary data has demonstrated that IMM27M is safe and well tolerated up to 7.5 mg/kg. There was no DLT observed. The RP2D was determined to be 5 mg/kg administered Q3W. In the Phase I dose-escalation study, we have observed 2 confirmed PRs, among whom one patient with hormone receptor (HR) positive breast carcinoma (BC) who had six lines of prior treatment has achieved tumor shrinkage of 62.5% at 3 mg/kg and response durable for about 9 months by December 31, 2023, and another patient with HR positive BC who had four lines of prior treatment has achieved tumor shrinkage of 41.0% at 5 mg/kg and response durable for over 4 months by December 31, 2023. We have observed 3 SDs with tumor shrinkage, among whom one metastatic melanoma has achieved tumor shrinkage of 22.9% at 2 mg/kg and two HR positive BCs have achieved tumor shrinkage of 18.5% at 7.5 mg/kg and 10.3% at 5 mg/kg, respectively. The following diagrams illustrate the interim efficacy data of the IMM27M:

Duration of Treatment and Best Response



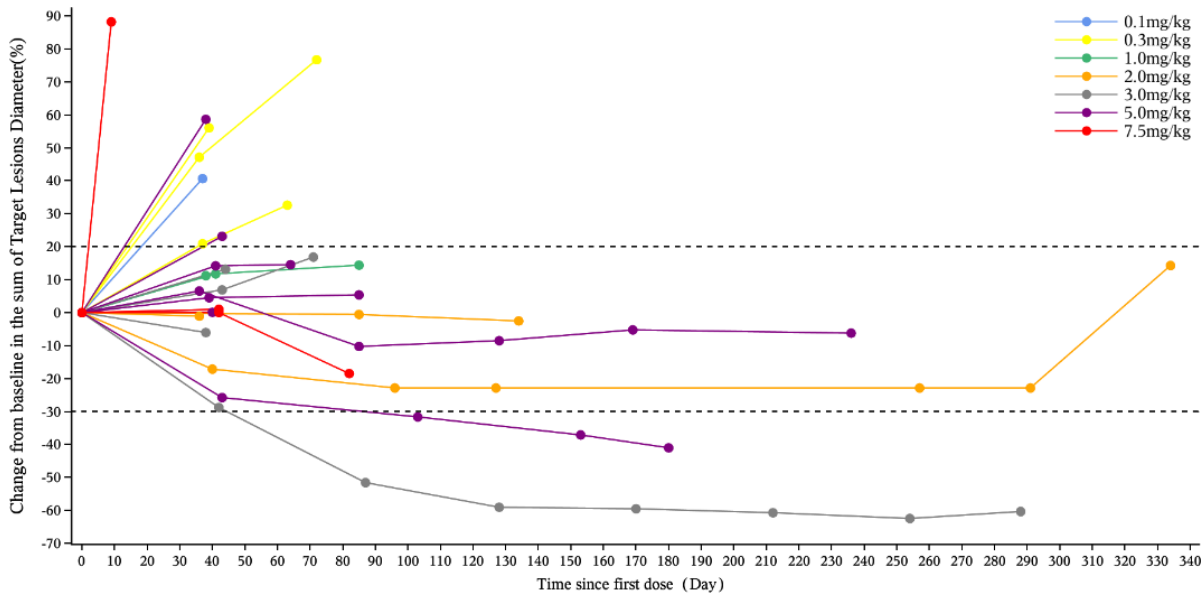
MM: Malignant Melanoma; BC: Breast Cancer; TNBC: Triple Negative Breast Cancer; RCC: Renal Cell Carcinoma; CC: Cervical Cancer; OC: Ovarian Cancer; HCC: Hepatocellular Carcinoma; NSCLC: Non Small Cell Lung Cancer

Best Change from Baseline in the Sum of Target Lesions



MM: Malignant Melanoma; BC: Breast Cancer; TNBC: Triple Negative Breast Cancer; RCC: Renal Cell Carcinoma; CC: Cervical Cancer; OC: Ovarian Cancer; HCC: Hepatocellular Carcinoma; NSCLC: Non Small Cell Lung Cancer

Change from Baseline in the Sum of Target Lesions



- ***IMM2520 (CD47×PD-L1)***
  - IMM2520 is a CD47 and PD-L1 dual-targeting bispecific molecule for the treatment of solid tumors. IMM2520 consists of a PD-L1 antibody with an engineered ADCC-enhanced IgG1 Fc region, linked to the same CD47-binding domain used in IMM01 at the N-terminus of heavy chains. This unique structure allows our CD47-based bispecific molecules to avoid RBC binding, thus enabling the adoption of an ADCC-enhanced IgG1 Fc fragment to fully activate macrophages and induce enhanced ADCP and ADCC activity, resulting in potent integrated antitumor immune responses.

- We have dosed the first patient at 0.1 mg/kg dose level on March 23, 2023 in the Phase I study of IMM2520 targeting solid tumor indications, with a particular focus on those solid tumors generally resistant or not sensitive to the currently available immunotherapies, such as CRC, GC, lung cancer and HNSCC. By the end of 2023, 12 patients in total have been enrolled and dosed. Preliminary data has demonstrated that IMM2520 is safe and well tolerated up to 2.0 mg/kg. There was no dose limiting toxicity (DLT) observed yet. The dose escalation is still ongoing. As of December 31, 2023, we have observed 3 SDs with over 10% tumor shrinkage in 10 evaluable patients, among whom one patient with cervical cancer who failed the first line of treatment has achieved tumor shrinkage 21.1% at initial 0.1 mg/kg dose level, and one patient with SCLC who had two lines of prior treatment including anti-PD-1 therapy has achieved tumor shrinkage of 19.0% at 2.0 mg/kg by the end of 2023 and the tumor shrinkage further increased to 26.3% in January 2024, and one patient with colorectal cancer who had more than four lines of therapy previously has achieved tumor shrinkage of 11.4% at 2.0 mg/kg. We expect to complete this trial in 2024. With further clinical validation from the Phase I trial in China, the Company will carefully decide whether to proceed with a clinical trial or explore potential collaboration opportunities in the U.S.

- ***IMM2902 (CD47×HER2)***
  - IMM2902 is an innovative bispecific molecule targeting CD47 and HER2 simultaneously. With its unique structural design with the engineered CD47-binding fragment connected to the N-terminus of light chains, our IMM2902 shows no RBC binding in vitro, and is able to adopt an ADCC-enhanced IgG1 Fc fragment capable of inducing full macrophage activation, enhanced ADCP and ADCC activity, and potent antitumor immune responses.
  - We have initiated a Phase Ia/Ib trial for IMM2902 in advanced HER2-positive and HER2-low expressing solid tumors in China in February 2022. Dose escalation is on-going for the 7th cohort at 4.0mg/kg (step-up dose regimen). We expect to complete dose escalation by the end of 2024.
  - We have also initiated the clinical trial for advanced HER2-positive and HER2-low expressing solid tumors in the U.S. with the first patient dosed in June 2022. Dose escalation is still on-going. Moreover, we have received Fast Track Designation from the FDA for breast cancer in July 2022.

- ***IMM47 (CD24 mAb)***
  - IMM47 is a CD24-targeted humanized antibody we internally screened and developed with global first-in-class potential for the treatment of solid tumors. CD24 is widely expressed in numerous types of solid tumors, including BC, NSCLC, CRC, HCC, RCC and OC, and has been recognized as an important marker for poor prognosis of those cancers, presenting a huge market potential in a broad-spectrum application. With a high affinity for CD24, IMM47 is able to suppress the CD24/Siglec-10 inhibitory signals sent to macrophages, NK cells and T cells. With its ADCC-enhanced IgG1 Fc, IMM47 can potently activate macrophage and NK cell-immune responses through ADCP and ADCC. It has also been shown to significantly increase the amount of M1 macrophages in tumor tissues in our in vivo proof-of-concept studies. IMM47 can also activate and promote T-cell response likely through tumor antigen presentation by activated macrophages to T cells and direct blockade of CD24/Siglec-10 inhibitory signals. We have obtained an IND approval for IMM47 for the treatment of advanced malignant tumors from the NMPA and advanced solid tumors and R/R B-NHL from FDA in October and December 2023, respectively.
  - We have dosed the first patient for the Phase I clinical trial of IMM47 in Australia in September 2023.

During the past year, we have also expanded our early research and development efforts into non-oncology therapeutic areas, and achieved significant progress, including:

- ***IMM72 (ACTRIIA fusion protein)***
  - IMM72 is a new generation ACTRIIA fusion protein through genetic engineering modification with better activity and quality attributes than sotatercept. We have completed the pilot efficacy study in rat mode for PAH. We have observed preliminary efficacy of skeletal muscle increasement in mice. We have completed cell line development, and have developed upstream and downstream process in 3L bioreactor. We expect to apply for IND in 2024.

- ***IMM7211b (ACTRIIA×non-disclosed target bispecific molecule)***
  - IMM7211b is a bispecific antibody targeting ACTRIIA and a non-disclosed target, which can be used for the treatment of patients with osteoporosis and increase of muscle mass in patients. We have completed the screening and proof of concept study of the candidates. Cell line development is in progress.

- ***IMM67 (recombinant human hyaluronidase)***
  - IMM67 is a recombinant human hyaluronidase engineered and expressed by mammalian cells. Our IMM67 can locally degrade hyaluronan in the subcutaneous space and remove the barrier to fluid flow temporarily, and thus overcome volume limitation to subcutaneous injection. We have completed the development of IMM67 as a pharmaceutical excipient in small-scale bioreactors. Pilot manufacturing is currently in progress, with registration filing to the NMPA anticipated by the end of 2024.

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that IMM0306, IMM2520, IMM2510, IMM27M, IMM2902, IMM47, IMM72, IMM7211b and IMM67 will ultimately be successfully developed and marketed by our Company.

FUTURE AND OUTLOOK

Looking forward to 2024, we will continue to advance the development of our drug candidates to unleash their therapeutic potential and address substantial unmet medical needs. We will follow a stepwise clinical development strategy to evaluate our drug candidates and expand their clinical application. In addition, we plan to expand our overseas footprint and develop immuno-oncology therapies to fully grasp tremendous market opportunities. We expect to rapidly advance clinical studies in China, and may subsequently utilize the China data to accelerate the clinical progress in other markets in order to save the time and costs of clinical development globally. Also, we will continue to single out and evaluate other innate immune checkpoints and enrich our pipeline with novel therapies.

Cautionary Statement under Rule 18A.08(3) of the Listing Rules: Our Company cannot guarantee that it will be able to successfully develop or ultimately market our Core Product.

FINANCIAL REVIEW

Revenue

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Revenue from sales of cell strain and other products	**367**	499
Revenue from testing services	**19**	39
Total	**386**	538

For the years ended December 31, 2023 and 2022, our Group recorded revenue of RMB0.4 million and RMB0.5 million, respectively. Our revenue was generated from sales of cell strain and other products, and provision of testing services. Our revenue generated from sales of cell strain and other products mainly represents the income from selling cell lines and growth medium developed by us. Our revenue generated from testing services mainly represents the income from providing testing assays through fee-for-service contracts.

Other Income

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Government grants	**7,309**	5,152
Bank interest income	**10,799**	9,505
Others	**137**	—
Total	**18,245**	14,657

Our other income increased from RMB14.7 million for the year ended December 31, 2022 to RMB18.2 million during the year ended December 31, 2023, primarily attributable to an increase in government grants of RMB2.2 million and an increase of bank interest income of RMB1.3 million.

Other Gains and Losses, Net

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Gains from changes in fair value of financial assets at FVTPL	**1,761**	—
Net foreign exchange gains	**96**	26,106
Loss from changes in fair value of financial liabilities at FVTPL	**—**	(55,510)
Others	**(79)**	(32)
Total	**1,778**	(29,436)

Our other gains and losses, net changed from losses of RMB29.4 million for the year ended December 31, 2022 to gains of RMB1.8 million for the year ended December 31, 2023, which was mainly attributable to (i) a decrease of RMB55.5 million in loss from changes in fair value of financial liabilities at FVTPL, due to the fact that we no longer recorded any financial liabilities at FVTPL since January 31, 2022, and our investors' preferred rights, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same day, and (ii) a decrease of RMB26.0 million in net foreign exchange gains, in connection with fluctuations in the RMB-USD exchange rate; partially offset by an increase of RMB1.8 million in gains from changes in fair value of financial assets at FVTPL, mainly due to the gains from our wealth management products.

Research and Development Expenses

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Preclinical and CMC expenses	**42,883**	56,628
Clinical trial expenses	**120,584**	95,667
Salaries and related benefit costs	**61,629**	49,417
Costs of materials and consumables	**12,304**	15,005
Share-based payments	**31,160**	40,740
Depreciation expenses	**13,950**	12,163
Others	**9,434**	7,726
Total	**291,944**	277,346

Our research and development expenses consisted of (i) preclinical and CMC expenses, mostly resulting from the engagement of CROs, CDMOs and other service providers to conduct preclinical studies and CMC on our behalf; (ii) clinical trial expenses for our drug candidates, including expenses with respect to the engagement of clinical trial sites and principal investigators, as well as other expenses incurred in connection with our clinical trials; (iii) salaries and related benefit costs (exclusive of non-cash share-based payments) for our research and development activities; (iv) costs of materials and consumables, primarily representing expenses for procuring materials and consumables used to support our preclinical studies and clinical trials; (v) non-cash share-based payments for our research and development functions; (vi) depreciation expenses, mainly including depreciation expenses for right-of-use assets, property and equipment used for research and development purposes; and (vii) others, including utilities, travelling and transportation expenses and other miscellaneous expenses.

Our research and development expenses increased by 5.3% from RMB277.3 million for the year ended December 31, 2022 to RMB291.9 million for the year ended December 31, 2023, primarily due to (i) an increase of RMB24.9 million in clinical trial expenses due to the advancement of our clinical drug candidates; and (ii) an increase of RMB12.2 million in salaries and related benefit costs due to the continuous expansion of our clinical team throughout 2022, in line with our continuous research and development efforts in advancing and expanding our pipeline of drugs; partially offset by a decrease of RMB13.7 million in preclinical and CMC expenses due to (i) the decrease in testing expenses for certain preclinical drug assets in preparation for IND application filings; and (ii) a decrease of RMB9.6 million in share-based payments, resulting from a decrease in the number of restricted shares vested for the year ended December 31, 2023.

Administrative Expenses

Our administrative expenses decreased by 13.3% from RMB92.8 million for the year ended December 31, 2022 to RMB80.4 million for the year ended December 31, 2023, which was mainly caused by the decrease of non-cash share-based payments, resulting from a decrease in the number of restricted shares vested for the year ended December 31, 2023.

Listing Expenses

Listing expenses represent expenses incurred for the Global Offering. We recorded listing expenses of RMB26.0 million for the Reporting Period.

Finance Costs

Our finance costs increased from RMB0.8 million for the year ended December 31, 2022 to RMB1.5 million for the year ended December 31, 2023, primarily due to an increase in interest on borrowings.

Income Tax Expense

We recognized no income tax expenses for the years ended December 31, 2022 and 2023.

Loss for the Year

Based on the factors described above, the Group's loss decreased from RMB402.9 million for the year ended December 31, 2022 to RMB379.5 million for the year ended December 31, 2023.

Non-IFRS Measure

To supplement our consolidated statements of profit or loss and other comprehensive expenses which are presented in accordance with IFRSs, we also use adjusted net loss as a non-IFRS measure, which is not required by, or presented in accordance with, IFRSs. We believe that the presentation of the non-IFRS measure when shown in conjunction with the corresponding IFRS measures provides useful information to management and investors in facilitating a comparison of our operating performance from year to year. In particular, the non-IFRS measure eliminates impact of certain expenses/(gains), including loss/(gain) from changes in fair value of financial liabilities at FVTPL (which ceased to be recorded since January 31, 2022), share-based payments and listing expenses. Such non-IFRS measure allows investors to consider metrics used by our management in evaluating our performance.

The use of the non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for, or superior to, analysis of our results of operations or financial condition as reported under IFRSs. In addition, the non-IFRS financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The table below sets forth a reconciliation of the loss to adjusted loss during the years indicated:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Loss for the year	**(379,459)**	(402,894)
Added:		
Loss from changes in fair value of financial liabilities at FVTPL	**—**	55,510
Share-based payment expenses	**71,642**	103,829
Listing expenses	**25,976**	17,724
Adjusted loss for the year	**(281,841)**	(225,831)

Material Acquisitions and Disposals

During the year ended December 31, 2023, our Group did not have any material acquisitions or disposals of subsidiaries, associates, and joint ventures.

Capital Structure, Liquidity and Financial Resources

As of December 31, 2023, our cash and cash equivalents, which were primarily denominated in USD, HKD and RMB, term deposits and financial assets at fair value through profit or loss were RMB608.6 million aggregately, as compared to RMB635.2 million as of December 31, 2022. The decrease was primarily attributed to (i) cash outflows used in our daily business operation and our research and development activities during the Reporting Period, and (ii) our subscription of financial assets at fair value through profit or loss, partially offset by the cash inflows from the proceeds from the Global Offering.

As of December 31, 2023, our current assets were RMB686.7 million, including cash and cash equivalents of RMB307.0 million, term deposits of RMB42.5 million, financial assets at fair value through profit or loss of RMB259.1 million, and prepayments and other receivables of RMB78.1 million. As of December 31, 2023, our current liabilities were RMB115.9 million, including trade and other payables of RMB51.5 million, lease liabilities of RMB4.4 million and bank borrowings of RMB60.0 million.

During the year ended December 31, 2023, net cash used in operating activities of our Group amounted to RMB367.6 million, representing an increase of RMB128.9 million compared to RMB238.7 million during the year ended December 31, 2022. The increase was mainly due to our business expansion as well as the progress advancement of our clinical trials.

During the year ended December 31, 2023, our net cash used in investing activities increased to RMB294.8 million, compared to the net cash flows generated from investing activities of RMB49,000 for the year ended December 31, 2022. This change was mainly due to our purchase of financial assets at FVTPL, partially offset by the withdrawal of financial assets at FVTPL.

During the year ended December 31, 2023, net cash generated from financing activities of our Group increased by RMB151.6 million to RMB331.0 million from RMB179.4 million during the year ended December 31, 2022. The increase was mainly due to proceeds from the Global Offering and cash from unsecured bank borrowings, partially offset by issue costs paid.

As at December 31, 2023, the Group had available unutilized bank loan facilities of approximately RMB80.0 million.

As part of our treasury management, we invested in certain term deposits, wealth management products and structured deposits to better utilize excess cash when our cash sufficiently covered our ordinary course of business. We have implemented a series of internal control policies and rules setting forth overall principles as well as detailed approval process for our treasury management activities. Going forward, we believe our liquidity requirements will be satisfied by a combination of net proceeds from the Global Offering, funds received from potential collaboration arrangements and cash generated from our operations after the commercialization of our drug candidates.

Gearing Ratio

The gearing ratio (calculated by total liabilities divided by total assets) of the Group as of December 31, 2023 was 14.4%, representing an increase of 7.2% from the gearing ratio of 7.2% as at December 31, 2022, primarily due to an increase in our total liabilities, mainly resulting from an increase of RMB60.0 million in our bank borrowings.

Indebtedness

As of December 31, 2023, we had unsecured bank borrowings of RMB60.0 million, which were primarily denominated in RMB and with original maturity of within one year, as compared to nil as of December 31, 2022. The interest rate of our bank borrowings ranged from 3.0% to 3.4% as of December 31, 2023.

Our lease liabilities stayed relatively stable at RMB14.6 million as of December 31, 2022 and RMB14.8 million as of December 31, 2023.

Capital Commitments

As of December 31, 2023, we had capital commitments contracted, but not yet provided, of RMB6.0 million. As of December 31, 2022, our Group had capital commitments contracted, but not yet provided, of RMB5.7 million. Such capital commitments reflected capital expenditure we contracted for but not provided in the consolidated financial statements in respect of acquisition of property and equipment.

Contingent Liabilities

As of December 31, 2023, our Group did not have any contingent liabilities.

Pledge of Assets

There was no pledge of our Group's assets as of December 31, 2023.

Significant Investments Held

During the Reporting Period, we subscribed for four redeemable wealth management products of structured notes (the "**Wealth Management Products**") using our internal surplus cash reserves from four different reputable institutions, including GF Securities (Hong Kong) Brokerage Limited (廣發証券(香港)經紀有限公司), Shenwan Hongyuan Securities (H.K.) Limited (申萬宏源證券(香港)有限公司), China Securities (International) Asset Management Company Limited (中信建投(國際)資產管理有限公司) and Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司), with effective date of subscription of September 18, 2023, September 15, 2023, September 20, 2023 and November 10, 2023, respectively, which recorded a gain on changes in fair value for the Reporting Period of RMB1,329,000, RMB462,000, RMB554,000 and RMB175,000, respectively. Each of the Wealth Management Products has a term for one year, and carries an expected annualized rate of return of 1.5%-4.5%. Such Wealth Management Products had the fair value as of December 31, 2023 of RMB123,044,000, RMB45,769,000, RMB45,150,000 and RMB45,122,000, respectively, each of which accounts for 5% or more of the Group's total assets as of December 31, 2023. For further details of the wealth management product from GF Securities (Hong Kong) Brokerage Limited, please refer to the Company's announcement dated September 13, 2023.

We believe that appropriate wealth management with low risk exposure is conducive to enhancing the utilization of capital and increasing income from idle funds of the Group, and that diversified, readily redeemable investments in cash management products are conducive to enhancing the safety and flexibility of our cash management.

Saved as disclosed above, the Group did not hold any significant investments during the Reporting Period.

Foreign Exchange Exposure

Certain financial assets and liabilities of the Group are denominated in foreign currency of respective Group entities which are exposed to foreign currency risk. We currently do 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.

Employees and Remuneration Policies

As at December 31, 2023, our Group had 145 employees in total. The total remuneration costs amounted to RMB155.7 million for the year ended December 31, 2023, as compared to RMB173.1 million for the year ended December 31, 2022. The decrease in total remuneration was mainly due to the decrease in non-cash share-based payments, resulting from a decrease in the number of restricted shares vested for the year ended December 31, 2023.

In order to maintain the quality, knowledge and skill levels of our workforce, our Group provides continuing education and training programs, including internal and external training, for our employees to improve their technical, professional or management skills. Our Group also provides training programs to our employees from time to time to ensure their awareness and compliance with our policies and procedures in various aspects.

We provide various incentives and benefits for our employees. We offer competitive salaries, bonuses and share-based compensation to our employees, especially key employees. 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 in accordance with applicable laws. In recognition of the contributions of our employees and to incentivize them to further promote our development, the Company approved and adopted the employee incentive plans on January 31, 2021 and December 20, 2021, respectively. Please refer to the paragraph headed "Appendix IV — Statutory and General Information — C. Further Information about Directors, Supervisors, Management and Substantial Shareholders — 4. Employee Incentive Plans" to the Prospectus and the section headed "Employee Shareholding Platforms" in this annual report for further details.

Directors, Supervisors and Senior Management

DIRECTORS

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

Executive Directors

Dr. Tian Wenzhi (田文志), aged 60, founded our Group in June 2015 and has been serving as a Director since then. He has been serving as the chairman of our Board and the chief executive officer of our Company since December 15, 2015 and has been serving as the chief scientific officer of our Company since June 18, 2018. He was re-designated as an executive Director on June 14, 2022. Dr. Tian is responsible for the overall strategic planning, business management, and research and development of our Group. Since inception, Dr. Tian has been the key driving force in our innovation and overseen our science-driven research and development efforts, from discovery, target selection and validation, CMC development, to clinical studies. Dr. Tian also serves as a director of each of the following subsidiaries of the Company including ImmuneTANK, ImmuneOnco Shanghai, Macroimmune, ImmuneOnco Hong Kong and ImmuneCare.

Dr. Tian has over 30 years of experience in the biomedical industry. Prior to founding our Company, Dr. Tian served as a teaching assistant at the Medical School of Zhengzhou University (鄭州大學醫學院) (formerly known as Henan Medical University (河南醫科大學) from July 1990 to September 1993. Dr. Tian also worked on cloning of c-Rel regulated genes that are involved in B cell functions at Weill Cornell Medical College for several years. He later served as a principal research associate at ImClone Systems Inc., a company primarily engaging in research and development of anti-tumor antibody drugs from January 2006 to April 2011, where he was responsible for research of monoclonal antibody drugs addressing novel tumor targets. Dr. Tian co-founded Huabo Biopharm (Shanghai) Co., Ltd. (華博生物醫藥技術(上海)有限公司) ("**Huabo Biopharm**"), a company primarily engaging in research and development of new biological drug in tumors and autoimmune diseases, and served as its general manager from June 2011 to April 2015.

Dr. Tian was recognized as a senior biomedical engineer by Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in November 2019. Dr. Tian served as a visiting professor at the First Affiliated Hospital of Zhengzhou University (鄭州大學第一附屬醫院), a visiting professor at Henan Medical University (河南大學醫學院), a distinguished professor at the Second Affiliated Hospital of Zhengzhou University (鄭州大學第二附屬醫院) and a visiting professor at School of Pharmacy, Fudan University (復旦大學藥學院), respectively.

Dr. Tian has published 32 scientific papers, participated in the edition of one monograph and owns 28 issued patents.

Dr. Tian obtained a bachelor's degree in medicine and a master's degree in immunology of basic medicine department from the Medical School of Zhengzhou University (河南醫科大學) in the PRC in July 1987 and July 1990, respectively. As accredited by a globally recognized institution providing credential evaluation, World Education Services, in September 2022, such education is equivalent to the Doctor of Medicine and a master's degree in the United States. Dr. Tian pursued his postdoctoral training as a Doctor of Medicine at North Shore University Hospital in the United States from October 1997 to April 2001. He also participated in research at Karolinska Institute in Sweden.

Mr. Li Song (李松), aged 39, joined our Group in December 2015 and has been serving as a Director since then. Mr. Li served as the senior director of research and development of our Company from January 2019 to January 2023, and has been serving as the vice president of research and development of our Company since January 2023. He was re-designated as an executive Director on June 14, 2022. Mr. Li is responsible for leading preclinical research and development efforts of our Group.

Mr. Li has over 10 years of experience in the biopharmaceutical and biological science industries. Prior to joining our Group, Mr. Li served as a manager of the research and development department at Huabo Biopharm from April 2012 to December 2015, where he was responsible for in vitro studies of antibodies and fusion proteins, construction of stable cell strains and other matters related to molecular biology.

Mr. Li obtained a bachelor's degree in biological science from Inner Mongolia University of Science & Technology (內蒙古科技大學) in the PRC in July 2008 and a master's degree in biochemistry and molecular biology from Jilin Agricultural University (吉林農業大學) in the PRC in July 2011.

Ms. Song Ziyi (宋子一), aged 40, has been serving as the chief financial officer of our Company since July 2021 and a Director since January 2022. She was re-designated as an executive Director on June 14, 2022. Ms. Song has tendered her resignation as an executive Director and the chief financial officer of the Company, with effect from March 2, 2024, in order to devote more time to her other business commitments. For further details, please refer to the Company's announcement dated March 1, 2024. Prior to her resignation, Ms. Song was responsible for the formulation of financial and development strategies, and overseeing the overall financial management and corporate development of our Group.

Ms. Song has over 15 years of experience in corporate finance and healthcare investment management. Prior to joining our Group, Ms. Song served in the global investment banking division of Bank of America Securities (formerly known as Merrill Lynch and Bank of America Merrill Lynch) from 2006 to 2009 and subsequently from 2010 to 2015, holding her last position as a vice president. After that, Ms. Song served as a director of the corporate advisory division with UBS Securities Hong Kong Limited from 2015 to 2017. Ms. Song later served as a director in the investment banking division of CLSA Limited from 2017 to 2020. From 2020 to 2021, she served as a managing director with Greater Bay Area Development Fund Management Limited (大灣區發展基金管理有限公司), leading the healthcare investment efforts of the fund.

Ms. Song obtained a bachelor's degree in mathematics from the University of Chicago in the United States in June 2006 and a master's degree in medical sciences from the University of Hong Kong in Hong Kong in November 2021.

Non-executive Directors

Dr. Xu Cong (徐聰), Ph.D., aged 38, joined our Group in October 2020 and has been serving as a Director since then. He was re-designated as a non-executive Director on June 14, 2022. Dr. Xu is responsible for advising on our business plans, major decisions and investment activities of our Group.

Dr. Xu has approximately 10 years of experience in the biomedical and financial industries. Prior to joining our Group, Dr. Xu joined Lilly Suzhou Pharmaceutical Co., Ltd. Shanghai Branch (禮來蘇州製藥有限公司上海分公司), which is a subsidiary of Eli Lilly and Company, a company listed on the New York Stock Exchange ("**NYSE**") (stock code: LLY), in August 2012. He has been serving as an executive director of Lilly Asia Ventures (禮來亞洲基金) since January 2018. Dr. Xu has been serving as a non-executive director of EdiGene Inc. (博雅輯因生物科技有限公司) and NovoDodex Biopharmaceuticals Co., Ltd. (浙江新碼生物醫藥有限公司) since August 2018 and March 2021, respectively. He has also been serving as the chairman of the board of Impact Therapeutics (Nanjing) (南京英派藥業有限公司) since July 2020.

Dr. Xu obtained a bachelor's degree in clinical medicine from Tongji Medical College of Huazhong University of Science and Technology (華中科技大學同濟醫學院) in the PRC in June 2007 and a Ph.D. in biological sciences from Clemson University in the United States in May 2012. He also obtained a master's degree in business administration from the University of British Columbia in Canada in May 2018 through attending long-distance learning courses.

Mr. Yu Zhihua (余治華), aged 56, joined our Group in March 2018 and has been serving as a Director since then. He was re-designated as a non-executive Director on June 14, 2022. Mr. Yu is responsible for advising on our business plans, major decisions and investment activities of our Group.

Mr. Yu has over 30 years of experiences in investment management and strategic business development. Prior to joining our Group, Mr. Yu founded Beijing Lapam Capital Management Consultant Center (General Partnership) (北京龍磐投資管理諮詢中心(普通合夥)) in 2010 and has been its managing partner since then. He has been serving as a non-executive director of Betta Pharmaceuticals Co., Ltd. (貝達藥業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300558), since October 2017.

Mr. Yu obtained a bachelor's degree in economics from Renmin University of China (中國人民大學) in the PRC in July 1990, and his master's degrees in taxation and business administration from George Washington University in the United States in January 1999 and January 2001, respectively.

Mr. Yu Xiaoyong (于曉勇), aged 51, joined our Group in December 2015 and has been serving as a Director since then. He was re-designated as a non-executive Director on June 14, 2022. Mr. Yu is responsible for advising on our business plans, major decisions and investment activities of our Group.

Mr. Yu has approximately 19 years of experience in project management and investment. Prior to joining our Group, Mr. Yu successively served as an investment manager and the investment director at Shanghai Dingjia Ventures Co., Ltd. (上海鼎嘉創業投資管理有限公司) from August 2003 to June 2009, during which he was mainly responsible for project management and project investment. He served as the investment director at Shanghai Zhangjiang Technology Venture Investment Co., Ltd. (上海張江科技創業投資有限公司) from July 2009 to November 2015. He also served as a representative of the executive partner of ZJ Leading Initiating VC, one of our substantial Shareholders, and the chairman of the board of Shanghai Yongkan Investment Management Co., Ltd. (上海永堪投資管理有限公司) from December 2015 to June 2021. Mr. Yu has been serving as a director of Shanghai Yinpao Information Technology Co., Ltd. (上海引跑信息科技有限公司) since August 2010 and an executive director and the general manager of Shanghai Jiangxun Investment Management Co., Ltd. (上海江尋投資管理有限公司) since January 2016, respectively. He has also been serving as a director of Shanghai Simp Bio-science Co., Ltd. (上海鑫譜生物科技有限公司) since August 2019, a supervisor of Shanghai NewMed Medical Co., Ltd. (上海紐脈醫療科技股份有限公司) since March 2021 and an executive director of Shanghai Haili Biotech Service Co., Ltd. (上海海歷生物技術服務有限公司) since October 2021. Mr. Yu has also been serving as a director of Hengjing Hechuang Biopharma (Zhejiang) Co., Ltd. (恒敬合創生物醫藥(浙江)有限公司) since July 2022, Shanghai Hepu Pharmaceutical Co., Ltd. (上海賀普藥業股份有限公司) since July 2022, Shanghai Jiewei Medical Technology Co., Ltd. (上海傑威醫藥科技有限公司) since September 2022 and Shanghai Novamab Biopharmaceuticals Co., Ltd. (上海洛啟生物醫藥技術有限公司) since September 2022, respectively.

Mr. Yu obtained a bachelor's degree in technology economics from Jilin Industrial University (吉林工業大學) (currently known as Jilin University (吉林大學)) in the PRC in July 1994 and a master's degree in business administration from Nankai University (南開大學) in the PRC in January 2001. Mr. Yu has been a qualified intermediate economist in the PRC since November 1998. He obtained the qualification of practitioners in funds industry issued by the Asset Management Association of China (中國證券投資基金業協會) in December 2017.

Independent Non-executive Directors

Dr. Zhenping Zhu, Ph.D., aged 59, has been our independent non-executive Director since September 2016. He was re-designated as an independent non-executive Director on June 14, 2022. Dr. Zhu is responsible for supervising and providing independent advice to our Board.

Dr. Zhu has approximately 30 years of experience in the pharmaceutical industry and innovative drug research development. Prior to joining our Group, Dr. Zhu had positions in various biopharmaceutical companies, including ImClone Systems Inc., Novartis Pharma AG, which is a subsidiary of Novartis AG, a company dually listed on the NYSE (stock code: NVS) and Six Swiss Exchange (stock code: NOVN), and Kadmon Corporation. After that, Dr. Zhu successively served as the president of research and development and the chief scientific officer at 3SBio Inc. (三生製藥公司) ("**3SBio Inc.**"), a company listed on the Stock Exchange (stock code: 1530), from January 2017 to May 2019. He also served as a director, the president of research and development and the chief scientist of Sunshine Guojian Pharmaceutical (Shanghai) Co., Ltd. (三生國健藥業(上海)股份有限公司), a company listed on the Science and Technology Innovation Board of Shanghai Stock Exchange (stock code: 688336) and also a subsidiary of 3SBio Inc., from June 2019 to January 2022. Dr. Zhu also previously served as a non-executive director on the board of Refuge Biotechnologies Inc., Verseau Therapeutics and Numab Therapeutic AG. In January 2022, Dr. Zhu founded HanBio Therapeutics（Shanghai) Co., Ltd. (丹生醫藥技術(上海)有限公司), and served as the chairman of the board and the chief executive officer. In February 2023, Dr. Zhu joined Helixon Biotechnology (Beijing) Co., Ltd. (華深智藥生物科技(北京)有限公司) (commonly known as "**Helixon**") as a co-founder, and has served as the president and co-chief executive officer since then.

Dr. Zhu obtained a bachelor's degree in clinical medicine from Jiangxi Medical College of Nanchang University (南昌大學江西醫學院) (formerly known as Jiangxi Medical College (江西醫學院)) in the PRC in July 1985 and a master's degree in pharmacology from Peking Union Medical College (北京協和醫學院) (or namely Chinese Academy of Medical Sciences (中國醫學科學院)) in the PRC in October 1988. Dr. Zhu. further obtained his Ph.D. in immunology and pathology from Dalhousie University in Canada in October 1993 and was a post-doctorate fellow at Genentech, Inc. in the United States.

As of December 31, 2023, Dr. Zhu held approximately 10.00% of the partnership interests of Jiaxing Changxian (one of our Onshore Employee Shareholding Platforms), representing an indirect interest of approximately 0.4% of the Company's total issued Share capital.

Dr. Kendall Arthur Smith, M.D., aged 82, was appointed as an independent non-executive Director on June 14, 2022, and is responsible for supervising and providing independent advice to our Board.

Dr. Smith has over 50 years of experience in medicine and biology education and research. He is currently professor of Emeritus of Medicine & Immunology at Weill Cornell Medical College since 2020. Dr. Smith once successively worked as an assistant professor, an associate professor and a professor of medicine at Dartmouth Medical School for approximately 20 years. He later served as a professor of medicine at Weill Cornell Medical College from 1993 to 2020. Dr. Smith is a pioneer in immunological research focused on interleukins. He and his research team identified, purified and characterized interleukin molecules and discovered interleukin-2 receptors. His research promoted the advance in understanding the immune system from cells to molecules. Dr. Smith established that the immune system is regulated by hormone-like molecules that can be manipulated therapeutically.

Dr. Smith obtained a bachelor's degree in biology from Denison University in the United States in June 1964 and his doctor's degree in medicine from Ohio State University College of Medicine in the United States in June 1968.

Mr. Yeung Chi Tat (楊志達), aged 54, was appointed as an independent non-executive Director on June 14, 2022, and is responsible for supervising and providing independent advice to our Board.

Mr. Yeung has approximately 30 years of experience in audit, financing and accounting industries. Mr. Yeung is currently the President of the Hong Kong Independent Non-executive Director Association. He has been the chief financial officer and the company secretary at Solargiga Energy Holdings Limited (陽光能源控股有限公司), a company listed on the Stock Exchange (stock code: 757), since December 2021. Prior to joining our Group, Mr. Yeung had positions in various companies, including the Hong Kong office of KPMG as an audit manager, Dynasty Fine Wines Group Limited (王朝酒業集團有限公司), a company listed on the Stock Exchange (stock code: 828), as financial controller and the company secretary, and ANTA Sports Products Limited (安踏體育用品有限公司), a company listed on the Stock Exchange (stock code: 2020), as a vice president. After that, Mr. Yeung also served as an independent non-executive director of ANTA Sports Products Limited (安踏體育用品有限公司), a company listed on the Stock Exchange (stock code: 2020), Boer Power Holdings Limited (博耳電力控股有限公司), a company listed on the Stock Exchange (stock code: 1685), New Hope Dairy Holdings Co., Ltd. (新希望乳業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002946), and Guodian Technology & Environment Group Corporation Limited (國電科技環保集團股份有限公司), a company formerly listed on the Stock Exchange (stock code: 1296), from February 2007 to June 2018, from September 2010 to June 2020, from December 2016 to May 2023 and from August 2017 to June 2022, respectively. He has been serving as an independent non-executive director of Sitoy Group Holdings Limited (時代集團控股有限公司), a company listed on the Stock Exchange (stock code: 1023), ZO Future Group (大象未來集團, formerly known as Birmingham Sports Holdings Limited (伯明翰體育控股有限公司)), a company listed on the Stock Exchange (stock code: 2309), and Beijing Capital Grand Limited (首創鉅大有限公司), a company listed on the Stock Exchange (stock code: 1329), since November 2011, November 2019 and May 2023, respectively.

Mr. Yeung obtained a bachelor's degree in business administration from the University of Hong Kong in November 1993 and a master's degree in professional accounting with distinction from Hong Kong Polytechnic University in Hong Kong in August 2004. Mr. Yeung has been a fellow member of the Hong Kong Institute of Certified Public Accountants since December 2003, the Association of Chartered Certified Accountants since September 2002 and the Institute of Chartered Accountants in England and Wales since October 2017, respectively.

SUPERVISORS

The Supervisory Committee of the Company comprises three members.

Mr. Gu Jiefeng (顧傑鋒), aged 41, was appointed as a Supervisor in March 2016 and has been serving as the chairman of Supervisory Committee since March 1, 2016. Mr. Gu is responsible for supervising the performance of our Directors and members of senior management and performing other supervisory duties as a member of the Supervisory Committee.

Mr. Gu has approximately 10 years of experience in investment and financing. Mr. Gu has been serving as a duty general manager of Shanghai Zhangke Heren Venture Capital Co., Ltd. (上海張科禾潤創業投資有限公司) since August 2021. He previously worked at Shanghai Yulong Biotech Co., Ltd. (上海裕隆生物科技有限公司) from June 2008 to September 2010. Mr. Gu later worked at Shanghai Pudong Venture Capital Co., Ltd. (上海浦東創業投資有限公司) from December 2010 to September 2013. He also worked at Venture Accelerator Investment Co., Ltd. (創業加速器投資有限公司) from October 2013 to October 2014. Mr. Gu successively served as a senior investment manager and a director of investment at Zhangjiang Sci & Tech, one of our Pre-IPO Investors and Shareholders, from October 2014 to October 2018 and from October 2018 to August 2021, respectively.

Mr. Gu has been serving as a director of Skynor Medical (心凱諾醫療科技(上海)有限公司), Shanghai Zhangjiang Transformational Medicine R&D Center Co., Ltd. (上海張江轉化醫學研發中心有限公司), Joymed Technology (巨翊科技(上海)有限公司), Shanghai Maiji Biotech Co., Ltd. (上海麥濟生物技術有限公司), Hedu Biotech (Shanghai) Co., Ltd. (和度生物技術(上海)有限公司), Shanghai Huaiyue Biotech Co., Ltd. (上海懷越生物科技有限公司), Shanghai Antaike Medical Technology Co., Ltd. (上海安鈦克醫療科技有限公司) and Shanghai Sajia Biotechnology Co., Ltd. (上海薩迦生物科技有限公司) since March 2017, September 2017, 2018, December 2018, November 2020, January 2021, June 2022 and December 2022, respectively. He has been serving as a supervisor of Shanghai Auson Pharmaceuticals Co., Ltd. (上海奧全生物醫藥科技有限公司) and Shanghai Crystal Casting Biotechnology Co., Ltd. (上海晶鑄生物科技有限公司) since June 2021 and November 2022, respectively. Mr. Gu obtained a bachelor's degree in biological sciences in July 2005 and a master's degree in genetics in June 2008 from Fudan University (復旦大學) in the PRC.

Ms. Tian Miao (田苗), aged 32, was appointed as a Supervisor in July 2017, and is responsible for supervising the performance of our Directors and members of senior management and performing other supervisory duties as a member of the Supervisory Committee. Ms. Tian is currently a supervisor of our subsidiary, ImmuneTANK.

Ms. Tian joined our Group in October 2015 and has been serving as the head of administration since then. She has also been a supervisor of ImmuneTANK since February 2018.

Ms. Tian obtained a bachelor's degree in enterprise management from Northeast Normal University (東北師範大學) in the PRC in June 2015.

Mr. Zhao Zimeng (趙子萌), aged 33, was appointed as an employee representative Supervisor in January 2022, and is responsible for supervising the performance of our Directors and members of senior management and performing other supervisory duties as a member of the Supervisory Committee. Mr. Zhao is currently a supervisor of our subsidiary, ImmuneOnco Shanghai.

Mr. Zhao joined our Group in October 2017 and has been serving as the manager of the laboratory management department since then. He previously served as a manager of procurement department at Huabo Biopharm from July 2012 to October 2017, where he was responsible for supply chain management for laboratories.

Mr. Zhao obtained a bachelor's degree in clinical medicine from Xinxiang Medical University (新鄉醫學院) in the PRC in January 2016.

SENIOR MANAGEMENT

For the biographical details of Dr. Tian, Mr. Li Song and Ms. Song Ziyi, please see "— Directors — Executive Directors."

Mr. Zhang Ruliang (張如亮), aged 40, was appointed as a deputy general manager of our Company in February 2017 and a senior vice president of our Company in January 2023, and is responsible for CMC and global clinical registration of our Group.

Mr. Zhang has over 15 years of work experience in CMC, quality control, regulatory and project management in the biopharmaceutical industry. Prior to joining our Company, Mr. Zhang successively served as a researcher, a controller and the manager of the department of quality at Shanghai Newsummit Biopharma Co., Ltd. (上海新生源生物醫藥研究有限公司) from January 2007 to January 2009. He served as a manager of quality and project manager at General Regeneratives (Shanghai) Limited (交晨生物醫藥技術(上海)有限公司) from February 2009 to September 2012, during which he was responsible for preclinical research and clinical registration. Mr. Zhang later served as the director of projects at Huabo Biopharm from January 2013 to February 2016, during which he was responsible for leading clinical registration and project management.

Mr. Zhang obtained a bachelor's degree in bioengineering from East China University of Science and Technology (華東理工大學) in the PRC in July 2006.

Dr. Lu Qiying (盧啟應), aged 50, was appointed as the chief medical officer and senior vice president of our Company in March 2022, and is responsible for formulating the clinical strategy and direct clinical development of our Group.

Dr. Lu has around 20 years of work experience as a physician and in development of oncology medicine. Prior to joining our Company, Dr. Lu served as a resident physician at the medical oncology department of Beijing Cancer Hospital (北京大學腫瘤醫院) from January 2003 to August 2005. He also served as a senior medical advisor at Merck Serono (Beijing) Pharmaceutical Research and Development Co., Ltd. Shanghai Office (默克雪蘭諾(北京)醫藥研發有限公司上海地區研發中心). Dr. Lu served as a clinical research physician at the medical department of GlaxoSmithKline (China) R&D Company Limited (葛蘭素史克(上海)醫藥研發中心有限公司). He also served as an associate director and clinician at Pfizer (China) Research and Development Co., Ltd. (輝瑞(中國)研究開發有限公司), a Chinese subsidiary of Pfizer Inc., which is a multinational pharmaceutical company listed on the NYSE (stock code: PEF). Dr. Lu served as an associate director and oncology physician at AstraZeneca Investment (China) Company Limited, a Chinese subsidiary of AstraZeneca Plc, which is a company dually listed on the NASDAQ Global Market (stock code: AZN) and the London Stock Exchange (stock code: AZN). He served as a vice general manager of clinical development at Ascentage Pharma (Suzhou) Co., Ltd. (蘇州亞盛藥業有限公司), a subsidiary of Ascentage Pharma Group International (亞盛醫藥集團) which is a company listed on the Stock Exchange (stock code: 6855). Dr. Lu also served at QureBio Biotech (Shanghai) Co., Ltd. (啓愈生物技術(上海)有限公司).

Dr. Lu obtained a master's degree in immunology from Hebei Medical University (河北醫科大學) in the PRC in June 2008.

Dr. Xiong Zikai (熊梓鍇), Ph.D., aged 44, was appointed as the senior vice president of our Company in March 2022, and is responsible for business development of our Group.

Dr. Xiong has over 14 years of work experience in the business development and other important functions of biomedical and pharmaceutical industries. Earlier in his career, Dr. Xiong served as a consultant at Roland Berger International Management Consulting (Shanghai) Co. Ltd. (羅蘭貝格國際管理諮詢(上海)有限公司) from June 2009 to June 2011. He served as a strategy manager at Bayer Healthcare Co., Ltd. (拜耳醫藥保健有限公司), which is a company under Bayer AG, a multinational pharmaceutical company listed on the Frankfurt Stock Exchange (stock code: BAYN), from June 2011 to December 2013, during which he was responsible for formulating the corporate strategy, business development and sales performance management. Dr. Xiong also served as the director of products and marketing at Beijing Genetron Biotech Co., Ltd. (北京泛生子生物科技有限公司) and Genetron Health Gene Technology (Beijing) Co., Ltd. (北京泛生子基因科技有限公司), each of which is a PRC operation entity controlled by Genetron Health, Inc., a precision oncology company listed on the NASDAQ Global Market (stock code: GTH), from December 2013 to March 2016. He co-founded Beijing Open01 Technology Co., Ltd. (北京開數科技有限公司) in April 2016, a company exploring big-data applications. Dr. Xiong served as the executive director of business development at Veritas Genetics (Shanghai) Co., Ltd. (真奕生物科技(上海)有限公司), a PRC operation entity controlled by Veritas Genetics Inc. from March 2018 to March 2019, during which he was responsible for the overall business development. He also served as a senior director of business alliance at Sinovant Sciences Co., Ltd (上海侖勝醫藥科技有限公司), a company which principally engages in innovative biomedical research and development in the PRC, from November 2019 to June 2021, during which he was responsible for the overall business development. Dr. Xiong served as the vice president of business development and investment of Shanghai De Novo Pharmatech Co., Ltd. (上海迪諾醫藥科技有限公司), a company which principally engages in the discovery and development of small molecule drugs for cancer patients, from August 2021 to February 2022, during which he was responsible for the overall business development, marketing and investment activities.

Dr. Xiong obtained a bachelor's degree in cell biology and genetics from Peking University (北京大學) in the PRC in July 2002 and his Ph.D. in stem cell genetics from University of Cambridge in the United Kingdom in July 2008.

Dr. Frank Xiaodong Gan, aged 61, was appointed as the senior vice president of our Company in April 2022, and is responsible for clinical development of our Group in the United States.

Dr. Gan has over 25 years of work experience in the academia and biopharmaceutical industry. Prior to joining our Company, Dr. Gan worked at Merck & Co., Inc., a multinational pharmaceutical company listed on the NYSE (stock code: MRK) as a biologist from February 2000 to September 2004 and served as a clinical research scientist from September 2004 to July 2007, during which he was responsible for clinical research and development. He served as a clinical research scientist at Bristol Myers Squibb, a multinational pharmaceutical company listed on the NYSE (stock code: BMY), from July 2007 to November 2010, during which he was responsible for early phase clinical development of antitumor drugs. Dr. Gan also served as a clinical research scientist at Eli Lilly and Company, from November 2010 to September 2016. He served as a director and a clinical project scientist of oncology at Janssen Research & Development, LLC, a subsidiary of Johnson & Johnson which is a company listed on the NYSE (stock code: JNJ), from September 2016 to October 2018. Dr. Gan also served as the head of global clinical development at NMS Group from March 2019 to March 2022, during which he was responsible for leading the global clinical development of the company. Dr. Gan currently serves as a member of the board of directors of Sino-American Pharmaceutical Professionals Association (美中醫藥開發協會).

Dr. Gan obtained a bachelor's degree in pharmacy and a master's degree in pharmacognosy from Shanghai Medical College (上海醫科大學) (currently known as Shanghai Medical College of Fudan University (復旦大學上海醫學院)) in the PRC in July 1984 and October 1988, respectively. He further obtained a master's degree in pharmaceutical sciences from North Dakota State University in the United States in December 1997. Dr. Gan obtained a doctor's degree in pharmacy from Shenandoah University in the United States in May 2007 through attending long-distance learning courses, a non-traditional PharmD program.

Ms. Guan Mei (關梅), aged 41, was appointed as the secretary of the Board on May 23, 2022, and is responsible for financing activities, internal control and securities and listing matters of our Group. She is also one of our joint company secretaries since June 14, 2022. Ms. Guan has over 15 years of work experience in the biotech and investment industries. She has served as the director of the financing and investment strategy department at our Company since October 2018. Earlier in her career, Ms. Guan served as an analyst at General Biologics, Inc. She served as a project manager at ChinaBio Consulting LLC from August 2008 to September 2010. Ms. Guan also worked at SIG Asia Investment Fund (海納亞洲創投基金), and served as a director of investment at Lead Capital Management Co., Ltd. (利得資本管理有限公司) from February 2016 to September 2018.

Ms. Guan obtained a bachelor's degree in biological sciences from Shanxi University (山西大學) in the PRC in July 2003 and a master's degree in botany from Nanjing University (南京大學) in the PRC in June 2007. She obtained the qualification of practitioners in funds industry issued by the Asset Management Association of China (中國證券投資基金業協會) in June 2016.

On March 1, 2024, the Board resolved to propose Ms. Guan to be appointed as an executive Director. Such proposed appointment is subject to the approval from the Shareholders at the AGM and will take effect upon the approval from the Shareholders at the AGM.

JOINT COMPANY SECRETARIES

Ms. Guan Mei (關梅) was appointed as a joint company secretary of our Company on June 14, 2022. She is primarily responsible for financing activities, internal control and securities and listing matters of our Group. For details of her biography, see "-Senior Management."

Mr. Li Kin Wai (李健威) was appointed as the other joint company secretary of our Company on June 14, 2022. He is primarily responsible for the corporate secretarial matters of our Group.

Mr. Li currently serves as a senior manager of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. He has over 10 years of experience in providing company secretarial services and compliance services to listed companies and private companies.

CHANGES IN DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INFORMATION

Save as disclosed in this annual report, there are no other changes in the Directors', the Supervisors' or the chief executive officer's information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Reporting Period and up to the date of this annual report.

The Board is pleased to present this report of Directors together with the audited consolidated financial statements of the Group for the year ended December 31, 2023.

PRINCIPAL ACTIVITIES

The Group is a science-driven biotechnology group dedicated to the development of immuno-oncology therapies.

The activities and particulars of the Company's subsidiaries are shown under Note 34 to the consolidated financial statements in this annual report. An analysis of the Group's results for the year ended December 31, 2023 by principal activities of the Group is set out in the section headed "Management Discussion and Analysis" in this annual report.

There were no significant changes in the nature of the Group's principal activities since the Listing Date and up to the date of this report.

RESULTS

The results of the Group for the year ended December 31, 2023 are set out in the consolidated financial statements in this annual report.

DIVIDEND

The Board has resolved not to recommend a final dividend for the year ended December 31, 2023 (2022: Nil).

As of December 31, 2023, there was no arrangement under which a Shareholder has waived or agreed to waive any dividend.

SHARE CAPITAL AND SHARES ISSUED

Details of the movement in the share capital of the Company for the year ended December 31, 2023 and details of the Shares issued during the year ended December 31, 2023 are set out in Note 27 to the consolidated financial statements in this annual report.

RESERVES

As of December 31, 2023, the Company did not have any distributable reserves.

Details of the movement in reserves of the Group for the year ended December 31, 2023 are set out in Note 36 to the consolidated financial statements in this annual report.

BUSINESS REVIEW

A review of the business of the Group during the year ended December 31, 2023 as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a discussion and analysis on the Group's future business development and the financial and operational key performance indicators employed by the Directors in measuring the performance of the Group's business is set out in the section headed "Management Discussion and Analysis" and "Financial Summary" in this annual report. These discussions form part of this report of Directors. Events affecting the Company that have occurred since the end of the financial year are set out in the section headed "Important Events After The Reporting Period" in this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties faced by us, some of which are beyond our control:

Risks Relating to the Research and Development and Commercialization of our Drug Candidates

- We face substantial competition and our competitors may discover, develop or commercialize competing drugs faster or more successfully than we do.

- We depend substantially on the success of our clinical-stage and preclinical stage drug candidates. If we are unable to successfully complete development, obtain regulatory approval and commercialize our drug candidates, or if we experience significant delays in doing any of the foregoing, our business, financial condition, results of operations and prospects will be materially harmed.

- If clinical trials of our drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or may ultimately be unable to complete, the development and commercialization of our drug candidates.

- If we encounter difficulties in enrolling subjects in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.

Risks Relating to Regulatory Approvals and Government Regulation

- All material aspects of the research, development, manufacturing and commercialization of our drug candidates are heavily regulated and are subject to change. Any failure to comply with existing regulations and industry standards or any adverse actions by the drug-approval authorities against us could negatively impact our reputation and our business, financial condition, results of operations and prospects.

- We may seek approvals from the NMPA, FDA or other comparable regulatory authorities to use data from registrational trials via accelerated approval pathways for our drug candidates. If we are not able to use such pathways, we may be required to conduct additional clinical trials beyond those that we contemplate, which would increase the expense of obtaining, and delay the receipt of, necessary marketing approvals, if we receive them at all.

- The regulatory approval processes of the NMPA, FDA and other comparable regulatory authorities are lengthy, time-consuming and inherently unpredictable. If we are unable to obtain without undue delay any regulatory approval for our drug candidates in our targeted markets, our business may be materially and substantially affected.

Risks Relating to our Operations

- Third parties may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights, the outcome of which would be uncertain.

- We have entered into collaborations with our partners and may form or seek additional collaborations or strategic alliances or enter into licensing arrangements in the future. We may not realize any or all benefits of such alliances or licensing arrangements, and disputes may arise between us and our collaboration partners.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in our H Shares. For details of other risks and uncertainties faced by the Group, please refer to the section headed "Risk Factors" in the Prospectus.

For the measures related to the risks, please refer to the "Corporate Governance Report" in this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2023, the Group's five largest suppliers accounted for 38.9%, as compared to 30.2% of the Group's total purchases for the year ended December 31, 2022. The Group's single largest supplier accounted for 11.1% for the year ended December 31, 2023, as compared to 8.7% of the Group's total purchases for the year ended December 31, 2022.

For the year ended December 31, 2023, the Group's five largest customers accounted for 82.7%, as compared to 84.6% of the Group's total revenue for the year ended December 31, 2022. The Group's single largest supplier accounted for 46.2% for the year ended December 31, 2023, as compared to 28.1% of the Group's total revenue for the year ended December 31, 2022.

None of the Directors or any of their close associates (as defined in the Listing Rules) or any Shareholders (which, to the best knowledge and belief of the Directors, own more than 5% of the Company's total issued share capital) had any interest in the Group's five largest customers or suppliers during the Reporting Period.

KEY RELATIONSHIPS WITH STAKEHOLDERS

The Group recognizes that various stakeholders, including investors, employees, customers, suppliers and other stakeholders that have a significant impact on the Company and on which the Company's success depends are key to the Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating and cultivating strong relationship with them.

Further details of an account of the Company's key relationships with its investors, employees, customers, suppliers and other stakeholders that have a significant impact on the Company and on which the Company's success depends are set out in the "Environmental, Social and Governance Report" in this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

Further details of the Company's environmental policies and performance are set out in the "Environmental, Social and Governance Report" published in accordance with Rule 13.91 and the Environmental, Social and Governance Reporting Guide contained in Appendix C2 to the Listing Rules in this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended December 31, 2023, there was no material breach of, or non-compliance with, applicable laws and regulations, by the Group.

PROSPECTS

A description of the future development in the Company's business is provided in the "Chairman's Statement" and the "Management Discussion and Analysis — Future and Outlook" in this annual report.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors during the Reporting Period and up to the date of this report are as follows:

Executive Directors *(Note)*

Dr. Tian Wenzhi (田文志)
Mr. Li Song (李松)
Ms. Song Ziyi (宋子一) *(resigned with effect from March 2, 2024)*

Non-executive Directors

Dr. Xu Cong (徐聰)
Mr. Yu Zhihua (余治華)
Mr. Yu Xiaoyong (于曉勇)

Independent Non-executive Directors

Dr. Zhenping Zhu
Dr. Kendall Arthur Smith
Mr. Yeung Chi Tat (楊志達)

Supervisors

Mr. Gu Jiefeng (顧傑鋒)
Ms. Tian Miao (田苗)
Mr. Zhao Zimeng (趙子萌)

Note: On March 1, 2024, the Board resolved to propose Ms. Guan Mei (關梅) to be appointed as an executive Director. Such proposed appointment is subject to the approval from the Shareholders at the AGM and will take effect upon the approval from the Shareholders at the AGM.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors are independent.

BIOGRAPHIES OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical information of the Directors, Supervisors and the senior management of the Company is set out in "Directors, Supervisors and Senior Management" in this annual report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

We have entered into a service contract with each of our Directors and Supervisors which contains provisions in relation to, among other things, compliance with relevant laws and regulations and observance of the Articles of Association.

The principal particulars of these service contracts are: (a) each of the contracts is for a term of three years following his/her respective effective date of his/her appointment; and (b) each of the contracts is subject to termination in accordance with their respective terms. The contracts may be renewed in accordance with our Articles of Association and the applicable rules.

Save as disclosed above, we have not entered into, and do not propose to enter into any service contracts with any of our Directors and Supervisors in their respective capacities as Directors or Supervisors (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

EMPLOYEES AND REMUNERATION POLICIES

A review of the employees and remuneration policies of the Group during the year is set out in the section headed "Management Discussion and Analysis — Financial Review — Employees and Remuneration Policies" of this annual report.

RETIREMENT BENEFITS SCHEME

Details of the retirement benefits scheme of the Company are set out in Notes 3.2 and 33 to the consolidated financial statements in this annual report.

REMUNERATION OF THE DIRECTORS AND SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

Our Directors and Supervisors, certain of whom are also employees of our Company, receive compensation in the form of fee, salaries, allowances, discretionary bonuses, share-based compensation, retirement benefit scheme contributions and other benefits in kind.

The remuneration of the Directors and Supervisors of the Group is determined by the Shareholders' general meeting with reference to the recommendation given by the Remuneration Committee, having regard to the individual performance and comparable market statistics. The remuneration of the senior management of the Group is determined by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the individual performance and comparable market statistics.

Details of the remuneration of the Directors, Supervisors and the five highest paid individuals for the Reporting Period are set out in Note 12 to the consolidated financial statements in this annual report.

During the Reporting Period, there was no emolument paid by the Group to any of the Directors, Supervisors or any of the five highest paid individuals as an inducement to join, or upon joining the Group or as compensation for loss of office. None of the Directors or Supervisors waived or agreed to waive any emoluments for the year ended December 31, 2023.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, none of the Directors and Supervisors nor any entity connected with the Directors or Supervisors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party subsisting during or at the end of the year ended December 31, 2023.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no Controlling Shareholders or their respective subsidiaries had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the Group to which the Company or any of its subsidiaries was a party subsisting during or at the end of the year ended December 31, 2023.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors had any interest in a business which competes or is likely to compete, directly or indirectly, with business of the Group for the year ended December 31, 2023.

From time to time our non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and biopharmaceutical industries. However, as these non-executive Directors are not members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which these non-executive Directors may hold directorships from time to time.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed from the period of the Listing Date to December 31, 2023 and up to the date of this report between the Company and a person other than a Director or any person engaged in the full-time employment of the Company.

CONNECTED TRANSACTION

Since the Listing Date and up to the end of the Reporting Period, the Group did not conduct any non-exempt connected transactions or continuing connected transactions required to be disclosed in accordance with Chapter 14A of the Listing Rules.

None of the related party transactions as set out in Note 29 to the consolidated financial statements in this annual report constitutes a connected transaction or a continuing connected transactions as defined under Chapter 14 of the Listing Rules. The Company had complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules since the Listing Date and up to the end of the Reporting Period.

DISCLOSURE OF INTERESTS

A. Directors', Supervisors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations

As at December 31, 2023, the interests and short positions of our Directors, Supervisors and chief executive of our Company in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) (i) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

Long positions in the Shares of the Company

Name of Director/ Supervisor/ Chief Executive	Capacity/ Nature of interest	Description of Shares [1]	Number of Shares Held or Interested	Approximate percentage of shareholding in our Unlisted Shares/H Shares (as appropriate) [1]	Approximate percentage of shareholding in the total share capital of our Company [2]
Dr. Tian (Chairman of the Board, chief executive officer, chief scientific officer and executive Director)	Beneficial owner	Unlisted Shares	35,091,495	24.10%	9.38%
		H Shares	35,091,495	15.35%	9.38%
	Interest in controlled corporations; Interest of spouse [3]	Unlisted Shares	15,178,477	10.42%	4.06%
		H Shares	33,178,478	14.52%	8.87%
Mr. Yu Zhihua (余治華) (Non-executive Director)	Interest in controlled corporations [4]	Unlisted Shares	19,263,240	13.23%	5.15%
Mr. Yu Xiaoyong (于曉勇) (Non-executive Director)	Interest in controlled corporations [5]	Unlisted Shares	36,780,390	25.26%	9.83%
		H Shares	5,554,305	2.43%	1.48%

Notes:

(1) For the avoidance of doubt, both Unlisted Shares and H Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares.

(2) The calculation is based on the total number of issued Shares, 374,157,695 Shares, including 145,607,656 Unlisted Shares and 228,550,039 H Shares, as of December 31, 2023.

(3) Each of Jiaxing Changxian and Jiaxing Changyu is a limited partnership established in the PRC and is managed by its general partner, Jiaxing Hanning Enterprise Management Co., Ltd. (嘉興翰濘企業管理有限公司), which is in turn ultimately controlled by Dr. Tian. As such, under the SFO, Dr. Tian is deemed to be interested in an aggregate of 15,178,477 Unlisted Shares and 15,178,478 H Shares held by Jiaxing Changxian and Jiaxing Changyu.

Halo Investment II is a limited liability company incorporated under the laws of the BVI, which is wholly owned by Halo LP. The general partner of Halo LP is Halo Biomedical Investment I Limited ("**Halo Investment I**"). As of December 31, 2023, Dr. Tian was the sole director of Halo Investment I and controlled the voting rights in Halo Investment I pursuant to the voting agreement entered into between Dr. Tian and the sole shareholder of Halo Investment I, and Halo Investment I was accustomed to act in accordance with Dr. Tian's instruction. For further details of the voting agreement, please refer to the Prospectus.

Further, as of December 31, 2023, Ms. Yumei Ding, the spouse of Dr. Tian and a director of our subsidiary, held more than one-third of interests as a limited partner in Halo LP. All limited partners of Halo LP do not have any voting rights in our Company which are resided with the sole director of Halo Investment I being Dr. Tian. As such, under the SFO, Dr. Tian is deemed to be interested in 18,000,000 H Shares held by Halo Investment II as well as Dr. Yumei Ding's deemed interest in Halo Investment II.

(4) Lapam Capital is a limited partnership established in the PRC and is managed by its general partner, Tibet Lapam Yijing Venture Capital Center (Limited Partnership) (西藏龍磐怡景創業投資中心(有限合夥)), which is in turn ultimately controlled by Mr. Yu Zhihua (余治華). As such, Mr. Yu is deemed to be interested in 19,263,240 Unlisted Shares held by Lapam Capital under the SFO.

(5) Each of ZJ Leading Initiating VC and ZJ Leading SiQi VC is a limited partnership established in the PRC and is managed by its general partner. The general partner of ZJ Leading Initiating VC is Shanghai Zhangke Lingyi Enterprise Management Center (Limited Partnership) (上海張科領醫企業管理中心(有限合夥)) and the general partner of ZJ Leading SiQi VC is Jiaxing Linghe Equity Investment L.P. (Limited Partnership) (嘉興領和股權投資合夥企業(有限合夥)), each of which is ultimately controlled by Mr. Yu Xiaoyong (于曉勇). As such, Mr. Yu is deemed to be interested in 36,780,390 Unlisted Shares and 5,554,305 H Shares held by ZJ Leading Initiating VC and ZJ Leading SiQi VC in aggregate under the SFO.

Long positions in the Shares of associated corporation of the Company

Save as disclosed above, as of December 31, 2023, none of the Directors, Supervisors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations as recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

B. Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As of December 31, 2023, to the knowledge of the Company and the Directors after making reasonable inquiries, the following persons had interests or short positions in the Shares or the underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of interest	Description of Shares	Number of Shares	Approximate percentage of shareholding in our Unlisted Shares/H Shares (as appropriate) [1]	Approximate percentage of shareholding in the total share capital of our Company [2]
Dr. Tian [3] [4]	Beneficial owner	Unlisted Shares	35,091,495	24.10%	9.38%
		H Shares	35,091,495	15.35%	9.38%
	Interest in controlled corporations; Interest of spouse	H Shares	18,000,000	7.88%	4.81%
	Interest in controlled corporations	Unlisted Shares	15,178,477	10.42%	4.06%
		H Shares	15,178,478	6.64%	4.06%
Halo Investment II [3]	Beneficial owner	H Shares	18,000,000	7.88%	4.81%
Jiaxing Changxian [4]	Beneficial owner	Unlisted Shares	7,758,630	5.33%	2.07%
		H Shares	7,758,630	3.39%	2.07%
Jiaxing Changyu [4]	Beneficial owner	Unlisted Shares	7,419,847	5.10%	1.98%
		H Shares	7,419,848	3.25%	1.98%
Mr. Yu Xiaoyong (于晓勇) [5]	Interest in controlled corporations	Unlisted Shares	36,780,390	25.26%	9.83%
		H Shares	5,554,305	2.43%	1.48%
ZJ Leading Initiating VC [5]	Beneficial owner	Unlisted Shares	36,780,390	25.26%	9.83%
Lapam Capital [6]	Beneficial owner	Unlisted Shares	19,263,240	13.23%	5.15%
Mr. Yi Shi [7]	Interest in controlled corporations	H Shares	27,721,575	12.13%	7.41%
LAV ImmuneOnco [7]	Beneficial owner	H Shares	15,178,770	6.64%	4.06%
LAV ImmOn [7]	Beneficial owner	H Shares	12,542,805	5.49%	3.35%
Mr. Cheng Yiquan (程義全) [8]	Interest in controlled corporations	H Shares	16,560,270	7.25%	4.43%
Mr. Chen Fei (陳飛) [9]	Interest in controlled corporations	Unlisted Shares	7,967,925	5.47%	2.13%
		H Shares	7,967,925	3.49%	2.13%
GBA Investment [10]	Interest in controlled corporations	H Shares	13,854,690	6.06%	3.70%
Zhangjiang Sci & Tech [11]	Beneficial owner	Unlisted Shares	10,862,055	7.46%	2.90%
Mr. Yao Li Ho [12]	Beneficial owner	Unlisted Shares	4,002,918	2.75%	1.07%
	Interest in controlled corporations	H Shares	12,008,757	5.25%	3.21%

Notes:

(1) For the avoidance of doubt, both Unlisted Shares and H Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares.

(2) The calculation is based on the total number of issued Shares, 374,157,695 Shares, including 145,607,656 Unlisted Shares and 228,550,039 H Shares, as of December 31, 2023.

(3) Halo Investment II, one of our Employee Shareholding Platforms and a limited liability company incorporated under the laws of the BVI, is wholly owned by Halo LP, a limited partnership established under the laws of the BVI. The general partner of Halo LP is Halo Biomedical Investment I Limited ("**Halo Investment I**"). As of December 31, 2023, Dr. Tian was the sole director of Halo Investment I and controlled the voting rights in Halo Investment I pursuant to the voting agreement entered into between Dr. Tian and the sole shareholder of Halo Investment I, and Halo Investment I was accustomed to act in accordance with Dr. Tian's instruction. For further details of the voting agreement, please refer to the Prospectus.

Further, as of December 31, 2023, Dr. Yumei Ding, the spouse of Dr. Tian and a director of our subsidiary, held more than one-third of interests as a limited partner in Halo LP. All limited partners of Halo LP do not have any voting rights in our Company which are resided with the sole director of Halo Investment I being Dr. Tian. As such, under the SFO, Dr. Tian is deemed to be interested in 18,000,000 H Shares held by Halo Investment II as well as Dr. Yumei Ding's deemed interest in Halo Investment II.

(4) Each of Jiaxing Changxian and Jiaxing Changyu, our Employee Shareholding Platforms, is a limited partnership incorporated under the laws of the PRC and is managed by its general partner, Jiaxing Hanning Enterprise Management Co., Ltd. (嘉興翰寧企業管理有限公司), which is ultimately controlled by Dr. Tian. As such, under the SFO, Dr. Tian is deemed to be interested in an aggregate of 15,178,477 Unlisted Shares and 15,178,478 H Shares held by Jiaxing Changxian and Jiaxing Changyu.

(5) ZJ Leading Initiating VC beneficially owns 36,780,390 Unlisted Shares and ZJ Leading SiQi VC beneficially owns 5,554,305 H Shares. ZJ Leading Initiating VC is a limited partnership incorporated under the laws of the PRC, whose general partner is Shanghai Zhangke Lingyi Enterprise Management Center (Limited Partnership) (上海張科領醫企業管理中心(有限合夥)), a limited partnership incorporated under the laws of the PRC, which is ultimately controlled by Mr. Yu Xiaoyong (于曉勇), our non-executive Director. ZJ Leading SiQi VC is a limited partnership incorporated under the laws of the PRC, whose general partner is Jiaxing Linghe Equity Investment Partnership (Limited Partnership) (嘉興領和股權投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of PRC, which is also ultimately controlled by Mr. Yu Xiaoyong (于曉勇). As such, under the SFO, Mr. Yu Xiaoyong (于曉勇) is deemed to be interested in 36,780,390 Unlisted Shares and 5,554,305 H Shares held by ZJ Leading Initiating VC and ZJ Leading SiQi VC.

(6) Lapam Capital is a limited partnership incorporated under the laws of the PRC, whose general partner is Tibet Lapam Yijing Venture Capital Center (Limited Partnership) (西藏龍磐怡景創業投資中心(有限合夥)), which is ultimately controlled by Mr. Yu Zhihua (余治華), one of our non-executive Directors. As such, under the SFO, Mr. Yu Zhihua (余治華) is deemed to be interested in 19,263,240 Unlisted Shares held by Lapam Capital.

(7) LAV ImmuneOnco beneficially owns 15,178,770 H Shares and LAV ImmOn beneficially owns 12,542,805 H Shares. LAV ImmuneOnco, a private company incorporated under the laws of Hong Kong, is wholly owned by LAV Biosciences Fund V, L.P. ("**LAV V**"), which is ultimately controlled by Mr. Yi Shi. LAV ImmOn, a private company incorporated under the laws of Hong Kong, is held as to 50% by LAV Fund VI, L.P. and as to 50% by LAV Fund VI Opportunities, L.P., each of which is also ultimately controlled by Mr. Yi Shi. As such, under the SFO, Mr. Yi Shi is deemed to be interested in an aggregate of 27,721,575 H Shares held by LAV ImmuneOnco and LAV ImmOn.

(8) Jiaxing Liyou Equity Investment Partnership (嘉興理悠股權投資合夥企業(有限合夥)) ("**Jiaxing Liyou**") beneficially owns 4,743,630 H Shares, Shanghai Licheng Yijing Equity Investment Management Center (Limited Partnership) (上海理成宜璟股權投資管理中心(有限合夥)) ("**Licheng Investment**") beneficially owns 9,631,620 H Shares and Milestone Asset Management (Cayman) Co., Ltd. ("**Milestone Asset**") beneficially owns 2,185,020 H Shares. Each of Jiaxing Liyou and Licheng Investment is a limited partnership and private equity fund incorporated under the laws of the PRC. The general partner of both Jiaxing Liyou and Licheng Investment is Shanghai Li Neng Asset Management Co., Ltd. (上海理能資產管理有限公司), which is ultimately controlled by Mr. Cheng Yiquan (程義全). Milestone Asset is a limited liability company incorporated under the laws of Cayman Islands. As of December 31, 2023, Milestone Asset was owned as to 99.99% by Mr. Cheng Yiquan (程義全). As such, under the SFO, Mr. Cheng Yiquan (程義全) is deemed to be interested in an aggregate of 16,560,270 H Shares held by Jiaxing Liyou, Licheng Investment and Milestone Asset.

(9) Suzhou Likang Equity Investment Centre (Limited Partnership) (蘇州禮康股權投資中心(有限合夥)) ("**Suzhou Likang**") beneficially owns 7,214,085 Unlisted Shares and 7,214,085 H Shares and Suzhou Lirun Equity Investment Centre (Limited Partnership) (蘇州禮潤股權投資中心(有限合夥)) ("**Suzhou Lirun**") beneficially owns 753,840 Unlisted Shares and 753,840 H Shares. Each of Suzhou Likang and Suzhou Lirun is a limited partnership incorporated under the laws of the PRC. The general partner of Suzhou Likang is Shanghai Liyi Investment Management Limited Partnership (上海禮貽投資管理合夥企業(有限合夥)) and the general partner of Suzhou Lirun is Shanghai Likun Enterprise Management Partnership (Limited Partnership) (上海禮堃企業管理合夥企業(有限合夥)), each of which is ultimately controlled by Mr. Chen Fei (陳飛). As such, under the SFO, Mr. Chen Fei (陳飛) is deemed to be interested in an aggregate of 7,967,925 Unlisted Shares and 7,967,925 H Shares held by Suzhou Likang and Suzhou Lirun.

(10) GBA Fund Investment Limited is a wholly-controlled subsidiary of Greater Bay Area Homeland Development Fund LP (大灣區共同家園發展基金有限合夥) ("**Greater Bay Area Fund**"). The general partner of Greater Bay Area Fund is Greater Bay Area Homeland Development Fund (GP) Limited, and Greater Bay Area Fund is a fund that was jointly established by multi-national industrial corporations, financial institutions, and new economic enterprises. Greater Bay Area Fund is under discretionary management of Greater Bay Area Development Fund Management Limited ("**GBA Fund Management**"). Each of Greater Bay Area Homeland Development Fund (GP) Limited and GBA Fund Management is controlled by GBA Homeland Limited, which is wholly owned by Greater Bay Area Homeland Investments Limited. As such, under the SFO, Greater Bay Area Homeland Investments Limited is deemed to be interested in 13,854,690 H Shares held by GBA Fund Investment Limited.

(11) Zhangjiang Sci & Tech is a company incorporated under the laws of the PRC, which is wholly owned by Zhangjiang Group (上海張江(集團)有限公司), a company wholly owned by Shanghai Municipal Pudong New Area State-owned Assets Supervision and Administration Commission (上海市浦東新區國有資產監督管理委員會). As such, under the SFO, Shanghai Municipal Pudong New Area State-owned Assets Supervision and Administration Commission is deemed to be interested in 10,862,055 Unlisted Shares held by Zhangjiang Sci & Tech.

(12) Granite Peak Limited is an exempted company incorporated under the laws of the Cayman Islands, which is owned as to 38.99% by LYFE Capital Fund III (Phoenix) L.P. ("**LYFE Fund III**"), 30.50% by Palace Investments Pte. Ltd, 18.78% by Axiom Asia 6, L.P, and 11.73% by Axiom Asia 6-A SCSP, SICAV RAIF. LYFE Fund III is a limited partnership incorporated in the state of Delaware, USA, the general partner of which is LYFE Capital Management (Phoenix) LLC, which is wholly owned by Mr. Yao Li Ho. Borah Peak Limited is a limited liability company incorporated under the laws of Hong Kong, which is wholly owned by LYFE Fund III. As such, under the SFO, Mr. Yao Li Ho is deemed to be interested in an aggregate of 4,002,918 Unlisted Shares and 12,008,757 H Shares held by Granite Peak Limited and Borah Peak Limited.

Save as disclosed in this annual report, as at December 31, 2023, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in any Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

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 are pending or threatened against the Group during the year ended December 31, 2023.

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company for the period from the Listing Date to December 31, 2023.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Group for the year ended December 31, 2023 are set out in Note 26 to the consolidated financial statements in this annual report. During the year ended December 31, 2023, the Company had not breached any terms of its loan agreements that are significant to the Group's operations.

DEBENTURES ISSUED

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

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

For the purpose of this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 15 to the consolidated financial statements in this annual report.

FINANCIAL SUMMARY

The Company's H Shares were listed on the Stock Exchange on September 5, 2023. A summary of the Group's results, assets and liabilities for the last three financial years is set out in the section headed "Financial Summary" of this annual report. This summary does not form part of the audited consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float as required under the Listing Rules since the Listing Date and as at the latest practicable date prior to the issue of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights over shares of the Company under the Company's Articles of Association, or the laws of the PRC, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

TAX RELIEF AND EXEMPTION

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

PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate liability insurance coverage for the Directors of the Group during the Reporting Period which is still in force.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

EQUITY-LINKED AGREEMENTS

Save as disclosed in "Employee Shareholding Platforms" set out below, no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Group during the Reporting Period, or subsisted as of December 31, 2023.

EMPLOYEE SHAREHOLDING PLATFORMS

In recognition of the contributions of our employees and to incentivize them to further promote our development, Jiaxing Changxian and Jiaxing Changyu were established pursuant to PRC law as the Onshore Employee Shareholding Platforms mainly for our PRC employees. Further, Halo Investment II was established pursuant to BVI law as the Offshore Employee Shareholding Platform mainly for our overseas employees and consultants.

The Shares of the Company were listed on the Stock Exchange on September 5, 2023. Prior to the Listing, all the Shares held by the three Employee Shareholding Platforms had been granted to the relevant individuals. After the Listing, no further grants will be made under the Employee Incentive Plans (as defined below).

Onshore Employee Shareholding Platforms

The Company approved and adopted the employee incentive plan I on January 31, 2021 (the "**Plan I**") and employee incentive plan II on December 20, 2021 (the "**Plan II**", collectively, the "**Employee Incentive Plans**").

As of December 31, 2023, Jiaxing Changxian was the Company's Onshore Employee Shareholding Platform holding the underlying Shares (i.e. 15,517,260 Shares) in respect of share awards granted under the Plan I, and Jiaxing Changyu was the Company's Onshore Employee Shareholding Platform holding the underlying Shares in respect of share awards granted under the Plan II (i.e. 14,839,695 Shares).

The following is a summary of the general information of the Employee Incentive Plans.

(a) Objectives

The objectives of the Employee Incentive Plans are to further improve the corporate governance of the Company, to build an incentive mechanism for senior management members and core employees, to achieve our strategies and to advance development of the Company.

(b) Eligibility

Pursuant to the plan documents (the "**Plan Documents**"), participants of the Employee Incentive Plans include our Company's senior management members, core employees and other talents as approved by the manager of the Employee Incentive Plans, Dr. Tian (the "**Manager**").

The Plan Documents further provided that the following employees or other talents may not be selected as participants to the Employee Incentive Plans (as the case may be):

- Persons who have received administrative penalties from government authorities due to material violation of laws and regulations in the preceding three years;
- Persons who are forbidden to hold the position of director, supervisor or senior management pursuant to the Company Law of the PRC;
- Persons who have breached employment contracts, confidentiality agreements, non-competition agreements or any other agreements entered into with our Company;
- Persons who have seriously violated laws, professional ethics, Articles of Association and the internal policies of our Company, or jeopardized the reputation or interests of the Company or cause severe accidents to the Company due to serious misconduct or gross negligence;
- Persons who have been considered as unqualified by the Company or the Manager during the probation period; or
- Persons who are otherwise not eligible as determined by the Manager or his/her supervisors.

(c) Maximum number of Shares

The Company was listed on the Stock Exchange on September 5, 2023. Prior to the Listing, an aggregate of 30,356,955 Shares (representing approximately 8.12% of total issued share capital of the Company as at the date of this annual report) underlying the shares awards available for grant under the Employee Incentive Plans had been granted to 29 eligible participants (being the individuals who are the limited partners of the Onshore Employee Shareholding Platforms) under the Employee Incentive Plans. After the Listing, no further grant has been or will be made under the Employee Incentive Plans. Given the underlying Shares under the Employee Inventive Plans were either transferred by Dr. Tian to or had been issued by the Company to the relevant Onshore Shareholding Platforms, there will be no dilutive effect to the issued Shares upon unlocking of awards granted under the Employee Incentive Plans.

(d) Maximum entitlement of each Eligible Participant

Under the Employee Incentive Plans, there is no specific limit on the maximum number of shares which may be granted to each participant.

(e) Performance target

The participant may be required to achieve performance targets as the Employee Incentive Plans specify and/or as set out in the individual grant letter before the relevant share awards can be unlocked.

(f) Remaining life

The Plan I and Plan II were approved and adopted on January 31, 2021 and December 20, 2021, respectively, and shall continue to be in effect unless terminated earlier in accordance with applicable laws and provisions of the Employee Incentive Plans or otherwise approved by the Board.

(g) Purchase price of share awards

The purchase price of share awards shall, subject to any adjustments made pursuant to the Employee Incentive Plans, be such amount as may be determined by the Manager in accordance with the Employee Incentive Plans.

(h) Unlocking period

Any transfer or sale of the Shares underlying the awards granted under the Employee Incentive Plans is subject to the unlocking schedule as set out in the individual grant letter.

(i) Grant of awards

The general partner of Jiaxing Changxian and Jiaxing Changyu is Jiaxing Hanning Enterprise Management Co., Ltd. (嘉興翰濘企業管理有限公司), which is ultimately controlled by Dr. Tian. Therefore, all management powers and voting rights of Jiaxing Changxian and Jiaxing Changyu reside with Dr. Tian.

All selected participants do not have any direct voting right in our Company. Each selected participants will be granted awards in the form of economic interest in the relevant Onshore Employee Shareholding Platforms as a limited partner. Upon becoming the limited partner of the relevant Onshore Employee Shareholding Platforms, the selected participant indirectly receives economic interest in the number of Shares underlying the awards granted to the selected participants held by the relevant Onshore Employee Shareholding Platforms.

(j) Administration

The Manager or the Board retains sole discretion over, among other things, the matters of the Employee Incentive Plans to the extent approved by the shareholders' meeting (as the case may be) including the implementation, amendment, termination and interpretation of the Employee Incentive Plans, subject to compliance with applicable laws, regulations, rules, requirements of relevant regulatory authorities and the Articles of Association.

The Employee Incentive Plans are implemented by the office of share incentive comprising three responsible employees appointed by the Manager, subject to the terms of the Employee Incentive Plans and authorization by the Manager and/or the Board, with respect to the matters including (as the case may be):

- the formulation of implement plan of Employee Incentive Plans;
- the management of relevant documents under the Employee Incentive Plans;
- the administration of the general matters of the Employee Incentive Plans;
- the internal coordination with the selected participants; and
- the regular assessment of the selected participants.

(k) Restrictions on transfer

Prior to the Listing, the selected participants may not transfer any or all of his or her interest in the relevant Onshore Employee Shareholding Platforms unless approved by the Manager pursuant to the terms of the Employee Incentive Plans.

After the Listing, in addition to the restrictions under the Employee Incentive Plans and the unlocking period set out in the individual grant letter, the transfer or sale by selected participants shall be subject to the lock-up requirements under the relevant laws and regulations and the stock exchange rules, or the respective agreements entered into between the Company and the relevant selected participants pursuant to the terms of the Employee Incentive Plans (if applicable).

(l) Share awards granted under the Employee Incentive Plans

Details of the share awards under the Employee Incentive Plans during the year ended December 31, 2023 are set out below:

Name/Category of grantees	Date of grant	Unlocking period[1]	Purchase price of share awards per share (RMB)	Closing price immediately before the date of grant	Fair value of share awards on the date of grant per share[2] (RMB)	Number of share awards locked as at January 1, 2023	Number of share awards granted during the Reporting Period	Number of share awards unlocked during the Reporting Period	Weighted average closing price of the Shares immediately before the date unlocked per share (RMB)	Number of share awards cancelled/ forfeited during the Reporting Period[3]	Number of share awards lapsed during the Reporting Period	Number of share awards locked as at December 31, 2023
Directors												
Tian Wenzhi	June 29, 2021	22 to 58 months after grant date	0.18	N/A[4]	5.58	3,093,075	–	1,589,580	N/A[5]	–	–	1,503,495
	April 29, 2022		0.18	N/A[4]	10.15	1,188,990	–	645,075	N/A[5]	–	–	543,915
	September 8, 2022		0.18	N/A[4]	10.15	278,910	–	147,645	18.17	–	–	131,265
	September 28, 2022	1 to 4 years after grant date	0.18	N/A[4]	10.15	234,810	–	66,060	25.69	140,940	–	27,810
	December 31, 2022		0.18	N/A[4]	10.15	54,000	–	28,125	27.10	–	–	25,875
	August 1, 2023		0.18	N/A[4]	16.94	–	202,455	43,920	N/A[5]	–	–	158,535
Li Song	December 17, 2015	30% at grant date; 70% at successful IPO	0.02	N/A[4]	0.30	9,207	–	9,207	17.12	–	–	–
Zhenping Zhu	September 19, 2016	0 to 2 years after grant date	0.02	N/A[4]	0.30	–	–	–	N/A[5]	–	–	–

Name/Category of grantees	Date of grant	Unlocking period[1]	Purchase price of share awards per share (RMB)	Closing price immediately before the date of grant	Fair value of share awards on the date of grant per share[2] (RMB)	Number of share awards locked as at January 1, 2023	Number of share awards granted during the Reporting Period	Number of share awards unlocked during the Reporting Period	Weighted average closing price of the Shares immediately before the date unlocked per share (RMB)	Number of share awards cancelled/ forfeited during the Reporting Period[3]	Number of share awards lapsed during the Reporting Period	Number of share awards locked as at December 31, 2023
Supervisors												
Tian Miao	January 31, 2021	1 to 3 years after grant date	0.18	N/A[4]	5.50	57,458	–	57,150	N/A[5]	–	–	308
Zhao Zimeng	January 31, 2021	1 to 3 years after grant date	0.18	N/A[4]	5.50	52,727	–	47,610	N/A[5]	–	–	5,117
Five highest paid individuals during 2023 (excluding the Directors and the Supervisors)												
In aggregate	April 29, 2022	1 to 4 years after grant date	0.18	N/A[4]	10.15	1,514,340	–	626,715	N/A[5]	–	–	887,625
Other employee grantees (excluding the Directors, Supervisors and five highest paid individuals during 2023)												
In aggregate	July 4, 2017 to May 31, 2023	0 to 5 years after grant date	0.02 to 0.18	N/A[4]	1.19 to 10.15	3,621,701	202,455	1,833,273	N/A[5]	186,615	–	1,804,268
Total						**10,105,218**	**404,910**	**5,094,360**		**327,555**	**–**	**5,088,213**

Notes:

(1) The share awards will be unlocked on a time-based basis over the individual unlocking period, with 25%-50% of the awards unlocked on each anniversary year/specific month of the grant date pursuant to the individual grant letter.

(2) For accounting standard and policy adopted, please refer to Notes 2 and 3.2 to the consolidated financial statements in this annual report.

(3) The purchase price of the cancelled share awards per share is RMB0.18.

(4) The Company's H Shares were listed on the Main Board of the Stock Exchange on September 5, 2023. The grant of the share awards was made prior to the Listing Date.

(5) The share awards were unlocked prior to the Listing Date.

(6) All grants were made prior to the Company's Listing and no further grant has been or will be made after the Listing. Given the underlying Shares under the Employee Inventive Plans were either transferred by Dr. Tian to or had been issued by the Company to the relevant Onshore Shareholding Platforms, there will be no dilutive effect to the issued Shares upon unlocking of awards granted under the Employee Incentive Plans.

For further details of the share awards under the Employee Incentive Plans during the year ended December 31, 2023, please refer to Note 28 to the consolidated financial statements in this annual report.

Offshore Employee Shareholding Platform

Halo Investment II is a limited liability company established in the BVI on October 20, 2021, which is wholly owned by Halo LP, a limited partnership established under the laws of the BVI. The general partner of Halo LP is Halo Biomedical Investment I Limited (the "**Halo Investment I**"), a limited liability company established in the BVI. Dr. Tian is entitled to exercise the voting rights in respect of all the shares in Halo Investment I pursuant to a voting right agreement entered between Dr. Tian and the sole shareholder of Halo Investment I. Therefore, all the management powers and voting rights of Halo LP reside with Dr. Tian. As of December 31, 2023, Halo Investment II directly held approximately 4.81% equity interest in our Company. Each of the limited partners of Halo LP were granted with interests in the Shares pursuant to their individual employment agreements and notice of issuances entered into with the Group, and indirectly holds interests in the Company as a limited partner of Halo LP pursuant to the terms of limited partnership agreement entered into among the general partner and limited partners of Halo LP (the "**Limited Partnership Agreement**").

As agreed in the Limited Partnership Agreement, the general partner shall distribute the number of Shares granted to the limited partners in accordance with the distribution schedule and subject to the conditions set out in their individual notice of issuances.

Pursuant to the Limited Partnership Agreement, until such portion of the Shares granted to the relevant limited partner are distributed and transferred to the limited partner in accordance with his/her notice of issuance, the voting rights associated with such Shares shall be exercised by the sole director of Halo Investment I, Dr. Tian, and none of the limited partners can transfer his/her partnership interests in Halo LP.

For further details of the Employee Shareholding Platforms, please see the section headed "History, Development and Corporate Structure — Employee Shareholding Platforms" in the Prospectus and Note 28 to the consolidated financial statements in this annual report.

DONATIONS

During the Reporting Period, the Group did not make any charitable or other donations.

CORPORATE GOVERNANCE

The Company has been committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders and to enhancing corporate value and accountability. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" of this annual report.

USE OF PROCEEDS

The Company issued 17,147,200 H Shares with a nominal value of RMB1.00 each at HK$18.60, which were listed on the Main Board of the Stock Exchange on the Listing Date, and issued 917,800 H Shares with a nominal value of RMB1.00 each at HK$18.60 upon the partial exercise of the Over-allotment Option, which were listed on the Main Board of the Stock Exchange on October 4, 2023. We received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the Global Offering (following partial exercise of the Over-allotment Option) of approximately HK$251.3 million. There has been no change or delay in the intended use of the net proceeds and the expected timeline as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The following table sets forth the planned use of the net proceeds and the actual use as at December 31, 2023:

Proposed use	**Percentage of total net proceeds**	**Allocation of net proceeds** (HK$ million)	**Utilized amount during the year ended December 31, 2023** (HK$ million)	**Unutilized amount as of December 31, 2023** (HK$ million)
(a) To fund our Core Product, IMM01	40.0%	100.5	22.8	77.7
• For funding an ongoing Phase II trial and planned pivotal clinical trials for the combination therapy of IMM01 and azacitidine for the first-line treatment of MDS/AML, and CMML in China, the preparation of relevant registration filings and other regulatory matters.	20.0%	50.3	11.1	39.2
• For funding ongoing and planned clinical trials of the combination therapy of IMM01 and tislelizumab in China, the preparation of relevant registration filings and other regulatory matters.	17.0%	42.7	11.7	31.0
• For funding the launch and commercialization of IMM01 in combination therapies.	3.0%	7.5	0.0	7.5
(b) To fund our Key Products, IMM0306, IMM2902 and IMM2520	28.0%	70.4	21.6	48.8
• For ongoing and planned clinical trials of IMM0306 for the treatment of R/R B-NHL in China, the preparation of relevant registration filings, other regulatory matters, and planned commercial launch in China.	15.0%	37.7	8.2	29.5
• For the ongoing clinical trials of IMM2902 for the treatment of advanced HER2-positive and HER2-low expressing solid tumors, such as BC, GC, NSCLC and BTC in China and the U.S.	8.0%	20.1	12.0	8.1
• For planned clinical trials of IMM2520 in China for the treatment of solid tumors, particularly those resistant or not sensitive to the currently available immunotherapies, such as CRC, GC and lung cancer, among others.	5.0%	12.6	1.4	11.2

Proposed use	Percentage of total net proceeds	Allocation of net proceeds (HK$ million)	Utilized amount during the year ended December 31, 2023 (HK$ million)	Unutilized amount as of December 31, 2023 (HK$ million)
(c) For the planned clinical trial of IMM47.	10.0%	25.1	7.6	17.5
(d) For the ongoing clinical trials of IMM2510 and IMM27M.	5.0%	12.6	7.4	5.2
(e) For construction of our new manufacturing facility in Zhangjiang Science City, Shanghai.	7.0%	17.5	0.0	17.5
(f) For our continuous preclinical research and development of multiple preclinical-and discovery-stage assets, including without limitation IMM4701, IMM51, IMM38, IMM2547, IMM50 and IMM62, as well as CMC to support the clinical trials including pivotal trials for various assets.	5.0%	12.6	0.0	12.6
(g) For working capital and general corporate purposes.	5.0%	12.6	0.0	12.6
Total	100.0%	251.3	59.4	191.9

Up to December 31, 2023, HK$59.4 million of proceeds have been utilized. The Company intends to use the net proceeds in the manner consistent with that mentioned in the section head "Future Plans and Use of Proceeds" in the Prospectus. The Company plans to utilize the balance of the net proceeds of the Global Offering by the end of 2025. The completion time of using such proceeds will be determined based on the Company's actual business needs and future business development.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As of December 31, 2023, save for the "Future Plans and Use of Proceeds" disclosed in the Prospectus, the Group did not have any existing plan for acquiring other material investments or capital assets.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Resignation of Executive Director, Chief Financial Officer and Authorized Representative

With effect from March 2, 2024, Ms. Song Ziyi (宋子一) ("**Ms. Song**") has tendered her resignation as an executive Director and the chief financial officer of the Company, in order to devote more time to her other business commitments. Following the resignation of Ms. Song, she has also ceased to be an authorized representative ("**Authorized Representative**") of the Company under Rule 3.05 of the Listing Rules.

Appointment of Authorized Representative

Dr. Tian, the chairman of the Board, the chief executive officer, the chief scientific officer and an executive Director of the Company, has been appointed as an Authorized Representative with effect from March 2, 2024 to fill the vacancy following Ms. Song' cessation to act in the same capacity as mentioned above.

Proposed Appointment of Executive Director

After taking into consideration the recommendation from the nomination committee of the Board, the Board resolved to nominate Ms. Guan Mei (關梅) ("**Ms. Guan**") as an executive Director of the Company for a term commencing from the date of the approval of the appointment of Ms. Guan at the AGM and ending on the expiry of the term of the first session of the Board, provided that her term of office will not exceed three years. The proposed appointment of Ms. Guan is subject to the approval by the Shareholders at the AGM by way of ordinary resolution. Upon approval by the Shareholders of the appointment of Ms. Guan as an executive Director at the AGM, the composition of the Board will satisfy the requirement under Rule 13.92 of the Listing Rules regarding gender diversity of the Board.

For further details of the abovementioned events, please refer to the Company's announcement dated March 1, 2024.

Save as disclosed in this annual report, as at the date of this report, the Company is not aware of any other major subsequent events of the Company after December 31, 2023 and up to the date of this report which need to be disclosed in the annual report.

AUDITOR

The H Shares were listed on the Stock Exchange on September 5, 2023, and there has been no change in auditors since the Listing Date. The consolidated financial statements for the year ended December 31, 2023 have been audited by Deloitte Touche Tohmatsu, certified public accountants, who will retire at the AGM. Deloitte Touche Tohmatsu, being eligible, will offer itself for re-appointment. A resolution for the re-appointment of Deloitte Touche Tohmatsu as the auditor of the Company will be proposed at the AGM.

On behalf of the Board
ImmuneOnco Biopharmaceuticals (Shanghai) Inc.
Dr. Tian Wenzhi
Chairman and Executive Director

Hong Kong, March 25, 2024

Corporate Governance Report

The Board hereby presents this corporate governance report (the "**Corporate Governance Report**") in the Company's annual report for the year ended December 31, 2023.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the shareholders of the Company (the "**Shareholder(s)**"), enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as the basis of the Company's corporate governance practices.

The Board is of the view that during the period from September 5, 2023 (the "**Listing Date**") to December 31, 2023 (the "**Relevant Period**"), the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code (the "**CG Code**") except for the deviation from Code Provision C.2.1 as mentioned in the paragraph headed "Chairman and Chief Executive Officer" of this report. The Board will continue to review and monitor the code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance.

VALUES AND CULTURE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to Shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

The Board always ensures that the objectives, values and strategies set are consistent with the corporate culture, while all directors take the lead to act and are committed to promoting the corporate culture. For details of the Company's performance during the Reporting Period, please see the section headed "Management Discussion and Analysis" in this annual report. The Board believes that the Company's existing business model is in line with the Company's objective and long-term strategy.

All Directors have carried out their duties in good faith and in compliance with the standards of applicable laws and regulations, and have acted in the best interests of the Company and its Shareholders at all times.

The Board considers that the corporate culture and the purpose, values and strategy of the Group are aligned.

MODEL CODE FOR SECURITIES TRANSACTIONS

Since the Company's Shares were listed on the Stock Exchange on the Listing Date, the provisions regarding compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") are only applicable to the Company since the Listing Date.

Following the listing of the H Shares on the Main Board of the Stock Exchange (the "**Listing**"), the Company has adopted a code of conduct regarding dealings in the securities of the Company by the Directors, the Supervisors and the Group's employees who, because of his/her office or employment, are likely to possess inside information in relation to the Group or the Company's securities, on terms no less exacting than the required standards set out in the Model Code as set out in Appendix C3 to the Listing Rules. Specific enquiries have been made to all Directors and Supervisors and the Directors and Supervisors have confirmed that they have complied with the Model Code and Company's code of conduct regarding the Directors', the Supervisors' and employees' securities transactions during the Relevant Period.

No incident of non-compliance of the Model Code by the employees was noted by the Company for the Relevant Period.

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsibility for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive directors and non-executive directors (including independent non-executive directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

Board Composition

The composition of the Board as at the date of this annual report is as follows:

Executive Directors *(Note)*

Dr. Tian Wenzhi (Chairman of the Board, chief executive officer and chief scientific officer)
Mr. Li Song
Ms. Song Ziyi *(resigned with effect from March 2, 2024)*

Non-executive Directors

Dr. Xu Cong
Mr. Yu Zhihua
Mr. Yu Xiaoyong

Independent Non-executive Directors

Dr. Zhenping Zhu
Dr. Kendall Arthur Smith
Mr. Yeung Chi Tat

Note: On March 1, 2024, the Board resolved to propose Ms. Guan Mei to be appointed as an executive Director. Such proposed appointment is subject to the approval from the Shareholders at the AGM and will take effect upon the approval from the Shareholders at the AGM.

The biographical information of the Directors is set out in the section headed "Directors, Supervisors and Senior Management — Directors" of this annual report. Save as disclosed therein, there is no other relationships (including financial, business, family or other material/relevant relationship(s)) between the Board members and in particular, between the Chairman and the Chief Executive Officer.

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

Board Meetings and Directors' Attendance Records

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

Since the Company was only listed on the Stock Exchange on September 5, 2023, the Board only held one Board meeting during the Relevant Period.

The attendance record of each Director during their respective tenure of office at the Board meeting of the Company held during the Relevant Period is set out in the table below:

Name of Director	Attendance/ Number of Board Meetings
Executive Directors *(Note)*	
Dr. Tian Wenzhi	1/1
Mr. Li Song	1/1
Ms. Song Ziyi *(resigned with effect from March 2, 2024)*	1/1
Non-executive Directors	
Dr. Xu Cong	1/1
Mr. Yu Zhihua	1/1
Mr. Yu Xiaoyong	1/1
Independent Non-executive Directors	
Dr. Zhenping Zhu	1/1
Dr. Kendall Arthur Smith	1/1
Mr. Yeung Chi Tat	1/1

Note: On March 1, 2024, the Board resolved to propose Ms. Guan Mei (關梅) to be appointed as an executive Director. Such proposed appointment is subject to the approval from the Shareholders at the AGM and will take effect upon the approval from the Shareholders at the AGM.

Code provision C.2.7 of the CG Code stipulates that the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors.

Since the Company was listed on September 5, 2023, there had not been any meeting held by the chairman of the Board with the independent non-executive Directors without the presence of other Directors during the Relevant Period. The chairman of the Board intends to hold at least one meeting per year with the independent non-executive Directors without the presence of other Directors.

General Meeting

Due to the fact that the Company was listed on September 5, 2023, no general meeting was held during the Relevant Period.

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

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

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

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

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

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

Chairman and Chief Executive Officer

Under Code Provision C.2.1 of the CG Code, the roles of Chairman and chief executive officer should be separate and performed by different individuals.

During the period from the Listing Date to the date of this annual report, Dr. Tian Wenzhi was the Chairman of the Board, the chief executive officer and chief scientific officer of the Company throughout the year ended December 31, 2023, with Dr. Tian's extensive experience in the biopharmaceuticals industry, the Board considered that vesting the roles of Chairman and CEO in the same person is beneficial to the business prospects and management of the Group. The check and balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high calibre individuals. Accordingly, the Board believes that this arrangement will not impact on the balance of power and authorisations between the Board and the management of the Company.

The Company will continuously review and comply with Code Provision C.2.1 of the CG Code as set out in Appendix C1 of the Listing Rules.

Independent Non-executive Directors

During the period from the Listing Date to the date of this annual report, the Board at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

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

Board Independence Evaluation

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

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

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence.

In order to ensure that independent views and input of the independent non-executive Directors are made available to the Board, the Nomination Committee and the Board are committed to assess the Directors' independence annually with regards to all relevant factors related to the independent non-executive Directors including the following:

- required character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company's affairs;
- firm commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as independent non-executive Directors;
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and
- the Chairman meets with the independent non-executive Directors regularly without the presence of the executive Directors

Since the Company was only listed on the Stock Exchange on September 5, 2023, the Board will review conduct the annual review on the implementation and effectiveness of the Board Independence Evaluation Mechanism in 2024.

Appointment and Re-election of Directors

Under the Articles of Association of the Company (the "**Articles**"), Directors (including non-executive Directors) shall be elected and appointed at the general meeting with a term of three years. The appointment of each Director is renewable upon re-election and re-appointment approved at the general meeting. Each of the current non-executive Directors has been appointed for a term of three years commencing on the following dates:–

Directors	Appointment Date
Non-executive Directors	
Dr. Xu Cong	June 14, 2022
Mr. Yu Zhihua	June 14, 2022
Mr. Yu Xiaoyong	June 14, 2022
Independent Non-executive Directors	
Dr. Zhenping Zhu	June 14, 2022
Dr. Kendall Arthur Smith	June 14, 2022
Mr. Yeung Chi Tat	June 14, 2022

A Director may serve consecutive terms if re-elected upon the expiry of his/her term. A Director shall continue to perform his duties in accordance with the laws, administrative regulations and Articles until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum. The Articles also provides that each Director appointed to fill a casual vacancy or as addition to the Board shall hold office until the first general meeting after his/her appointment. The retiring Directors shall be eligible for re-election.

Each of the executive Directors, non-executive Directors, independent non-executive Directors and Supervisors has entered into a service contract with the Company with a specific term. The principal particulars of these service contracts are: (a) each of the contracts is for a term of three years following his/her respective effective date of his/her appointment; and (b) each of the contracts is subject to termination in accordance with their respective terms. The contracts may be renewed in accordance with our Articles of Association and the applicable rules.

Save as disclosed above, the Company did not sign any relevant unexpired service contract which is not terminable within a year without payment of any compensation, other than statutory compensation.

Continuous Professional Development of Directors

Pursuant to the code provision C.1.4 of the CG Code, Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

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

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

Prior to the Listing and during the Relevant Period, the Company organized training sessions conducted by the qualified professionals/legal advisers for all Directors. The training sessions covered Directors' duties and responsibilities. In addition, relevant reading materials covering Directors' duties and responsibilities have been provided to the Directors for their reference and studying.

The training records of the Directors during the Relevant Period are summarized as follows:

Directors	Type of Training[1]
Executive Directors[2]	
Dr. Tian Wenzhi	A and B
Mr. Li Song	A and B
Ms. Song Ziyi *(resigned with effect from March 2, 2024)*	A and B
Non-executive Directors	
Dr. Xu Cong	A and B
Mr. Yu Zhihua	A and B
Mr. Yu Xiaoyong	A and B
Independent Non-executive Directors	
Dr. Zhenping Zhu	A and B
Dr. Kendall Arthur Smith	A and B
Mr. Yeung Chi Tat	A and B

Notes:

(1) Types of Training

A: Attending training sessions, including but not limited to briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

(2) On March 1, 2024, the Board resolved to propose Ms. Guan Mei to be appointed as an executive Director. Such proposed appointment is subject to the approval from the Shareholders at the AGM and will take effect upon the approval from the Shareholders at the AGM.

BOARD COMMITTEES

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

Audit Committee

The Audit Committee consists of two independent non-executive Directors, namely Mr. Yeung Chi Tat and Dr. Zhenping Zhu, and one non-executive Director, namely Dr. Xu Cong. Mr. Yeung Chi Tat, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the Corporate Governance Code and the PRC laws. The primary responsibilities of the Audit Committee are (a) to review annually the performance of the external audit firm, to submit a summary report of the audit work conducted by the external audit firm during the year to the Board, to make recommendations to the Board on the appointment, re-appointment, removal, audit service fee and terms of engagement of the external audit firm for the next year, as well as deal with any questions or matters related to the resignation or dismissal of the external audit firm; (b) to act as the Company's representative in liaising with the external audit firm, to be responsible for the communication between the Company's internal audit department and external audit firm, including examining and monitoring of the independence and objectivity of the external audit firm, the effectiveness of the audit process in accordance with applicable standards; and, prior to the commencement of the audit, discuss with the external audit firm about the nature, scope and method of audit and the reporting obligations during the year, and negotiate with the external audit firm to determine the schedule of auditing the financial report of the year, as well as procure the external audit firm to submit audit reports within the predetermined timelines and so forth; (c) to develop and implement, in accordance with the operational needs, policy on the external audit firm (including its affiliates) to supply non-audit services. The Audit Committee shall report and make recommendations to the Board if any actions or remedial measures are considered necessary; (d) to review the Company's accounting policies, financial position, financial reporting procedures and financial controls; to review the integrity, accuracy and fairness of the Company's financial statements, quarterly reports (if any), interim reports and annual reports and accounts, and to review significant financial reporting judgments contained therein, as well as the disclosure of the Company's financial information; (e) to discuss questions and doubts raised by the external audit firm upon its completion of reviewing the interim accounts and auditing the annual accounts of the Company and any other matters that the external audit firm may wish to discuss; (f) to examine the financial policies, internal audit systems, the effectiveness of the financial reporting process, internal control systems and risk management systems of the Company and provide opinions and recommendations for improvements; (g) the Audit Committee shall establish relevant procedures to ensure fair and independent investigation; (h) to advise and ensure that the Board takes effective remedial measures for the Company's failure to comply with the requirements of the Listing Rules regarding the establishment of an Audit Committee; (i) to complete other tasks assigned by the Board; and (j) to perform other duties imposed by the laws, regulations, regulatory documents, regulatory bodies including the Hong Kong Stock Exchange and the Securities and Futures Commission of Hong Kong, as well as the Articles of Association and the rules of procedures of the Board.

As the Company was listed on the Stock Exchange on September 5, 2023, one Audit Committee meeting was held during the Relevant Period.

During the year ended December 31, 2023, the Audit Committee reviewed the Group's financial and accounting policies and practices; and the risk management and internal control systems.

The attendance record of Audit Committee members during their respective tenure of office at the Audit Committee meeting of the Company held during the Relevant Period is set out in the table below:

Name of Director	Attendance/Number of Meetings
Mr. Yeung Chi Tat (Chairman)	1/1
Dr. Xu Cong	1/1
Dr. Zhenping Zhu	1/1

Remuneration Committee

The Remuneration Committee consists of three independent non-executive Directors, namely Dr. Zhenping Zhu, Dr. Kendall Arthur Smith and Mr. Yeung Chi Tat, one executive Director, namely Dr. Tian Wenzhi, and one non-executive Director, namely Dr. Xu Cong. Dr. Zhenping Zhu is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the Corporate Governance Code and the PRC laws. The primary functions of the Remuneration Committee include (a) to make recommendations to the Board on the Company's remuneration policies and structure for all directors and senior management based on their main responsibilities, time required to devote in, importance of their positions, the remuneration level of other relevant positions in the similar enterprises, and the employment conditions of other positions in the Company, and on the establishment of a formal and transparent procedure for developing remuneration policies; (b) to review the management's remuneration proposals with reference to the Board's corporate policies and objectives; (c) to supervise the implementation of the Company's remuneration policies taking into account of the remuneration paid by similar companies, the time and responsibilities required, and the employment conditions of other positions within the Group; (d) to make recommendations to the Board on the determination of the remuneration packages of individual executive directors and senior management, including benefits in kind, pension rights and compensation amounts (including compensation payable for loss or termination of office or appointment), and to make recommendations to the Board on the remuneration of non-executive directors; (e) to consult the chairman of the Board or the general manager in respect of the remuneration proposed for other executive directors. The Remuneration Committee shall seek independent professional opinions if necessary; (f) to review the compensation payable to executive directors and senior management for any loss or termination of office or appointment, so as to ensure that such compensation is consistent with the contractual terms and is otherwise fair, reasonable and not excessive; (g) to review compensation arrangements relating to the dismissal or removal of directors for misconduct, so as to ensure that such arrangements are consistent with the contractual terms or are otherwise reasonable and appropriate; (h) to ensure that any director or any of his/her associate (as defined in the Listing Rules) does not participate in the determination of his/her own remuneration; and in relation to a non-executive director who is also a member of the Remuneration Committee, his/her remuneration shall be determined by other members of the Remuneration Committee; (i) to determine the policy for the remuneration of executive directors; (j) to assess performance of executive directors; (k) to approve the terms of executive directors' service contracts; (l) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules; (m) other matters authorized by the Board.

The remuneration of the senior management of the Company, whose biographical details are included in section headed "Directors, Supervisors and Senior Management" of this annual report, for the year ended December 31, 2023 falls within the following bands:

Remuneration (RMB)	**Number of Individuals**
0–1,000,000	2
1,000,001–3,000,000	1
3,000,001 and above	5

The Company's remuneration policy is to ensure that the remuneration offered to the Directors, Supervisors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration and compensation packages of the Directors, Supervisors and senior management are also determined with reference to account salaries paid by comparable companies, time commitment and responsibilities of the Directors and Supervisors and the performance of the Group. The remuneration for the Directors and Supervisors comprises fees, salaries, allowances, benefits in kind, performance-related bonuses, equity-settled share-based compensation expense and pension scheme contributions.

As the Company was listed on the Stock Exchange on September 5, 2023, one Remuneration Committee meeting was held during the Relevant Period.

During the year ended December 31, 2023, the Remuneration Committee had reviewed the remuneration of Directors and senior management and the Company's remuneration policy.

The attendance record of Remuneration Committee members during their respective tenure of office at the Remuneration Committee meeting of the Company held during the Relevant Period is set out in the table below:

Name of Director	Attendance/Number of Meetings
Dr. Zhenping Zhu (Chairman)	1/1
Dr. Tian Wenzhi	1/1
Dr. Xu Cong	1/1
Dr. Kendall Arthur Smith	1/1
Mr. Yeung Chi Tat	1/1

Nomination Committee

The Nomination Committee consists of one executive Director, namely Dr. Tian Wenzhi, and two independent non-executive Directors, namely Dr. Zhenping Zhu and Mr. Yeung Chi Tat. Dr. Tian Wenzhi is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the Corporate Governance Code and the PRC laws. The principal duties of the Nomination Committee include (a) to consider and draw up the criteria and procedures for selecting directors and senior management and make recommendations thereon to the Board. Factors to be considered include but are not limited to cultural and educational background and work experience as well as the ability to devote sufficient time and make contributions to the Company that are commensurate with their role and board responsibilities; (b) to identify candidates suitably qualified to become directors and make nominations to the Board, to review and make recommendations on candidates for directors of the Company (in particular the chairman of the Board); (c) to identify candidates suitably qualified to become senior management, to review and make recommendations on candidates for senior management of the Company (in particular the general manager); (d) to review the independence of independent non-executive directors; (e) to review the structure, size and composition (including the skills, knowledge and experience) of the Board of Directors at least annually and make recommendations on any proposed changes to the Board to complement the Company's strategies; to make recommendations to the Board on the appointment or reappointment of directors and succession planning for directors, in particular the chairman and CEO (if applicable); to assess the structure of the committees under the Board, recommend members to the relevant committees from among the directors, and submit to the Board for approval; (f) to establish reserve plans for directors and senior management, and to update and supplement the plans at any time; (g) to evaluate the director's work, and put forward opinions or suggestions on the replacement, reappointment or succession of directors (including the chairman of the Board and the general manager) based on the evaluation results; (h) to formulate, and, where appropriate, review and implement the Board diversity policy adopted by the Board from time to time, review the progress of achieving goals, and disclose the relevant reviewed policies or their summary in the Company's annual report; and (i) other matters prescribed by relevant laws, administrative regulations, the Listing Rules and the Articles of Association and authorized by the Board.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out as set out in the Board Diversity Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board. The Nomination Committee submitted the proposal to the Board for the appointment of Ms. Guan Mei, as an executive Director, with effect from approval at the upcoming AGM.

As the Company was listed on the Stock Exchange on September 5, 2023, no Nomination Committee meeting was held during the Relevant Period.

Supervisory Committee

The Supervisory Committee is a supervisory body of the Company which is responsible for the supervision of the Board and its members and senior management so as to prevent them from the misuse of authority and infringement upon lawful rights of the Shareholders, the Company and the Company's employees. The number of members and the composition of the Supervisory Committee are in line with the provisions and requirements of the laws, regulations and the Articles. The Supervisory Committee is comprised of three Supervisors, of whom one was an employee representative democratically elected by the employees of the Company.

The biographical information of the Supervisors is set out in the section headed "Directors, Supervisors and Senior Management — Supervisors" of this annual report.

Board Diversity Policy

The Company has adopted a Board Diversity Policy in order to enhance the effectiveness of the Board and to maintain a high standard of corporate governance.

Pursuant to the Board Diversity Policy, the Company seeks to achieve diversity of the Board through the consideration of a wide range of factors, including but not limited to gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Board has a balanced mix of knowledge and skills, including overall management and strategic development, research and clinical development, finance and accounting and corporate governance in addition to industry experience in healthcare and biotechnology. The Directors obtained degrees in various majors including medicine, immunology, biological science, biochemistry, pharmacology, pathology, genetics, bioengineering, cell biology, pharmacy, mathematics, business administration, economics, taxation, biology, accounting, enterprise management and botany. The Company has three independent non-executive Directors with different industry backgrounds, representing one third of the members of our Board. Further, as of the date of this annual report, the Board has a relatively wide range of ages ranging from 38 years old to 82 years old. The Company has reviewed the membership, structure and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operation.

For the purpose of implementation of the Board Diversity Policy, the Board has set the following measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives:

(A) at least one of the members of the Board shall be female;

(B) at least one-third of the members of the Board shall be independent non-executive Directors;

(C) at least one of the members of the Board shall have obtained accounting or other professional qualifications/ knowledge of environmental issues.

An analysis of the Board's current composition based on the measurable objectives is set out below:

Gender

Male:	8 Directors
Female:	0 Director

Designation

Executive Directors:	2 Directors
Non-executive Directors:	3 Directors
Independent Non-executive Directors:	3 Directors

Business Experience

Accounting & Finance:	1 Director
Experience Related to the Company's Business:	7 Directors

Ms. Song Ziyi (宋子一) has tendered her resignation as an executive Director of the Company, with effect from March 2, 2024. Following the resignation of Ms. Song, The Board is pleased to announce that, after taking into consideration the recommendation from the nomination committee of the Board, the Board resolved to nominate Ms. Guan Mei as an executive Director of the Company (the "**Executive Director**"). The proposed appointment of Ms. Guan is subject to the approval by the Shareholders at the upcoming annual general meeting of the Company by way of ordinary resolution. The composition of the Board will satisfy the requirement under Rule 13.92 of the Listing Rules regarding gender diversity of the Board and the Board had targeted to achieve at least 1/9 of female Directors and will considers that the above gender diversity is satisfactory.

Taking into account the Company's existing business model and specific needs as well as the different background of the Directors and the proposed appointment of Ms. Guan Mei, the composition of our Board satisfies our board diversity policy.

The Nomination Committee is responsible for ensuring the diversity of the Board and will review the Board Diversity Policy annually to ensure its effectiveness.

Gender Diversity

The Company values gender diversity across all levels of the Group. The Company has taken, and will continue to take, steps to promote gender diversity at all levels of the Company, including but not limited to the Board and the senior management levels.

The following table sets out the gender ratio in the workforce (including senior management) of the Group as at the date of this annual report:

	Female	Male
Overall workforce	85	60

The Company will continue to work to enhance gender diversity of the Board. The Board will use its best endeavors to appoint female Directors to the Board and the Nomination Committee will use its best endeavors to identify and recommend suitable female candidates to the Board for its consideration of appointment of Directors. The Company will also continue to ensure that there is gender diversity when recruiting staff from mid to senior level, such that it will have a pipeline of female management and potential successors to our Board in due time to ensure gender diversity of the Board. The Company is not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant. The Group will continue to emphasise training of female talents and provide long-term development opportunities for the female staff.

Director Nomination Policy

The Nomination Committee shall assess the structure, size and composition (including the skills, knowledge and experience) of the Board at least once every year and make recommendations on any proposed changes to the Directors and senior management to complement the Company's strategy, in accordance with the relevant requirements of the Company Law of the People's Republic of China and the Hong Kong Listing Rules and taking into consideration the characteristics and other specific circumstances of the Company. When considering the composition of the Board, the Committee shall take into account the diversity of the Board from various aspects, including but not limited to the gender, age, cultural and educational background and professional experience of the Directors;

The Company has adopted a Director Nomination Policy, as contained in the terms of reference of the Nomination Committee, which sets out the selection criteria and nomination process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The nomination process of appointment of new Director set out in the Director Nomination Policy is as follows:

(i) the human resources department and the Nomination Committee shall actively communicate with the relevant departments of the Company to assess the Company's demand for new directors and senior management, and produce materials in writing;

(ii) the Nomination Committee may extensively seek for candidates for directors and senior management within the Company, its holding (shareholding) enterprises as well as the job market;

(iii) the Nomination Committee shall collect and learn the information of the occupation, education background, job title, detailed working experience and all the part-time jobs of the initially proposed candidates, and produce materials in writing;

(iv) to seek for the nominee's written consent to the nomination, otherwise, he/she shall not be considered as a candidate for directors and senior management;

(v) to convene Nomination Committee meetings to review the qualifications of the initially proposed candidates according to the job requirements of directors and senior management;

(vi) to submit proposals and the relevant materials to the Board in respect of candidates of directors and senior management within a reasonable period of time prior to the election of new directors and senior management; and

(vii) to carry out other follow-up work according to the decision and feedback of the Board.

The Nomination Committee shall submit its decisions, recommendations and/or proposals to the Board for consideration and decision. Among which, the nomination of director candidates must be submitted to the general meeting of Shareholders for review and approval after being reviewed by the Board and before implementation.

The criteria for assessing the suitability and the potential contribution to the Board of a proposed candidate as set out in the Board Diversity Policy, including but not limited to the following, are gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge and length of service.

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

Corporate Governance Functions

In accordance with Code Provision A.2.1 of the CG Code, the Board is responsible for performing the corporate governance duties including:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with Appendix C1 to the Listing Rules (CG Code) and disclosure in the Corporate Governance Report.

The Board has performed the above duties from the Listing Date up to and including the date of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions.

The Company's risk management and internal control systems have been developed with the following principles, features and processes:

1. The Company's internal audit function carry out regular risk assessment to ensure that the risks faced by the Company are effectively identified, and fully communicated with the management to formulate the risk preference and risk response strategy.

2. The Company has developed a clear organizational structure, clarified the authority and responsibility of the departments, and developed a system and operating rules covering various key business processes.

3. The Company attaches great importance to cultivating the risk management awareness and risk management culture of employees at all levels, and provides related training for employees to ensure that employees fully understand the requirements of risk management in daily operation.

The Company has established an internal audit function conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division/department.

The management, in coordination with division/department heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The Board, as supported by the Audit Committee as well as the internal audit function and the external professional firm, conducted an annual review of the risk management and internal control during the Reporting Period and concluded that there had been no deficiency in material risk control nor any weakness in material risk control based on the outcome of the risk management and internal control work implemented by the Group as of December 31, 2023. The Board was of the view that the risk management and internal control system of the Group is effective and sufficient.

The Company has engaged external professional firm for the internal audit function and independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit function examined key issues in relation to all material controls and provided its findings and recommendations for improvement to the Audit Committee.

Whistleblowing Policy

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

Anti-Corruption Policy

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports according to the procedures as set out in the Whistleblowing Policy.

Disclosure of Inside Information Policy

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

Directors' Responsibility in Respect of The Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended December 31, 2023 with the support of the accounting and finance team.

The Directors have prepared the financial statements in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

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

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report of this annual report.

AUDITOR'S REMUNERATION

The Company appointed Deloitte Touche Tohmatsu, Certified Public Accountants as the external auditor for the year ended December 31, 2023. A statement by Deloitte Touche Tohmatsu about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report on pages 122 to 125 of this annual report. The remuneration paid and payable to the eternal auditors of the Company for the year ended December 31, 2023 is set out as follows:

Services rendered	**Paid/payable** RMB'000
Audit services	
— Annual report	1,560
Non-audit services	
— Internal control review service	280
— Environmental, Social and Governance ("**ESG**") report service	180
	2,020

JOINT COMPANY SECRETARIES

The Company has appointed Ms. Guan Mei, a full-time employee of the Company, and Mr. Li Kin Wai, a senior manager of corporate services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services, as the Company's joint company secretaries.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices and matters. Ms. Guan, who is also the secretary of the Board, has been designated as the primary contact person at the Company which would work and communicate with Mr. Li on the Company's corporate governance and secretarial and administrative matters.

For the year ended December 31, 2023, Ms. Guan and Mr. Li have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting

Pursuant to the Article 54 of the Articles, Shareholders either individually or collectively holding 10% or more of the shares of the Company may, through signing one or more written requisition(s) in the same form and content stating the topics to be discussed at the meeting, require the Board of Directors to convene an extraordinary general meeting. The Board shall give a written response as to whether or not it agrees to convene such an extraordinary general meeting within 10 days upon receipt of the request in accordance with the requirements of the laws, administrative regulations, Hong Kong Listing Rules and the Articles of Association.

If the Board agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days after resolution of the Board is passed. Where there are other requirements imposed by laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Company's shares are listed, such requirements shall prevail.

If the Board does not agree to convene the extraordinary general meeting, or fails to make a response within 10 days upon receipt of the request, the shareholder(s) individually or collectively holding 10% or more of the shares of the Company shall have the right to propose to the Supervisory Committee to convene the extraordinary general meeting. Such request shall be made to the Supervisory Committee in writing.

If the Supervisory Committee agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after receipt of the said request. Changes in the original proposal in the notice shall be subject to the approval of relevant shareholders.

If the Supervisory Committee fails to issue a notice of the shareholders' general meeting within the prescribed time limit, it shall be deemed that the Supervisory Committee shall not convene and preside over the shareholders' general meeting, the shareholder(s) individually or collectively holding 10% or more of the shares of the Company for 90 consecutive days or longer period may convene and preside over the meeting by himself/herself/themselves.

Putting Forward Proposals at General Meetings

Pursuant to the Article 59 of the Articles, shareholder(s) individually or jointly holding 3% or more of the Company's shares shall have the right to make a proposal to the Company at a Shareholders' general meeting of the Company.

The shareholder(s) individually or jointly holding 3% or more of the Company's shares may make provisional proposals in writing to the convener of a shareholders' general meeting 10 days prior to the meeting. The convener shall issue a supplementary notice of the shareholders' general meeting and announce the contents of such provisional proposals within two days after receipt thereof.

Except as provided by the preceding paragraph, the convener of a shareholders' general meeting shall not amend the proposals already specified in the notice of the shareholders' general meeting or add new proposals subsequent to the issuance of the notice of the shareholders' general meeting.

Proposals which are not specified in the notice of the shareholders' general meeting or which do not comply with the Articles of Association shall not be voted on and resolved at the shareholders' general meeting.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, the Directors, Supervisors and senior management officers shall provide explanations and statements relating to the queries and suggestions put forward by the shareholders at the general meeting.

Contact Details

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

Address: Unit 15, 1000 Zhangheng Road China (Shanghai) Pilot Free Trade Zone Pudong New Area Shanghai PRC (For the attention of the Board of Directors/Company Secretary)
Telephone: 021-38016387
Email: ir@immuneonco.com

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

Communication with Shareholders and Investors/Investor Relations

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company is endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

A notice of the general meeting shall be given at least 21 days prior to the convening of the annual general meeting, and at least 15 days prior to the convening of the extraordinary general meeting. Where laws, regulations and the securities regulatory authority of the place where the Company's Shares are listed provide otherwise, such provisions shall prevail.

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

Shareholders Communication Policy

The Company has in place a Shareholders Communication Policy. The policy aims at promoting effective communication with Shareholders and other stakeholders, encouraging Shareholders to engage actively with the Company and enabling Shareholders to exercise their rights as Shareholders effectively.

Since the Company was only listed on the Stock Exchange on September 5, 2023, the Board will conduct the annual review on the implementation and effectiveness of the Shareholders Communication Policy in 2024.

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

(a) Corporate Communication

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

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

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

(c) Corporate Website

Any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website (www.immuneonco.com). Other corporate information about the Company's corporate governance will also be available on the Company's website.

(d) Shareholders' Meetings

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

(e) Shareholders' Enquiries

Enquiries about Shareholdings

Shareholders should direct their enquiries about their shareholdings to the Company's H share registrar, Computershare Hong Kong Investor Services Limited, by submitting online enquiries using the link https://www-uk.computershare.com/Investor/Contact/Enquiry?cc=hk&lang=en or calling its hotline at (852) 2862 8555, or going in person to its public counter at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

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

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send any enquiries to the Board by email: ir@immuneonco.com or by post to Unit 15, 1000 Zhangheng Road China (Shanghai) Pilot Free Trade Zone Pudong New Area Shanghai PRC

Having considered the multiple channels of communication, the Company believes that the Company's Shareholders Communication Policy has facilitated adequate communications, and is satisfied that the Shareholders Communication Policy has been properly implemented during the year of 2023 and is effective.

(f) Webcast

Webcasts of the Company's interim and annual results briefings are available.

(g) Other Investor Relations Communication Platforms

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

Changes in Constitutional Documents

During the Relevant Period, the Company has made changes after the partial exercise of the over-allotment option to its Articles of Association. For further details, please refer to the Company's announcement dated October 27, 2023. Save as the above mentioned, there was no significant change in the Articles of Association during the Relevant Period. The latest Articles of Association were published on the websites of the Stock Exchange and the Company on October 27, 2023.

Dividend Policy

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

ABOUT THE REPORT

This Environmental, Social and Governance Report ("**ESG Report**", or the "**Report**") is the first ESG Report prepared by ImmuneOnco Biopharmaceuticals (Shanghai) Inc. (the "**Company**"), its subsidiaries, and the entities included in the scope of consolidation ("**ImmuneOnco**", "**Company**", or "**we**"). This Report aims to explain the Company's sustainable development strategies, policies, measures and results to all stakeholders in an objective and fair manner, and disclose relevant information on the Company's environmental, social and governance performance.

Reporting period

The Report covers the information and data from January 1, 2023 to December 31, 2023 (the "**Reporting Period**").

Reporting scope

The Report discloses the Company's core businesses, including our headquarters, R&D centre, and office in Shanghai.

Basis of preparation and principles

The Report is prepared in accordance with the revised Appendix C2, the *Environmental, Social and Governance Reporting Guide* (the "**Guide**"), to the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (the "**Listing Rules**") published by The Stock Exchange of Hong Kong Limited (the "**HKEX**").

The Report is prepared on the principles set out in the Guide:

- Materiality: Significant ESG topics are identified through communication with stakeholders and materiality assessment and disclosed in the ESG Report.
- Quantification: Quantitative data such as environmental and social key performance indicators disclosed in the Report are accompanied by descriptions of their purpose and impact.
- Consistency: The Report will adopt the statistical method consistent with the prior year for meaningful comparison.
- Balance: The Report presents the Company's ESG performance fairly and impartially.

Download and feedback

We recommend reading the electronic report for environmental protection consideration. The electronic report is available on the Company's official website http://www.immuneonco.com/). We value the views of our stakeholders and welcome to contact us through the contact details below. Your comments will help us further refine this report and improve our overall ESG performance.

Contact information

E-mail: info@immuneonco.com
Address: Building 15, Lane 1000, Zhangheng Road, Zhangjiang Science City, Pudong New Area, Shanghai

Environmental, Social and Governance Report

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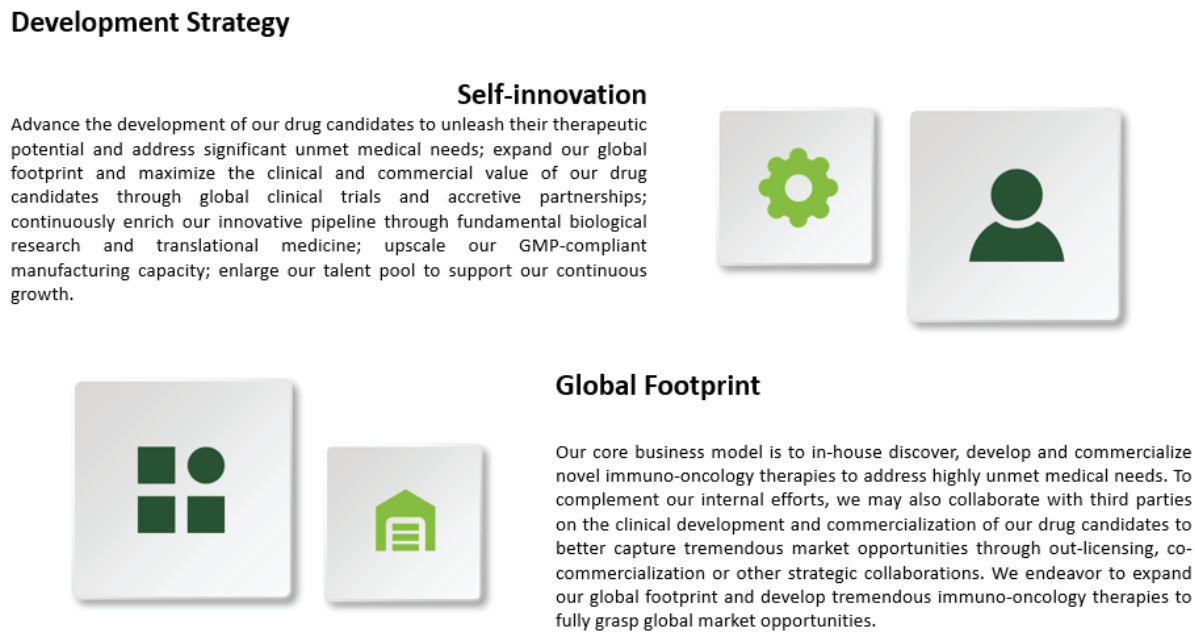
ABOUT IMMUNEONCO

ImmuneOnco Biopharmaceuticals (Shanghai) Inc., established in the PRC in June 2015, is a science-driven biotechnology company dedicated to the development of immuno-oncology therapies. ImmuneOnco is one of the few biotechnology companies globally adopting a systematic approach to harness both the innate and adaptive immune systems. Currently approved immunotherapies primarily focus on the adaptive immune system and are often confronted with limited clinical benefits due to low response rates and inevitable drug resistance and/or relapse in many cancer indications. Harnessing both the innate and adaptive immune systems allows us to overcome the limitations of current T-cell-based immunotherapies and address substantial unmet medical needs of cancer patients.

- **Development strategy**



- **Awards in 2023**

Name of Honor/Qualification	Awarding organization
The 2nd Biotech Innovation 50 Companies List	KPMG China
The 7th Future Healthcare 100 Main List — China Innovative Biomedical List — 7th place in 2023	VB100, Arterial Network, Eggshell Research Institute
Zhangjiang Life & Health Industry Emerging Company of the Year	2023 Zhangjiang Life Sciences International Innovation Summit
Dr. Tian Wenzhi, CEO, was selected as one of the "Pearl Leaders" in Pudong New Area	2023 Pudong International Talent Port Forum
2023 Influential Science and Innovation Enterprise of the Year	2023 Zhangjiang Science and Technology Innovation Ecology Summit

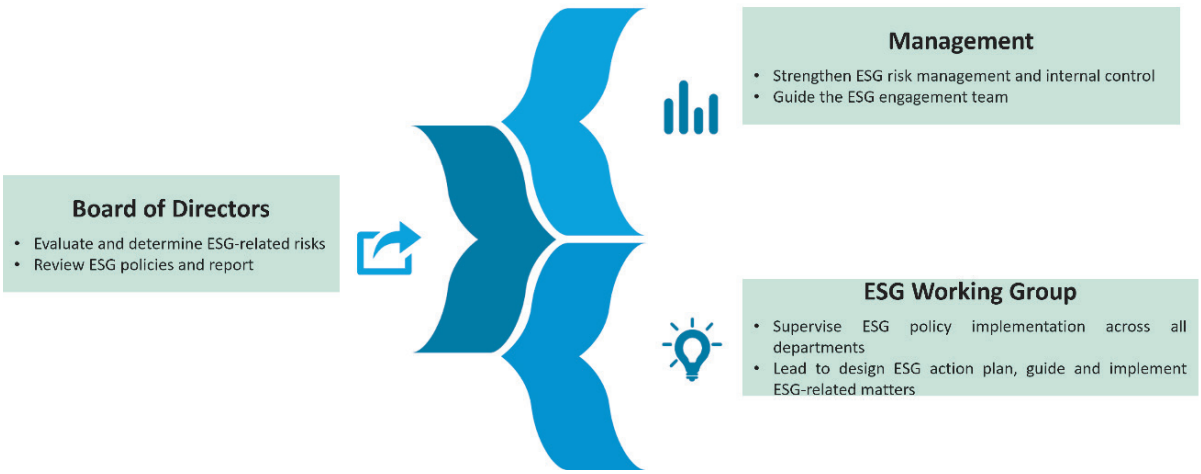
I. SUSTAINABLE DEVELOPMENT MANAGEMENT

As a strong advocate for sustainable development, ImmuneOnco has been improving its environmental, social and governance (ESG) management. We regularly review our ESG performance, develop ESG strategies and policies, and engage in targeted ESG research to improve our ESG management and practice. We plan to elevate sustainable development to the corporate strategy level and integrate it into our development planning, ensuring that the sustainable development concept is woven throughout the entire business value chain. The sustainable development strategy is encapsulated in the Company's strategic objectives, and the operation of the ESG Working Group can also be considered as the practice of managing the Group's business operations.

1. ESG governance structure

Our Board of Directors is responsible for formulating, managing and monitoring the implementation of our sustainable development strategies and objectives to fulfil our responsibility to shareholders and the society; monitoring corporate governance practices and procedures; maintaining appropriate and effective corporate risk management and internal control systems to ensure compliance with applicable rules and regulations; reviewing ESG reports.

In addition, the Company has established an ESG Working Group to advance the Company's ESG agenda. The Working Group consists of key functional departments and units involved in ESG matters. It is responsible for leading the design of ESG action plan, regularly discussing challenges encountered in work, and reporting to the management, who will report major issues to the Board as appropriate.



2. Board's ESG responsibilities

The Board of Directors is responsible for overseeing ESG risk management and information disclosure and formulating comprehensive policies for sustainable development governance and supervision. The ESG Working Group organizes meetings, improves coordination, and recommends suggestions for improvement to promote the Company's sustainable development and pursue enduring benefits for both the Company and its stakeholders.

Besides, the Board of Directors proactively promotes the integration of sustainable development into our business practices. While refining the existing risk management system, the Company also strengthens the identification and evaluation of sustainable development-related risks and identified new challenges and opportunities through management seminars. Those charged with governance headed by the Board of Directors will constantly supervise the establishment and implementation of the Company's risk response measures and assess the relevance of risks with the Company's business operation in a timely manner to ensure an effective alignment of sustainable development with corporate growth.

- ***Board diversity***

  The Board of Directors of ImmuneOnco adopts a policy of diversity. It takes into account multiple factors to ensure board diversity, including gender, age, educational background, expertise, industry experience, ethnic group, race, and cultural background. We believe it will promote diversity and balance in viewpoints and experience of the Board, enhance the abilities to cope with complex environment, and achieve balanced and sustainable development.

  As of the end of 2023, the Board of Directors of ImmuneOnco has 9 members, including 3 executive directors, 3 non-executive directors, and 3 independent and non-executive directors.

3. Operational compliance

Adhering to the principle of operational compliance, ImmuneOnco views it as a cornerstone for its sustainable development. The Company abides by the laws and regulations related to operational compliance, environment protection, and occupational health in the country and region where it operates. We strictly observe business ethics and uphold the principles of honesty and dedication, law-abidingness, fair competition, and honest operation. We constantly improve our compliance management system and developed the *Compliance Management Policy* to specify the ethic benchmark and compliance requirements in carrying out businesses. We integrate the compliance awareness and concept into every aspect and the whole process of operational management to proactively identify and manage compliance-related risks.

- ***Anti-corruption management***

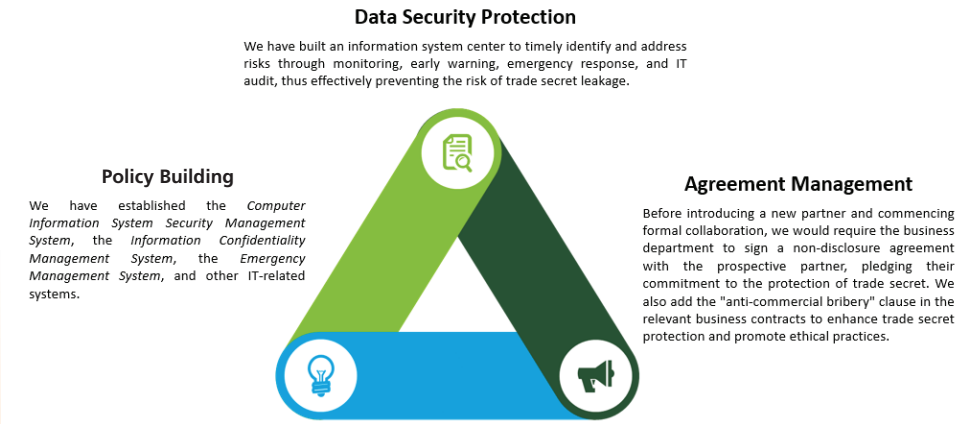
  Anti-corruption management has always been a topic of concern for all sectors of society, including our clients, suppliers, and other stakeholders. ImmuneOnco adheres to a policy of "Zero Tolerance" to corruption, promoting honesty and integrity in business practices and resolutely opposing all forms of commercial bribery and corruption. Externally, to build a transparent anti-corruption system, we entered into special agreements with cooperation partners to create a fair and clean eco-system. Internally, to prevent corruption and standardize the management of conflict of interests, we developed systems including the *Anti-fraud Management Policy*, the *Anti-money Laundering Management Policy*, and the *Misconduct Reporting and Investigation Management Policy*, specifying the requirements for fraud prevention, investigation, and treatment. We established a declaration mechanism for accepting gifts and addressing conflict of interests. Meanwhile, we have also established reporting channels. Employees can report any violation of the rules and regulations and any actions that may harm the Company's interests via e-mail (email address: speakup@immuneonco.com). The Company will conduct an independent investigation according to the reporting. In addition, we advocate a culture of integrity for all employees, and build their awareness of anti-corruption through online anti-fraud training and other initiatives to foster a corporate culture of fairness and integrity. In 2023, the Company was not involved in any corruption-related lawsuits.

- ***Compliance training***

We attach importance to compliance training for our employees. In 2023, the Company held training sessions via face-to-face coaching, online lectures or question-and-answer sessions. The training was centred on trade secret protection, intellectual property-related risk prevention in procurement, and other topics. These initiatives are designed to further enhance employees' compliance awareness and regulate their professional conduct.

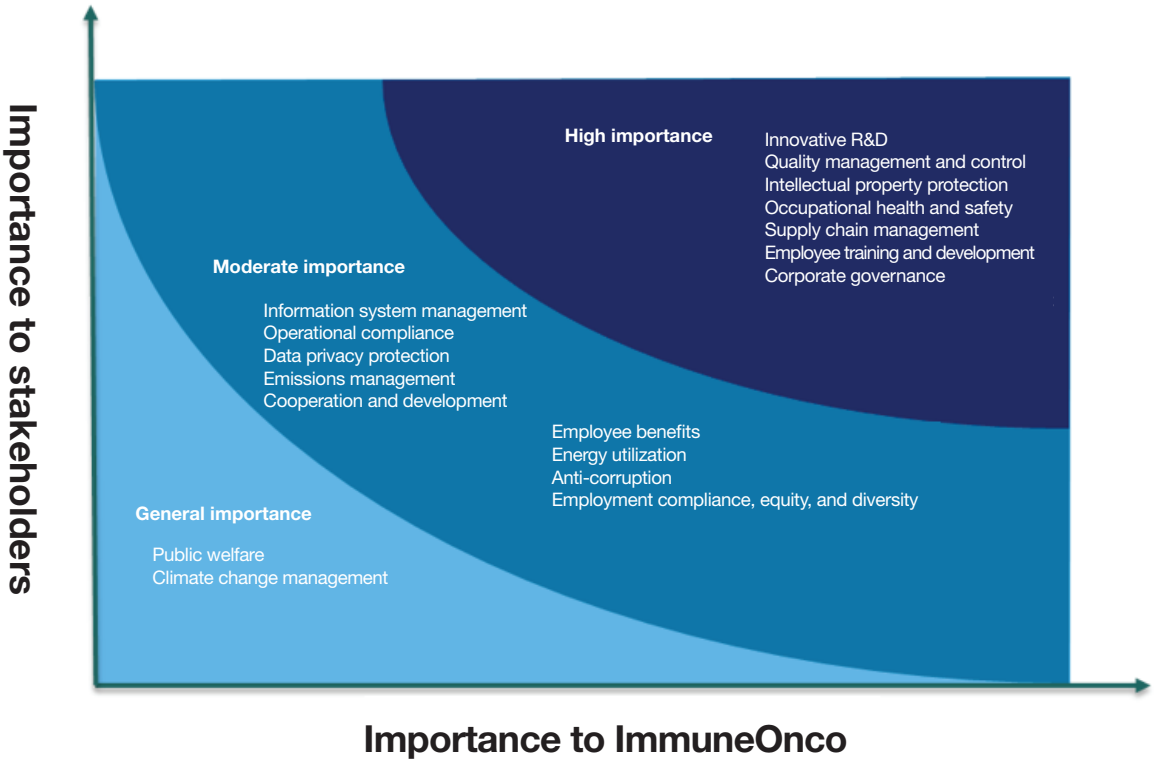
- ***Trade secret protection***

We attach great importance to compliance and the protection of trade secret and business ethics. To prevent unauthorized disclosure of trade secret and ensure information security, we built a trade secret moat through data security protection, policy building, and agreement management. The specific measures are as follows:



4. Analysis of significant topics

To fully understand stakeholders' expectations on ImmuneOnco, the Company has sorted through a wide range of sustainable development topics and identified those with significant impact on ImmuneOnco and its stakeholders according to the Stock Exchange's ESG reporting guidelines and in combination with internal and external communication and discussion. These topics are included in the ESG report. They are designed to help the Company develop risk management measures and ensure that stakeholders' major concerns are effectively addressed. The Company prioritized these significant topics based on the materiality principle and the stakeholder-company materiality model and has passed the management's review. The results are presented as below:



5. Communication with stakeholders

We value our stakeholders' opinion and factor their requirements and expectations into our corporate decisions. ImmuneOnco has identified its major stakeholders according to its business and operational characteristics, including investors, employees, participants, Government and regulators, R&D institutions, suppliers, peers, communities, and the public. The Company has established different communication channels for stakeholders and maintains regular communication to ensure that stakeholders' major concerns are fully addressed. Through stakeholders' regular participation, the Company takes full account of stakeholders' views when making decisions and reviewing management priorities and performance. We also disclose important data to address stakeholders' concerns.

Stakeholders	Topics of concern	Major communication channels
Investor	• Corporate governance • Innovative R&D	√ Annual general meeting and other shareholders' meetings √ Information disclosure √ Investors' meetings
Employee	• Occupational health and safety • Employee training and development • Employment compliance, equity, and diversity • Employee benefits	√ EHS occupational health and safety system √ Employee training √ Employee complaint and communication mechanism √ Team building activities
Participant	• Innovative R&D • Quality management and control • Data privacy protection	√ Informed consent √ EHS occupational health and safety system √ IT system information protection
Government and regulator	• Innovative R&D • Quality management and control • Occupational health and safety • Corporate governance • Operational compliance	√ Conference √ Environmental impact assessment report √ Information disclosure √ Site inspection
R&D institution	• Intellectual property protection • Information system management	√ Patent protection system
Industry peer	• Industry cooperation and development • Intellectual property protection	√ Summit √ Exchange and cooperation √ Patent protection system
Supplier	• Supply chain management • Anti-corruption	√ Supplier management procedures √ Supplier assessment √ Site inspection
Community & the public	• Public welfare • Climate change management • Emissions management • Energy utilization	√ Community activities √ Patient care √ Environment protection √ Information disclosure

II. INNOVATIVE OPERATION

1. R&D and innovation

R&D and innovation are crucial for the Company to achieve long-term growth and maintain competitiveness. Accordingly, we formulated policy papers such as the *R&D Project Management Policy*, the *R&D Expense Management Policy*, which stipulate the management responsibility division, project initiation and phased reviews, implementation management, expense management, and acquisition of investigational drugs for all product R&D projects. Leveraging the experience of our R&D team and following the mission of "Developing first-in-class drugs, benefitting tumor patients", we are committed to providing therapies to people who are suffering from a serious or life-threatening illness or condition and might potentially benefit from our medicines.

- ***R&D platforms***

  We have established an integrated in-house R&D platform that covers target selection and validation, drug discovery, high-throughput screening, molecule design, preclinical studies, CMC and IND-enabling capabilities. Our platform enables us to continuously discover and develop next-generation innovative oncology therapies and move them forward to the clinical stage. The R&D engine includes a proprietary mAb-Trap bispecific platform, advanced hybridoma technology, high-throughput screening, strong immunoassay and bioassay technology, efficient cell line development and antibody production, as well as robust CMC and manufacturing capacity, which allow us to efficiently conduct screening for leading compounds and druggability analysis, cost-effectively manufacture high-quality drug candidates in-house, and provide firm support for our drug development efforts.

  In 2023, the Company continued to strengthen its R&D platforms, including dual antibody design platform, antibody discovery platform, cell line development platform and in vitro activity analysis platform.

  Dual antibody design platforms include "mab-Trap", "Knob into Hole-CL", and "Knob into Hole-Crossmab", each of which incubates multiple dual antibody molecules for preclinical or clinical validations.

  Based on the mouse hybridoma technology, our antibody discovery platform achieved the goal of screening for positive antibodies from immunization in only three months by the high-throughput screening through a combination of flow cytometers and other equipment and the optimized screening process (fusion, culture conditions, subclone, etc.).

  The cell line development platform has equipped the Company with proprietary host cells and supporting expression vectors. The optimized screening process can obtain stable and high expression of candidate cell lines in two months, with the expression level of 5–10 g/L based on the traditional Fed-Batch.

  The in vitro activity analysis platform covers a wide range of antibody analytical methods, including but not limited to target binding, blockade, affinity assay, ADCC/ADCP/CDC/ADCT, apoptosis, internalization, receptor occupancy, and cytokine release. We developed specific functional activity evaluation platforms for different targets. In addition, the Company also gained considerable economic benefits through the ADCC analysis platform and the CD47 target drug functional activity analysis platform.

- ***Cost reduction and efficiency enhancement***

  Cost reduction and efficiency enhancement depend on the continuous improvement of R&D platforms. In 2023, we continued to optimize existing platforms to improve the success rate of experiments, shorten the R&D cycle, and reduce unnecessary repetitive experiments and R&D costs. Meanwhile, we constantly reminded our lab members to save reagents and consumables while ensuring the completion of experiments, including 1) purchasing cost-effective domestic reagents and consumables; 2) reducing unnecessary losses, such as reusing gloves, hats, masks as much as possible, adopting gun head sampling instead of pipette sampling, reducing reaction volume, reusing cleaned and sterilized consumables, retaining the dry ice when receiving goods for subsequent shipments; 3) organizing hands-on experiment trainings by team leaders for new employees to improve work efficiency and reduce experimental costs. In addition, the R&D department held regular meetings to share work updates and discuss practical solutions for cost reduction and efficiency enhancement.

- ***Academic impact***

  In 2023, several of our research results were published in international associations and journals, including:

  2023 American Association for Cancer Research (AACR) Annual Meeting
  The preclinical data of IMM47 (CD24 antibody), IMM40H (CD70 antibody), IMM2520 (CD47 x PD-L1) and IMM2902 (CD47 x HER2) were selected for poster presentation.

  2023 American Society of Clinical Oncology (ASCO) Annual Meeting
  ASCO has accepted five study results for our innovative drugs. Three abstracts highlighting the most recent clinical advancements of IMM01, IMM0306, and IMM2510 were chosen for poster presentation. Additionally, abstracts were presented for the preliminary data of Phase I clinical trials of IMM27M and IMM2902.

  65th American Society of Hematology (ASH) Annual Meeting in 2023
  Three Phase II clinical trial results related to Timdarpacept (IMM01) were selected for oral report and poster presentation. Our study results won prolonged applause and aroused warm responses at the meeting, indicating extensive recognition of the clinical performance of Timdarpacept (IMM01).

  Frontiers in Oncology
  The preclinical study result of IMM40H entitled "The novel high-affinity humanized antibody IMM40H targets CD70, eliminates tumors via Fc-mediated effector functions, and interrupts CD70/CD27 signaling" was published in *Frontiers in Oncology*.

  Antibody Therapeutics
  The IMM47 preclinical study results were published in *Antibody Therapeutics* by our R&D team as "IMM47, a humanized monoclonal antibody that targets CD24, exhibits exceptional anti-tumor efficacy by blocking the CD24/Siglec-10 interaction and can be used as monotherapy or in combination with anti-PD1 antibodies for cancer immunotherapy."

- ***Intellectual property (IP) protection***

  In accordance with laws and regulations such as the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, and the *Law of the People's Republic of China against Unfair Competition*, the Company established the *IP Management Policy*, which specifies the requirements in patents, trademarks, copyrights, and trade secrets to standardize the IP management. In addition, the Company complies with the IP laws and regulations of the countries and regions where it operates in applying for foreign patents and carrying out foreign cooperation.

  The Company applies for patents for its tech innovations and inventions from local patent offices to obtain legal protection based on possible future market demands. We have dedicated staff for patent application, review, and maintenance, and also entrust professional organizations to assist in the process. We also arrange dedicated staff to monitor the time limit of patent application, review, and maintenance to minimize unnecessary losses and risks caused by human negligence. Employees are required to sign an onboarding IP statement, stating that they will not bring into and use in the Company any third-party trade secrets, or violate the obligations identified in any IP ownership agreements with former employers. The Company will sign non-disclosure agreements with partners involved in confidential information to safeguard important information such as core technologies and trade secrets from unauthorized disclosure.

  Before introducing new products, establishing new projects, and utilizing new technologies, the Company will search products and technologies IP globally, evaluate IP risks, and avoid direct or indirect IP infringement. As of the end of 2023, the Company had not been subjected to any administrative penalties or IP disputes due to violation of relevant IP laws and regulations. At present, we own 31 patents, all of which are invention patents, and have 21 patent applications pending.

- ***Quality management system***

  ImmuneOnco has established a comprehensive quality management structure for the complete product life cycle. Within the Company, the CEO is fully responsible for coordinating quality management and reporting to the Board of Directors. The Company also set up an independent quality assurance department to establish, maintain and optimize the quality assurance system, formulate quality policies and manuals, lead the GxP quality risk management, and supervise and guide quality and risk management. During the Reporting Period, the Company has not yet commercialized its products, so no product recalls have occurred.

The Company strictly complies with laws and regulations such as the *Drug Administration Law of the People's Republic of China*, the *Implementing Regulations of the Drug Administration Law of the People's Republic of China*, the *Pharmacopoeia of the People's Republic of China*, the *Measures for the Supervision and Administration of Drug Production*, and the *Risk Assessment Principles for On-site Inspection of Drug Manufacturing Enterprises*, as well as the *Good Manufacturing Practice (GMP)* and its appendices, to ensure that the CMOs comply with the relevant regulatory requirements and our internal guidelines on production standards, process and facilities. In 2023, we enhanced the management of CMOs as follows:

1. Inspection and evaluation

Prior to the entrusted activities, we conducted comprehensive inspections and evaluations of the CMOs and issued audit reports to provide an objective basis for the selection of CMOs. In addition, we also audited two CMOs, supervised the canning of a CMO's clinical batch of formulations on site, and explored with it the on-site QA's authority.

2. Quality assurance (QA) agreement

We gradually improved the quality agreement with the entrusted parties to strengthen the management and control of unqualified products. The Unqualified Goods Management Regulations included the unqualified finished products produced by CMOs into our monitoring scope. As agreed in the quality agreement, the unqualified products should be sent back to us for confirmation and processing or be destroyed by CMOs with the prior authorization of our quality head. The implementation of this initiative can prevent unqualified products from entering clinical trial centers.

3. Enhanced connection

We further strengthened the effective connection with CMOs' quality management systems and increased the supervision of these systems. As agreed in the quality agreement, CMOs should promptly notify us to participate in the assessment and continuous tracking and investigation of deviations and changes related to the entrusted products. Major deviations and changes should be closed with the written approval of our quality head. The relevant records after closure should be submitted to us for filing. The implementation of this initiative can urge CMOs' risk assessment to be more objective, scientific and reasonable.

4. Strict review

We required the CMOs to strengthen the inspection of batch production and inspection records to ensure data accuracy, reliability, and completeness. With the help of the PMs, we supervised the rectification of recorded defects to ensure compliance with all acceptance criteria for the release of our clinical trial drugs. We also urged the formulation canning trustees to strictly follow the requirements of GPM to complete periodic sterile simulation canning of culture media, of which the plan and report are subject to our review.

2. Responsible sourcing

We understand that establishing a good cooperation mechanism with suppliers is crucial to ensure operational efficiency. Therefore, we maintain a long-lasting cooperation with suppliers based on mutual trust, and purchase materials and services based on the principle of fairness and openness. The Company formulated systems such as the *Procurement Management Regulations*, the *Office Supplies Procurement Management Measures*, and the *Services Procurement Management Measures*, which clearly set out specific requirements of varying degrees for supplier access, supplier evaluation, quality agreements, and audit standards. Meanwhile, we carry out quality management in access and daily management to safeguard the quality of suppliers according to relevant supplier management systems.

- ***Supplier approval***

  ImmuneOnco has a strict supplier approval management system to select suitable, stable, and superior suppliers through formulating relevant internal management systems and standardized access process, ensuring high quality of supply. The Company's *Procurement Management Regulations* specify the whole supplier approval process of supplier selection, evaluation, and quality audit. In the process, the Company specifies the qualification requirements and evaluation criteria for suppliers and defines the supplier selection principles. In addition, in 2023, we began requiring suppliers to fill in the Supplier Information Questionnaire with basic information such as production information, quality assurance, safety area, warehouse transportation and quality control to ensure continuous monitoring and evaluation of suppliers to optimize the quality of supplier contracts.

- ***Supplier supervision***

  ImmuneOnco conducts on-site visits and audits for suppliers providing key materials to ensure that their on-site operations comply with relevant regulations. In 2023, we organized on-site audits of new culture media suppliers. In the audits, we conducted on-site surveys of the suppliers' facilities, discussed with the suppliers the relevant production processes, quality management programs, production programs, etc., and required the suppliers to improve processes, production facilities and management methods, and arrange for subsequent audits. In addition, we carried out full/sample testing and quality tracking of the products produced by suppliers as needed to ensure the products meet the relevant laws and regulations.

3. Information safety

- ***Information safety***

  ImmuneOnco has established a very strict data control system, taking a series of measures including data encryption to ensure data security. Numerous protection strategies shield data from external attacks and unauthorized disclosures. The Company has a special working group on data security to promote internal privacy data management and the implementation of data security regulations and systems. Meanwhile, ImmuneOnco formulated data governance systems such as the *Data Security Management Policy*, the *User Rights Management Policy*, the *Data Backup Management Policy*, the *Network Security Management Policy*, the *Password Security Management Policy*, etc., to enhance the security awareness of ordinary employees and standardize the Company's conduct codes.

  In 2023, ImmuneOnco increased input to enhance its information security capabilities. The Company formulated an overall plan for information system construction, and maintained and upgraded server room construction, network security construction, computing and storage, and terminal security. Moreover, through optimizing informatization management system, strengthening network equipment configuration, and promoting informatization project construction, the Company continuously optimized its network and information security to safeguard its operations.

  For employees, we require employees to comply with the trade secrets protection system in the Employee Handbook, which covers information security, trade secrets, customer privacy, etc. Meanwhile, we actively carry out training and activities related to trade secrets and publicize our confidentiality system and culture to raise employees' confidentiality awareness.

  For suppliers, we strictly protect our procurement documents. As the Company's confidential documents, the procurement documents include suppliers' operation data, cooperation information, and quotation information. The documents shall be kept confidential for 5 years and shall not be transmitted to any third party without the permission of the procurement centre or its authorized representative.

- ***Consumer privacy security***

  ImmuneOnco understands the importance of consumer privacy protection and the need for personal information security. We strictly abide by the *Personal Information Protection Law of the People's Republic of China*, the *Cybersecurity Law of the People's Republic of China*, the *General Data Protection Regulation (GDPR)* of the European Union, the *Health Insurance Portability and Accountability Act (HIPAA Act)* of the United States, and other domestic and foreign laws and regulations and regulatory requirements. We also formulated the *Trade Secrets Management Policy* and the *Personal Data Privacy Protection Policy*, stating that the Company complies with the data protection principles when processing the personal data of customers, patients, suppliers, etc. The Company's relevant systems apply to all employees, including full-time, part-time and temporary employees, and cooperative third parties, and are included in the relevant agreements with third parties.

In accordance with the above systems and principles, ImmuneOnco strictly controls the entire process of collecting and storing private information. The Company prohibits the collection of sensitive information from relevant personnel unless necessary. In scenarios where personal information must be collected, we must obtain prior consent and inform the owners about the specific information collected, the purpose, and the storage and disposal methods.

- ***IT audit***

  The Company regularly conducts IT audits. Internally, we regularly conduct sensitive account security audits and operation log audits to monitor abnormal behaviors and solve security problems. Externally, we regularly accept IT audits, equal protection inspections, and DSG evaluations by third-party audit teams to comprehensively safeguard our information, network, and data security.

- ***Emergency management***

  ImmuneOnco formulated the *Contingency Plan Management Instructions* to cope with unexpected information system disruptions, which include mechanisms such as beforehand prevention and warning, rapid response and safeguard during the incident, and review and analysis after the incident. In a security incident, we firstly identify its type and severity and quickly assign it to the appropriate response team, then report and notify the incident as appropriate and activate the contingency plan. After the incident, we conduct review and analysis, and regularly maintain the contingency plan. In 2023, the Company did not have any incidents or accidents related to cybersecurity, such as hacking and Trojan.

- ***Information safety publicity***

  ImmuneOnco has an information security training system to formulate training plans and carry out various information and data security protection activities. Training contents mainly include data security laws and regulations, system requirements, practical specifications, management methods, compliance assessment, and emergency drills. According to the Company's data security contingency plan and drills, the training plans design different emergencies to test the risk response capability, continuously improving the security risk identification and control ability.

III. GREEN DEVELOPMENT

In the face of increasingly scarce resources, we actively respond to the national call for energy saving, emission reduction and green development, continuously improving our environmental protection strategies and measures, and fulfilling our environmental responsibilities in multiple dimensions.

ImmuneOnco strictly abides by the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, as well as the relevant laws and regulations in the places where it operates. We also formulated internal management policies, such as the *Hazardous Waste Disposal Management Regulations*, the *Lab Environment Safety Management Regulations, and the Hazard Analysis and Management Regulations of Work Conditions*, to standardize the environmental management, and strictly monitor and manage the impacts of the Company's operation on the surrounding environment, so that we can fulfil the commitment to sustainable development with concrete actions.

In terms of emergency management for environmental incidents, ImmuneOnco regularly examines potential sources of environmental risks, formulated the *Contingency Plan for Production Safety Accidents* and the *Risk Assessment Report for Emergency Environmental Risks*, and established response organizations equipped with first-aid facilities. Meanwhile, we carry out annual emergency drills to better respond to environmental emergencies.

During the reporting period, there were no major accidents related to violations of environmental protection laws and regulations at ImmuneOnco.

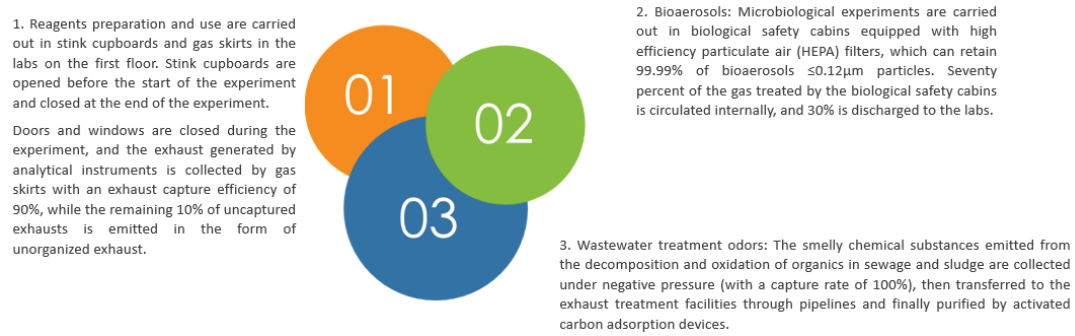
1. Emissions management

We strictly abide by the laws and regulations such as the Law of the People's Republic of China on Prevention and Control of Air Pollution and the Law of the People's Republic of China on Prevention and Control of Waste Pollution, use environment-friendly materials in our operations, set and regularly review our environmental emission targets, and standardize our emission management system.

- ***Exhaust emission***

  Every lab is equipped with two stink cupboards and a number of gas skirts. Exhaust generated during the experiment is firstly collected by stink cupboards and gas skirts, then purified by activated carbon adsorption devices (2,400m³/h), and finally discharged by 25m-high exhaust pipe on the roof of the building. The bioaerosols generated in the process are treated in biological safety cabins and then discharged indoors.

  Exhaust emission efficiency references are shown below:



- ***Wastewater discharge***

  The pollutant concentration of wastewater discharged by ImmuneOnco in the projects meet the requirements of *Pollutant Emission Standards for Biopharmaceutical Industry (DB31/373–2010)*, and LAS meets the tertiary standard of Shanghai's *Comprehensive Wastewater Emission Standards (DB31/199–2018)*, with no adverse impact on the surrounding water environment.

The wastewater discharge technologies are shown below:

Lab wastewater flows into the basement's catch basin and is then pumped to the regulating pool. After the homogenized quality treatment, the wastewater is pumped to the hydrolysis acidification tank for hydrolysis acidification reaction and ammonification reaction under the low DO environment to improve its biodegradability. Meanwhile, the sludge and wastewater from the secondary sedimentation tank flow back to the hydrolysis acidification tank to realize denitrification. Then, the wastewater in the hydrolysis acidification pool flows into the contact oxidation tank by gravity with DO controlled at 2-4mg/L, to achieve the oxygenolysis of organic pollutants. Ammonia nitrogen is oxidized to nitrate and nitrite. Finally, the wastewater enters the disinfection tank for treatment, and flows into the wastewater pipe network by gravity.

In addition, the stink from the wastewater treatment station are collected under negative pressure, then transferred to the exhaust treatment facilities and purified by activated carbon adsorption devices, and finally discharged by at least 15m-high exhaust pipes.

- ***Waste disposal***

The Company classifies and disposes of different types of wastes in accordance with the *National Hazardous Waste Catalog* implemented by the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Waste*. We centrally collect and dispose of recyclable paper, ink cartridges, ribbons, toner cartridges, used batteries, office computers, and non-hazardous wastes (mainly household wastes).

ImmuneOnco adopts the following pollution prevention and control measures for the hazardous waste storage according to the *Hazardous Waste Storage Pollution Control Standards*:

(1) Categorize and store hazardous wastes in the labs' hazardous waste barrels, regularly transport them to the temporary hazardous waste storage room every day, and regularly entrust qualified hazardous waste disposal organizations for disposal;

(2) Store different natures and forms of hazardous wastes with suitable compatible containers (liquid wastes should be stored in barrels made of compatible materials, and solid hazardous wastes can be stored in impermeable bags), and prohibit storing incompatible hazardous wastes in the same containers;

(3) Record hazardous wastes, indicating names, sources, quantity, characteristics, types of packaging containers, inbound dates, storage locations, outbound dates and recipients;

(4) Label impermeable bags and barrels in accordance with the standards, and place warning signs at the storage;

(5) Regularly check the measures of anti-seepage, windproof, rainproof, sunproof and fireproof in the storage site, keep the ground hard, corrosion-resistant, and seamless, set leaking liquids collection devices and prepare compatible adsorbent materials and other first-aid materials;

(6) Regularly entrust professional and qualified organizations to clean up and transport wastes, take measures to prevent environment pollution, and strengthen the transportation supervision, to avoid the scattering and leakage of solid waste.

2. Energy saving and emission reduction

Energy consumption in ImmuneOnco's operations is mainly from daily office work, production and R&D, and the types of energy involved are mainly electricity, gasoline, and water.

The Company strictly abides by laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and the *Energy Conservation Law of the People's Republic of China*, and establish an energy-saving work responsibility system, strengthen the energy-saving management of offices, comprehensively reduce the resources consumption, enhance employees' emission reduction awareness, and minimize the carbon footprint and resources waste.

In 2023, ImmuneOnco implemented the following series of energy saving measures to accomplish further energy saving and emission reduction while maintaining the previous energy consumption:

Paperless office

Promote double-sided printing and single-sided printing of informal documents on waste papers, and encourage employees to use e-mail, intranet and other electronic means to send information

Green office

Reduce battery consumption, use reusable charging devices, and publish and publicize energy-saving and consumption reduction initiatives

Waste reduction

Release policies related to water and electricity conservation (such as turning down faucets, turning off water when leaving, and reporting repairs in time), and inspect and turn off lights by administrative personnel, ensuring the effectiveness of experiments while using more cost-effective domestic reagenets and consumables; and reducing unnecessary losses in the details of experimental operations

Resource efficiency enhancement

Turn off some equipment (e.g., chilled water pumps, chillers) when the temperature is low and set boilers to low power consumption status and the VRV air-conditioning system to timed on/off status

3. Health and safety

ImmuneOnco cares about employees' health and safety, and always puts the health of employees and safety production in the first place. The Company has established a comprehensive environment, health and safety (EHS) management system to strengthen the coordination and management ability of EHS organizations, clarify EHS assessment indicators, and constantly improve the EHS management ability and staff awareness. With a sound governance structure and leadership supervision, we take actions to ensure the effective implementation of health and safety management at the Company.

- ***Occupational health***

  ImmuneOnco strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and other laws and regulations, and formulated the *Occupational Health Management Policy*, the *Risks Identification of Occupational Health Hazards* and other management policies. We attach great importance to the physical and mental health of our employees, constantly strengthen the occupational diseases prevention, improve the occupational health management system, strengthen the occupational health publicity and education, reinforce their health awareness, and do a good job in medical examinations and labour insurance, effectively protecting employees' occupational health. The Company organizes occupational and female workers health examinations every year, regularly monitors occupational hazards at each workplace in accordance with statutory requirements, and continuously improves employees' health tracking files.

1. Environment and equipment safety protection

- Put up safety signs at workplaces, positions, facilities and equipment where occupational hazards may exist or arise, install on-site combustible and toxic gas detection and alarm devices, and prepare first-aid supplies, flushing equipment, and emergency evacuation routes.
- Introduce advanced high-activity airtight control devices to realize airtight operation from raw and auxiliary materials subpackage to product packaging, improve the work environment and reduce the exposure to occupational hazards.
- Regularly assess occupational hazards for posts exposed to toxic and hazardous substances, dust, high temperature and noise, and notify the results.

2. Personal health protection

- Lab personnel involved in biotechnology need to work in good health. In the event of fever, respiratory tract infection, open wound, other situations or immune tolerance due to work-related fatigue, or suspicion of infection, they need to take the initiative to report to their supervisors, and the department head will review their suitability to continue working.
- The Company equips the workers with PPE such as gas masks, noise-proof earplugs, helmets, safety shoes, and protective gloves.
- The Company annually organizes occupational health examinations for employees exposed to occupational hazards, and conducts pre-employment health screening for new hires and health examinations for departing employees before they leave the Company, informing them in writing and filing the results.
- The Company makes a detailed deployment for high temperature operation in summer in terms of diet, working environment, labour protection, breaks, and avoiding high temperature hours.

In addition, ImmuneOnco has established a comprehensive occupational health training system and regularly conducts occupational injury prevention and occupational health trainings to improve employees' occupational health and safety awareness. We also organize all on-the-job employees to participate in monthly occupational health and safety trainings. In 2023, the Company organized four occupational health trainings, and no occupational disease incidents occurred during the Reporting Period.

- ***Safety production***

  ImmuneOnco strictly adheres to the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and other laws and regulations, and formulated a series of management regulations, such as the *Environmental Risk Incidents Contingency Plan*, the *Lab Environment Safety Management Regulations*, the *Hazardous Waste Disposal Management Regulations*, the *Hazardous Chemicals Management Regulations*, the *Fire-fighting Facilities Management Regulations*, the *Contingency Plan for Production Safety Accidents*, the *Dual Prevention Mechanism for Hidden Trouble Detection and Risk Management*, and the *Hazard Analysis and Management Regulations of Operational Conditions*. We have built a comprehensive occupational health and safety management system, formulated production safety policies and goals to effectively identify and control safety risks, and are committed to providing a healthy and safe working environment.

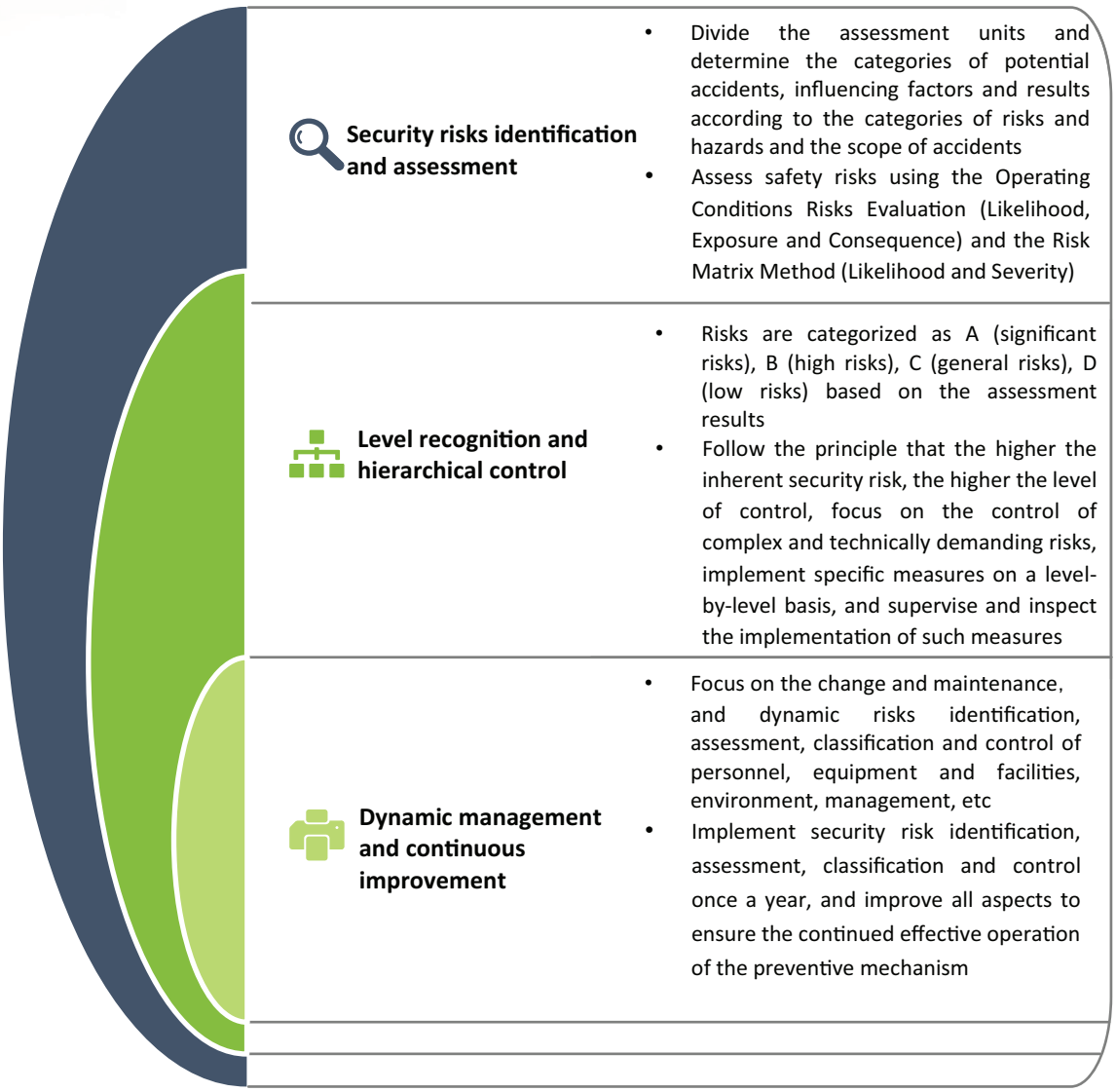
  In addition, the Company adopts strict supplier admission criteria, continuously strengthens the on-site safety management of suppliers, establishes and improves the supplier management system, and strictly implements the safety measures for production to effectively control risks and eliminate hidden dangers. At the same time, we carry out in-depth supplier trainings to cultivate the safety ability and awareness of supplier employees, effectively improve the supplier safety management, and build a strong defense line for supplier safety management.

  Therefore, there have been no workplace fatalities in the past three years.

Production safety key performance in 2023

Production safety accident	0
Casualties on duty	0
Work hour loss due to work-related injuries	0

Security risk management system



Management measures for production safety

Production safety

√ The Company has achieved automated operations with automated control systems to mitigate safety risks associated with unsafe human operations.

√ The Company has configured protection equipment to ensure workplace safety.

√ The Company has put up warning signs, lines, and lights in workplaces exposed to occupational hazards such as dust, radioactive substances, and other toxic and substances. The Company has also installed automatic alarm and communication alarm devices.

Lab management:

√ The Company has established the Lab Environment Safety Management Regulations, which clarifies provisions for personal protection, reagent management, fire safety management, equipment safety management, utility safety, emergency reporting and handling, and other aspects in the laboratory.

√ Labs are equipped with safety facilities such as chemical spill kits, eye washers, sprinklers, fire extinguishers, and fire blankets.

Chemical management:

√ The Company has developed the Hazardous Chemicals Management Regulations, outlining the whole lifecycle management procedures for hazardous chemicals. These rules also mandate that labs be equipped with explosion-proof cabinets, and that acids and alkalis, and solids and liquids, be stored separately, thus guaranteeing the safe usage and storage of hazardous chemicals.

Waste management:

√ Pursuant to applicable laws and regulations, the Company entrusts qualified third parties to handle hazardous waste generated from research and development and production activities.

Emergency management:

√ The Company has established an internal emergency response team tailored to the actual operation situations and hidden accidents. Additionally, it has prepared emergency equipment and supplies for the team.

√ The Company continues to integrate emergency response with prevention to refine the management of hazard sources and achieve accident prevention, prediction, warning, and forecasting. Offices are equipped with fire pump rooms, fire hydrants, fire hammers, fire telephones, voice activated alarms, sprinklers, and smoke detectors. Additionally, it has displayed evacuation diagrams in apparent locations.

√ The Company strengthens supervision and management of hidden dangers through daily and interdepartmental safety inspections. These inspections are designed to ensure compliance with EHS systems across all departments, detect and correct unsafe behaviours and chemical conditions in a timely manner.

- ***Safety culture development***

  The Company organizes production safety lectures and training sessions from time to time, thereby facilitating safety culture development, strengthening employees' safety awareness, and protecting their well-being. By doing so, the Company can cultivate a cultural atmosphere where every employee is committed to learning safety protocols and improving their safety awareness.

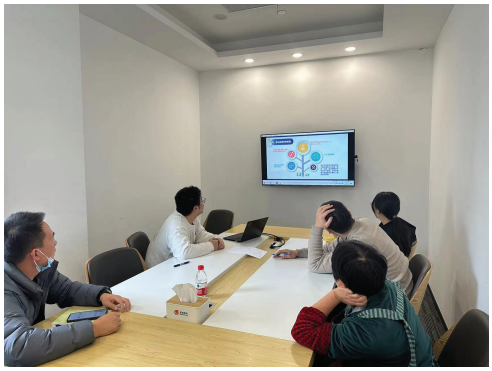
Training session on production safety

ImmuneOnco plans to deliver at least one safety training session each month. Organized by the EHS, the sessions focus on laws and regulations, industry benchmarks, safety hazards, occupational health, hazardous chemicals and waste management through various forms of activities. In 2023, ImmuneOnco conducted 18 safety training sessions in total.

At the beginning of each year, the Company summarizes the problems faced in the previous year and formulates publicity and training plans for this year based on the actual situations. The Company leverages flyers, bulletin boards and training sessions to disseminate information on emergency response, prevention measures, risk mitigation, self-rescue techniques, mutual assistance, disaster mitigation measures, etc.

Case: training session on hazardous chemicals

On December 26, 2023, ImmuneOnco conducted a training session on hazardous chemicals with 23 participants. This session covered safe handling, storage, and receipt of hazardous chemicals, and response protocols to chemical leakages and fires. This session enhanced the safety awareness and emergency response capabilities of the hazardous chemical administrators and researchers, thus enabling safe operations in daily work and reducing potential safety incidents and risks.



Comprehensive emergency drill

To refine the Company's emergency response mechanism, ImmuneOnco develops annual emergency drill plan, organizes relevant personnel to participate in the drills, and continues to optimize its emergency plan based on the drill results. In 2023, ImmuneOnco organized several emergency drills, encompassing scenarios such as fire, chemical leakage, emergency rescue, special equipment operation, limited space accident, flood and typhoon prevention, and heatstroke prevention, to comprehensively enhance employees' emergency response capabilities.

Hazardous waste leakage response drill

Hazardous chemical leakage and fire drill

IV. EMPLOYEE EMPOWERMENT

Adhering to the value of "talent first", we consistently respect and protect employees' legitimate rights and interests. We seek out opportunities for their growth, stimulating their vitality, paying attention to their needs while enriching their lives. The Company is committed to creating a secure, caring, and dynamic working environment to empower our employees and improve their sense of belonging.

1. Employment diversity

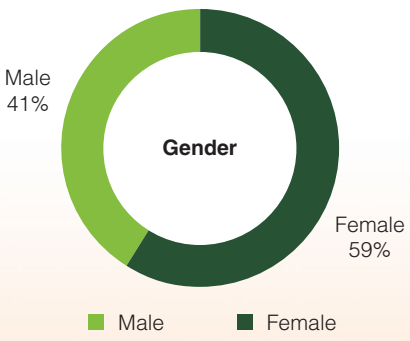
ImmuneOnco has been committed to establishing an equal and diverse employment management system. The Company acts in strict compliance with the laws and regulations of the place where is operates, maintaining a steadfast commitment to ethical standards and professional excellence. The Company adopts diversified recruitment channels to obtain suitable talents based on the principles of equal opportunities, fair competition, and discerning hiring practices. Additionally, the Company upholds the dignity and legitimate rights and interests of others, striving to provide employees with a fair, just, safe, and healthy working environment.

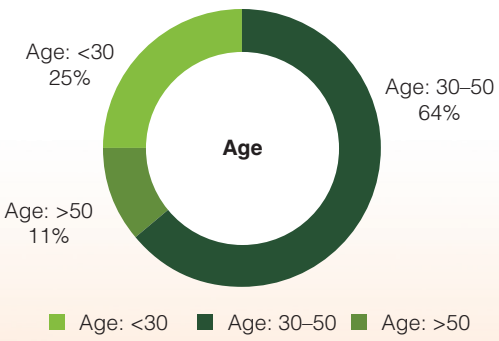
- ***Diversity, equality, and compliance***

  ImmuneOnco acts in strict compliance with the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Regulations on Work Injury Insurance*, the *Law on the Protection of Labourers' Rights and Interests*, and the *Provisions on Prohibition of Child Labour*. It established a suite of internal systems, including the *Employee Handbook*, the *Welfare Rules*, the *Management Regulations for Performance Review*, and the *Compensation Management Rules* to protect employees' rights and interests and build an efficient and collaborative team. We take various measures to ensure that all employees reach the legal working age. We do not recruit people under the age of 16 or force people to work. In case of child labour or forced labour, we will strictly abide by the resolution procedures and punish relevant personnel. During the Reporting Period, the Company did not report any case of child labour or forced labour.

  ImmuneOnco sticks to the principles of diversity, equality, and compliance in recruitment, supports the standards of comprehensive measurement and ethics and professional excellence, and guarantees equal employment opportunities. The Company does not compromise equal employment and promotion opportunities, ensuring no discrimination against employees regardless of their religion, nationality, ethnicity, gender, age, and marital status. The principle and related behavioral norms are further emphasized in the Employee Handbook to foster a diverse and inclusive working environment.

  By the end of the Reporting Period, ImmuneOnco had a total of 145 employees, including 85 female employees, accounting for 59%; and 60 male employees, accounting for 41%. In addition, the Company's employee turnover rate in 2023 is 12%, which is at a relatively stable and reasonable level.





- ***Talent introduction***

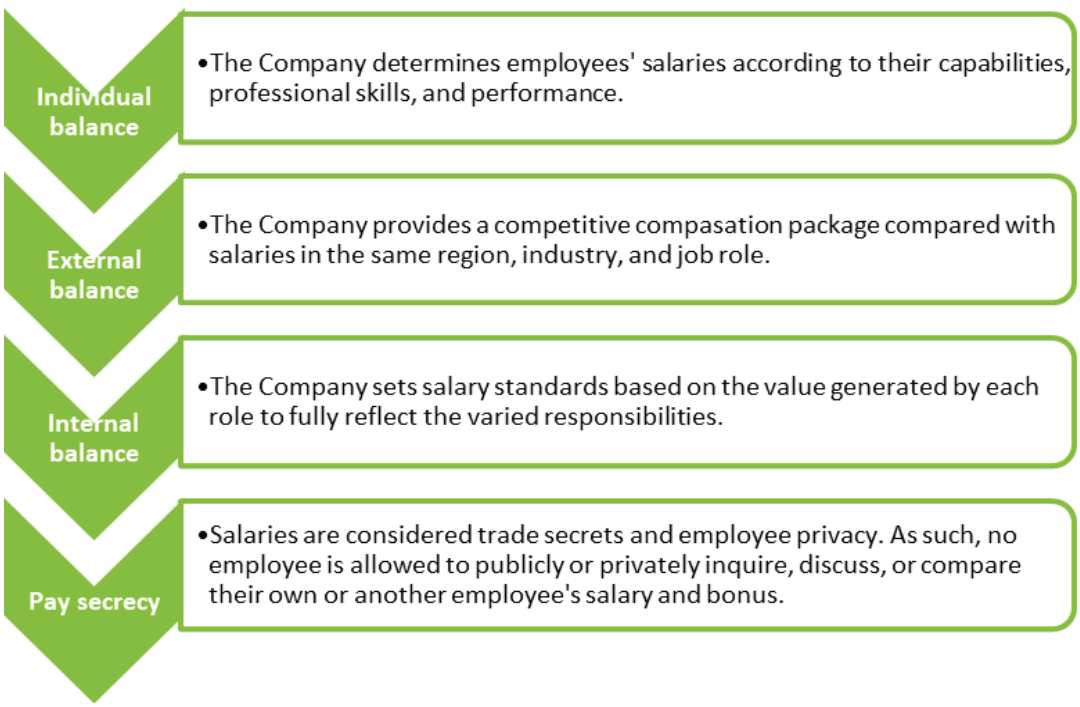
  ImmuneOnco adheres to the principles of equal opportunities, fair competition, and discerning hiring practices. In alignment with its development strategies and business layout, it has formulated a scientific talent development plan and recruits talents through diversified recruitment channels, including fresh graduate recruitment, public recruitment, special talent headhunting services, and policy-driven talent placement, thus contributing to social employment.

2. Talent development

Adhering to the value of "talent first", ImmuneOnco has established a suite of human resources systems, including the *Employee Handbook*, the *Management Regulations for Performance Review*, the *Compensation Management Rules*, and the *Welfare Rules*. It continues to improve its compensation management system, drives performance management system improvement, optimizes performance management procedures, and stimulates employee vitality, thus providing employees with a fair, diverse, and broad platform.

- ***Compensation and welfare***

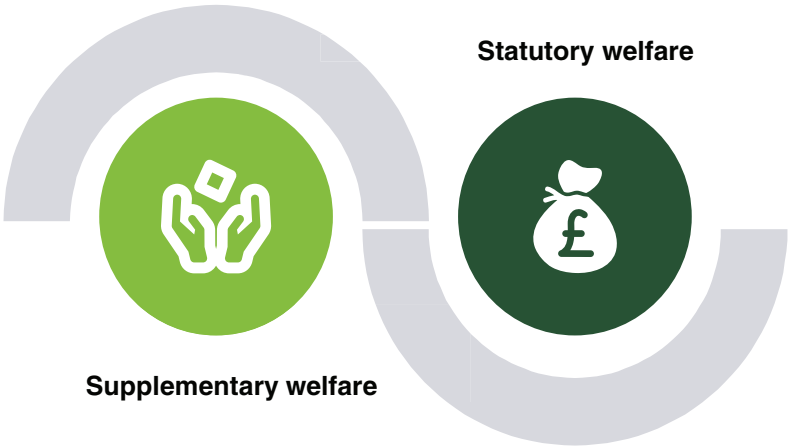
Principles of compensation management



In terms of compensation and performance, ImmuneOnco has established the *Compensation Management Rules* and the *Management Regulations for Performance Review* based on the relevant laws and regulations to optimize and adjust its compensation structure, thus motivating employees. The Company's employee compensation mainly includes fixed salary, floating salary, allowances and subsidies, and overtime pay. Specifically, floating salary is linked to the Company's and employees' performance, which can facilitate employees' attention on company development and operation, create a sense of ownership, stimulate enthusiasm and drive organizational efficiency improvement.

Welfare system

- Five Social Insurances and One Housing Fund: endowment insurance, medical insurance, unemployment insurance, work injury insurance, childbirth insurance, housing provident fund
- Statutory holidays, paid annual leave, marriage leave, bereavement leave, maternity leave, breastfeeding leave, work injury leave, etc.



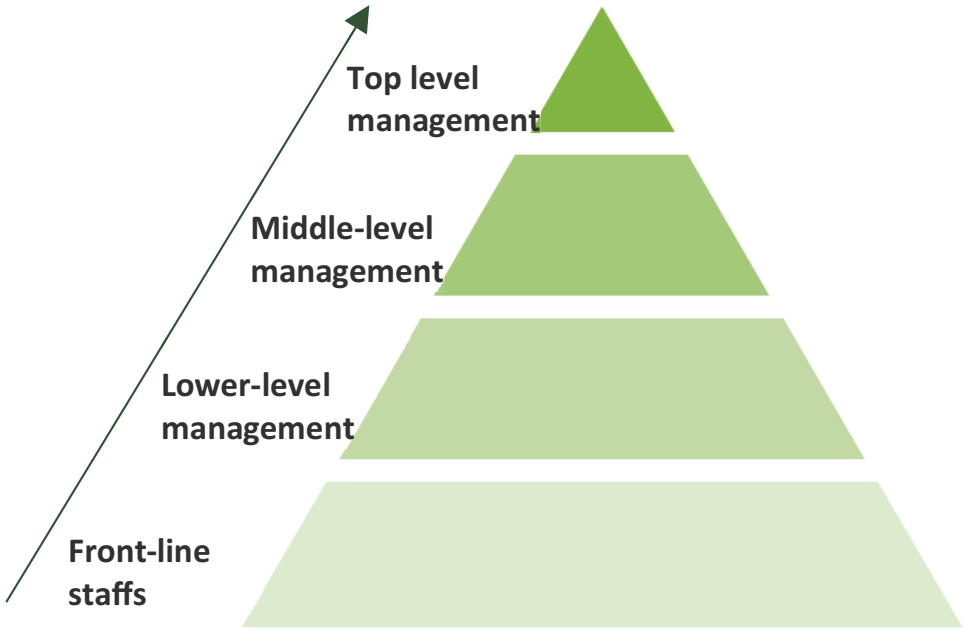
- Accident insurance and other commercial insurances, paid service leave, meal allowance, travel allowance, transportation allowance, high-temperature subsidy, holiday cash gift, birthday party, physical examination, team building activity, pastries, visit to sick employees, etc.

- ***Promotion system***

  Adhering to the principles of clarity and transparency, and a combination of subjective and objective evaluations, ImmuneOnco has established a comprehensive promotion system that regulates talent selection and appointment across various dimensions, including job classification, promotion, demotion and dismissal, and work procedures. The Company continues to strengthen internal talent cultivation and development, offers full support for internal rotation and transfer, and provides employees with diverse career development options, including leadership and technical paths.

  ImmuneOnco has established strict *Management Regulations for Performance Review* and continues to optimize the standardization and scientific rigor of the performance review process. By implementing a scientific and rational performance management mechanism, the Company's business plans are decomposed and implemented at each level, facilitating comprehensive and continuous improvement of company-wide performance. Meanwhile, the Company's understanding and evaluation of and support for performance, attitude, and capability improvement are crucial for employee promotion, salary increase, rewards, and career development.

ImmuneOnco adopts a multi-path promotion mechanism. The first pathway involves a unified annual performance evaluation led by the HR department, which conducts performance evaluation following the *Management Regulations for Performance Review*. The second pathway caters to special talents, where business departments and HR department jointly submit the "Promotion Nomination Form" and conduct one-on-one communications with candidates. Then, the promotion will be submitted to CEO for approval. The multi-path promotion mechanism is designed to expand the scope of career development and promotion channels and establish a talent management mechanism of matching the right talent to the right roles.



- ***Employee training***

  ImmuneOnco sticks to the values of "talent first, knowledge first", focuses on talent cultivation and development, improves the talent cultivation system, and broadens the horizon for employee growth. Through a comprehensive training approach encompassing various channels and levels, the Company is constantly refining the talent team building. It has designed various training courses tailored to different groups, including new hires, front-line workers, reserve talents, technical experts, newly appointed managers, and core management, to help employees across the Company improve their comprehensive capabilities.

ImmuneOnco provides diverse training sessions tailored to employees. These sessions encompass leadership and capability improvement, compliance, patent protection, fraud prevention, business and system training, providing employees in different positions with the opportunity to gain knowledge. In 2023, the Company organized R&D knowledge training, clinical and CMC quality assurance training in terms of professional skills. In addition, in terms of occupational safety and health, the Company regularly organizes online or offline training with 100% coverage of participating employees.

Compliance course

The Company regularly provides mandatory compliance courses on business ethics, anti-corruption and integrity to employees via various learning platform, thus enhancing their compliance awareness.

Professional skill training session

Business departments carry out professional skill enhancement sessions on laws and regulations, professional skills, quality management, occupational safety, and industry innovation.

Newcomer orientation

It helps new employees acclimate to their working environment and understand their roles, learn about the Company's structure and rules and provisions, identify with the corporate culture, so that they can develop a sense of trust in the Company and integrate into the team more quickly.

Generic skill and leadership training session

The Company provides courses to enhance its employees' generic skills, covering planning and management, communication and expression, and office software operation based on actual business needs. Additionally, the Company offers leadership courses tailored to different levels of the management and technical experts. These courses cover multiple perspectives, including team management, performance management, and team empowerment.

3. Caring for employees

ImmuneOnco is deeply committed to employees' well-being and offers recreational activities to enrich their lives. It strives to help employee achieve work-life balance, proactively reaches out for those in need, provides assistance and convenience to employees, thereby enhancing their cohesion and sense of belonging.

- ***Enriching employees' lives***

  ImmuneOnco embraces the philosophy of "happy work, happy life", dedicated to creating a comfortable working environment by organizing various activities.

中秋节包月饼活动

户外团建活动

Caring for female employees: ImmuneOnco strictly abides by the *Special Regulations on Labour Protection of Female Employees* and other administrative regulations to safeguard female employees' welfares, thus facilitating the construction of an equal working environment. The Company firmly upholds female employees' right to enjoy statutory leaves such as paid marriage leave, maternity leave, and breastfeeding leave. It also provides pregnancy protection by prohibiting any working arrangements that could adversely affect pregnant employees or fetuses. Additionally, it adjusts the workload or increases rest periods for pregnant employees as necessary.

Furthermore, ImmuneOnco adheres to the policy of equal employment opportunity and equal pay for positions suitable for female employees. It also prohibits the application of different standards or refusal to female employees. The Company does not assign female employees those labour activities prohibited due to their physiological characteristics.

- ***Employee communication***

  ImmuneOnco encourages employees to speak up. It upholds an open, honest, and effective communication with employees through multiple channels, including employee hotline, compliance hotline and email box for general managers. The Company encourages its employees to engage in dialogues, offer suggestions for business growth and improvement, and continuously promotes communication between the Company and employees to improve their working experience.

- ***Employees' rights and interests***

  ImmuneOnco strictly implements national and local social security mechanisms in accordance with laws and regulations. It enters into labour contracts with its employees to formalize and legalize labour relations and provides social insurances and housing provident fund. The Company also ensures that employees are entitled to paid annual leave, marriage leave, maternity leave, paternity leave, sick leave, bereavement leave, family visit leave, etc., effectively protecting their legitimate rights and interests.

2023 indicator of employees' rights and interests

Labour contract signing rate	100%
Social insurance coverage	100%
No labour disputes or discrimination incidents occurred during the Reporting Period	

V. HEALTHCARE ACCESSIBILITY

As a responsible corporate citizen, ImmuneOnco is committed to bringing more opportunities to its customers, patients, and the society, while seeking to create greater value. The Company adheres to socially responsible business practices and strives to improve local communities to benefit patients around the world, thus contributing to the healthy development of society.

1. Caring for patients

ImmuneOnco established the *Guidelines for Standardized Management of Clinical Trial Volunteers* and actively engages in anti-cancer public welfare actions leveraging its extensive experience and scientific expertise in antineoplastic drug development and promotion. The Company established a patient service team collaborating with renowned experts, industry associations, patient organizations, and media partners from various regions to provide care and education for cancer patients and their families. In addition, ImmuneOnco has developed a hyaluronidase project that has yielded small-scale products, which can be used for developing subcutaneous preparations of antibody drugs.

2. Driving communication and collaboration

As a biotech research and development company, ImmuneOnco is dedicated to advancing national health and education. It leverages its international layout to facilitate exchanges and collaboration across the industry, academia, research, and application sectors, enhancing drug accessibility worldwide and promoting the collective development of medical science.

Annual Bio-ONE Bioprocess Industry Summit

The 5th Annual Bioprocess Industry Summit took place in Shanghai in November 2023, with the main theme of simplification, optimization, and enhancement. The event was dedicated to exploring cutting-edge technologies across various fields, including antibodies, cell and gene therapy, nucleic acid drugs, etc. During the summit, industry players jointly discussed the optimal solutions for technology expansion and commercialization.

Mr. Li Song, the vice president of R&D, was invited to deliver a speech on the *Key Role of Cell Line Construction — How to Reduce Technology Complexity and Improve Product Quality*.

The Sixth Antibody Drug Industrial Development Conference

Mr. Li Song, the vice president of R&D, shared the development of bispecific molecules targeting CD47 & CD38 at The Sixth Antibody Drug Industrial Development Conference, and preached the potential of this dual-antagonist molecule in clinical applications.

Furthermore, ImmuneOnco actively participates in various industry conferences, where it communicates with peers to learn from each other's strengths and weaknesses. The Company has also taken the role of guest speaker on numerous occasions, delivering valuable medical knowledge and insights, thereby contributing to the advancement of healthcare. Internationally, ImmuneOnco participated in the American Association for Cancer Research ("**AACR**") Annual Meeting 2023 and presented preclinical data on IMM47 (CD24 antibody), IMM40H (CD70 antibody), IMM2520 (CD47 × PD-L1), and IMM2902 (CD47 × HER2). In addition, the Company's innovative research has received high recognition and strong response at the 2023 American Society of Clinical Oncology ("**ASCO**") Annual Meeting and the 65th American Society of Hematology ("**ASH**") Annual Meeting. In 2023, ImmuneOnco submitted two articles to Frontiers in Oncology and Antibody Therapeutics, as well as two essays to Experimental Hematology & Oncology and mAbs, actively facilitating medical improvement.

Academic exchange with the American Society of Clinical Oncology

The 2023 ASCO Annual Meeting was held from June 2 to June 6, local time in Chicago, USA. A total of five innovative drug research results of ImmuneOnco were accepted by ASCO meeting, among which three abstracts were selected for poster presentation, covering the latest clinical progress of IMM01, IMM0306 and IMM2510, and two phase I clinical results of IMM27M and IMM2902 were presented in the form of abstracts.

This communication allowed the industry to fully understand our differentiated molecular design and encouraging clinical results of our five innovative products, IMM01, IMM0306, IMM2510, IMM27M, and IMM2902, then received a lot of attention from many domestic and international counterparts at the meeting.

Academic exchange with the American Association for Cancer Research

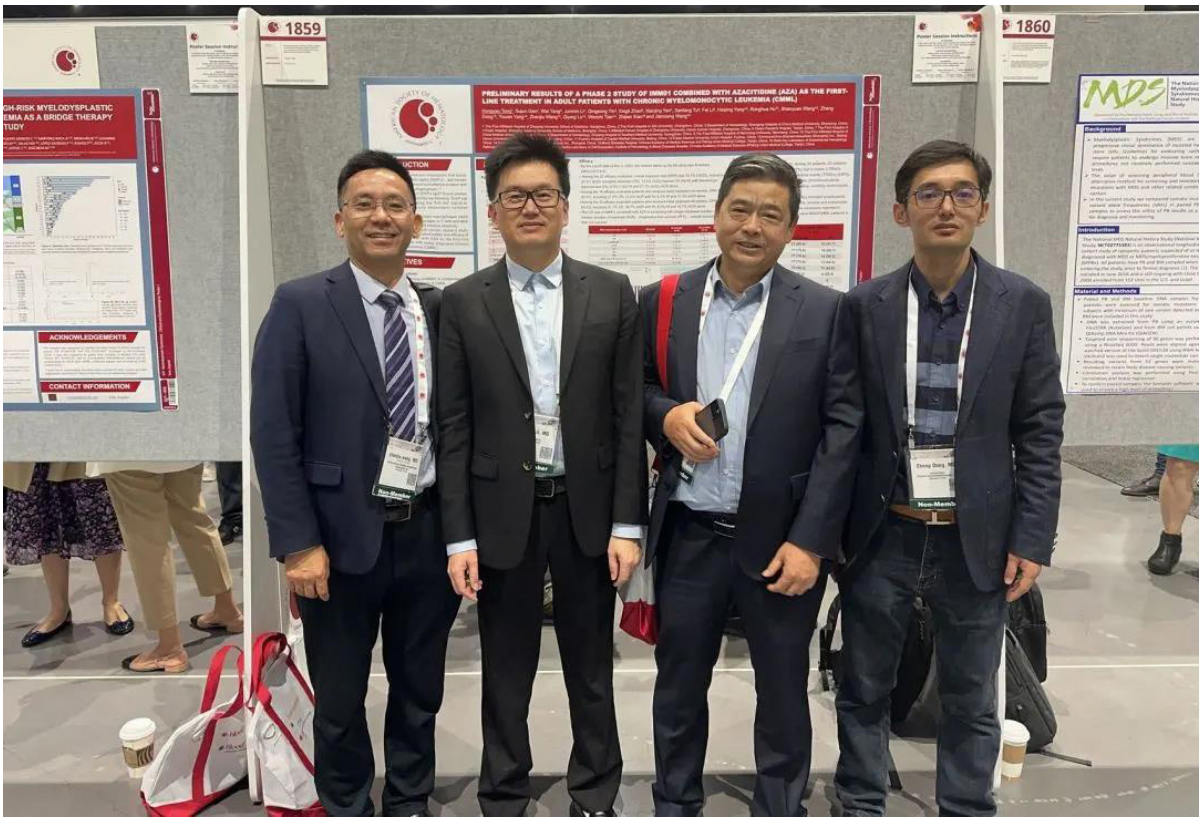
The 2023 AACR Annual Meeting was held from April 14 to April 19, local time in Orlando, USA. ImmuneOnco presented preclinical data of IMM47 (CD24 antibody), IMM40H (CD70 antibody), IMM2520 (CD47 x PD-L1) and IMM2902 (CD47 x HER2) in poster presentations.

Founded in 1907, the American Association for Cancer Research is the world's oldest and largest scientific organization dedicated to comprehensive, innovative, and high-level cancer research. We believe that its exchanges and collaborations promote research in cancer and related biomedical sciences, accelerate the dissemination of new discoveries among scientists and researchers dedicated to the fight against cancer, promote scientific education and training, and contribute to a deeper global understanding of the causes, prevention, diagnosis, and treatment of cancer.

Academic exchange with the American Society of Hematology

The 65th Annual Meeting of the ASH is being held from December 9 to December 12, 2023. A total of three innovative Phase II clinical studies on timdarpacept (IMM01) developed by ImmuneOnco were selected for oral and poster presentations at the 2023 ASH. Two of them were selected for oral presentation, and the other one was presented in the form of poster, which is the second consecutive year that the clinical progress of this project has been selected for the ASH annual meeting.

We believe that the research results presented at ASH 2023 will be beneficial for the industry to understand the latest clinical results on IMM01's development. On this occasion, several IMM01 studies attracted great responses in the conference, reflecting the high level of recognition of IMM01 by the international hematology community.



APPENDIX

Content index — Environmental, Social and Governance Reporting Guide

Aspect	Description	Location
A. Environmental		
Aspect A1: Emissions		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Development
A1.1	The types of emissions and respective emissions data.	Statistical table
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Statistical table
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Statistical table
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Statistical table
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Green Development
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Development
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Development
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Statistical table
A2.2	Water consumption in total and intensity (e.g. per unit of production. volume, per facility).	Statistical table
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Development
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Green Development
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Statistical table

Aspect	Description	Location
Aspect A3: The Environmental and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Green Development
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Development
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Green Development
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Green Development
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employee Empowerment
B1.1	Total workforce by gender, employment type (for example, full-or parttime), age group and geographical region.	Statistical table
B1.2	Employee turnover rate by gender, age group and geographical region.	Statistical table
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Green Development
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Green Development
B2.2	Lost days due to work injury.	Green Development
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Green Development

Aspect	Description	Location
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Empowerment
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Statistical table
B3.2	The average training hours completed per employee by gender and employee category.	Statistical table
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment diversity
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment diversity
B4.2	Description of steps taken to eliminate such practices when discovered.	Employment diversity
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Innovative Operation
B5.1	Number of suppliers by geographical region.	Statistical table
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Innovative Operation
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Innovative Operation
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Innovative Operation

Aspect	Description	Location
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Innovative Operation
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Statistical table
B6.2	Number of products and service related complaints received and how they are dealt with.	Innovative Operation
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Innovative Operation
B6.4	Description of quality assurance process and recall procedures.	Innovative Operation
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Innovative Operation
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Sustainable Development Management
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Sustainable Development Management
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Sustainable Development Management
B7.3	Description of anti-corruption training provided to directors and staff.	Sustainable Development Management
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Healthcare Accessibility
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Healthcare Accessibility
B8.2	Resources contributed (e.g. money or time) to the focus area.	Healthcare Accessibility

Statistical table

Indicator	2023
Emissions	
Total GHG emissions (Scope 1 & Scope 2) (tonne)	1,639.62
Direct GHG (Scope 1)	5.1
Indirect GHG (Scope 2)	1,634.52
Total exhaust emissions	11.31
Exhaust emissions per employee (tons/employee)	30.39
GHG emissions per capita (tonne/per capita)	0.21
Total hazardous waste emissions (tonne)	7.50
Hazardous waste emissions per capita (ton/per capita)	0.05
Total non-hazardous waste emissions (tonne)	6.98
Non-hazardous waste emissions per capita (tonne/per capita)	0.05
Water consumption	
Water consumption (tonne)	4,670.00
Water consumption per capita (tonne/per capita)	32.20
Energy consumption	
Total energy consumption (kWh in '000s)	2,342.04
Gas and oil	18.63
Electricity	2,323.41
Energy consumption per capita (kWh in '000s/per capita)	16.15
Packaging material	
Total packaging material used for finished products (tonne)	/
Employee	
Total workforce	145
By gender	
Female	85
Male	60
By employment type	
Full-time	145
Part-time	0

Indicator	2023
By age	
<30	36
30–50	93
>50	16
By geographical region	
China	141
Overseas	4
By employee category	
Senior management	10
Middle management	45
Ordinary staff	90
Employee turnover rate	12%
By gender	
Female	14%
Male	10%
By age	
<30	25%
30–40	9%
>40	0%
By geographical region	
China	12%
Overseas	0%
Lost days due to work injury	0
Lost days due to work injury per capita	0

Indicator	2023
Percentage of employees trained	
By gender	
Female	97%
Male	98%
By employee category	
Senior management	100%
Middle management	100%
Ordinary staff	95%
Average training hours complete per employee	
By gender	
Female	12.00
Male	12.50
By employee category	
Senior management	11.13
Middle management	11.35
Ordinary staff	10.60
Number of suppliers by geographical region	
Eastern China	317
Southern China	21
Central China	18
Northern China	64
Northwest China	1
Southwest China	8
Northeast China	8
Overseas	16
Percentage of total products sold or shipped subject to recalls for safety or health reasons	0
Number of concluded legal cases regarding corrupt practices brought against the Company or its employees during the reporting period	0
Complaint regarding products or services	0

Deloitte. 德勤

TO THE SHAREHOLDERS OF IMMUNEONCO BIOPHARMACEUTICALS (SHANGHAI) INC.

(incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of ImmuneOnco Biopharmaceuticals (Shanghai) Inc. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 126 to 177, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matters that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key Audit Matter

Cut-off of the outsourcing service fees included in research and development expenses

The Group incurred research and development ("**R&D**") expenses of RMB291.9 million during the year ended December 31, 2023. The Group engaged outsourced service providers including contract research organizations, contract development and manufacturing organizations, principal investigators and other service provides (collectively referred to as the "**Outsourced Service Providers**") for its R&D activities. Recording of outsourcing service fees to the appropriate financial reporting period and the corresponding accruals at the end of the reporting period are based on the progress of these R&D projects. As disclosed in note 4 to the consolidated financial statements, the management of the Group applies estimate in measurement of the progress of the R&D projects. Outsourcing service fees of RMB14.2 million were accrued at December 31, 2023 as set out in note 23 to the consolidated financial statements.

We identified the cut-off of outsourcing service fees as a key audit matter due to its significant amount and the risk of not recording outsourcing service fees incurred for services provided by Outsourced Service Providers in the appropriate financial reporting period.

How our audit addressed the key audit matter

Our procedures performed on the cut-off of the outsourcing service fees included:

- Obtaining an understanding of key controls in relation to the cut-off of the outsourcing service fees and evaluating the design and implementation and operating effectiveness of these controls;
- For the service fees incurred to the Outsourced Service Providers by December 31, 2023, performing test of details, on a sample basis, by:
  - (1) checking the respective contract terms and/or milestones of the relevant agreements and the progress reported by the representatives of the relevant Outsourced Service Providers;
  - (2) sending confirmation to Outsourced Service Providers to confirm the progress of the outsourcing services provided for the year ended December 31, 2023; and
  - (3) Checking the subsequent payment to Outsourced Service Providers to evaluate the adequacy of the outsourcing service fees accrual at the year end.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Tung Wai Lung Ricky.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

March 25, 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year Ended December 31, 2023

	NOTES	Year ended December 31, 2023 RMB'000	2022 RMB'000
Revenue	5	**386**	538
Other income	7	**18,245**	14,657
Other gains and losses, net	8	**1,778**	(29,436)
Research and development expenses		**(291,944)**	(277,346)
Administrative expenses		**(80,424)**	(92,796)
Listing expenses		**(25,976)**	(17,724)
Finance costs	9	**(1,524)**	(787)
Loss before tax	10	**(379,459)**	(402,894)
Income tax expense	11	**—**	—
Loss for the year		**(379,459)**	(402,894)
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(172)**	61
Total comprehensive expenses for the year		**(379,631)**	(402,833)
Loss per share			
— Basic and diluted (RMB yuan)	13	**(1.05)**	(1.21)

	NOTES	As at December 31, 2023 RMB'000	2022 RMB'000
Non-current assets			
Property and equipment	*15*	**59,157**	69,830
Right-of-use assets	*16*	**90,230**	94,062
Other non-current assets	*17*	**38,503**	24,215
		187,890	188,107
Current assets			
Trade receivables	*18*	**39**	66
Prepayments and other receivables	*19*	**78,097**	16,593
Financial assets at fair value through profit or loss ("**FVTPL**")	*20*	**259,085**	—
Term deposits with original maturity over three months	*21*	**42,496**	—
Cash and cash equivalents	*22*	**306,983**	635,212
		686,700	651,871
Current liabilities			
Trade and other payables	*23*	**51,530**	46,138
Lease liabilities	*24*	**4,398**	5,599
Borrowings	*26*	**59,980**	—
		115,908	51,737
Net current assets		**570,792**	600,134
Total assets less current liabilities		**758,682**	788,241
Non-current liabilities			
Lease liabilities	*24*	**10,395**	9,020
Net assets		**748,287**	779,221
Capital and reserves			
Share capital	*27*	**374,158**	356,093
Reserves		**374,129**	423,128
Total equity		**748,287**	779,221

The consolidated financial statements on pages 126 to 177 were approved and authorised for issue by the board of directors on March 25, 2024 and are signed on its behalf by:

Tian Wenzhi
DIRECTOR

Li Song
DIRECTOR

Consolidated Statement of Changes in Equity

For the year Ended December 31, 2023

	Paid-in capital RMB'000	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Other reserve RMB'000	Share-based payments reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
As at January 1, 2022	6,908	–	–	1,195,580	(1,200,488)	37,140	7	(1,637,586)	(1,598,439)
Loss for the year	–	–	–	–	–	–	–	(402,894)	(402,894)
Other comprehensive income for the year	–	–	–	–	–	–	61	–	61
Total comprehensive income (expense) for the year	–	–	–	–	–	–	61	(402,894)	(402,833)
Issue of remaining Series C shares *(Notes 25 and 27)*	276	–	–	183,320	–	–	–	–	183,596
Recognition of liabilities on Series C shares *(Note 25)*	–	–	–	–	(183,596)	–	–	–	(183,596)
Issue of paid-in capital to employee stock ownership platforms *(Note 27)*	730	–	–	5,244	–	–	–	–	5,974
Reclassification of financial liabilities at FVTPL as equity *(Note 25)*	–	–	–	–	2,670,690	–	–	–	2,670,690
Conversion into a joint stock company *(Note 27)*	(7,914)	356,093	654,470	(1,384,144)	(1,286,606)	(41,493)	–	1,709,594	–
Recognition of equity-settled share-based payments *(Note 28)*	–	–	–	–	–	103,829	–	–	103,829
As at December 31, 2022 and January 1, 2023	–	356,093	654,470	–	–	99,476	68	(330,886)	779,221
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(379,459)**	**(379,459)**
Other comprehensive expense for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(172)**	**–**	**(172)**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(172)**	**(379,459)**	**(379,631)**
H shares issued upon initial public offering *(Note 27)*	**–**	**18,065**	**289,728**	**–**	**–**	**–**	**–**	**–**	**307,793**
Transaction costs attributable to issuance of H shares	**–**	**–**	**(30,738)**	**–**	**–**	**–**	**–**	**–**	**(30,738)**
Recognition of equity-settled share-based payments *(Note 28)*	**–**	**–**	**–**	**–**	**–**	**71,642**	**–**	**–**	**71,642**
As at December 31, 2023	**–**	**374,158**	**913,460**	**–**	**–**	**171,118**	**(104)**	**(710,345)**	**748,287**

Note:

Other reserve mainly comprises recognition of financial liabilities at FVTPL on ordinary shares as disclosed in Note 25.

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
OPERATING ACTIVITIES		
Loss for the year	**(379,459)**	(402,894)
Adjustments for:		
Gain from changes in fair value of financial assets at FVTPL	**(1,761)**	—
Loss from changes in fair value of financial liabilities at FVTPL	**—**	55,510
Depreciation of property and equipment	**12,414**	11,908
Depreciation of right-of-use assets	**10,169**	5,709
Share-based payment expenses	**71,642**	103,829
Bank interest income	**(10,799)**	(9,505)
Finance costs	**1,524**	787
Adjustments to listing expenses	**4,129**	—
Net foreign exchange gains	**(96)**	(26,106)
Operating cash flow before movements in working capital	**(292,237)**	(260,762)
Decrease (increase) in trade receivables	**27**	(32)
(Increase) decrease in prepayments and other receivables	**(67,850)**	10,224
(Increase) decrease in other non-current assets	**(13,858)**	6,981
Increase in trade and other payables	**6,364**	4,879
NET CASH USED IN OPERATING ACTIVITIES	**(367,554)**	(238,710)
INVESTING ACTIVITIES		
Bank interest received	**10,815**	8,580
Purchase of property and equipment	**(2,691)**	(23,224)
Withdrawal of financial assets at FVTPL	**222,000**	—
Gains from withdrawal of financial assets at FVTPL	**399**	—
Purchase of financial assets at FVTPL	**(482,872)**	—
Placement of term deposits with maturity dates over three months	**(42,496)**	—
Payments for rental deposits	**—**	(84)
Withdrawal of pledged bank deposits	**—**	8,210
Withdrawal of deposits for plant construction	**—**	6,567
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES	**(294,845)**	49
FINANCING ACTIVITIES		
Proceeds from issuance of Series C shares	**—**	183,596
Proceeds from issuance of paid-in capital to employee stock ownership platforms	**—**	5,974
Proceeds from issuance of H shares	**307,793**	—
Bank loans raised	**79,960**	—
Repayments of bank loans	**(19,980)**	—
Repayments of lease liabilities	**(6,225)**	(5,803)
Issue costs paid	**(28,989)**	(3,600)
Interest paid	**(1,524)**	(787)
NET CASH GENERATED FROM FINANCING ACTIVITIES	**331,035**	179,380
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(331,364)**	(59,281)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**635,212**	668,326
Effect of foreign exchange rate changes	**3,135**	26,167
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**306,983**	635,212

1. GENERAL INFORMATION

ImmuneOnco Biopharmaceuticals (Shanghai) Inc. (the "**Company**") was incorporated in the People's Republic of China (the "**PRC**") on June 18, 2015 as a limited liability company. On June 14, 2022, the Company was converted to a joint stock company with limited liability under the Company Law of the PRC. The Company's shares were listed on The Main Board of The Stock Exchange of Hong Kong Limited on September 5, 2023 (the "**Listing**"). The respective address of the registered office and the principal place of business of the Company is Unit 15, 1000 Zhangheng Road, China (Shanghai) Pilot Free Trade Zone, Pudong New Area, Shanghai, PRC.

The principal activities of the Company and its subsidiaries (the "**Group**") are the research and development of immuno-oncology therapies. Particulars and principal activities of the subsidiaries are disclosed in Note 34.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

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

The Group has consistently applied all the new and amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**"), that are effective for the Group's accounting period beginning on January 1, 2023.

Amendments to IFRSs in issue but not yet effective

The Group has not early applied the following amendments to IFRSs 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 January 1, 2024
3 Effective for annual periods beginning on or after January 1, 2025

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Note 5.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

***Leases** (Continued)*

The Group as a lessee (Continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

***Leases** (Continued)*

The Group as a lessee (Continued)

Lease liabilities (Continued)

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities and makes a corresponding adjustment to the related right-of-use assets whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

***Foreign currencies** (Continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All borrowing costs are recognized in profit or loss in the period in which there are incurred.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its staff's wages as contributions to the plans. Payments to such retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Employee benefits *(Continued)*

Retirement benefit costs (Continued)

A subsidiary in the United States of America (the "**USA**") adopted a qualified defined contribution plan covering all its eligible employees. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. Employees become eligible to participate in the plan on the first of the calendar month following the date the employee meets the eligibility requirements as defined. As defined by the plan, participants may contribute up to US$19,500 of pretax annual compensation. Participants who reach age 50 may elect to make catch-up contributions US$6,500. The subsidiary contributes matching contribution of 3% of each eligible participant's compensation.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave) after deducting any amount already paid.

Share-based payment

Equity-settled share-based payment transactions

Restricted shares ("**RS**") granted to employees and others providing similar services

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For RS that vest immediately at the date of grant, the fair value of the RS granted is expensed immediately to profit or loss.

When the RS are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the RS are forfeited after the vesting date, the amount previously recognized in share-based payments reserve will be transferred to accumulated losses.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Share-based payment *(Continued)*

Equity-settled share-based payment transactions (Continued)

Modification to the terms and conditions of the share-based payment arrangements

When the terms and conditions of an equity-settled share-based payment arrangement are modified, the Group recognizes, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes the modified vesting conditions into consideration over the remaining vesting period.

The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from modification date until the date when the modified equity instruments are vested, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period.

If the modification occurs after vesting period, the incremental fair value granted is recognized immediately, or over the vesting period if additional period of service is required before the modified equity instruments are vested.

If the modification reduces the total fair value of the share-based arrangement, or is not otherwise beneficial to the employee, the Group continues to account for the original equity instruments granted as if that modification had not occurred.

Taxation

Income tax expense represents the sum of current and deferred tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

***Taxation** (Continued)*

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Property and equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

***Property and equipment** (Continued)*

Properties, including leasehold improvement, in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Internally-generated intangible assets-research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Impairment on property and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

- cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognized in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivable arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributed to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortised cost and calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of the reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest earned on the financial asset and is included in the "other gains and losses, net" line item.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the assets expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial liabilities and equity *(Continued)*

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity interests is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancelation of the Company's own equity interests.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL.

A financial liability may be designated as at FVTPL upon initial recognition if it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables and borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

***Financial liabilities and equity** (Continued)*

Financial liabilities (Continued)

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's material accounting policies, which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Research and development expenses

Development expenses incurred on the Group's drug product pipelines are capitalised and deferred only when the Group could demonstrate (i) the technical feasibility of completing the development of the relevant intangible asset so that it will be available for use or sale; (ii) the Group's intention to complete and the Group's ability to use or sell the asset; (iii) how the asset will generate future economic benefits; (iv) the availability of resources to complete the pipeline; and (v) the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Management assesses the progress of each of the research and development projects and determine whether the criteria are met for capitalisation. During the year ended December 31, 2023, all research and development expenses are expensed when incurred.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(Continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Research and development expenses accrued

The Group rely on outsourced service providers including contract research organizations, contract development and manufacturing organizations, principal investigators and other service provides (collectively referred to as the "**Outsourced Service Providers**") to conduct, supervise and monitor the Group's ongoing research and development projects. Determining the amounts of service fees payable to Outsourced Service Providers up to the end of the reporting period requires the management of the Group to estimate and measure the progress of services provided by Outsourced Service Providers on a contract-by-contact basis, which is the basis of assessing service fees to Outsourced Service Providers that had incurred and therefore should be recognized up to the end of the reporting period.

5. REVENUE

Disaggregation of revenue from contracts with customers:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Types of goods or services		
Sales of cell strain and other products	**367**	499
Testing services	**19**	39
	386	538
Geographical market		
The PRC	**386**	538
Timing of revenue recognition		
At a point in time	**386**	538

Sales of cell strain and other products

Revenue from sales of cell strain and other products is recognised when control of the goods has been transferred, being when the goods have been delivered to the customer's specific location. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. A receivable is recognised by the Group when the goods are delivered to the customer. Following delivery, the customer bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 10 to 30 days (2022: 10–30 days) upon delivery.

5. REVENUE *(Continued)*

Testing services

The Group earns revenues by providing testing services to its customers through fee-for-service contracts. Services revenues are recognized at a point of time upon the customer obtains deliverables of the Group's service. The normal credit term is 10–30 days (2022: 10–30 days) upon delivery of testing result and issuance of invoices.

Revenue is recognised for sales which are considered highly probable that a significant reversal in the cumulative revenue recognised will not occur. All sales of goods or services are for a period of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. SEGMENTS 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 reviews the overall results and financial position of the Group as a whole which are prepared based on the same material accounting policies as set out in Note 3. Accordingly, the Group has only one single segment and no further analysis of the single segment is presented.

Geographical information

As at December 31, 2023 and 2022, all non-current assets are located in the PRC.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group during each reporting period are as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Customer A	**178**	N/A
Customer B	**80**	N/A
Customer C	**N/A**	151
Customer D	**N/A**	150
Customer E	**N/A**	98

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

7. OTHER INCOME

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Government grants *(Note)*	**7,309**	5,152
Bank interest income	**10,799**	9,505
Others	**137**	—
	18,245	14,657

Note:

The amount represents various subsidies received from the PRC local government authorities as incentives mainly for the Group's research and development activities and financing activities.

8. OTHER GAINS AND LOSSES, NET

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Gains from changes in fair value of financial assets at FVTPL	**1,761**	—
Net foreign exchange gains	**96**	26,106
Loss from changes in fair value of financial liabilities at FVTPL *(Note 25)*	**—**	(55,510)
Others	**(79)**	(32)
	1,778	(29,436)

9. FINANCE COSTS

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Interest on lease liabilities	**(577)**	(787)
Interest on borrowings	**(947)**	—
	(1,524)	(787)

10. LOSS BEFORE TAX

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Loss before tax for the year has been arrived at after charging:		
Depreciation of property and equipment	**12,414**	11,908
Depreciation of right-of-use assets	**10,169**	9,937
Total depreciation	**22,583**	21,845
Capitalised in construction in progress	**—**	(4,228)
	22,583	17,617
Auditor's remuneration	**1,560**	—
Directors' and supervisors' emoluments *(Note 12(a))*	**52,429**	74,139
Other staff costs:		
— salaries, allowances and other benefits	**64,301**	51,700
— discretionary bonus *(Note)*	**6,820**	4,818
— retirement benefit scheme contributions	**4,333**	3,951
— share-based payments	**27,854**	38,505
	155,737	173,113

Note: Discretionary bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

11. INCOME TAX EXPENSE

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the Company and the PRC subsidiaries of the Company is 25% for both years.

In November 2020, the Company has been accredited as a High and New Technology Enterprise recognized by Science and Technology Commission of Shanghai Municipality and enjoys a preferential tax rate of 15% for a term of three years from 2020 to 2022.

Pursuant to Caishui 2018 circular No. 99, the Company enjoyed super deduction of 200% on qualifying research and development expenditures for the year ended December 31, 2023 (period from January 1, 2022 to September 30, 2022: 175%, period from October 1, 2022 to December 31, 2022: 200%).

No provision for taxation in Hong Kong or the United States has been made since the operating subsidiaries of the Company in Hong Kong and the United States have no taxable profits for both years.

The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to pillar two income taxes. The pillar two income taxes legislation had no material impact on the Group's financial positions and performance for the current and prior years.

11. INCOME TAX EXPENSE *(Continued)*

The income tax expense for the reporting period can be reconciled to the loss before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Loss before tax	**(379,459)**	(402,894)
Tax PRC EIT rate at 25%	**(94,865)**	(100,723)
Tax effect of expenses that are not deductible for tax purpose	**258**	14,011
Tax effect of super deduction on research and development expenses	**(45,409)**	(29,448)
Tax effect of tax losses not recognized	**120,612**	91,291
Tax effect of deductible temporary differences not recognized	**22,910**	29,145
Utilisation of deductible temporary differences previously not recognized	**(3,506)**	(4,276)
Income tax expense	**–**	–

As at December 31, 2023, the Group has unused tax losses of RMB1,446,377,000 (2022: RMB922,710,000), deductible temporary differences of RMB231,500,000 (2022: RMB153,664,000). No deferred tax asset has been recognized in respect of the tax losses or temporary differences due to the unpredictability of future profit streams.

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

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
2023	**–**	1
2024	**1**	1
2025	**398**	398
2026	**11,590**	11,590
2027	**22,163**	22,163
2028	**34,368**	34,330
2029	**49,233**	49,233
2030	**127,109**	127,109
2031	**312,658**	312,658
2032*	**405,718**	364,498
2033	**482,574**	–
2034 and later	**565**	729
	1,446,377	922,710

* The unused tax losses changed due to tax authority approved super deduction of 175% on quantified research and development expenditures in May 2023.

12. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

(a) Executive and non-executive directors and supervisors

	Date of appointment	Director fees RMB'000	Salaries, allowances and other benefits RMB'000	Discretionary bonuses RMB'000	Retirement benefit scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
For the year ended December 31, 2023							
Executive director and chief executive officer:							
Dr. Tian Wenzhi	June 18, 2015	–	2,913	660	84	40,201	43,858
Executive directors:							
Mr. Li Song	December 15, 2015	–	801	120	68	3	992
Ms. Song Ziyi *(Note v)*	January 17, 2022	–	2,142	275	16	3,032	5,465
Non-Executive directors:							
Mr. Yu Xiaoyong	December 15, 2015	–	–	–	–	–	–
Mr. Yu Zhihua	March 30, 2018	–	–	–	–	–	–
Dr. Xu Cong	October 14, 2020	–	–	–	–	–	–
Independent non-executive directors:							
Dr. Zhenping Zhu	August 3, 2016	–	–	–	–	–	–
Dr. Kendall Arthur Smith	June 14, 2022	353	–	–	–	–	353
Mr. Yeung Chi Tat	June 14, 2022	270	–	–	–	–	270
Supervisors:							
Mr. Gu Jiefeng	March 1, 2016	–	–	–	–	–	–
Ms. Tian Miao	July 24, 2017	–	372	52	46	301	771
Mr. Zhao Zimeng	January 17, 2022	–	371	51	47	251	720
		623	6,599	1,158	261	43,788	52,429

12. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(a) Executive and non-executive directors and supervisors *(Continued)*

	Date of appointment	Director fees RMB'000	Salaries, allowances and other benefits RMB'000	Discretionary bonuses RMB'000	Retirement benefit scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
For the year ended December 31, 2022							
Executive director and chief executive officer:							
Dr. Tian Wenzhi	June 18, 2015	–	2,374	690	63	52,450	55,577
Executive directors:							
Mr. Li Song	December 15, 2015	–	684	100	63	49	896
Ms. Song Ziyi *(Note v)*	January 17, 2022	–	1,429	262	15	10,963	12,669
Non-Executive directors:							
Mr. Yu Xiaoyong	December 15, 2015	–	–	–	–	–	–
Mr. Yu Zhihua	March 30, 2018	–	–	–	–	–	–
Dr. Xu Cong	October 14, 2020	–	–	–	–	–	–
Director:							
Dr. Huang Cheng *(Note v)*	October 14, 2020	–	1,279	–	46	(322)	1,003
Independent non-executive directors:							
Dr. Zhenping Zhu	August 3, 2016	–	–	–	–	–	–
Dr. Kendall Arthur Smith	June 14, 2022	182	–	–	–	–	182
Mr. Yeung Chi Tat	June 14, 2022	140	–	–	–	–	140
Supervisors:							
Mr. Gu Jiefeng	March 1, 2016	–	–	–	–	–	–
Ms. Tian Miao	July 24, 2017	–	324	47	34	915	1,320
Ms. Guan Mei *(Note v)*	October 14, 2020	–	540	77	61	507	1,185
Mr. Zhao Zimeng	January 17, 2022	–	325	46	34	762	1,167
		322	6,955	1,222	316	65,324	74,139

12. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(a) Executive and non-executive directors and supervisors *(Continued)*

Notes:

(i) None of the directors or supervisors of the Company waived or agreed to waive any emoluments during the year.

(ii) During the year, no emoluments were paid by the Group to any of the directors or supervisors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

(iii) The executive directors', non-executive directors' and supervisors' emoluments shown above were for their services in connection with the management of the affairs of the Group and the Company, respectively.

(iv) The discretionary bonuses were determined with reference to their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

(v) Dr. Huang Cheng was a director of the Company from October 14, 2020 till January 17, 2022, and he resigned from the Company in September 2022. Ms. Guan Mei was a supervisor of the Company from October 14, 2020 till January 17, 2022. Ms. Song Ziyi was a director of the Company from January 17, 2022 till March 1, 2024, and she resigned from the Company with effect from March 2, 2024.

(b) Five Highest Paid Individuals

The five highest paid individuals of the Group during the year included two (2022: two) directors details of whose remuneration are set out above. Details of the remuneration for the year of the remaining three (2022: three) highest paid individuals who are neither a director nor chief executive of the Company are as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Salaries, allowances and other benefits	**7,181**	5,458
Retirement benefit scheme contributions	**350**	263
Discretionary bonuses *(Note)*	**1,112**	851
Share-based payments	**17,412**	19,903
	26,055	26,475

Note:

Discretionary bonuses were determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

12. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(b) Five Highest Paid Individuals *(Continued)*

The emoluments of the five highest paid employees are within the following bands:

	Year ended December 31,	
	2023	2022
	No. of employees	No. of employees
HK$6,000,001 to HK$6,500,000	**1**	—
HK$7,500,001 to HK$8,000,000	**—**	1
HK$8,000,001 to HK$8,500,000	**2**	—
HK$10,500,001 to HK$11,000,000	**—**	1
HK$12,000,001 to HK$12,500,000	**—**	1
HK$12,500,001 to HK$13,000,000	**1**	—
HK$14,500,001 to HK$15,000,000	**—**	1
HK$48,500,001 to HK$49,000,000	**1**	—
HK$64,500,001 to HK$65,000,000	**—**	1
	5	5

During the year, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

13. LOSS PER SHARE

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

	Year ended December 31,	
	2023	2022
Loss for the purpose of calculating basic and diluted loss per share:		
Loss for the year attributable to the owners of the Company (RMB'000)	**(379,459)**	(402,894)
Number of shares ('000):		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share *(Note i)*	**361,810**	331,794
Basic and diluted loss per share (RMB yuan) *(Note ii)*	**(1.05)**	(1.21)

13. LOSS PER SHARE *(Continued)*

Notes:

(i) Certain investors' shares, which are recorded as financial liabilities at FVTPL in Note 25, are not treated as outstanding shares and thus are excluded in the calculation of basic loss per share until the redemption right was legally terminated on January 31, 2022. The Company was converted to a joint stock company on June 14, 2022, 356,092,695 ordinary shares with par value of RMB1 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on that day. This capitalization of share capital is applied retrospectively for the purpose of calculating basic loss per share, as adjusted for the capital contributions by the then shareholders and the number of ordinary shares.

(ii) Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the period from January 1, 2022 to January 31, 2022, the Company had certain investors' shares which are potential ordinary shares. As the Group incurred losses for the year ended December 31, 2022, the potential ordinary shares were not included in the calculation of diluted loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the year ended December 31, 2022 is the same as basic loss per share.

No adjustment has been made to the basic loss per share presented for the year ended December 31, 2023 as the Group had no potentially dilutive ordinary shares in issue during the year.

14. DIVIDENDS

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

15. PROPERTY AND EQUIPMENT

	Leasehold improvements RMB'000	Machinery and equipment RMB'000	Office equipment and fixtures RMB'000	Vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
As at January 1, 2022	21,070	39,754	771	345	3,224	65,164
Additions	1,085	8,889	166	–	19,572	29,712
Transfer	336	–	–	–	(336)	–
As at December 31, 2022 and January 1, 2023	**22,491**	**48,643**	**937**	**345**	**22,460**	**94,876**
Additions	**–**	**1,033**	**41**	**442**	**225**	**1,741**
As at December 31, 2023	**22,491**	**49,676**	**978**	**787**	**22,685**	**96,617**
DEPRECIATION						
As at January 1, 2022	3,436	9,212	203	287	–	13,138
Provided for the year	5,649	6,084	140	35	–	11,908
As at December 31, 2022 and January 1, 2023	**9,085**	**15,296**	**343**	**322**	**–**	**25,046**
Provided for the year	**5,717**	**6,538**	**152**	**7**	**–**	**12,414**
As at December 31, 2023	**14,802**	**21,834**	**495**	**329**	**–**	**37,460**
CARRYING AMOUNT						
As at December 31, 2022	13,406	33,347	594	23	22,460	69,830
As at December 31, 2023	**7,689**	**27,842**	**483**	**458**	**22,685**	**59,157**

The above items of property and equipment, other than construction in progress, are depreciated on a straight-line basis, after taking into account of the residual value, over the following period:

Leasehold improvements	Over the shorter of the relevant lease terms or 6 years
Machinery and equipment	7 years
Office equipment and fixtures	5 years
Vehicles	6 years

16. RIGHT-OF-USE ASSETS

	Leased properties RMB'000	Land use right RMB'000	Total RMB'000
Carrying amount			
As at January 1, 2022	17,894	84,201	102,095
Additions	1,904	—	1,904
Depreciation charge for the year	(5,709)	(4,228)	(9,937)
As at December 31, 2022 and January 1, 2023	**14,089**	**79,973**	**94,062**
Lease Modification	**6,337**	**—**	**6,337**
Depreciation charge for the year	**(5,941)**	**(4,228)**	**(10,169)**
As at December 31, 2023	**14,485**	**75,745**	**90,230**

	Year ended December 31,	
	2023 RMB'000	2022 RMB'000
Expenses relating to short-term leases and low-value leases	**—**	46
Total cash outflow for leases	**6,802**	6,636

For both years, the Group leases various properties for its operations. Lease contracts are entered into for fixed term of 3 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. There were no extension options in the lease contracts. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group's interests in land use right represent prepaid operating lease payments for land located in the PRC and the remaining lease term is 20 years.

As at December 31, 2023, the Group's lease liabilities of RMB14,793,000 (2022: RMB14,619,000) are recognized with related right-of-use assets of RMB14,485,000 (2022: RMB14,089,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

17. OTHER NON-CURRENT ASSETS

	As at December 31,	
	2023 RMB'000	2022 RMB'000
Value-added tax recoverable	**26,350**	12,496
Deposits for plant construction	**9,851**	9,851
Prepayments for property and equipment	**430**	—
Rental deposits	**1,872**	1,868
	38,503	24,215

18. TRADE RECEIVABLES

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

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Within 30 days	**35**	11
31–60 days	**2**	6
61–120 days	**2**	27
121–180 days	**—**	22
	39	66

The Group normally grants a credit period of 30 days or a particular period agreed with customers effective from the date when the services have been completed or control of goods has been transferred to the customer and billed to the customer.

Details of the assessment on the provision of expected credit losses of trade receivables are set out in Note 32.

19. PREPAYMENTS AND OTHER RECEIVABLES

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Other receivables:		
Deferred issue costs	**—**	6,330
Interest receivables	**909**	925
Others	**131**	32
Prepayments for:		
Purchasing goods and research and development services	**76,769**	9,043
Others	**288**	263
	78,097	16,593

20. FINANCIAL ASSETS AT FVTPL

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Wealth management products *(Note i)*	**259,085**	—

Note:

(i) In 2023, the Group subscribed for four wealth management products via structured notes issued by four financial institutions for amounts of HK$135,000,000, HK$50,000,000, HK$50,000,000 and HK$49,280,000 (equivalent to RMB123,884,000, RMB45,883,000, RMB45,883,000 and RMB45,222,000), respectively.

These wealth management products were unguaranteed by the relevant financial institutions, and these investments were classified as financial assets measured at FVTPL as at December 31, 2023.

21. TERM DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Term deposits with original maturity over three months *(Note)*	**42,496**	—

Note:

The term deposits are under the Group's rights of early redemption at its principal before the maturity date. In the event of early withdrawal prior to maturity, a prevailing current account interest rate would be offered instead of the term deposits interest rate without any penalty. These term deposits will mature within 12 months and are classified as current assets.

22. CASH AND CASH EQUIVALENTS

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Cash at bank	**306,983**	635,212

The carrying amounts of the Group's cash and cash equivalents denominated in currencies other than functional currencies of the relevant group entities at the end of the reporting period are as follows:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
US$	**124,856**	207,784
HK$	**15,702**	35

Cash and cash equivalents held by the Group carry interests at market rates ranging from 0.01% to 5.40% as at December 31, 2023 (2022: 0.01% to 4.74%).

23. TRADE AND OTHER PAYABLES

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Trade payables for research and development expenses	**10,804**	1,262
Accrued outsourcing research and development expenses	**14,191**	16,199
Accrued staff costs and benefits	**14,163**	12,709
Accrued research and development materials and consumables	**942**	—
Accrued issue costs	**299**	2,165
Accrued listing expenses	**3,440**	7,249
Payables for property and equipment	**5,185**	5,705
Legal and professional fees	**1,560**	—
Other tax payables	**765**	612
Others	**181**	237
	51,530	46,138

The average credit period on purchases of goods/services of the Group is 45 days.

The following is an aging analysis of trade payables presented based on the invoice dates at the end of the reporting period:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
0–30 days	**10,746**	713
31–90 days	**42**	481
91–180 days	**16**	68
	10,804	1,262

24. LEASE LIABILITIES

	As at December 31, 2023 RMB'000	2022 RMB'000
Lease liabilities payable:		
Within one year	**4,398**	5,599
Within a period of more than one year but not exceeding two years	**4,260**	3,392
Within a period of more than two years but not exceeding five years	**6,135**	5,261
More than five years	**—**	367
	14,793	14,619
Less: Amount due for settlement within 12 months shown as current liabilities	**(4,398)**	(5,599)
Amount due for settlement after 12 months shown as non-current liabilities	**10,395**	9,020

The weighted average incremental borrowing rates applied to the lease liabilities is 4.75% per annum for the reporting period.

25. FINANCIAL LIABILITIES AT FVTPL

In December 2015 and March 2016, the Company entered into investment agreements with several independent investors, pursuant to which the investors made a total investment of RMB30,000,000 in the Company as consideration for subscription of the Company's paid-in capital of RMB1,448,000 ("**Series Pre-A Shares**"). The Company had received all investment funds for Series Pre-A Shares by February 2017.

In November 2017 and March 2018, the Company entered into investment agreements with several independent investors, pursuant to which the investors made a total investment of RMB90,000,000 in the Company as consideration for subscription of the Company's paid-in capital of RMB950,000 ("**Series A Shares**"). The Company had received all investment funds for Series A Shares by April 2018.

In November 2019, the Company entered into an investment agreement with several independent investors, pursuant to which the investors made a total investment of RMB40,000,000 in the Company as consideration for subscription of the Company's paid-in capital of RMB220,000 ("**Series Pre-B Shares**"). The Company had received all investment funds for Series Pre-B Shares by January 2020.

In June and August 2020, the Company entered into investment agreements with several independent investors, pursuant to which the investors made a total investment of RMB239,513,000 in the Company as consideration for subscription of the Company's paid-in capital of RMB924,000 in total ("**Series B Shares**"). The Company had received all investment funds for Series B Shares by November 2020.

In February 2021, the Company entered into an investment agreement with several independent investors, pursuant to which the investors made a total investment of US$65,467,000 (equivalent to RMB427,799,000) in the Company as consideration for subscription of the Company's paid-in capital of RMB806,000 in total ("**Series B+ Shares**"). The Company had received all investment funds for Series B+ Shares by April 2021.

25. FINANCIAL LIABILITIES AT FVTPL *(Continued)*

In December 2021, the Company entered into an investment agreement with several independent investors, pursuant to which the investors made a total investment of US$87,500,000 (equivalent to RMB556,772,000) in the Company as consideration for subscription of the Company's paid-in capital of RMB835,000 in total ("**Series C Shares**"). The Company had received investment funds of US$58,600,000 (equivalent to RMB373,176,000) for part of the Series C Shares by December 31, 2021, representing paid-in capital of RMB560,000, and the remaining US$28,900,000 (equivalent to RMB183,596,000), representing paid-in capital of RMB276,000, was received subsequently in January 2022.

On January 31, 2022, the liquidation preferences, redemption and anti-dilution feature attached to the Series Pre-A, Series A, Series Pre-B, Series B, Series B+ and Series C Shares (together as "**Investors' shares**") were terminated. Financial liabilities at FVTPL were then derecognized and credited to equity.

The key terms of Investors' shares prior to the termination of the liquidation preferences, redemption and anti-dilution feature are summarized as follows:

Voting rights

All shareholders, including the holders of ordinary shares and holders of Investors' shares, are entitled to vote together as a single class on a pro-rata basis.

Dividend rights

The Group's capital reserve, surplus reserve and undistributed reserve (if any) are shared by all shareholders in proportion to their shareholding.

No dividend or distribution, whether in cash, in property, or in any other shares of the Group, shall be declared, paid, set aside or made with respect to the ordinary shares at any time unless a dividend or distribution in like amount is likewise declared, paid, set aside or made at the same time with respect to each issued and outstanding payable of Investors' shares in cash when, as and if declared by the Group.

Liquidation preferences

In the event of any liquidation including deemed liquidation, dissolution or winding up of the Group, whether voluntary or involuntary (the "**Liquidation Event**"), the holders of Investors' shares shall be entitled to receive the amount equal to 100% original investment amount limited by the Group's net assets and all proceeds derived from the Liquidation Event shall be distributed in the following order: (1) Series C Shares; (2) Series B+ Shares; (3) Series B Shares; (4) Series Pre-B Shares; (5) Series A Shares; (6) Series Pre-A Shares. The investors shall be entitled to receive the amount equal to the higher of (i) the original investment amount plus accumulated dividends or declared but undistributed dividends; and (ii) the net assets of the Group corresponding to its shareholding ratio, and limited by the Group's net assets.

In a sale event (as defined below), all consideration received by the Group or its shareholders as a result of the sale event shall also be distributed in accordance with the above scheme.

Sale event refers to an equity sale event or asset sale event. Equity sale event means a merger, acquisition or other similar transaction of the Group resulting in a change in control of the Group such that the shareholders prior to the occurrence of such event have less than 50% of their shares or voting rights in the surviving entity after the occurrence of such event. Asset sale event means that all or substantially all of the Group's assets are sold, transferred, leased or disposed of, or all or substantially all of the Group's intellectual property rights are exclusively licensed, sold or transferred to a third party.

25. FINANCIAL LIABILITIES AT FVTPL *(Continued)*

Anti-dilution rights

If the Company increases its paid-in capital at a price lower than the price paid by the investors of Investors' shares on a per paid-in capital basis, the investors have a right to require the Company to issue more paid-in capital for nil consideration (or any other minimum price permitted by law) to the investors or the Company and the founder shall compensate the investors in cash, so that:

(i) For Series Pre-A, Series A, Series Pre-B and Series B investors, the total amount paid by the investors divided by the total amount of paid-in capital obtained is equal to the price per paid-in capital in the new issuance.

(ii) For Series B+ and Series C investors, adjusted in a weighted average manner, that is, the price per share invested in the Company by Series B+ and Series C investors will be equal to the new price per share calculated according to a pre-determined formula. The new price was calculation based on the price per paid-in capital, taking into account the re-designation of certain Series Pre-A, Series Pre-B and Series B Share into Series B+ and Series C shares in Series B+ and Series C financing.

Redemption rights

Certain investors of Series B Shares, investors of Series B+ and Series C Shares shall be redeemed by the Company, at the option of the investors, upon the occurrence of certain contingent events, including: (i) major violations of laws and regulations by the Group or ordinary shareholders of the Company, or major violations of transaction documents by the Group or ordinary shareholders of the Company, and failure to remedy such acts within 90 days from the date of receiving written notice from investors, or (ii) the Group or the founding shareholder repurchases the equity of other shareholders, except that the founding shareholders purchase the Company's equity held by any investor with assets beyond the limit of the redemption obligations or the Company repurchases the Company's equity according to the employee stock ownership plan approved by the board of directors. The repurchase price is the original investment from the investors plus a yield at 10% per annum. The redemption amount shall be distributed in the following order: (1) Series C Shares investors; (2) Series B+ Shares investors; (3) certain Series B Shares investors.

Presentation and classification

As at December 31, 2021 and January 1, 2022, the Company recognized the Investors' shares issued to investors as financial liabilities at FVTPL and classified as current liabilities, because not all triggering payment events mentioned in the key terms above were within the control of the Company and these financial instruments did not meet the definition of equity for the Company. Financial liabilities are measured at fair value and any changes in the fair value of the financial liabilities were recorded in "loss from changes in fair value of financial liabilities at FVTPL" in the consolidated statement of profit or loss and other comprehensive income. The directors of the Company considered that the changes in the fair value of the Investors' shares attributable to the change in credit risk of the Group is minimal.

The Company used back-solve method to determine the underlying share value of the Company and performed an equity allocation based on a Binomial Option Pricing Model ("**OPM**") to arrive the fair value of the Investors' shares as of the dates of issuance and at the end of the reporting period with reference to valuation reports carried out by AVISTA Valuation Advisory Limited ("**AVISTA**"), an independent qualified valuer. The address of AVISTA is Unit C, 23/F, Phase II, Sino-Ocean Tower, No. 618 East Yan An Road, Huangpu District, Shanghai, PRC.

25. FINANCIAL LIABILITIES AT FVTPL *(Continued)*

Presentation and classification *(Continued)*

In addition to the underlying share value of the Company determined by back-solve method, other key valuation assumptions used in OPM to determine the fair value are as follows:

	As at December 31, 2021
Time to liquidation	0.67 years
Time to redemption	0.67 years
Time to occurrence of sale event	0.67 years
Time to conversion to joint stock company	0.67 years
Risk-free interest	2.26%
Possibilities under liquidation scenario	5%
Possibilities under redemption scenario	5%
Possibilities under occurrence of sale event scenario	40%
Possibilities under conversion scenario	50%
Volatility	42.36%

The directors of the Company estimated the risk-free interest rate based on the yield of the United States Treasury Bonds with a maturity life of the ordinary shares with redemption obligations and close to period from the respective valuation dates to the expected liquidation dates. Volatility was estimated on each valuation date based on average of historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to expected liquidation dates.

The movements of the financial liabilities at FVTPL are set out below:

	Series Pre-A RMB'000	Series A RMB'000	Series Pre-B RMB'000	Series B RMB'000	Series B+ RMB'000	Series C RMB'000	Total RMB'000
As at January 1, 2022	393,513	455,747	74,866	428,570	670,414	408,474	2,431,584
Recognition of liabilities on Series C Shares *(Note i)*	–	–	–	–	–	183,596	183,596
Changes in fair value *(Note ii)*	19,393	18,725	2,454	9,559	5,457	(78)	55,510
Reclassification of financial liabilities at FVTPL as equity *(Note iii)*	(412,906)	(474,472)	(77,320)	(438,129)	(675,871)	(591,992)	(2,670,690)
As at December 31, 2022 and 2023	–	–	–	–	–	–	–

Notes:

(i) Recognizing liabilities on these shares debited equity of the Group, as presented in the consolidated statements of changes in equity.

(ii) Exchange gains and losses are included in changes in fair value.

(iii) On January 31, 2022, the liquidation preferences, redemption and anti-dilution feature attached to the Investors' Shares were terminated. Financial liabilities at FVTPL was then derecognized and credited to equity.

26. BORROWINGS

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Unsecured bank borrowings	**59,980**	—

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
The carrying amounts of the above borrowings are repayable:		
Within one year	**59,980**	—

Note:

The interest rate of our bank borrowings ranged from 3.0% to 3.35% as of December 31, 2023.

27. SHARE CAPITAL

As disclosed in Note 1, the Company converted into a joint stock company on June 14, 2022, the balance as at January 1, 2022 represented the paid-in capital of the Company prior to the conversion of the Company. Share capital as at December 31, 2022 and December 31, 2023 represented the issued share capital of the Company.

Paid-in capital

	Paid-in capital
	RMB'000
Issued and paid	
As at January 1, 2022	6,908
Issue of Series C Shares *(Note i)*	276
Issue of paid-in capital to share incentive platforms *(Note ii)*	730
Conversion into a joint stock company *(Note iii)*	(7,914)
As at December 31, 2022 and December 31, 2023	**—**

27. SHARE CAPITAL *(Continued)*

Share capital

	Number of shares	Nominal value of shares RMB'000
Ordinary shares of RMB1 each		
Authorized and issued		
As at January 1, 2022	—	—
Issue of ordinary shares upon conversion into a joint stock company *(Note iii)*	356,092,695	356,093
As at December 31, 2022 and January 1, 2023	**356,092,695**	**356,093**
Issue of ordinary shares upon the Listing and exercising over-allotment option *(Note iv)*	**18,065,000**	**18,065**
As at December 31, 2023	**374,157,695**	**374,158**

Notes:

(i) In December 2021, the Company completed Series C financing, with the first tranche of RMB373,176,000 invested into the Company, among which RMB560,000 was credited to the Company's paid-in capital and the remaining balance was credited as capital reserve. In January 2022, the remaining of Series C financing of RMB183,596,000 was invested into the Company, among which RMB276,000 was credited to the Company's paid-in capital and the remaining balance was credited as capital reserve.

(ii) In January 2022, Jiaxing Changyu Enterprise Management Center ("**Jiaxing Changyu**") and Halo Biomedical Investment II Limited ("**Halo Investment II**") (the Company's employee shareholding platforms disclosed in note 28) subscribed for the Company's registered capital of RMB330,000 and RMB400,000, respectively.

(iii) On June 14, 2022, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. A portion of the Company's net assets as of January 31, 2022 was converted into 356,092,695 shares with a nominal value of RMB1.00 each. The excess of net assets converted over nominal value of the ordinary shares was credited to the Company's share premium.

(iv) In connection with the Listing, 17,147,200 and 917,800 ordinary shares of RMB1 par value each were issued at HK$18.60 per share for the Company's global offering and the over-allotment of shares, on September 5, 2023 and October 4, 2023 for gross cash proceeds of HK$318,938,000 and HK$17,071,000 (equivalent to RMB292,128,000 and RMB15,665,000), respectively.

28. SHARE-BASED PAYMENT TRANSACTIONS

Restricted shares scheme

In recognition of the contributions of certain eligible employees, directors and consultants, the founder of the Company established an employee stock ownership platform, namely Jiaxing Changxian Enterprise Management Center ("**Jiaxing Changxian**") in April 2016, to hold the Company's paid-in capital of RMB345,000, which was transferred from the founder, to implement restricted shares ("**RS**") scheme ("**Jiaxing Changxian RS Scheme**"). Under the Jiaxing Changxian RS Scheme, eligible employees, directors and consultants shall subscribe for partnership interest of Jiaxing Changxian at a consideration price ranges from RMB1 to RMB8.08 for RMB1 registered capital and indirectly hold the incentive shares of the Company.

28. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Restricted shares scheme *(Continued)*

Details of the restricted shares issued under the Jiaxing Changxian RS Scheme are as follows:

Grant date	Amount of registered capital RMB'000	Grantee	Vesting schedule defined in contract term
February 3, 2020	34	An employee	50% on the grant date; 50% five years after grant date, and the latter 50% with the achievement of certain performance conditions
January 31, 2021	108	Employees	40% one year after grant date; 30% two year after grant date; 30% three year after grant date, with the achievement of certain performance conditions

In March 2021, the founder of the Company established an employee stock ownership platform, namely Jiaxing Changyu, to hold the Company's paid-in capital of RMB330,000, to implement RS scheme ("**Jiaxing Changyu RS Scheme**").

Under the Jiaxing Changyu RS Scheme, eligible employees and directors shall subscribe for partnership interest of Jiaxing Changyu at a consideration of RMB8.21 for RMB1 registered capital and indirectly hold the incentive shares of the Company.

Details of the restricted shares issued under the Jiaxing Changyu RS Scheme are as follows:

Grant date	Amount of registered capital RMB'000	Grantee	Vesting schedule defined in contract term
June 29, 2021	174	Directors, employees	25% at 22 months after grant date; 25% at 34 months after grant date; 25% at 46 months after grant date; 25% at 58 months after grant date; with the achievement of certain performance conditions
April 29, 2022	155	Directors, employees	25% at 12 months after grant date; 25% at 24 months after grant date; 25% at 36 months after grant date; 25% at 48 months after grant date, with the achievement of certain performance conditions
September 8, 2022	8	A director	
September 28, 2022	6	A director	
December 31, 2022	1	A director	
May 31, 2023	5	An employee	
August 1, 2023	5	A director *(Note)*	

Note: These RSs were granted to Dr. Tian Wenzhi, Executive director and chief executive officer of the Company, which constituted a related party transaction. The expenses recognized for the share-based payment transaction for the year ended December 31, 2023 was RMB744,000.

28. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Restricted shares scheme *(Continued)*

In October 2021, the founder of the Company established an employee stock ownership platform, namely Halo Investment II, to hold the Company's paid-in capital of RMB400,000. Such employees and directors shall subscribe for partnership interest of Halo Investment II at a consideration of RMB8.21 for RMB1 registered capital and indirectly hold the incentive shares of the Company pursuant to their individual employment arrangements with the Group.

Details of the restricted shares issued through Halo Investment II are as follows:

Grant date	Amount of registered capital RMB'000	Grantee	Vesting schedule defined in contract term
June 29, 2021	67	Dr. Yumei Ding *(Note)*	50% upon the successful of IPO; 12.5% at 19 months after grant date; 12.5% at 31 months after grant date; 12.5% at 43 months after grant date; 12.5% at 55 months after grant date
June 20, 2021	26	Consultants	25% at 19 months after grant date; 25% at 31 months after grant date; 25% at 43 months after grant date; 25% at 55 months after grant date
July 26, 2021	67	A director	50% upon the successful of IPO; 12.5% at 18 months after grant date; 12.5% at 30 months after grant date; 12.5% at 42 months after grant date; 12.5% at 54 months after grant date
January 14, 2022	12	A director	50% upon the successful of IPO; 12.5% at 12 months after grant date; 12.5% at 24 months after grant date; 12.5% at 36 months after grant date; 12.5% at 48 months after grant date
January 14, 2022	229	A director and an employee	25% at 12 months after grant date; 25% at 24 months after grant date; 25% at 36 months after grant date; 25% at 48 months after grant date

Note: These RSs were granted to Dr. Yumei Ding, spouse of Dr. Tian Wenzhi, for her consultation services provided to the Company, which constituted a related party transaction. The expenses recognized for the share-based payment transaction for the year ended December 31, 2023 was RMB1,964,000 (2022: RMB6,017,000). In recognition of Dr. Yumei Ding's contribution, the Company appointed Dr. Yumei Ding as the director of Macroimmune, an U.S. subsidiary of the Company, in June 2023, upon which Dr. Yumei Ding ceased to be a consultant of the Group.

28. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Restricted shares scheme *(Continued)*

The following table summarized the movement of the Group's unvested restricted shares:

	Unvested registered capital '000	Weighted average grant date fair value per registered capital RMB
Unvested as at January 1, 2022	325	240.67
Granted	396	406.39
Vested	(180)	303.36
Unvested as at June 14, 2022, before conversion to a joint stock company *(Note)*	541	340.83

Note:

The Company was converted to a joint stock company on June 14, 2022, 356,092,695 ordinary shares with par value of RMB1 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on that day and following table to reflect the impact of the conversion. One registered share capital before the conversion represented 45 shares of the joint stock company:

	Unvested restricted shares '000	**Weighted average grant date fair value per restricted shares** RMB
Unvested as at June 14, 2022	24,345	7.57
Granted	675	10.15
Vested	(6,750)	7.54
Forfeited	(270)	6.25
Unvested as at December 31, 2022 and January 1, 2023	**18,000**	**7.69**
Granted	**405**	**13.54**
Vested	**(9,090)**	**7.71**
Forfeit	**(315)**	**10.15**
Unvested as at December 31, 2023	**9,000**	**7.70**

Fair value of RS

The Group used the back-solve method to determine the underlying equity fair value of the Company. The fair values of RS at grant date in the current reporting period were determined to be RMB10.33 and RMB17.12 per 1 share capital, respectively, by referring to the equity fair value of the Company.

The Group has recognized share-based payment expenses of RMB71,642,000 for the year ended December 31, 2023 (2022: RMB103,829,000).

29. RELATED PARTY TRANSACTIONS

Except for the disclosed services with Dr. Yumei Ding in Note 28, the Group has the following transactions with its related parties during the years.

Compensation of key management personnel

The remuneration of members of key management of the Group during the year were as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Salaries, allowances and other benefits	**14,374**	11,142
Retirement benefits scheme contribution	**586**	466
Discretionary bonus *(Note)*	**2,381**	2,089
Share-based payments	**61,685**	84,859
	79,026	98,556

Note: Discretionary bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

30. CAPITAL COMMITMENTS

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
— acquisition of property and equipment	**6,002**	5,713

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to investors through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged throughout the reporting period.

The capital structure of the Group consists of net debts, which includes lease liabilities disclosed in Note 24 and borrowings disclosed in Note 26, net of term deposits disclosed in Note 21 and cash and cash equivalents disclosed in Note 22 and equity attributable to owners of the Company, comprising paid-in capital, share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendation of the management of the Group, the Group will balance its overall capital structure through the new share issues or issue of new debt.

32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Financial assets		
Amortised cost	**350,558**	636,235
Financial assets at FVTPL	**259,085**	—
Financial liabilities		
Amortised cost	**95,640**	32,817
Lease liabilities	**14,793**	14,619

(b) Financial risk management objectives and policies

The Group's major financial assets and liabilities include trade receivables, other receivables, financial assets at FVTPL, term deposits, cash and cash equivalents, trade and other payables, lease liabilities and borrowings. Details of these financial assets and liabilities are disclosed in respective notes.

The risks associated with these financial assets and liabilities include market risks, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks

The Group's activities expose it primarily to currency risk, interest rate risk and other price risk. There has been no change in the Group's exposure to these risks or the manner in which it manages and measures the risks.

(i) Currency risk

Certain financial assets and liabilities are denominated in foreign currency of respective group entities 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.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Assets		
US$	**124,880**	207,817
HK$	**272,639**	35

32. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risks *(Continued)*

(i) Currency risk (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2022: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2022: 5%) is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and uses outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2022: 5%) change in foreign currency rates. A negative/positive number below indicates an increase/decrease in loss where RMB strengthens 5% against the relevant foreign currencies. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on loss for the year.

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Impact on profit or loss		
US$	**(6,244)**	(10,391)
HK$	**(13,632)**	(2)

(ii) Interest rate risk

The Group are primarily exposed to fair value interest rate risk in relation to term deposits (Note 21), lease liabilities (Note 24) and fixed-rate bank borrowings (Note 26) and cash flow interest rate risk in relation to cash and cash equivalents (Note 22). The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant because the current market interest rates are relatively low and stable.

Credit risk

The carrying amounts of trade receivables, other receivables, term deposits and cash and cash equivalents included in the consolidated statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

Trade receivables

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The ECL on trade receivables are assessed individually, based on the past default experience of the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forward-looking information that is available without undue cost or effort at the end of the reporting period. The expected credit loss rate of trade receivables was insignificant. Management considered the ECL provision of trade receivables is insignificant.

32. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

Other receivables

For other receivables, the Group has applied 12m ECL in IFRS 9 to measure the loss allowance. The ECL on other receivables are assessed individually based on historical settlement records and past default experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period. The expected credit loss rate of other receivables were insignificant. Management considered the ECL provision of other receivables is insignificant.

Cash and cash equivalents

The credit risk on term deposits and cash and cash equivalents are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

32. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

Cash and cash equivalents (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	**Internal credit rating**	**12m or lifetime ECL**	**As at December 31, 2023 Gross carrying amount RMB'000**	As at December 31, 2022 Gross carrying amount RMB'000
Financial assets at amortised cost					
Trade receivables	*18*	Low risk	Lifetime ECL-not credit-impaired	**39**	66
Other receivables	*19*	Low risk	12m ECL	**1,040**	957
Term deposits	*21*	N/A	12m ECL	**42,496**	–
Cash and cash equivalents	*22*	N/A	12m ECL	**306,983**	635,212

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on issuance of ordinary shares and bank borrowings as significant sources of liquidity. The directors of the Company are satisfied that the Group will have sufficient financial resource to meet its financial obligation as they fall due and to sustain its operations for the foreseeable future.

The following table details the Group's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

32. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

	Weighted Average effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group							
As at December 31, 2022							
Trade and other payables	–	32,817	–	–	–	32,817	32,817
Lease liabilities	4.75	6,803	3,721	5,662	376	16,562	14,619
		39,620	3,721	5,662	376	49,379	47,436
As at December 31, 2023							
Trade and other payables	**–**	**35,660**	**–**	**–**	**–**	**35,660**	**35,660**
Borrowings	**3.26**	**60,542**	**–**	**–**	**–**	**60,542**	**59,980**
Lease liabilities	**4.75**	**5,649**	**4,647**	**6,384**	**–**	**16,680**	**14,793**
		101,851	**4,647**	**6,384**	**–**	**112,882**	**110,433**

(c) Fair value measurements of financial instruments

The fair value of financial assets and financial liabilities (except for those set out below) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

(i) Financial assets and liabilities measured at fair values on a recurring basis

The Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of those financial assets are determined (in particular, the valuation techniques and inputs used).

	Note	Fair value as at December 31, 2023	2022	Fair value hierarchy	Valuation techniques and key inputs
		RMB'000	RMB'000		
Financial assets at FVTPL	*20*	**259,085**	–	Level 2	Income approach – the discounted cash flow method was used to estimate the return from underlying assets.

There were no transfers between different levels during both years.

32. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value measurements of financial instruments *(Continued)*

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value

The directors of the Company consider that the carrying amount of the Group's financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

33. RETIREMENT BENEFIT PLANS

The employees of the Group's subsidiaries in the PRC are members of the state-sponsored retirement benefit scheme organized by the relevant local government authority in the PRC. The subsidiary is required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The total amount provided by the Group to the scheme in the PRC and charged to profit or loss are RMB4,137,000 for the years ended December 31, 2023 (2022: RMB3,972,000). During the reporting period, no forfeited contributions had been used by the Group to reduce the existing level of contributions.

34. PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly held by the Company at the end of the reporting period are set out below:

Name of subsidiaries	Place/country and date of establishment/ incorporation	Issued and fully paid in/registered capital	Equity interest attributable to the Company As at December 31, 2023	2022	Principal activities
Macroimmune Inc.	USA/ January 6, 2014	US$20,000	**100%**	100%	Research, development and commercialization of innovative therapies
宜明探科生物醫藥技術 (上海) 有限公司 (ImmuneTank Biopharmaceuticals (Shanghai) Co., Ltd). *	The PRC/ February 5, 2018 Limited liability company	–	**100%**	100%	Research, development and commercialization of innovative therapies
ImmuneOnco Hong Kong Limited	Hong Kong/ September 15, 2021	HKD5,000,000	**100%**	100%	Research, development and commercialization of innovative therapies
宜明昂科生物藥業 (上海)有限公司 (ImmuneOnco Pharmaceutical Biological (Shanghai) Co., Ltd). *	The PRC/ September 28, 2021 Limited liability company	–	**100%**	100%	Research, development and commercialization of pharmaceutical drug

* *The English names are for identification purpose only*

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities	Financial liabilities at FVTPL	Accrued issue costs	Borrowings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2022	18,539	2,431,584	834	–	2,450,957
Issue cost accrued	–	–	4,931	–	4,931
Financing cash flow	(6,590)	183,596	(3,600)	–	173,406
Fair value changes	–	55,510	–	–	55,510
Finance costs	787	–	–	–	787
New leases entered	1,883	–	–	–	1,883
Reclassification of financial liabilities at FVTPL as equity	–	(2,670,690)	–	–	(2,670,690)
As at December 31, 2022 and January 1, 2023	**14,619**	**–**	**2,165**	**–**	**16,784**
Issue cost accrued	**–**	**–**	**28,537**	**–**	**28,537**
Financing cash flow	**(6,802)**	**–**	**(28,989)**	**59,033**	**23,242**
Reversal of accrued issue costs	**–**	**–**	**(1,414)**	**–**	**(1,414)**
Finance costs	**577**	**–**	**–**	**947**	**1,524**
Lease modification	**6,399**	**–**	**–**	**–**	**6,399**
As at December 31, 2023	**14,793**	**–**	**299**	**59,980**	**75,072**

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Non-current assets		
Property and equipment	**58,722**	69,830
Right-of-use assets	**90,230**	94,062
Investments in subsidiaries	**4,781**	135
Other non-current assets	**38,503**	24,215
	192,236	188,242
Current assets		
Trade receivables	**39**	66
Prepayments and other receivables	**78,014**	16,561
Amounts due from subsidiaries	**44,043**	1,958
Financial assets at FVTPL	**213,936**	—
Term deposits with original maturity over three months	**42,496**	—
Cash and cash equivalents	**303,482**	633,403
	682,010	651,988
Current liabilities		
Trade and other payables	**50,421**	45,672
Lease liabilities	**4,398**	5,599
Borrowings	**59,980**	—
	114,799	51,271
Net current assets	**567,211**	600,717
Total assets less current liabilities	**759,447**	788,959
Non-current liabilities		
Lease liabilities	**10,395**	9,020
Net assets	**749,052**	779,939
Capital and reserves		
Share capital	**374,158**	356,093
Reserves	**374,894**	423,846
Total equity	**749,052**	779,939

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

	Share premium RMB'000	Capital reserve RMB'000	Other reserve RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
As at January 1, 2022	–	1,195,580	(1,200,488)	37,140	(1,637,466)	(1,605,234)
Loss and total comprehensive expenses for the year	–	–	–	–	(402,228)	(402,228)
Issue of remaining Series C shares	–	183,320	–	–	–	183,320
Recognition of liabilities on Series C shares *(Notes 25 and 27)*	–	–	(183,596)	–	–	(183,596)
Issue of paid-in capital to employee stock ownership platforms	–	5,244	–	–	–	5,244
Reclassification of financial liabilities at FVTPL as equity *(Note 25)*	–	–	2,670,690	–	–	2,670,690
Conversion into a joint stock company	654,470	(1,384,144)	(1,286,606)	(41,493)	1,709,594	(348,179)
Recognition of equity-settled share-based payments *(Note 28)*	–	–	–	103,829	–	103,829
As at December 31, 2022 and January 1, 2023	**654,470**	**–**	**–**	**99,476**	**(330,100)**	**423,846**
Loss and total comprehensive expenses for the year	**–**	**–**	**–**	**–**	**(379,584)**	**(379,584)**
H shares issued upon initial public offering	**289,728**	**–**	**–**	**–**	**–**	**289,728**
Transaction costs attributable to issuance of H shares	**(30,738)**	**–**	**–**	**–**	**–**	**(30,738)**
Recognition of equity-settled share-based payments *(Note 28)*	**–**	**–**	**–**	**71,642**	**–**	**71,642**
As at December 31, 2023	**913,460**	**–**	**–**	**171,118**	**(709,684)**	**374,894**

37. SUBSEQUENT EVENTS

There has been no significant event since the end of the reporting period.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last three financial years*, as extracted from the audited financial information and financial statements, is set out below.

	For the year ended December 31,		
	2023	2022	2021
	RMB'000	RMB'000	RMB'000
Revenue	**386**	538	5,067
Other income	**18,245**	14,657	10,381
Other gains and losses, net	**1,778**	(29,436)	(518,347)
Research and development expenses	**(291,944)**	(277,346)	(175,954)
Administrative expenses	**(80,424)**	(92,796)	(48,319)
Listing expenses	**(25,976)**	(17,724)	(4,886)
Finance costs	**(1,524)**	(787)	(891)
Loss before tax	**(379,459)**	(402,894)	(732,949)
Income tax expense	**—**	—	—
Loss for the year	**(379,459)**	(402,894)	(732,949)

	As of December 31,		
	2023	2022	2021
	RMB'000	RMB'000	RMB'000
Non-current assets	**187,890**	188,107	188,737
Current assets	**686,700**	651,871	704,098
Current liabilities	**115,908**	51,737	2,477,831
Net current (liabilities) assets	**570,792**	600,134	(1,773,733)
Total assets less current liabilities	**758,682**	788,241	(1,584,996)
Non-current liabilities	**10,395**	9,020	13,443
Net (liabilities) assets	**748,287**	779,221	(1,598,439)
Total equity	**748,287**	779,221	(1,598,439)

* The H Shares of the Company were listed on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on September 5, 2023.

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings.

"AGM"	the forthcoming annual general meeting of the Company
"Articles of Association" or "Articles"	the articles of association of our Company, as amended, supplemented or otherwise modified from time to time
"Audit Committee"	the audit committee of our Board
"Board" or "Board of Directors"	the board of Directors of our Company
"CDMO(s)"	contract development and manufacturing organization, which is a pharmaceutical company that develops and manufactures drugs for other pharmaceutical companies on a contractual basis
"China" or "PRC"	the People's Republic of China and, except where the context requires and only for the purpose of this annual report, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan, China. "Chinese" shall be construed accordingly
"Company," "our Company" or "the Company"	ImmuneOnco Biopharmaceuticals (Shanghai) Inc. (宜明昂科生物醫藥技術(上海)股份有限公司), a joint stock company incorporated in the PRC with limited liability on June 14, 2022, or, where the context requires (as the case may be), its predecessor, ImmuneOnco Biopharmaceuticals (Shanghai) Co., Ltd. (宜明昂科生物醫藥技術(上海)有限公司), a limited liability company established in the PRC on June 18, 2015
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholders"	refer to Dr. Tian, Jiaxing Changxian, Jiaxing Changyu and Halo Investment II
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Core Product"	IMM01(timdarpacept), the designated "core product" as defined under Chapter 18A of the Listing Rules
"Corporate Governance Code" or "CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CRO(s)"	contract research organization, a company provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research and development services outsourced on a contract basis
"Director(s)"	the director(s) of our Company
"Dr. Tian"	Dr. Tian Wenzhi (田文志), the chairman of the Board, the chief executive officer, the chief scientific officer and the executive Director of our Company, and one of our Controlling Shareholders

Definitions and Glossary

"Employee Shareholding Platforms"	the Onshore Employee Shareholding Platforms and the Offshore Employee Shareholding Platform
"FDA"	the Food and Drug Administration of the United States
"GBA Investment"	GBA Fund Investment Limited, a private company incorporated under the laws of Hong Kong on July 8, 2019
"Global Offering"	the global offering of the Company's H Shares on the Stock Exchange
"Group", "our Group", "we", "us" or "our"	our Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"H Share(s)"	overseas listed foreign share(s) in the share capital of our Company with a nominal value of RMB1.0 each, which is/are subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
"Halo Investment II" or "Offshore Employee Shareholding Platform"	Halo Biomedical Investment II Limited, a business company incorporated in the British Virgin Islands on October 20, 2021, one of our Employee Shareholding Platforms, and one of our Controlling Shareholders
"Halo LP"	Halo Biomedical LP, a limited partnership established under the laws of the British Virgin Islands on October 19, 2021, the sole shareholder of Halo Investment II which is ultimately controlled by Dr. Tian
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Huabo Biopharm"	Huabo Biopharm (Shanghai) Co., Ltd. (華博生物醫藥技術(上海)有限公司), a limited company established under the laws of the PRC
"IFRSs"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretations issued by the International Accounting Standards Committee
"ImmuneCare"	ImmuneCare Biopharmaceutical (Shanghai) Co., Ltd. (宜明凱爾生物醫藥技術(上海)有限公司), a limited liability company established under the laws of the PRC on January 4, 2024, which is a wholly-owned subsidiary of our Company
"ImmuneOnco Hong Kong"	ImmuneOnco Hong Kong Limited, a limited liability company established under the laws of Hong Kong on September 15, 2021, which is a wholly-owned subsidiary of our Company
"ImmuneOnco Shanghai"	ImmuneOnco (Shanghai) Biopharma Co., Ltd (宜明昂科生物藥業(上海)有限公司), a limited liability company established under the laws of the PRC on September 28, 2021, which is a wholly-owned subsidiary of our Company

"ImmuneTANK"	ImmuneTANK Biopharmaceuticals (Shanghai) Co., Ltd. (宜明探科生物醫藥技術(上海)有限公司), a limited liability company established under the laws of the PRC on February 5, 2018, which is a wholly-owned subsidiary of our Company
"Jiaxing Changxian"	Jiaxing Changxian Enterprise Management L.P. (Limited Partnership) (嘉興昶咸企業管理合夥企業(有限合夥)), a limited liability partnership incorporated in the PRC on April 29, 2016, one of our Employee Shareholding Platforms, and one of our Controlling Shareholders
"Jiaxing Changyu"	Jiaxing Changyu Enterprise Management L.P. (Limited Partnership) (嘉興昶宇企業管理合夥企業(有限合夥)), a limited liability partnership incorporated in the PRC on March 24, 2021, one of our Employee Shareholding Platforms, and one of our Controlling Shareholders
"Lapam Capital"	Beijing Lapam Healthcare Investment Centre (Limited Partnership) (北京龍磐健康醫療投資中心(有限合夥)), a limited partnership incorporated under the laws of the PRC on January 24, 2017
"LAV ImmuneOnco"	LAV ImmuneOnco Hong Kong Limited (禮安宜明有限公司), a private company incorporated under the laws of Hong Kong on July 14, 2020
"LAV ImmOn"	LAV ImmOn Hong Kong Limited (禮安宜申有限公司), a private company incorporated under the laws of Hong Kong on February 2, 2021
"Listing"	the listing of the H Shares on the Main Board of the Stock Exchange on September 5, 2023
"Listing Date"	September 5, 2023, being the date on which the H Shares were listed and from which dealings therein were permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Macroimmune"	Macroimmune Inc, a limited liability company established under the laws of Delaware on January 6, 2014, which is a wholly-owned subsidiary of our Company
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of our Board
"Onshore Employee Shareholding Platforms"	Jiaxing Changxian and Jiaxing Changyu
"Over-allotment Option"	has the meaning ascribed to it in the Prospectus
"Prospectus"	the prospectus of the Company dated August 24, 2023

Definitions and Glossary

"R&D"	research and development
"Remuneration Committee"	the remuneration committee of our Board
"Reporting Period"	the financial year ended December 31, 2023
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, comprising the Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to this term under the Listing Rules
"substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Unlisted Share(s)"	ordinary share(s) issued by our Company with a nominal value of RMB1.0 each, which is/are not listed on any stock exchange
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"USD" or "US$"	United States dollars, the lawful currency of the United States
"Zhangjiang Sci & Tech"	Shanghai Zhangjiang Science & Technology Venture Capital Co., Ltd. (上海張江科技創業投資有限公司), a company incorporated under the laws of the PRC on October 9, 2004
"ZJ Leading Initiating VC"	Shanghai Zhangjiang Leading Initiating Venture Capital (Limited Partnership) (上海張科領弋升帆創業投資中心(有限合夥)), a limited partnership incorporated under the laws of the PRC on September 17, 2015
"ZJ Leading SiQi VC"	Jiaxing Zhangke Lingyi Siqi Equity Investment Partnership (Limited Partnership) (嘉興張科領弋思齊股權投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on November 2, 2020
"%"	per cent.