Immunotech Biopharm Ltd
永泰生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6978)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Board hereby announces the audited consolidated results of the Group for the Reporting Period, together with the comparative figures for the year ended 31 December 2022.

FINANCIAL HIGHLIGHTS

Other income decreased by approximately RMB8.7 million or approximately 48.9% from approximately RMB17.8 million for the year ended 31 December 2021 to approximately RMB9.1 million for the year ended 31 December 2022.

Other gains and losses, net increased by approximately RMB12.8 million or approximately 54.5% from losses of approximately RMB23.5 million for the year ended 31 December 2021 to losses of approximately RMB36.3 million for year ended 31 December 2022.

Research and development expenses decreased by approximately RMB64.4 million or approximately 26.8% from approximately RMB240.6 million for the year ended 31 December 2021 to approximately RMB176.2 million for the year ended 31 December 2022.

Administrative expenses decreased by approximately RMB6.6 million or approximately 6.3% from approximately RMB104.3 million for the year ended 31 December 2021 to approximately RMB97.7 million for the year ended 31 December 2022.

Loss before tax decreased by approximately RMB33.5 million or approximately 9.4% from approximately RMB354.6 million for the year ended 31 December 2021 to approximately RMB321.1 million for the year ended 31 December 2022.

Loss and total comprehensive expenses for the year decreased by approximately RMB33.5 million or approximately 9.4% from approximately RMB354.6 million for the year ended 31 December 2021 to approximately RMB321.1 million for the year ended 31 December 2022.

BUSINESS HIGHLIGHTS

Clinical trials

EAL®

EAL® is undergoing Phase II clinical trial with the post-surgical recurrence of liver cancer selected as the clinical indication. As at the date of this announcement, the Company has completed the enrollment of 430 targeted patients for the Phase II clinical trial. The Company is confident that it will submit a pre-NDA meeting application for the product to the NMPA in 2023 and hopefully market the product in 2024.

CAR-T cell product pipeline

CAR-T-19 Injection

The CAR-T-19 series forms the core of CAR-T cell product pipeline. The CAR-T-19 injection product candidate has shown efficacy in a clinical study, and the IND application for the product candidate with B-cell acute lymphoblastic leukaemia (B-ALL) as the clinical indication was accepted for processing by the CDE in August 2019.

Following the IND approval, the Company has commenced Phase I clinical trial process for the CAR-T-19 Injection and presented the Phase I clinical trial protocol and proposed timetable in a kick-off conference meeting, which took place in Beijing on 25 February 2021. As at the date of this announcement, the Company has completed the enrollment of nine targeted patients for the Phase I clinical trial for CAR-T-19 Injection. It is expected that the targeted patient enrollment will complete and the preliminary analysis and results will be published in 2023.

Denocabtagene Ciloleucel Injection

Denocabtagene Ciloleucel Injection, originally known as RC19D2, CAR-T-19-D2 and CAR-T-19-DNR, targets immunosuppressive molecule TGF-ß, it is an injection for the treatment of patients with relapsed and refractory diffuse large B-cell lymphoma. The injection has the goal of overcoming CAR-T Cells' pain points in terms of the lack of persistence, the lack of efficacy in the treatment of solid tumours, and in the prevention of tumour recurrence. As at the date of this announcement, the Company has obtained the clinical approval for the Denocabtagene Ciloleucel Injection from the NMPA. Based on the current progress, the Company expects to conduct the clinical trial of Denocabtagene Ciloleucel Injection in 2023.

6B11-OCIK Injection

6B11-OCIK Injection is an injection of ovarian cancer autologous cytotoxic T Lymphocyte. 6B11 is the monoclonal anti-idiotypic antibody prepared by Beijing Weixiao with COC166-9 immunised mice with monoclonal antibody to mimic ovarian cancer-related antigen OC166-9. The use of 6B11 can induce specific anti-ovarian cancer humoral and cellular immune antibodies in vitro, which can be cultured and proliferated in vitro (6B11-OCIK Injection) and infused back to the subject to achieve the purpose of specifically killing tumour cells.

As at the date of this announcement, the Company has completed the enrollment of six targeted patients for the Phase I clinical trial for 6B11-OCIK Injection. The Company intends to complete the enrollment of targeted patients and publish the preliminary analysis and results in 2023.

TCR-T cell product pipeline

TCR-T cell therapy is an immunotherapy based on the reinfusion of tumour antigen-specific T cells. The Company used its established single-cell sequencing-based technology platform to obtain different HLA-restricted T cell receptor (TCR) coding sequences for specific antigens. Subsequently, the TCR genes are inserted into the self-constructed lentiviral vector for transduction into T cells, and then the killing effect on tumour cells is confirmed by an in vitro and in vivo model.

The Company has a number of TCR-T cell product candidates under pre-clinical studies, with the relevant target antigens including the cancer-testis antigen or cancer-placental antigen such as NY-ESO-1, and antigens derived from viruses such as CMV, EBV and HPV. The Company has entered into the license agreement with T-Cure on 11 January 2021. The Company was granted the exclusive license in relation to retroviral-vectored TCR-based immunotherapy for renal cell carcinoma in HLA A-11 restricted human patients, it is believe that it will gain an advantage in treatment of renal cell carcinoma indication in the PRC.

Others

Formation of joint venture

On 2 June 2022, Beijing Yongtai entered into a joint venture agreement with Shanghai NKY, a wholly-owned subsidiary of NKY Medical. NKY Medical is a listed company on the Shenzhen Stock Exchange (stock code: 300109) and is the parent company of one of the Company's pre-IPO investors, NKY Medical Hongkong Limited.

Pursuant to the terms of the joint venture agreement, Beijing Yongtai and Shanghai NKY agreed to set up a joint venture company in Shanghai for the purpose of accessing to the market of companion diagnostics for tumour treatment, targeting to provide products and services of companion diagnostics for tumour treatment.

CORPORATE PROFILE

Overview

The Company is a leading cellular immunotherapy biopharmaceutical company in China focusing on the research, development, and commercialisation of T cell immunotherapy for over 16 years. EAL® – its Core Product Candidate – is a multi-target cellular immunotherapy product with more than a decade of track record of clinical application, and has shown efficacy in the treatment of various types of cancer. EAL® – related research began in 2006, and the Company has improved upon the cell culture system and methods, and developed the proprietary, patented technology platform for the production of EAL® cells.

The Company selected the prevention of postsurgical recurrence of liver cancer as the clinical indication for the clinical trial of EAL®. It plans to submit the application for the commercialisation of EAL® in the PRC market after achieving statistically significant result for its clinical trials.

The product pipeline features major classes of cellular immunotherapy products, including both non-genetically-modified and genetically-modified products, as well as both multi-target and single-target products. Other than EAL®, the main product candidates include 6B11, the CAR-T cell series and the TCR-T cell series.

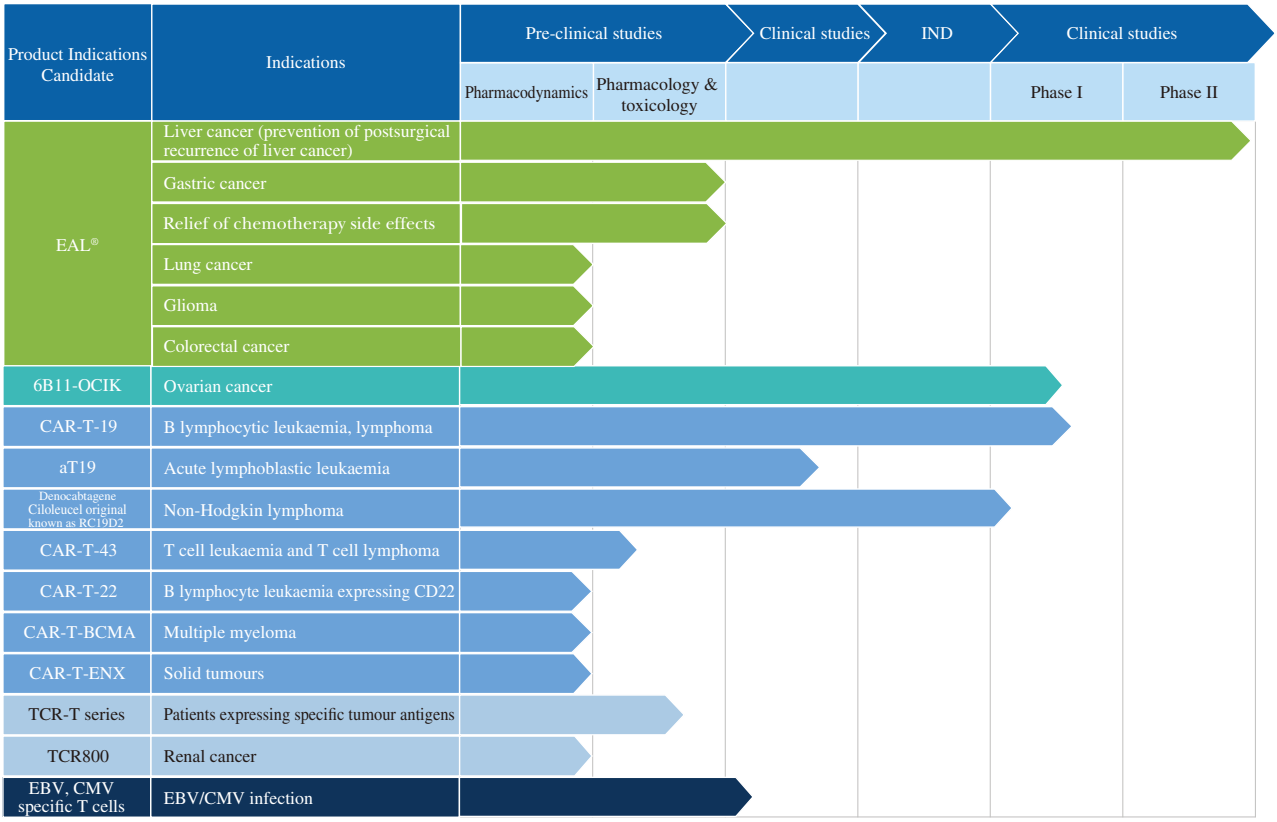
Composed of experienced cancer immunologists, the core technology team is equipped with industry foresight and sensitivity. The R&D organisational structure encompasses early research, pre-clinical studies, clinical studies, and commercialised production and management, allowing for rapid implementation of the product R&D efforts.

The Company has also established technology platforms necessary for the R&D of cellular immunotherapy products and in place an organisational and management platform for clinical trials.

BUSINESS REVIEW

R&D of the product candidates

The following chart summarises the product candidates and their R&D status as at the date of this announcement:



EAL®

EAL® is a multi-target cellular immunotherapy product with more than a decade of track record of clinical application in the treatment of cancer. It is a preparation of activated and expanded T cells originally taken from a patient's autologous peripheral blood and cultured using the Group's patented methods. The main active component of the product is $CD8^+$ cytotoxic T cells, whose surface marker is the CD3 molecule.

EAL® is undergoing Phase II clinical trial with the postsurgical recurrence of liver cancer selected as the clinical indication. Based on the Company's communications with the CDE, the Company may apply for marketing approval for EAL® indicated for the prevention of postsurgical recurrence of liver cancer using the interim results of the ongoing clinical trial or the final results at the end of the clinical trial if such results are statistically significant. The Company may further communicate with the CDE to facilitate the assessment after obtaining clinical trial results that support the efficacy of EAL®.

As at the date of this announcement, the Company has completed the enrollment of 430 targeted patients for the Phase II clinical trial. The Company is confident that it will submit a pre-NDA meeting application for the product to the NMPA in 2023 and hopefully market the product in 2024.

CAR-T cell product pipeline

The CAR-T-19 series forms the core of the CAR-T cell product pipeline. The CAR-T-19 injection product candidate has shown efficacy in a clinical study, and the IND application for the product candidate with B-cell acute lymphoblastic leukaemia (B-ALL) as the clinical indication was accepted for processing by the CDE in August 2019.

In December 2020, the Company received an approval of the IND for clinical trials of CAR-T-19 injection from the CDE. Following the IND approval, the Company has commenced Phase I clinical trial process for the CAR-T-19 injection and presented the Phase I clinical trial protocol and proposed timetable in a kick-off conference meeting, which took place in Beijing on 25 February 2021. As at the date of this announcement, the Company has completed the enrollment of nine targeted patients for the Phase I clinical trial for CAR-T-19 Injection. It is expected that the targeted patient enrollment will be completed and the preliminary analysis and results will be published in 2023.

In March 2023, the Company has obtained the clinical approval for the denocabtagene ciloleucel injection from the NMPA. Denocabtagene ciloleucel injection, originally known as RC19D2, CAR-T-19-D2 and CAR-T-19-DNR, targets immunosuppressive molecule TGF-ß, it is an injection for the treatment of patients with relapsed and refractory diffuse large B-cell lymphoma. The injection has the goal of overcoming CAR-T Cells' pain points in terms of the lack of persistence, the lack of efficacy in the treatment of solid tumours, and in the prevention of tumour recurrence. As at the date of this announcement, the Company has obtained the clinical approval for the denocabtagene ciloleucel injection from the NMPA. Based on the current progress, the Company expects to conduct the clinical trial of denocabtagene ciloleucel injection in 2023.

Based on the technology of the CAR-T-19 injection, denocabtagene ciloleucel injection and aT19 injection product candidates have the ultimate goal of overcoming CAR-T cells' pain points in terms of the lack of persistence, the lack of efficacy in the treatment of solid tumours, and in the prevention of tumour recurrence. If verified, the technology underlying these two product candidates may be used in the genetic modification of other CAR-T and TCR-T cell products targeting solid tumours.

TCR-T cell product pipeline

TCR-T cell therapy is an immunotherapy based on the reinfusion of tumour antigen-specific T cells. The Company established single-cell sequencing-based technology platform to obtain different HLA-restricted TCR coding sequences for specific antigens. Subsequently, the TCR genes are inserted into the self-constructed lentiviral vector for transduction into T cells, and then the killing effect on tumour cells is confirmed by an in vitro and in vivo model. In this way, the Company intends to finally prepare a gene database for TCRs where different antigenic specificities presented by common HLA could be recognised.

With a view to overcoming the immunosuppressive mechanisms of tumours, the Company has constructed expression vectors that co-express TCR and CXCR3, IL-12, or TGF-ß DNR, and it plans to use transplanted tumour models to investigate their effects on the therapeutic effect of TCR-T cells, thereby laying the foundation for the development of the next generation of TCR-T cell products for the treatment of solid tumours.

The Company has a number of TCR-T cell product candidates under pre-clinical studies, with the relevant target antigens including the cancer-testis antigen or cancer-placental antigen such as NY-ESO-1, and antigens derived from viruses such as CMV, EBV and HPV.

The Company entered into the license agreement with T-Cure on 11 January 2021. With the exclusive license in relation to retroviral-vectored TCR-based immunotherapy for renal cell carcinoma in HLA A-11 restricted human patients that was granted to the Group, the Company will gain an advantage in treatment of renal cell carcinoma indication in the PRC.

6B11-OCIK Injection

6B11-OCIK Injection is an injection of ovarian cancer autologous cytotoxic T lymphocyte. 6B11 is the monoclonal anti-idiotypic antibody prepared by Beijing Weixiao with COC166-9 immunised mice with monoclonal antibody to mimic ovarian cancer-related antigen OC166-9. The use of 6B11 can induce specific anti-ovarian cancer humoral and cellular immune antibodies in vitro, which can be cultured and proliferated in vitro (6B11-OCIK Injection) and infused back to the subject to achieve the purpose of specifically killing tumour cells.

As at the date of this announcement, the Company has completed the enrollment of six targeted patients for the Phase I clinical trial for 6B11-OCIK Injection. The Company intends to complete the enrollment of targeted patients and publish the preliminary analysis and results in 2023.

Cautionary statement required by Rule 18A.05 of the Listing Rules: the Company cannot guarantee that the Core Product Candidate and other product candidates will ultimately be successfully developed and marketed.

The Group's facilities

The Company has a total area of approximately 27,866 sq.m. for a R&D and manufacturing centre in Beijing, which includes a quality inspection building and clean laboratory. Such facilities are capable of supporting the pre-clinical and clinical R&D of cellular immunotherapy product candidates, as well as the early production needs upon marketing approval for the product candidates. All these facilities have been issued clean facility (area) inspection reports by the Beijing Institute for Drug Control. Leadman manufacturing shop and the Guosheng Laboratory in Beijing have the capacity to handle approximately 40,000 samples per year, and can satisfy the needs from the clinical trials for its product pipeline for two to three years, as well as the early production needs from the commercialisation of EAL®. In addition, the Company has established a research centre in Korea, primarily focusing on the development of new technologies relevant to the Group's business.

In order to expedite the clinical trials and prepare for the future commercialisation roadmap, the Company is planning to establish R&D and production centres in densely-populated areas in China in view of the six-hour transportation radius for EAL®, namely:

- Northern China region:

  – On 9 October 2021, Beijing Yongtai as the tenant, entered into the Lease Agreement with Leadman as the landlord in relation to the lease of a premise. Based on preliminary estimation of the Company, the value of the right-of-use assets in respect of the premise, after the relevant addition adjustments, shall amount to approximately RMB63.0 million in aggregate. The premise is used for carrying out the engineering modification and manufacturing of its core product EAL® and incidental office use related thereto. The premise will allow the Group to carry out the necessary testing and quality assurance procedures and production for the purpose of the commercialisation of the Group's Core Product Candidate. Details of the Lease Agreement are set out in the announcement of the Company dated 11 October 2021.

  – On 17 June 2021, the commencement ceremony for the construction of the R&D and industrialisation base took place, which marked the official launch of the construction project of the Group's R&D and industrialisation base in Beijing. The expected investment for the Beijing production centre would amount to approximately RMB1.2 billion, which is expected to be financed by a bank loan. After completion, it is expected to reach an annual production capacity of over 200,000 batches of cells, covering the domestic Northern and Northeast markets in China.

- Eastern China region:

  – In February 2021, Beijing Yongtai entered into a cooperation framework agreement with the Shaoxing Binhai New Area Management Committee* (紹興濱海新區管理委員會) in relation to, among others, establishing the proposed research and development and production centre of EAL® for the Eastern China region, the proposed joint establishment of academician workstations with universities and research institutions in the PRC, the proposed land development regarding the project and the proposed establishment of the Industry Fund, targeted the investments in the upstream and downstream industrial chain of, among other things, cellular immunotherapy. At present, the total investment for the project is expected to be approximately RMB1.0 billion. The first phase of construction of proposed research and development and production centre of EAL® for the Eastern China region is expected to complete within 36 months after obtaining the relevant land title certificate.

  – On 11 May 2022, Shanghai Yongtai Immunobiological Products Co Ltd (上海永泰免疫生物製品有限公司) as the leasee, entered into a land use rights grant contract with Shanghai Songjiang Bureau of Planning and Natural Resources* (上海市松江區規劃和自然資源局) as the leasor, in relation to lease a land located in Shanghai Songjiang Industrial Area, with a total site area of approximately 21,848.6 sq.m. (the "**Land**"). The Land is for industrial use and the term of the land use right for the Land is 20 years from the delivery date of the Land. The Company intends to use the Land for R&D centre of the product candidates in Eastern China

- Southern and Western China regions:

  – The Company is conducting site evaluation for EAL® commercialisation purposes in the Pearl River Delta region and Sichuan-Chongqing region and expects to finalise the plan in 2024.

Quality assurance

The Company has formulated the quality management documentation in accordance with GMP, covering production process procedures, product quality standards, equipment and facilities operation procedures, inspection procedures, sample retention and sampling management procedures, personnel training, environmental monitoring, verification and confirmation, deviation inspection, and quality risk control management procedures. The Company has standardised the selection, purchase, inspection, release, production process, inspection process, product storage, and transportation of the materials used in the products to ensure full compliance with relevant laws and regulations and GMP requirements. Under the Company's quality management procedures, final products can be released only after the quality inspection, in order to ensure that the products meet the relevant standards and intended use.

In particular, the production of EAL® has achieved standardization. The Company has developed comprehensive standards in relation to the production process in order to ensure that the product is of consistent quality.

To ensure the final products meet the quality standards, all quality issues during the production process are documented, escalated to, and reviewed by senior management. The Company also conduct a formal risk assessment and justification in accordance with the standards and procedures under the quality management system and policies.

The head of the quality department reports directly to the CEO. There are six sub-teams within the quality department and they are responsible for quality assurance, quality control, R&D quality assurance, R&D quality control, quality verification and molecule test respectively. As at 31 December 2022, the Company had 65 staff members in the quality department.

Future and outlook

Expedite the clinical trial and prepare for commercialisation of EAL®

The Company plans to further increase investment into expanding the geographical regions in which to conduct the ongoing Phase II clinical trial for EAL®, with a view of expediting subject enrolment and data collection, and at the same time preparing for future commercialisation.

Cellular immunotherapy products are subject to diminishing cell activity once taken out of the laboratory. As at the date of this announcement, the Company confirmed the sites in Beijing, Shaoxing and Shanghai to construct production centres. The Company is planning to establish R&D and production centres in densely-populated areas in China in view of the six-hour transportation radius for EAL®. After establishing its presence in Beijing, Shaoxing and Shanghai, the Company plans to build production centres in other major cities such as Guangzhou and Chengdu.

The first patient for the Phase II clinical trial for EAL® was enrolled in September 2018, and as at the date of this announcement, the Company has completed the enrollment of 430 targeted patients for the Phase II clinical trial. The Company is confident that it will submit a pre-NDA meeting application for the product to the NMPA in 2023 and hopefully market the product in 2024.

Expedite the research into the expansion of indications for EAL®

The Company intends to initiate clinical research on the expansion of indications for EAL®. Several clinical studies have shown the efficacy of EAL® in the treatment of various types of tumours other than liver cancer. After obtaining the marketing approval for EAL®, the Company plans to expand its clinical indications to diseases such as lung cancer, gastric cancer, and acute myeloid leukaemia. The Company is currently conducting a pre-clinical study of EAL® for gastric cancer as indication. The pharmacodynamics study has been completed and the pharmacology and toxicology studies are in progress. The Company expects to submit the clinical study application to the CDE of the NMPA in 2024 after completing the pre-clinical study.

According to the clinical application data of Guoqing Zhang et al from Chinese PLA General Hospital (中國人民解放軍總醫院), in respect of 84 patients with stage IIIc-IV gastric cancer consisting of 42 patients who received more than six EAL® infusions and 42 patients with concurrent control, the overall survival (OS) of the EAL® – treated group was 27.0 months, while that of the control group was 13.9 months. In another study by Guoqing Zhang et al on small cell lung cancer, there were 32 patients consisting of 16 for the EAL® – treated group and 16 for the control group. The patients in the EAL® – treated group were each treated with more than six EAL® infusions, and the OS in the EAL® – treated group was numerically longer than that in the control group.

Advance the pre-clinical studies for pipeline products, and accelerate their entry into clinical trials

The Company plans to continue to invest into the CAR-T and TCR-T cell product pipelines. In particular, pharmacodynamic studies have been completed in respect of the denocabtagene ciloleucel injection and aT19 product candidates and they are targeted to enter clinical trials in 2023.

In the area of overcoming the immunosuppressive mechanisms of tumours, the Company intends to continue the research into multiple genetic modification methods aiming at affecting the signal pathway for T cells, with a view to increasing the T cells' efficacy in killing tumour cells. The Company expects that denocabtagene ciloleucel injection, which targets immunosuppressive molecule TGF-ß, will be the first product candidate to enter into clinical study. The Company plans to validate the product candidate's primary safety and efficacy through a researcher – initiated clinical study programme and the programme has been granted the ethical approval by the China Ethics Committee of Registering Clinical Trials.

Targeting at prevention of recurrence after cellular immunotherapy, the Company is conducting R&D on therapeutic strategies adopting different immune mechanisms and different immune cells, to achieve effective induction of tumour antigen-specific immunological memory cells and long-term remission of tumours. The first product candidate in this category is the aT19 injection.

Enhance the technology platform and strengthen the product pipeline

The Company will be committed to continuing the studies on cellular immunotherapy products appropriate for different tumour types and stages with improved efficacy compared to currently-available products.

In the area of malignant disease caused by viruses such as CMV, EBV and HPV, the Company is conducting research into TCR-T cell products targeting at cells expressing virus antigens.

In the area of neoantigens formed from tumour mutations in solid tumours, the Company intends to identify antigen-specific TCRs suitable for different individuals, with a view to ultimately constructing a gene database for TCRs targeting of tumour neoantigens in an effort to conduct research into molecule-specific TCR-T cell products for the treatment of solid tumours.

Develop viral vector production and early-stage R&D services business

The viral vector production system meets the pharmaceutical production quality standards under GMP requirements. The viral vectors that the Company has produced meet the requirements for biological products and can be produced in scale. At present, domestic CAR-T cells companies often order viral vectors from abroad.

Due to the high degrees of individualisation and the nature as biological active products, cellular immunotherapy products are subject to research and development carried out through a systematic technology platform covering cell preparation, cell quality control, cell potency studies, cell safety studies, etc. In the absence of such platform, the productisation of the cells would be difficult. Through the research on a variety of products, including non-genetically modified and genetically-modified cellular immunotherapy products, the Company has established a systematic technology platform for the research and development of cellular immunotherapy products, and it can provide customised services according to the needs of customers.

Expand strategic collaboration and explore acquisition opportunities on the basis of organic growth

The Company intends to expand strategic collaboration and explore acquisition opportunities on the basis of the organic growth, in order to quickly expand the product pipeline covering the treatment of both solid and non-solid tumours. With a view to further enhancing the product pipeline, the Company intends to continue looking for new potential cellular immunotherapy products by expanding strategic cooperation and identifying potential acquisition targets possessing products with clear professional prospects.

FINANCIAL REVIEW

Year Ended 31 December 2022 Compared to Year Ended 31 December 2021

	For the year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Other income	**9,087**	17,755
Other gains and losses, net	**(36,335)**	(23,540)
Administrative expenses	**(97,708)**	(104,254)
Research and development expenses	**(176,223)**	(240,610)
Finance costs	**(6,135)**	(3,678)
Other expenses	**(13,781)**	(288)
Loss before tax	**(321,095)**	(354,615)
Income tax expense	**–**	–
Loss and total comprehensive expense for the year	**(321,095)**	(354,615)
Loss and total comprehensive expense for the year attributable to:		
Owners of the Company	**(318,109)**	(354,224)
Non-controlling interests	**(2,986)**	(391)
	(321,095)	(354,615)
Loss per share (RMB)		
Basic	**(0.62)**	(0.69)
Diluted	**(0.62)**	(0.69)

Other income

Other income of the Group decreased by approximately 48.9% from approximately RMB17.8 million for the year ended 31 December 2021 to approximately RMB9.1 million for the year ended 31 December 2022, which was primarily due to the decrease in interest income on bank deposits and government grants during the Reporting Period.

Set out below are the components of other income for the periods indicated:

	For the year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Income received from provision of cell cryopreservation services *(Note a)*	**710**	710
Income received from technical service	**75**	132
Interest income on bank deposits	**3,011**	7,425
Interest income from rental deposits	**190**	131
Government grants *(Note b)*	**5,101**	9,274
Others	**–**	83
Total	**9,087**	17,755

Note a: Cell cryopreservation is the process whereby cells are preserved by cooling to very low temperatures.

Note b: Government grants related to research and development activities, compensations of the capital expenditure and listing reward from local PRC government.

Other gains and losses, net

Other gains and losses, net of the Group increased by approximately 54.5% from losses of RMB23.5 million for the year ended 31 December 2021 to losses of RMB36.3 million for the year ended 31 December 2022, which was primarily because of the change in fair value loss on financial assets at FVTPL which include the subscription of limited partner interests in Shaoxing Yongsheng Equity Investment Partnership (LP)* (紹興永晟股權投資合夥企業(有限合夥)) and Tasly Bioscience Fund, L.P. and fair value loss on other financial liability which is convertible bonds during the Reporting Period.

Business development expenses

The Company did not incur any business development expenses for the year ended 31 December 2022, which was primarily due to larger scale of Phase II clinical trial for EAL® based on which the Company has classified all the business development expenses relevant to such clinical trial to the research and development expenses.

Administrative expense

Administrative expense of the Group decreased by approximately 6.3% from approximately RMB104.3 million for the year ended 31 December 2021 to approximately RMB97.7 million for the year ended 31 December 2022, which was primarily due to the decrease in headcount of administrative staff.

The Group's administrative expenses primarily include staff costs, professional fees including fees paid to contractors and recruiters, depreciation expenses of the right-of-use assets for the leases, vehicles and office equipment, travel and hospitality fees and others.

Research and development expenses

Research and development expenses of the Group decreased by approximately 26.8% from approximately RMB240.6 million for the year ended 31 December 2021 to approximately RMB176.2 million for the year ended 31 December 2022, which was primarily due to the decrease in headcount of research staff.

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Materials for research and development project	**17,347**	27,918
Staff costs	**79,152**	132,519
Contracting costs	**31,317**	47,897
Depreciation and amortisation	**27,311**	14,491
Others	**21,096**	17,785
Total	**176,223**	240,610

Finance costs

Finance costs of the Group increased by approximately 64.9% from approximately RMB3.7 million for the year ended 31 December 2021 to approximately RMB6.1 million for the year ended 31 December 2022, which was primarily due to the increase in interest expenses on lease liability recognised pursuant to IFRS 16.

Other expenses

Other expenses of the Group increased by approximately 4,500.0% from approximately RMB0.3 million for the year ended 31 December 2021 to approximately RMB13.8 million for the year ended 31 December 2022, which was primarily due to the increase in issue costs for convertible bond.

Loss before tax

For the above reasons, the loss before tax of the Group decreased by approximately 9.4% from approximately RMB354.6 million for the year ended 31 December 2021 to approximately RMB321.1 million for the year ended 31 December 2022.

Income tax expenses

For the year ended 31 December 2022, the Company is not subject to any income tax in the Cayman Islands. No Hong Kong profit tax was provided for as there was no estimated assessable profit of the Hong Kong subsidiary, which was subject to Hong Kong profit tax during the Reporting Period. The subsidiaries located in the PRC, were generally subject to the statutory enterprise income tax at a rate of 25% on the assessable profits according to the PRC Enterprise Income Tax Law. One of the PRC subsidiaries, Beijing Yongtai was accredited as a High And New Technology Enterprise for a three-year period commencing from 31 October 2018 and it was accredited as a High And New Technology Enterprise again for a three-year period on 17 December 2021. Accordingly, Beijing Yongtai enjoyed a lower tax rate of 15% during the Reporting Period.

Liquidity and capital resources

The bank balances and cash decreased by approximately RMB294.9 million from approximately RMB353.3 million at 31 December 2021 to approximately RMB58.4 million at 31 December 2022, which was primarily due to the net loss from operation and construction of plant and purchase of related machinery. During the Reporting Period, the Group obtained a new bank borrowing amounted to RMB1.0 million, which will mature in December 2024. The borrowing carries interest at a floating interest rate determined as loan prime rate minus 0.6% per annum. The borrowing was secured by bank deposits owned by the Group amounted to RMB1.0 million as at 31 December 2022.

On 20 February 2023, the issuance of the convertible bonds was completed and the Company received the consideration of RMB300 million. Details are set out in the Company's announcement dated 20 February 2023.

Indebtedness

Lease liabilities

As at 31 December 2022, the lease liabilities were approximately RMB148.8 million. The lease liabilities were secured by rental deposits and unguaranteed.

Contingent liabilities, charge of assets and guarantees

During the Reporting Period, the Group obtained a new bank borrowing amounted to RMB1.0 million, which will mature in December 2024. The borrowing carries interest at a floating interest rate determined as loan prime rate minus 0.6% per annum. The borrowing was secured by bank deposits owned by the Group amounted to RMB1.0 million as at 31 December 2022.

Save as disclosed above, the Company did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, loans, borrowings, lease liabilities, liabilities under acceptance or other similar indebtedness, any guarantees or other material contingent liabilities as at 31 December 2022.

CAPITAL STRUCTURE

The Shares of the Company were listed on the Main Board of the Stock Exchange on 10 July 2020, and 100,000,000 Shares of the Company were issued at the offer price of HK$11.00 per share by way of Global Offering.

Subsequently, the Company announced that the over-allotment option described in the Prospectus was partially exercised by the joint representatives, on behalf of the international underwriters, on 31 July 2020, in respect of an aggregate of 14,584,000 Shares representing approximately 14.58% of the total number of the Shares initially available under the global offering before any exercise of the over-allotment option to facilitate the return to Tan Zheng Ltd of the borrowed Shares under the stock borrowing agreement which were used to cover over-allocations in the international offering. There was no change in the capital structure of the Group since then. The share capital of the Group only comprises ordinary shares. As at 31 December 2022, the total issued share capital of the Company was US$514,584 divided into 514,584,000 Shares.

The capital structure of the Group was 42.4% debt and 57.6% equity as at 31 December 2022, compared with 25.0% debt and 75.0% equity as at 31 December 2021.

FOREIGN EXCHANGE

Foreign currency risk refers to the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the financial condition and results of operation. The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollars. The conversion of foreign currencies into RMB, including Hong Kong dollars, has been based on rates set by the People's Bank of China. The Group seeks to limit the exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position. During the Reporting Period, the Group did not enter into any currency hedging transactions.

SELECTED FINANCIAL RATIO

The following table sets out certain selected financial ratios as at the balance sheet dates indicated:

	Year ended 31 December	
	2022	2021
Current ratio[(1)]	**0.57**	2.29
Quick ratio[(2)]	**0.53**	2.23
Gearing ratio[(3)]	**0.00**	–

Notes:

(1) Current ratio equals current assets divided by current liabilities as at the end of the year.

(2) Quick ratio equals (a) current assets less materials for research and development project divided by (b) current liabilities as at the end of the year.

(3) Gearing ratio equals total borrowings divided by total equity as at the end of the period. As at 31 December 2021 the Group had no borrowings and the gearing ratio is not applicable.

The current ratio decreased from 2.29 as at 31 December 2021 to 0.57 as at 31 December 2022 and the quick ratio decreased from 2.23 as at 31 December 2021 to 0.53 as at 31 December 2022 because the bank balances and cash of the Group decreased from approximately RMB353.3 million as at 31 December 2021 to approximately RMB58.4 million as at 31 December 2022.

EVENTS AFTER THE REPORTING PERIOD

Others

Completion of issue of Convertible Bonds under specific mandate

On 20 February 2023, the Board announces that all the conditions precedent under the Subscription Agreement have been fulfilled that the Convertible Bonds in the aggregated principal amount of RMB300 million have been issued to the Investor are due in 2025. The Convertible Bonds are convertible into the Company's ordinary shares of US$0.001 each at an initial conversion price of HK$4.81 per share subject to adjustments. The interest rate is 6% per annum on the outstanding principal amount of the Convertible Bonds. Such interest shall accrue on a daily basis and shall be payable in arrears by the Company on the first anniversary, second anniversary and the maturity date. Details of the Convertible Bonds are set out in the circular of the Company dated 16 December 2022.

FINAL DIVIDEND

No dividend was paid, declared or proposed for the Reporting Period.

ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on Thursday, 25 May 2023 (the "**AGM**"). A notice convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 22 May 2023 to Thursday, 25 May 2023, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM, during which period no share transfers will be registered. To be eligible to attend and vote at the AGM, unregistered holders of shares must lodge all properly completed transfer forms accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Friday, 19 May 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance

The Company has applied the principles and code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules as its own code of corporate governance. The CG code has been applicable to the Company during the Reporting Period.

The Board is of the view that the Company has complied with all applicable code provisions of the CG Code during the Report Period.

The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

Use of Net Proceeds from Listing and Over-allotment Option

The Shares were listed on the Stock Exchange on 10 July 2020. Subsequently, the Company announced that the over-allotment option described in the Prospectus was partially exercised by the joint representatives, on behalf of the international underwriters, on 31 July 2020, in respect of an aggregate of 14,584,000 Shares representing approximately 14.58% of the total number of the Shares initially available under the Global Offering before any exercise of the over-allotment option to facilitate the return to Tan Zheng Ltd of the borrowed Shares under the stock borrowing agreement which were used to cover over-allocations in the international offering.

After deducting the underwriting fees and commissions, other listing expenses and other expenses in connection with the exercise of the initial Global Offering and the exercise of the over-allotment option, the net proceeds amounted to approximately HK$1,127.8 million. As at the date of this announcement, the Company used a total of approximately HK$1,067.2 million of the proceeds, including approximately HK$382.7 million for investment in the ongoing clinical trial and commercialisation of EAL®, approximately HK$322.7 million for investments in CAR-T-19 clinical trial and TCR-T product series candidates, approximately HK$212.5 million for R&D expenditure in connection with expansion of other clinical indications for EAL®, approximately HK$95.8 million for development of other product candidates in the product pipeline including R&D expenditure and the construction costs of new R&D and production centres and approximately HK$53.5 million for working capital and other general corporate purposes. The Company intends to apply such net proceeds in accordance with the purposes as set out in the Prospectus.

The table below sets out the planned applications of the net proceeds from the Global Offering and the over-allotment option and actual usage up to the date of this announcement:

Use of Proceeds	**Allocation of the net proceeds from the Global Offering** *(HK$ million)*	**Percentage of total net proceeds** *(%)*	**Unutilised amount (as at 1 January 2022)** *(HK$ million)*	**Utilised amount (from the Listing Date to 31 December 2022)** *(HK$ million)*	**Utilised amount (from 1 January 2022 to 31 December 2022)** *(HK$ million)*	**Unutilised amount (as at the date of this announcement)** *(HK$ million)*	**Expected timeline of full utilisation of the remaining proceeds from the Global Offering as at 31 December 2022**[(1)]
For investment in the ongoing clinical trial and commercialisation of EAL®	385.6	34.2	25.4	382.7	22.5	2.9	By the end of 2023
For R&D expenditure in connection with expansion of other clinical indications for EAL®	213.2	18.9	169.4	212.5	168.7	0.7	By the end of 2025
For investments in CAR-T-19 clinical trial and TCR-T product series candidates	374.5	33.2	146.0	322.7	94.2	51.8	By the end of 2025
Development of other product candidates in the product pipeline including R&D expenditure and the construction costs of new R&D and production centres	98.1	8.7	37.9	95.8	35.6	2.3	By the end of 2025
Working capital and other general corporate purposes	56.4	5.0	7.1	53.5	4.2	2.9	By the end of 2023
Total	1,127.8	100.0	385.8	1,067.2	325.2	60.6	

(1) the expected timeline of full utilisation is based on the Directors' best estimation barring unforeseen circumstances

For the Company's planned usage of the use of proceeds as described above, the Company expects the net proceeds will be used up by 2025.

Significant Investments, Material Acquisitions and Disposals

Formation of joint venture

On 2 June 2022, Beijing Yongtai entered into a joint venture agreement with Shanghai NKY, a wholly-owned subsidiary of NKY Medical. NKY Medical is a listed company on the Shenzhen Stock Exchange (stock code: 300109) and is the parent company of one of the Company's pre-IPO investors, NKY Medical Hongkong Limited.

Pursuant to the terms of the joint venture agreement, Beijing Yongtai and Shanghai NKY agreed to set up a joint venture company in Shanghai for the purpose of accessing to the market of companion diagnostics for tumour treatment, targeting to provide products and services of companion diagnostics for tumour treatment.

Details of the joint venture are set out in the announcement of the Company dated 2 June 2022. Save as disclosed and as at the date of this announcement, there were no significant investments held by the Group or future plans regarding significant investment or capital assets.

Employee and Remuneration Policy

As at 31 December 2022, the Company had a total of 243 employees in the PRC and three employee in Korea. The total amount of employee remuneration of the Group (including directors' remuneration) for the year was approximately RMB114.2 million (2021: approximately RMB183.1 million).

The following table sets forth the number of the employees for each function as at 31 December 2022:

Function	**Number of Employees**
General management and administration	32
Research and development	31
Senior management	11
Product and technology R&D	29
Production, purification, equipment and safety	53
Quality	65
Clinical support and business development	25
Total	246

The Company has designed an evaluation system to assess the performance of the employees periodically. Such system forms the basis of the determinations of whether an employee should receive a salary raise, bonus, or promotion. The Company believes the salaries and the bonuses received by the employees are competitive with market rates.

The Group places strong emphasis on providing training to the employees in order to enhance their technicals and product knowledge. The Group designs and offer different training programmes for the employees in various positions.

The Company makes contributions to the social insurance and housing provident fund for all the employees in the PRC.

Share Option Schemes

In order to reward the participants defined thereunder for their contribution to the Group's success and to provide them with incentives to further contribute to the Group, the Company adopted the pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") and a share option scheme (the "**Post-IPO Share Option Scheme**") on 6 June 2020.

For details of the principal terms of the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, please refer to Appendix IV to the Prospectus.

Pre-IPO Share Option Scheme

The summary of the share options granted under the Pre-IPO Share Option Schemes that were still outstanding as at 31 December 2022 is as follows:

Name of the grantee	No. of share options outstanding as at 31 December 2021	No. of share options granted during the Reporting Period and up to 31 December 2022	No. of share options exercised during the Reporting Period and up to 31 December 2022	No. of share options cancelled during the Reporting Period and up to 31 December 2022	No. of share options lapsed during the Reporting Period and up to 31 December 2022	No. of share options outstanding as at 31 December 2022
Tan Zheng *Chairman and executive Director*	5,000,000	–	–	–	–	5,000,000
Wang Yu *Executive Director, CEO and CTO*	23,450,000	–	–	–	–	23,450,000
Employees (in aggregate)	7,600,000	–	–	(120,000)	–	7,480,000
Total	**36,050,000**	**–**	**–**	**(120,000)**	**–**	**35,930,000**

Details regarding the number of options, date of grant, vesting period, exercise period and exercise price of the share options granted under the Pre-IPO Share Option Scheme that were still outstanding as at 31 December 2022 are set out below:

Name of the grantee	**Date of grant**	**Vesting Period**	**Exercise Period**	**Exercise Price per share** (Note 2)	**No. of outstanding option as at 31 December 2022**
Tan Zheng *Chairman and executive Director*	31 December 2019	Two equal tranches on 31 December 2020 and 2021, respectively	31 December 2019 to 30 December 2026	HK$5.5	5,000,000
Wang Yu *Executive Director, chief executive officer and chief technology officer*	31 December 2019	Two equal tranches on 31 December 2020 and 2021, respectively	31 December 2019 to 30 December 2026	HK$5.5	23,450,000
Employees (in aggregate)	31 December 2019	Three tranches of 30%, 30% and 40% on 31 December 2020, 2021 and 2022, respectively/ Two equal tranches on 31 December 2020 and 2021, respectively (Note 1)	31 December 2019 to 30 December 2026	HK$5.5	7,480,000
Total					**35,930,000**

Notes:

1. For details of the vesting periods of share options granted to each of the employees, please refer to Appendix IV to the Prospectus.

2. Closing price of the shares is not applicable as the Shares were not listed at the date of grant.

As at the date of this announcement, the total number of Shares available for issue under the Share Option Scheme is 35,930,000 Shares, representing approximately 6.98% of the total issued Shares.

Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme will remain in force for a maximum period of 10 years commencing on the date on which the Post-IPO Share Option Scheme is adopted.

No share options were granted, exercised, cancelled or lapsed under the Post-IPO Option Scheme during the period from the Listing Date to date of this announcement.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules to regulate all dealings by Directors and relevant employees in securities of the Company and other matters covered by the Model Code.

Specific enquiry has been made to each Director and all Directors have confirmed that they have complied with the applicable standards set out in the Model Code during the Reporting Period. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

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 Shares during the Reporting Period.

Audit Committee and Review of Financial Report

The Audit Committee was established on 6 June 2020 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix 14 to the Listing Rules. As at the date of this announcement, the Audit Committee consists of three members, being two independent non-executive Directors, namely Mr Ng Chi Kit, who is the chairman of the Audit Committee, Professor Wang Yingdian, and one non-executive Director, namely Mr Tao Ran. Mr Ng Chi Kit is an independent non-executive Director possessing the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee are to provide the Directors with an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Directors.

The Audit Committee has reviewed the Company's annual financial results for the year ended 31 December 2022, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

Scope of work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 24 March 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

Changes to directors' information

There has been no change in the Directors' biographical details which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Reporting period.

Directors' Rights to Acquire Shares or Debentures

Save for the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, no arrangement has been made by the Company or any of its subsidiaries for any Director to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate, and no rights to any share capital or debt securities of the Company or any other body corporate were granted to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised during or at the end of the Reporting Period.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

		For the year ended 31 December	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
Other income	*5*	**9,087**	17,755
Other gains and losses, net	*6*	**(36,335)**	(23,540)
Administrative expenses		**(97,708)**	(104,254)
Research and development expenses		**(176,223)**	(240,610)
Finance costs	*7*	**(6,135)**	(3,678)
Other expenses	*5*	**(13,781)**	(288)
Loss before tax		**(321,095)**	(354,615)
Income tax expense	*8*	**–**	–
Loss and total comprehensive expense for the year	*9*	**(321,095)**	(354,615)
Loss and total comprehensive expense for the year attributable to:			
Owners of the Company		**(318,109)**	(354,224)
Non-controlling interests		**(2,986)**	(391)
		(321,095)	(354,615)
Loss per share (RMB)			
Basic	*11*	**(0.62)**	(0.69)
Diluted		**(0.62)**	(0.69)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Notes	As at 31 December 2022 **RMB'000**	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**527,251**	426,588
Intangible assets		**42,486**	14,250
Prepayments, deposits and other receivables	*13*	**48,881**	80,499
Contract costs		**720**	976
Financial assets at fair value through profit or loss ("**FVTPL**")	*12*	**140,175**	163,176
Pledged bank deposits		**1,810**	–
		761,323	685,489
CURRENT ASSETS			
Contract costs		**256**	256
Financial assets at FVTPL	*12*	**21,010**	–
Materials for research and development project		**7,213**	10,866
Prepayments, deposits and other receivables	*13*	**31,187**	47,737
Bank balances and cash		**58,448**	353,341
		118,114	412,200
CURRENT LIABILITIES			
Contract liabilities		**710**	710
Trade and other payables	*14*	**167,989**	154,706
Lease liabilities		**26,056**	20,209
Deferred government grants		**3,650**	4,476
Other financial liabilities		**10,069**	–
		208,474	180,101
NET CURRENT (LIABILITIES) ASSETS		**(90,360)**	232,099
TOTAL ASSETS LESS CURRENT LIABILITIES		**670,963**	917,588

	Notes	As at 31 December 2022 RMB'000	2021 RMB'000
NON-CURRENT LIABILITIES			
Contract liabilities		**1,984**	2,694
Lease liabilities		**122,750**	90,845
Deferred government grants		**38,860**	870
Bank borrowing	*15*	**1,000**	–
		164,594	94,409
NET ASSETS		**506,369**	823,179
CAPITAL AND RESERVES			
Share capital		**3,576**	3,576
Reserves		**504,859**	818,683
Equity attributable to owners of the Company		**508,435**	822,259
Non-controlling interests		**(2,066)**	920
TOTAL EQUITY		**506,369**	823,179

1. GENERAL INFORMATION

Immunotech Biopharm Ltd (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act Chapter 22 (Law of 3 of 1961, as consolidated and revised) of the Cayman Islands on 11 April 2018. Its ordinary shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 10 July 2020. The address of the Company's registered office is at PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. The principal place of business of the Company is at 8/F, Block 1, Guosheng Technology Park, No. 1 Kangding Street, Beijing Economic-Technological Development Area, Beijing, the PRC.

The principal activity of the Company is investment holding and its subsidiaries are mainly engaged in research and development, manufacturing and commercialisation of immune cell products for treatments of cancers in the PRC. The Company and its subsidiaries are hereinafter collectively referred to as the "**Group**".

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

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

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**") for the first time, which are mandatorily effective for the Group's annual period on 1 January 2022 for the preparation of the consolidated financial statements:

Amendment to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS Standards	Annual Improvements to IFRSs Standards 2018-2020

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

New and amendments to IFRSs in issue but not yet effective

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

IFRS 17	Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1	Non-current Liabilities with Covenants[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1. Effective for annual periods beginning on or after 1 January 2023.
2. Effective for annual periods beginning on or after a date to be determined.
3. Effective for annual periods beginning on or 1 January 2024.

The directors of the Company (the "**Directors**") anticipate that the application of all the new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

In preparation of the consolidated financial statements for the year ended 31 December 2022, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceed its current assets by RMB90,360,000. Taking into account the financing completed in February 2023 and the cash flow projections for the next twelve months, the Directors are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the next twelve months from the end of the reporting period. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Contractual Arrangements

Owing to the restrictions imposed by the relevant laws and regulatory regime of the PRC on foreign ownership of companies engaged in the gene therapy business carried out by a subsidiary of the Group, namely Beijing Yongtai Ruike Biotechnology Company Ltd* (北京永泰瑞科生物科技有限公司) ("**Yongtai Ruike**"), Beijing Yongtai entered into the contractual arrangements (the "**Contractual Arrangements**") with Yongtai Ruike and its equity holders on 10 September 2018, which enable Beijing Yongtai and the Group to:

- expose, or have rights, to variable returns from their involvement with Yongtai Ruike and have ability to affect those returns through its power over Yongtai Ruike;

- exercise equity holders' controlling voting rights of Yongtai Ruike;

- receive substantially all of the economic interest returns generated by Yongtai Ruike in consideration for the business support, technical and consulting services provided by Beijing Yongtai;

- obtain an irrevocable and exclusive right to purchase all or part of equity interests in Yongtai Ruike from its equity holders at RMB1 or the lowest price allowed by the PRC laws. Beijing Yongtai may exercise such options at any time until it has acquired all equity interests and/or all assets of Yongtai Ruike. In addition, Yongtai Ruike is not allowed to sell, transfer, or dispose of any assets, or make any distributions to its equity holders without prior consent of Beijing Yongtai; and

- obtain a pledge over the entire equity interest of Yongtai Ruike from its equity holders as collateral security to guarantee performance of their contractual obligations under the Contractual Arrangements.

The Group does not have any equity interest in Yongtai Ruike. However, as a result of the Contractual Arrangements, the Group has power over Yongtai Ruike, has rights to variable returns from its involvement with Yongtai Ruike and has the ability to affect those returns through its power over Yongtai Ruike and is considered to have control over Yongtai Ruike. Consequently, the Company regards Yongtai Ruike as an indirect subsidiary for accounting purpose. The Group consolidates the assets, liabilities, income and expenses of Yongtai Ruike upon the execution of the Contractual Arrangements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

4. SEGMENT INFORMATION

For the purposes of resources allocation and performance assessment, the executive directors of the Company, being the chief operating decision makers, review the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one operating and reportable segment and no further analysis of this single segment is presented.

Geographical information

The Group did not record any revenue during the year ended 31 December 2022 (year ended 31 December 2021: nil). As at 31 December 2022, the Group's non-current assets excluding financial instruments amounted to RMB615,362,000 (31 December 2021: RMB518,161,000). Majority of the Group's non-current assets are located in the PRC, accordingly, no analysis of geographical information is presented.

5. OTHER INCOME/OTHER EXPENSES

Other income

	For the year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Income received from provision of cell cryopreservation services *(Note a)*	**710**	710
Income received from technical service	**75**	132
Interest income on bank deposits	**3,011**	7,425
Interest income from rental deposits	**190**	131
Government grants *(Note b)*	**5,101**	9,274
Others	**–**	83
Total	**9,087**	17,755

Other expenses

	For the year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Costs for provision of cell cryopreservation services	**288**	288
Issue costs for convertible bonds designated at FVTPL	**13,493**	–
Total	**13,781**	288

Notes:

a. An analysis of the Group's income from cell cryopreservation services is as follows:

	For the year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Types of goods or service		
Cell cryopreservation services	**710**	710
Timing of revenue recognition		
Over time	**710**	710

The Group generated income from cell cryopreservation services in the PRC for both years. Cell cryopreservation is the process whereby cells are preserved by cooling to very low temperatures. The Group entered into ten-year agreements with individuals to help them preserve immunocytes extracted from their bodies. The provision of cell cryopreservation services is not considered as the principal business of the Group. The Group ceased to enter into new contracts with new customers since November 2017.

Income relating to cell cryopreservation services is recognised over time since customers simultaneously receive and consume the benefits as the Group provides the cell cryopreservation services. The Group required 100% upfront payments from its customers which gives rise to a contract liability recognised at the commencement of a contract and contract liability is released on a straight-line basis over the period of services, i.e. 10 years.

b. An analysis of the Group's government grants is as follows:

	For the year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Government grants related to		
– Research and development activities	**3,902**	2,760
– Machinery	**134**	134
– Listing reward	**–**	6,000
– Others	**1,065**	380
	5,101	9,274

Government grants include subsidies from local governments which are specifically for (i) the subsidies for the Group's research and development activities, which are recognised upon compliance with the attached conditions; (ii) compensations of the capital expenditure incurred for purchase of machinery in relation to research and development of immune cell products, which are recognised over the useful lives of the related assets; (iii) the subsidies for the successful IPO of the Company by local government; and (iv) subsidies to provide immediate financial support to the Group with no conditions attached which are recognised in profit or loss when the subsidies are received.

6. OTHER GAINS AND LOSSES, NET

	For the year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Exchange gain (loss), net	**86**	(6,271)
Impairment loss reversed on an intangible asset *(Note)*	**–**	1,304
Fair value loss on financial assets at FVTPL, net	**(24,020)**	(18,793)
Fair value loss on other financial liability	**(10,069)**	–
Loss on disposal of property, plant and equipment	**(636)**	(94)
Loss on early termination of leases	**(255)**	–
Others	**(1,441)**	314
Total	**(36,335)**	(23,540)

Note: During the year ended 31 December 2021, the Group resumed the clinical trial for 6B11-OCIK, a product for treatment of ovarian cancer, by updating the clinical trial plan. Therefore, the impairment loss for the intangible asset related to 6B11-OCIK previously recognised was reversed in the prior year.

7. FINANCE COSTS

	For the year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Interest expenses on:		
Lease liabilities	**6,114**	3,678
Bank borrowings	**21**	–
Total	**6,135**	3,678

8. INCOME TAX EXPENSE

	For the year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Current PRC enterprise income tax ("**EIT**")	**–**	–

Under the law of the PRC on Enterprise Income Tax (the "**EIT Law**") and implementation regulations of the EIT Law, the statutory tax rate of the Company's PRC subsidiaries is 25% for both years.

Beijing Yongtai has been accredited as a "High and New Technology Enterprise" by the Science and Technology Bureau of Beijing and relevant authorities on 31 October 2018 for a term of three years, and has been registered with the local tax authorities for enjoying the reduced EIT rate of 15% and the unused tax losses could be utilised for 10 years since 2013. During the year ended 31 December 2021, the accreditation of "High and New Technology Enterprise" of Beijing Yongtai has been extended to December 2024. Accordingly, the profits derived by Beijing Yongtai is subject to EIT rate of 15% (year ended 31 December 2021: 15%) for the year ended 31 December 2022.

No provision for PRC enterprise income tax was made as the Group's PRC subsidiaries incurred tax losses for both years.

No Hong Kong Profits Tax was provided for as there was no estimated assessable profit of the Group's Hong Kong subsidiary that was subject to Hong Kong Profits Tax.

The income tax expense for the year is reconciled to loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	For the year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Loss before tax	**(321,095)**	(354,615)
Tax at the applicable tax rate of 25% (2021: 25%)	**(80,274)**	(88,654)
Tax effect of non-taxable income	**(626)**	(1,751)
Tax effect of expenses not deductible for tax purpose	**23,217**	26,947
Tax effect of accelerated deduction for research and development expenses *(Note)*	**(32,292)**	(31,227)
Tax effect of unrecognised tax losses	**89,975**	94,685
	–	–

Note: Pursuant to Caishui 2018 circular No. 99 and Caishui 2021 circular No. 6, Beijing Yongtai, Yongtai Ruike and Beijing Weixiao Biotechnology Development Limited* (北京緯曉生物技術開發有限責任公司) ("**Beijing Weixiao**") enjoy accelerated deduction of 175% on qualifying research and development expenses from 1 January 2018 to 31 December 2023. Pursuant to Caishui 2021 circular No. 13, Beijing Yongtai enjoy accelerated deduction of 200% on qualifying research and development expenses from 4 January 2022.

As at 31 December 2022, the Group had unused tax losses of RMB1,272,704,000 (31 December 2021: RMB912,803,000) which are available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses as at 31 December 2022 and 2021 due to the unpredictability of future profit streams.

The unused tax losses will be expired as follows:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
2023	**2,532**	2,532
2024	**5,221**	5,221
2025	**19,118**	19,118
2026	**48,243**	48,243
2027	**58,515**	19,958
2028	**51,405**	51,405
2029	**122,953**	122,953
2030	**261,958**	261,958
2031	**381,415**	381,415
2032	**321,344**	–
Total	**1,272,704**	912,803

9. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR

	For the year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Loss for the year has been arrived at after charging:		
Staff costs, including directors' remuneration		
– salaries and other allowances	**100,994**	124,388
– retirement benefits	**8,883**	9,787
– equity-settled share-based payment included in administrative expenses	**1,160**	8,147
– equity-settled share-based payment included in research and development expenses	**3,125**	40,799
Total staff costs	**114,162**	183,121
Depreciation of property, plant and equipment	**44,561**	21,736
Less: capitalised in construction in process	**(2,507)**	(1,880)
	42,054	19,856
Auditor's remuneration	**2,810**	2,810
Amortisation of intangible assets	**2,017**	1,149
Short-term lease expense	**352**	781
Cost of materials included in research and development expenses	**17,347**	27,918
Outsourcing service fees included in research and development expenses	**31,317**	47,897

10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during 2022, nor has any dividend been proposed since the end of the reporting period (year ended 31 December 2021: nil).

11. LOSS PER SHARE

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

	For the year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Loss		
Loss for the year attributable to owners of the Company	**(318,109)**	(354,224)

	For the year ended 31 December	
	2022	2021
	Shares	Shares
	('000)	*('000)*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**514,584**	514,584

For the purpose of calculation of diluted loss per share for the year ended 31 December 2021 and 2022, the share options granted under the pre-IPO share option scheme were not included as their inclusion would result in a decrease in loss per share.

12. FINANCIAL ASSETS AT FVTPL

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Investment in the Tasly Fund *(Note i)*	**88,913**	111,652
Investment in the Shaoxing Fund *(Note ii)*	**51,262**	51,524
Investment in a financial product *(Note iii)*	**21,010**	–
Total	**161,185**	163,176
Analysed as:		
Current	**21,010**	–
Non-current	**140,175**	163,176
	161,185	163,176

Notes:

i. In December 2020, the Company entered into a subscription agreement with Tasly Bioscience Fund Limited, in relation to the subscription of limited partner interests in Tasly Bioscience Fund, L.P. (the "**Tasly Fund**"). The aggregate subscription amount was HK$156.8 million. Subject to the terms of the limited partnership agreement, the initial term of the Tasly Fund shall be five years and each of the partners will be entitled to share the profit or loss attributable to a project investment in proportion to their respective paid capital commitment to fund the acquisition cost of such project investment. The general partner, Tasly Bioscience Fund Limited, has exclusive power over the management and control of the operation, investment affairs and other matters relating to the Tasly Fund.

The investment was accounted for as financial assets at FVTPL under IFRS 9. The total subscription amount of HK$156,800,000 (equivalent to RMB131,969,000) had been paid as at 31 December 2020. In June 2021, the Tasly Fund has made the investment of HK$146,220,000 (equivalent to RMB119,769,000) to acquire the 100% ordinary shares of Paul International Investment Limited ("**Paul International**") which held 12.3% ordinary shares of a bio-science company based in the Republic of Korea ("**Korea**") ("**Target A**").

The fair value of investment in the Tasly Fund is as follows:

	Investment in the Tasly Fund *HK$'000*	Shown in the consolidated financial statements as *RMB'000*
As 1 January 2021	156,800	131,969
Change in fair value *(Note)*	(20,239)	(20,317)
At 31 December 2021	136,561	111,652
Change in fair value *(Note)*	(37,025)	(22,739)
At 31 December 2022	99,536	88,913

Note: Change in fair value presented in RMB also includes the exchange effect on translation from HK$ balances into RMB.

As at 31 December 2022 and 2021, the fair value of investment in the Tasly Fund was determined by the Directors with assistance from an independent qualified professional valuer not connected to the Group, which has appropriate qualifications and experiences in valuation of similar instruments.

The Tasly Fund engages in investment management, its operation purely depends on the investment it holds. Its long-term investment was equity holding in Paul International, and the valuation method was described as below. The valuations of the remaining assets and liabilities of the Tasly Fund, other than long term investment, are carried out by reference to their book values.

Discounted cash flow method was used to determine the underlying equity value of Target A as at 31 December 2022 (31 December 2021: back-solve method). In estimating the fair value, the Directors adopted the valuation technique which maximises the use of observable data to the extent it is available and minimises the use of unobservable inputs. Where there was financing from third parties of Target A incurred nearly to the the valuation date, back-solve method was adopted, otherwise, discounted cash flow method was used in determining the fair value of Target A. In arriving at assessed value of the preferred shares and ordinary shares of Target A as at the valuation date, hybrid method was adopted to allocate the equity value among the preferred shares and ordinary shares.

Key valuation assumptions and inputs used to determine the fair value of the equity holding in Target A as at 31 December 2022 and 2021 are as follows:

	As at 31 December	
	2022	2021
Time to initial public offering ("**IPO**")	**2.0 year**	3.0 year
Time to the redemption event	**2.0 year**	3.0 year
Risk-free interest rate	**4.22%, 4.41%**	0.97%
Volatility	**61.57%, 69.29%**	51%
Discount rate	**15.3%**	N/A
Discount for lack of marketability	**23.90%**	N/A

The discount for lack of marketability was estimated based on the finnerty model with reference to the comparable companies in the same industry.

Discount rate was estimated by weighted average cost of capital with reference to the comparable companies in the same industry.

ii. In February 2021, the Company's subsidiary, Beijing Yongtai, entered into a subscription agreement in relation to the subscription of limited partner interests in Shaoxing Yongsheng Equity Investment Partnership (LP)* (紹興永晟股權投資合夥企業(有限合夥)) (the "**Shaoxing Fund**"). Subject to the terms of the limited partnership agreement, the initial term of the Shaoxing Fund shall be seven years and each of the partners will be entitled to share the profit or loss attributable to a project investment in proportion to their respective paid capital commitment to fund the acquisition cost of such project investment. The general partner, Tianjin Jinxin Health Technology Co., Ltd.* (天津金新健康科技有限公司), has exclusive power over the management and control of the operation, investment affairs and other matters relating to the Shaoxing Fund.

The subscription amount of RMB50,000,000 had been paid in April 2021. The investment was accounted for as financial assets at FVTPL under IFRS 9. The Shaoxing Fund made the investment of RMB500,000,000 to subscribe convertible bonds of a company principally engaged in gene testing services in Mainland China ("**Target B**"). The convertible bonds carry interests of 6% per annum and will mature in May 2024. The Shaoxing Fund may exercise its conversion option during the term of the investment and the conversion price is subject to negotiation between the Shaoxing Fund and Target B with reference to the then fair value.

The fair value of investment in the Shaoxing Fund is as follows:

	Investment in the Shaoxing Fund
	RMB'000
As 1 January 2021	–
Addition	50,000
Change in fair value	1,524
At 31 December 2021	51,524
Change in fair value	(262)
At 31 December 2022	51,262

As at 31 December 2022 and 2021, the fair value of investment in the Shaoxing Fund was determined by the Directors with assistance from an independent qualified professional valuer not connected to the Group, which has appropriate qualifications and experiences in valuation of similar instruments.

The Shaoxing Fund engages in investment management, its operation purely depends on the investment it holds. Its long-term investment was convertible bonds held in Target B, the fair value of the convertible bonds was determined using discounted cash flow method based on a discount rate of 8.05% per annum (31 December 2021: 5.20% per annum). The valuations of the remaining assets and liabilities of the Shaoxing Fund, other than long term investment, are carried out by reference to their book values.

iii. In November 2022, the Group invested in a financial product of US$3,000,000 (equivalent to RMB22,029,000) managed by a financial institution in Hong Kong which can be redeemed at maturity in February 2023. There is no predetermined or guaranteed return for the product. Such financial products are accounted for as financial assets at FVTPL under IFRS 9. As at 31 December 2022, the fair value of the investment is US$3,017,000 (equivalent to RMB21,010,000).

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Prepayments to suppliers and service providers	**29,113**	31,779
Value added tax recoverable	**7,852**	33,663
Prepayments for purchase of property, plant and equipment	**37,553**	38,642
Rental deposits	**3,105**	3,195
Other deposits	**1,349**	1,132
Advances to employees	**206**	600
Prepayment for license-in technology	**–**	18,232
Receivables from disposal of property, plant and equipment	**724**	–
Others	**166**	993
	80,068	128,236
Analysed as:		
Current	**31,187**	47,737
Non-current	**48,881**	80,499
	80,068	128,236

14. TRADE AND OTHER PAYABLES

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Trade payables	**37,394**	32,152
Payables for acquisition of property, plant and equipment	**95,343**	94,950
Accrued salaries and other allowances	**16,287**	17,537
Payables for acquisition of intangible assets	**7,113**	2,637
Payables for service expense	**10,887**	4,704
Others	**965**	2,726
	167,989	154,706

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Within 1 year	**24,140**	32,152
1 year to 2 years	**13,254**	–
	37,394	32,152

15. BANK BORROWING

In June 2022, the Group obtained a new bank borrowing of RMB1,000,000, which will mature in December 2024. The borrowing carries interest at a floating interest rate determined as loan prime rate minus 0.6% per annum. The borrowing was secured by bank deposits of the Group amounting to RMB1,000,000 as at 31 December 2022. The drawdown of this bank borrowing is to activate the credit facility of RMB885 million for investment in property, plant and equipment from a licensed bank. The remaining of the credit facility will be available when certain conditions are met.

16. EVENT AFTER THE REPORTING PERIOD

On 20 February 2023, the issuance of the convertible bonds was completed and the Company received the consideration of RMB300 million. Details are set out in the Company's announcement dated 20 February 2023.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.eaal.net).

The annual report for the year ended 31 December 2022 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

DEFINITIONS AND GLOSSARY TERMS

Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

"6B11"	the monoclonal anti-idiotypic antibody prepared by Beijing Weixiao with COC166-9 immunised mice with monoclonal antibody to mimic ovarian cancer-related antigen OC166-9
"6B11-OCIK Injection"	Injection of ovarian cancer autologous cytotoxic T lymphocyte, one of the Group's biologic product pipeline for treatment of ovarian cancer
"Audit Committee"	the audit committee of the Board
"B cells"	a type of Lymphocytes
"Beijing Weixiao"	Beijing Weixiao Biotechnology Development Limited* (北京緯曉生物技術開發有限責任公司), a subsidiary of the Company
"Beijing Yongtai"	Immunotech Applied Science Limited (北京永泰生物製品有限公司), a limited liability company established in the PRC on 20 November 2006 and an indirect wholly-owned subsidiary of the Company
"Board" or "Board of Directors"	the board of directors of the Company
"CAR-T cells"	chimeric antigen receptor T cells, are T cells that have been genetically engineered to produce an artificial T-cell receptor and chimeric antigen receptors that have been engineered to give T cells the new ability to target a specific protein on the surfaces of cells
"CDE"	Centre for Drug Evaluation of the NMPA
"CEO"	the chief executive officer of the Company

"CG Code" or "Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"China", "Mainland China" or "the PRC"	the People's Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau Special Administration Region and Taiwan
"CMV"	Cytomegalovirus
"Company", "the Company" or "We"	Immunotech Biopharm Ltd (永泰生物製藥有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 11 April 2018
"Convertible Bonds"	the 11.75% secured convertible bonds due in 2025 in the aggregate principal amount of RMB300 million have been issued by the Company to the Investor pursuant to the Subscription Agreement
"Core Product Candidate"	the "core product" as defined under Chapter 18A of the Listing Rules, namely EAL®
"Director(s)"	the director(s) of the Company
"EBV"	Epstein-Barr virus, a member of the herpes virus family
"FVTPL"	Financial assets at fair value through profit or loss
"Global Offering"	the Hong Kong Public Offering and the International Offering
"GMP"	good manufacturing practice, and in the context of PRC laws and regulations, refers to guidelines and regulations from time to time issued pursuant to the PRC Drug Administration Law (中華人民共和國藥品管理法) as part of quality assurance which aims to minimise the risks of contamination, cross contamination, confusion, and errors during the manufacture process of pharmaceutical products and to ensure that pharmaceutical products subject to these guidelines and regulations are consistently produced and controlled in conformity to quality and standards appropriate for their intended use
"Group"	the Company and its subsidiaries
"Guosheng Laboratory"	a R&D facility located at Guosheng Technology Park, No.1 Kangding Street, Beijing Economic-technological Development Area, Beijing, China leased by the Group

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HLA"	human leukocyte antigen, a gene complex encoding the major MHC proteins
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HPV"	human papillomavirus
"IND"	investigational new drug
"Industry Fund"	the cellular immunotherapy specialised industry fund (細胞免疫治療專項產業基金)
"Investor"	Tasly (Hong Kong) Pharmaceutical Investment Limited
"Korea"	Republic of Korea
"Leadman"	Beijing Leadman Biochemistry Co., Ltd, a company incorporated in the PRC, being the landlord under the Lease Agreement
"Lease Agreement"	the formal lease agreement dated 9 October 2021 entered into between Beijing Yongtai as the tenant and Leadman as the landlord in relation to the lease of the Premises
"Listing" or "IPO"	the listing of the Shares on the Main Board of the Stock Exchange on 10 July 2020
"Listing Date"	10 July 2020, being the date on which the Shares were listed on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Lymphocytes"	a sub-type of white blood cells, such as T cells, B cells and NK cells
"Main Board"	the Main Board of the Stock Exchange
"MHC"	major histocompatibility complex, proteins found on the surfaces of cells specialised for displaying short peptide fragments on the surface of cells
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"NDA"	new drug application

"NK cells"	natural killer cells, a type of Lymphocytes and a component of innate immune system
"NKY Medical"	Boai NKY Medical Holdings Ltd (博愛新開源醫療科技集團股份有限公司)
"NMPA"	National Medical Products Administration of the People's Republic of China
"Prospectus"	the prospectus issued by the Company dated 29 June 2020
"R&D"	research and development
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of China
"Reporting Period"	the 12-month period from 1 January 2022 to 31 December 2022
"Shanghai NKY"	Shanghai NKY Precision Medical Co.,Ltd.* (上海新開源精準醫療有限公司)
"Shaoxing Fund"	Shaoxing Binhai New Area Biomedical Industry Equity Investment Fund Partnership (LP)* (紹興濱海新區生物醫藥產業股權投資基金合夥企業(有限合夥))
"Share(s)"	ordinary shares with a nominal value of US$0.001 each in the capital of the Company
"Shareholder(s)"	holder(s) of Shares
"sq.m."	square metres
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Agreement"	the subscription agreement dated 28 October 2022 entered into among the Company, the Investor and others in relation to the subscription of the Convertible Bonds
"Talsy Fund"	the Company entered into the subscription agreement with Tasly Bioscience Fund Limited, to govern their relationship and provide for, among others, the manner of operation and management of the investment fund
"T cells" or "T Lymphocytes"	a type of Lymphocytes produced or processed by the thymus gland and actively participating in the immune response, which plays a central role in cell-mediated immunity. T cells can be distinguished from other lymphocytes, such as B cells and NK cells, by the presence of a T cell receptor on the cell surface

"T-Cure"	T-Cure Bioscience, Inc.
"TCR"	T cell receptor, a molecule found on the surface of T cells responsible for recognising fragments of antigen
"TGF-ß"	transforming growth factor beta, a family of proteins involved in regulating and mediating processes at the cellular level
"U.S. dollar(s)", "USD" or "US$"	United States dollars, the lawful currency of the United States of America
"Yongtai Ruike"	Beijing Yongtai Ruike Biotechnology Company Ltd (北京永泰瑞科生物科技有限公司), a company established in the PRC with limited liability on 8 June 2018 and is a wholly-owned subsidiary of the Company

By order of the Board
Immunotech Biopharm Ltd
Tan Zheng
Chairman and executive Director

Hong Kong, 24 March 2023

As at the date of this announcement, the Board comprises Mr Tan Zheng as Chairman and executive Director, Dr Wang Yu and Mr Jung Hyun Chul as executive Directors, Mr Tao Ran, Mr Si Xiaobing and Mr Lu Yuan as non-executive Directors, and Professor Wang Yingdian, Mr Ng Chi Kit and Ms Peng Sujiu as independent non-executive Directors.

* *For identification purposes only*