CARSGEN THERAPEUTICS

科濟藥業控股有限公司
CARSGEN THERAPEUTICS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2171.HK

2024
ANNUAL REPORT

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Zonghai LI *(Chairman)*
Dr. Huamao WANG
Dr. Hua JIANG

Non-executive Directors

Mr. Bingsen GUO
Mr. Ronggang XIE
Mr. Huaqing GUO

Independent Non-executive Directors

Dr. Guangmei YAN
Dr. Huabing LI *(resigned on April 29, 2024)*
Dr. Wen ZHOU *(appointed on April 29, 2024)*
Ms. Xiangke ZHAO

CORPORATE HEADQUARTERS

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PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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LEGAL ADVISERS AS TO HONG KONG LAW

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COMPANY SECRETARY

Mr. Wing Yat Christopher LUI

AUTHORIZED REPRESENTATIVES

Dr. Zonghai LI
Mr. Wing Yat Christopher LUI

AUDIT COMMITTEE

Ms. Xiangke ZHAO *(Chairman)*
Dr. Wen ZHOU
Mr. Huaqing GUO

REMUNERATION COMMITTEE

Dr. Wen ZHOU *(Chairman)*
Dr. Zonghai LI
Dr. Guangmei YAN

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Dr. Zonghai LI *(Chairman)*
Dr. Guangmei YAN
Dr. Wen ZHOU

HONG KONG SHARE REGISTRAR

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Hong Kong

STOCK CODE

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Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
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PRINCIPAL BANKER

Bank of Hangzhou Co., Ltd.
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PRC

Chairman's Statement

Dear shareholders,

The year 2024 marks a significant milestone in the development of CARsgen. Over the past year, we have achieved remarkable progresses in the research, development, and commercialization of our core products, alongside notable strides in technological innovation. On behalf of the Board of Directors, I would like to extend our sincere gratitude to all shareholders, partners, and employees for your unwavering trust and support in CARsgen.

The Company continuously optimizes the strategic priorities and business layout to dynamically adapt to the evolving global industry landscape and market demands. We focus on developing breakthrough CAR-T products that address critical unmet medical needs for patients. Through regular pipeline evaluations, we prioritize projects with differentiated clinical value and commercialization potential.

In December 2023, the U.S. FDA issued a Form 483 following an inspection of our manufacturing facility, identifying certain deficiencies related to Current Good Manufacturing Practices (CGMP) and procedural controls. As a result, the FDA placed clinical holds on zevorcabtagene autoleucel (赛恺泽®, "**zevor-cel**", R&D code: CT053), satricabtagene autoleucel ("**satri-cel**", R&D code: CT041), and CT071. Through rigorous process standardization and proactive engagement with the FDA, we successfully resolved these findings and secured the lifting of the clinical holds in November 2024. Despite the many challenges, we navigated through these difficulties and emerged stronger. In line with our strategy in the U.S. market, we are actively driving resource integration and innovation synergy, concentrating on technological breakthroughs and localized applications in cutting-edge fields. Looking ahead, we anticipate collaborating with more partners to build an open ecosystem, fostering value cocreation through forward-looking strategic partnerships and jointly exploring broader development opportunities.

In China, significant commercial and clinical milestones have been made. 赛恺泽® received approval from the National Medical Products Administration (NMPA) on February 23, 2024 for the treatment of adult patients with relapsed or refractory multiple myeloma (R/R MM) who have progressed after at least 3 prior lines of therapy (including a proteasome inhibitor and an immunomodulatory agent). This milestone underscores our leadership in CAR-T innovation and development. Leveraging our strategic collaboration with Huadong Medicine in mainland China, strong commercial performance of this product was achieved, with 154 confirmed orders (including 102 orders from August 2024 to the end of the year) received from Huadong Medicine.

Meanwhile, remarkable progress was made in the development of satri-cel, a potential first-in-class CLDN18.2 CAR T-cell therapy. The confirmatory Phase 2 clinical trial for the treatment of advanced gastric/gastroesophageal junction cancer (GC/GEJ) in China has achieved the primary endpoint, satri-cel infusion significantly decreased the risk of disease progression and death comparing to the standard of care. Based on the confirmatory Phase II clinical data, satri-cel has been granted Breakthrough Therapy Designation (BTD) by the Center for Drug Evaluation (CDE) of China NMPA. With the plan of a New Drug Application (NDA) submission to China NMPA in the first half of 2025, satri-cel is expected to become the world's first approved CAR-T therapy for solid tumors and change the treatment paradigm against gastric cancer.

Furthermore, we have made significant progress in allogeneic CAR T-cell therapies. In American Society of Hematology (ASH) 2024 Annual Meeting, we reported the data of a Phase I clinical trial of CT0590, a BCMA-targeted allogeneic CAR T-cell therapy utilizing the THANK-uCAR® platform. 2 out of 5 patients achieved stringent completed responses (sCR) with a Duration of Responses (DoR) no less than 20 months. We have developed the THANK-u Plus™ platform, an enhanced version of THANK-uCAR®, which significantly improves the allogeneic CAR T-cell expansion and persistence in the presence of host NK cells, thereby potentially enhancing the anti-tumor efficacy. Multiple allogeneic CAR-T products, targeting hematologic malignancies, solid tumors, and autoimmune diseases, are under development, with the goal of improving patient accessibility and broadening benefits to patients worldwide.

Chairman's Statement

Unlike conventional drugs, CAR T-cell therapies are live drugs. We recognize that there are a lot of room to engineer the CAR T cells to meet the clinical needs. The road ahead is filled with challenges, but it also presents tremendous opportunities. Moving forward, we will persist in the development of innovative CAR T-cell products to address the significant unmet medical needs, while continuously and proactively adapt our strategies in alignment with technological advancements and market dynamics.

In closing, I would like to once again express my gratitude to all shareholders, partners, and employees for your trust and support. Your dedication has been instrumental in CARsgen's success in 2024. We will continue to navigate future challenges with resilience and determination, creating greater value to our shareholders and bringing new hope to patients worldwide.

Sincerely,
Dr. Zonghai LI
Chairman of the Board of Directors, CARsgen Therapeutics.

Financial Highlights

1. REVENUE

The Group's revenue was around RMB39.4 million for the year ended December 31, 2024 mainly from 赛恺泽® (zevorcabtagene autoleucel, autologous BCMA CAR T-cell product), in which was calculated on the basis of ex-works price, rather than end-of-market prices. Our revenue is recognized upon completion of ex-works delivery of products. Besides, the Company received a milestone payment of RMB75 million from Huadong Medicine for 赛恺泽® for the year ended December 31, 2024. Due to the inherent time cycle of CAR-T manufacturing, there is a discrepancy between the number of orders obtained from Huadong Medicine and number of ex-works deliveries.

2. GROSS PROFIT

The Group's gross profit was around RMB14.7 million for the year ended December 31, 2024. In the commercialization stage, we are demonstrating a strong cost competitive advantage, which is mainly due to self-manufacture for plasmids and vectors with stable output and high yield per batch.

3. NET LOSS

Our net loss was around RMB798 million for the year ended December 31, 2024, representing an increase in loss of around RMB50 million from around RMB748 million for the year ended December 31, 2023. The increase was primarily due to the increase of net other losses of RMB229 million from RMB31 million for the year ended December 31, 2023 to RMB260 million for the year ended December 31, 2024. Such increase was partially offset by (i) the decrease in research and development expenses of RMB196 million from RMB662 million for the year ended December 31, 2023 to RMB466 million for the year ended December 31, 2024; and (ii) the recognition of gross profit of RMB15 million for the year ended December 31, 2024 as compared to nil for the year ended December 31, 2023.

Our adjusted net loss[(1)] was around RMB789 million for the year ended December 31, 2024, representing an increase of around RMB56 million from around RMB733 million for the year ended December 31, 2023. The increase was primarily due to (i) lower research and development expenses; (ii) higher other losses – net; (iii) higher gross profit; and (iv) lower Share-based compensation.

4. CASH AND BANK BALANCES

Cash and bank balances were around RMB1,479 million as of December 31, 2024, representing a decrease of around RMB371 million from around RMB1,850 million as of December 31, 2023. The decrease was mainly due to the payment of research and development expenses, administrative expenses and investment of capital expenditure. Cash and cash equivalents and deposits at the end of 2025 are expected to be not less than RMB1,080 million. We expect to have adequate cash into the 2028 excluding subsequent cash inflows.

(1) Adjusted net loss and adjusted net loss per share are non-IFRs measures. They exclude the impact of the adjusted items. For details of non-IFRs measures, please refer to "Non-IFRs Measures" subsection.

Business Highlights

As of the date of this report, we have made significant progress in advancing our technology innovations, product pipeline and business operations in the U.S. and China.

赛恺泽® (zevorcabtagene autoleucel, R&D code: CT053)

Zevorcabtagene autoleucel is an autologous fully human CAR T-cell product against B-cell maturation antigen (BCMA). As informed by the NMPA on March 1, 2024, 赛恺泽® was approved on February 23, 2024 for the treatment of adult patients with relapsed or refractory multiple myeloma (R/R MM) who have progressed after at least 3 prior lines of therapy (including a proteasome inhibitor and an immunomodulatory agent). CARsgen entered into a collaboration agreement with Huadong Medicine (Hangzhou) Co., Ltd., a wholly owned subsidiary of Huadong Medicine Co., Ltd. (000963.SZ) ("**Huadong Medicine**") for the commercialization of 赛恺泽® in mainland China. In terms of commercialization, Huadong Medicine has established a dedicated, professional, and comprehensive commercial team to promote the use of 赛恺泽® and has been utilizing China's multi-layered insurance system to improve patient accessibility. As of December 31, 2024, certification and regulatory filings for 赛恺泽® have been completed in 23 provinces or cities and we have received a total of 154 confirmed orders from Huadong Medicine. Updated results of the pivotal Phase II registrational trial of 赛恺泽® in China were reported as an oral presentation at the 29th European Hematology Association (EHA) Annual Congress, and a subgroup analysis was presented a poster at the 66th ASH annual congress. We anticipate that growth of sales revenue of 赛恺泽® will further accelerate with continuous marketing activities and broader insurance coverage.

Satricabtagene autoleucel (R&D code: CT041)

Satricabtagene autoleucel (satri-cel) is an autologous humanized CAR T-cell product against Claudin18.2 (CLDN18.2). Patient enrollment has been completed in confirmatory Phase II trial in China (NCT04581473) in advanced GC/GEJ. The study has met its primary endpoint of a statistically significant improvement in progression-free survival (PFS) as assessed by the Independent Review Committee (IRC). Patients treated with satri-cel infusion achieved statistically significant improvement in PFS compared to those treated with physician's choice (paclitaxel, docetaxel, irinotecan, apatinib, or nivolumab). Based on the confirmatory Phase II clinical data, satri-cel has been granted BTD by the CDE of China NMPA. Updated results from the investigator-initiated trial (CT041-CG4006, NCT03874897) were published in *Nature Medicine* in June 2024 and presented orally at the 2024 American Society of Clinical Oncology (ASCO) Annual Meeting in June 2024. Summary of safety and efficacy in patients with refractory metastatic pancreatic cancer (PC) (CT041-CG4006 & CT041-ST-01) were reported in *Journal of Clinical Oncology*.

A Phase I clinical trial for the postoperative adjuvant therapy of Claudin18.2 positive pancreatic cancer in China (CT041-ST-05, NCT05911217) is ongoing. An IIT study has been initiated in China for satri-cel to be used as consolidation treatment following adjuvant therapy in patients with resected gastric cancer/gastroesophageal junction cancer (CT041-CG4010, NCT06857786). On October 31, 2024, U.S. time, FDA lifted the clinical hold on clinical trial of satri-cel in the United States.

Allogeneic CAR T-cell Products

In addition to autologous products, CARsgen has also been advancing differentiated allogeneic CAR T-cell products utilizing the proprietary THANK-uCAR® platform. CARsgen has recently developed the THANK-u Plus™ platform as an enhanced version of its proprietary THANK-uCAR® allogeneic CAR-T technology to address the potential impact of NKG2A expression levels on therapeutic efficacy.

The results of the IIT proof-of-concept study of an allogeneic BCMA-targeting CAR T-cell product candidate CT0590, which deploys the THANK-uCAR® technology platform, were presented as a poster at the 66th ASH Annual Meeting in December 2024, titled "A First-in-Human Study of CT0590, a Triple Knock-out, Allogeneic CAR T-Cell Therapy Targeting BCMA and NKG2A, in Subjects with Relapsed/Refractory Multiple Myeloma".

In addition, multiple allogeneic CAR T-cell products are under development: CT059X against BCMA for R/R MM and relapsed/refractory plasma cell leukemia (R/R PCL) (THANK-u Plus™); KJ-C2219 against CD19/CD20 for B-cell malignancies and autoimmune diseases (THANK-u Plus™); KJ-C2320 against CD38 for acute myeloid leukemia (AML) (THANK-uCAR®); KJ-C2114 for solid tumors (THANK-u Plus™); and KJ-C2526 against NKG2DL for AML, other malignancies and senescence (THANK-u Plus™).

Management Discussion & Analysis

I. OVERVIEW

CARsgen is a biopharmaceutical company focusing on developing innovative CAR T-cell therapies to address the unmet clinical needs including but not limited to hematologic malignancies, solid tumors and autoimmune diseases. CARsgen has established end-to-end capabilities for CAR T-cell research and development covering target discovery, preclinical research, product clinical development, and commercial-scale production. CARsgen has developed novel in-house technologies and a product pipeline with global rights to address challenges faced by existing CAR T-cell therapies. Efforts include improving safety profile, enhancing the efficacy in treating solid tumors, and reducing treatment costs, etc. CARsgen's mission is to be a global biopharmaceutical leader that provides innovative and differentiated cell therapies for patients worldwide and makes cancer and other diseases curable.

II. BUSINESS REVIEW

Our Products and Product Pipeline

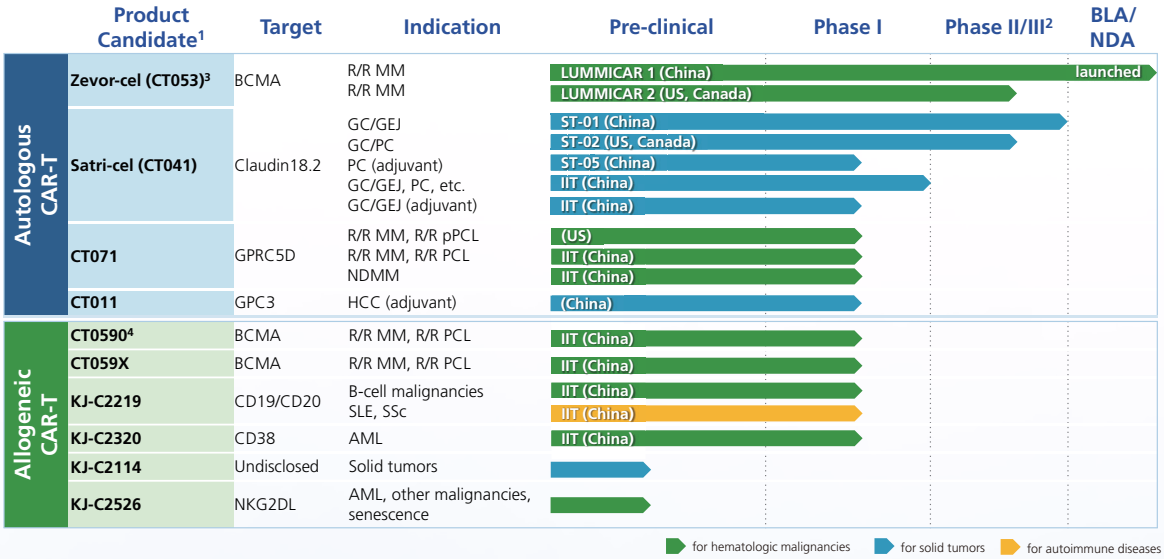
Leveraging comprehensive capabilities and innovative technology platforms, CARsgen remains committed to pioneering in advancements in CAR T-cell therapies. The Company continuously optimizes the strategic priorities and business framework to dynamically adapt to the evolving global industry landscape and market demands. We focus on developing breakthrough CAR T-cell products that address critical unmet medical needs for patients. Through regular pipeline evaluations, we prioritize projects with differentiated clinical and commercial value. For the framework of the strategies in the U.S. market, we are actively driving resource integration and innovation synergy, with an emphasis on technological breakthroughs and localized applications in cutting-edge fields. Looking ahead, we anticipate collaborating with more partners to build an open ecosystem, fostering value co-creation through forward-looking strategic partnerships and jointly exploring broader development opportunities.

In 2024, the Company achieved its first significant milestone in its development journey – the successful approval and launch of its first product 赛恺泽® (zevorcabtagene autoleucel, R&D code: CT053) for the treatment of adult patients with relapsed or refractory multiple myeloma who have progressed after at least 3 prior lines of therapy (including a proteasome inhibitor and immunomodulatory agent). The commercialization of 赛恺泽® is of great significance not only to the Company but also brings new hope and treatment option for multiple myeloma patients in China. With the collaboration with Huadong Medicine, the commercialization of 赛恺泽® in mainland China has been progressing smoothly.

The Company's pipeline against hematologic malignancies includes CT071, which targets GPRC5D and is manufactured using CARsgen's proprietary CARcelerate® platform. CT071 has shown promising and differentiating potentials based on IIT study preliminary results. For treatment of solid tumors, the most advanced product is satri-cel (CT041), for which enrollment has been completed for the confirmatory Phase II study (CT041-ST-01, NCT04581473) in China in patients with advanced GC/GEJ cancer. The study has met its primary endpoint of PFS as assessed by IRC with statistical significance. The Company is actively expanding CAR T application in early line treatments of solid tumors: with an ongoing Phase I clinical trial for pancreatic cancer adjuvant treatment; one ongoing IIT for consolidation treatment following adjuvant therapy in patients with resected GC/GEJ; and one Phase I study for hepatocellular carcinomas adjuvant treatment.

CARsgen has been active in advancing several allogeneic CAR T-cell products that offer differentiated clinical value. The Company is committed to advancing several allogeneic CAR T-cell products using the proprietary THANK-uCAR® allogeneic CAR-T technology and the enhanced version THANK-u Plus™ platform. Multiple products are under development: CT0590 against BCMA for R/R MM and R/R PCL (THANK-uCAR®); CT059X against BCMA for R/R MM and R/R PCL (THANK-u Plus™); KJ-C2219 against CD19/CD20 for B-cell malignancies and autoimmune diseases (THANK-u Plus™); KJ-C2320 against CD38 for AML (THANK-uCAR®); KJ-C2114 for solid tumors (THANK-u Plus™); and KJ-C2526 against NKG2DL for AML, other malignancies and senescence (THANK-u Plus™).

The chart below summarizes the development status of our pipeline as of the date of this report.



R/R MM: relapsed/refractory multiple myeloma; GC: gastric cancer; GEJ: gastroesophageal junction cancer; PC: pancreatic cancer; HCC: hepatocellular carcinoma; R/R pPCL: relapsed/refractory primary plasma cell leukemia; NDMM: newly diagnosed multiple myeloma; SLE: systemic lupus erythematosus; SSc: systemic sclerosis; AML: acute myeloid leukemia

Notes:

1. All product candidates are self-developed with global rights.
2. Phase II trials of some indications are pivotal studies.
3. Core Product. Commercial rights in mainland China have been granted to Huadong Medicine (SZ: 000963). Rights in the South Korean market have been licensed out to HK Inno.N Corporation (KOSDAQ: 195940).
4. CT0590 enrollment finished.

赛恺泽® (zevorcabtagene autoleucel, R&D code: CT053) – Fully Human BCMA CAR T

Zevorcabtagene autoleucel is a fully human, autologous BCMA CAR T-cell product for the treatment of R/R MM. It incorporates a CAR construct with a fully human BCMA-specific single-chain variable fragment (scFv) with low immunogenicity and increased stability that overcomes T-cell exhaustion by reducing the self-activation of CAR T cells in the absence of tumor-associated targets.

As informed by the NMPA on March 1, 2024, 赛恺泽® was approved on February 23, 2024 for the treatment of adult patients with R/R MM who have progressed after at least 3 prior lines of therapy (including a proteasome inhibitor and an immunomodulatory agent). It is our Company's first product commercialized in mainland China. In January 2023, CARsgen and Huadong Medicine (Hangzhou) Co., Ltd. entered an agreement for the exclusive right to commercialization of 赛恺泽® in mainland China. In addition to the RMB200 million upfront payment, CARsgen received a regulatory milestone payment of RMB75 million. CARsgen is eligible to receive regulatory and commercial milestone payments up to RMB1,025 million under the terms of the agreement. CARsgen continues to be responsible for the development, regulatory approval, and manufacturing of 赛恺泽® in mainland China. In terms of commercialization, Huadong Medicine has established a dedicated, professional, and comprehensive commercial team to promote the use of 赛恺泽® and has been utilizing China's multi-layered insurance system to improve patient accessibility. As of December 31, 2024, certification and regulatory filings for 赛恺泽® have been completed in 23 provinces or cities and we have received a total of 154 confirmed orders from Huadong Medicine.

Huadong Medicine has extensive commercialization experience and a large-scale sales network in mainland China. Huadong Medicine's strategic goal of being a leader in the oncology therapeutic area created the opportunity for a strong partnership between the two companies. We believe that the partnership with Huadong Medicine will maximize commercial success of 赛恺泽® in mainland China. Since reaching the agreement, teams from CARsgen and Huadong Medicine have been working together closely to implement commercialization strategy and ensure optimal product access.

The subgroup analyses from the zevorcabtagene autoleucel LUMMICAR STUDY 1 trial were presented as a poster at the 66th ASH Annual Congress in December 2024, which was titled "Subgroup Analyses of Phase 2 Study: Evaluating the Efficacy of Fully Human BCMA-Targeting CAR T Cells (Zevorcabtagene Autoleucel) in Patients with Relapsed/Refractory Multiple Myeloma".

The results of LUMMICAR-1 study were reported as an oral presentation at the 29th EHA Annual Congress on June 15, 2024, titled "Phase 2 study of fully human BCMA-targeting CAR-T cells (zevorcabtagene autoleucel) in patients with relapsed/refractory multiple myeloma". In 102 patients treated with 赛恺泽®, the overall response rate (ORR) was 92.2% (94/102), and the remission rate at very good partial response (VGPR) or above was 91.2% (93/102), and the complete response (CR)/stringent complete response (sCR) rate was 71.6% (73/102). A trend toward deepening of responses was observed with longer duration of follow-up.

At the 65th ASH Annual Meeting in December, 2023, CARsgen presented a poster titled "Three-Year Follow-up on Efficacy and Safety Results from Phase I Lummicar Study 1 of Zevorcabtagene Autoleucel in Chinese Patients with Relapsed or Refractory Multiple Myeloma", highlighting the 3-year follow-up on efficacy and safety results from the Phase I portion of the Phase I/II registrational study in China (LUMMICAR-1, NCT03975907).

On October 31, 2024, U.S. time, FDA lifted the clinical hold on clinical trial of zevorcabtagene autoleucel in the United States. Considering the delay in the clinical program due to clinical hold and an evolving competitive landscape, CARsgen decided to deprioritize the LUMMICAR-2 study of zevorcabtagene autoleucel in the U.S. and Canada as a part of our strategic adjustment.

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that zevorcabtagene autoleucel will ultimately be successfully developed and marketed (outside mainland China) by the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

Satricabtagene autoleucel (R&D code: CT041) – Humanized Claudin18.2 CAR T

Satricabtagene autoleucel is an autologous CAR T-cell product against protein Claudin18.2 and has potential to be first-in-class globally. Satricabtagene autoleucel targets the treatment of Claudin18.2-positive solid tumors with a primary focus on GC/GEJ and PC. Claudin18.2 is expressed in a range of solid tumors, including GC/GEJ, PC, colorectal, lung, and ovarian cancers. Leveraging our in-depth understanding in CAR T-cell therapy, as well as our integrated antibody platform, we were, to our knowledge, the first in the world to successfully identify, validate and report Claudin18.2 as a solid tumor-associated antigen and viable target for CAR T-cell therapy. To further address the challenges of CAR T-cell therapies in treating solid tumors, we developed an innovative, patent-protected preconditioning regimen which is to be administered prior to infusion of satricabtagene autoleucel. This regimen features the addition of low-dose nab-paclitaxel to the conventional lymphodepletion regimen comprising cyclophosphamide and fludarabine.

Enrollment in accordance with the clinical trial protocol for advanced gastric/gastroesophageal junction adenocarcinoma confirmatory Phase II trial (CT041-ST-01, NCT04581473) in China has been completed. The study met its primary endpoint of a statistically significant improvement in PFS assessed by IRC for patients treated with satri-cel infusion as compared to treatment of physician's choice (paclitaxel, docetaxel, irinotecan, apatinib, or nivolumab). CARsgen plans to submit an NDA to the NMPA in China during the first half of 2025.

The Company has started moving the investigation of satricabtagene autoleucel treatment to early line: including an ongoing Phase I clinical trial for PC adjuvant therapy in China (CT041-ST-05, NCT05911217) and an IIT for consolidation treatment following adjuvant therapy in patients with resected GC/GEJ (CT041-CG4010, NCT06857786).

The final results of the investigator-initiated trial CT041-CG4006 have been published in *Nature Medicine* on June 3, 2024, which was titled "Claudin18.2-specific CAR T Cells in gastrointestinal cancers: Phase 1 trial final results". Data were presented as an oral presentation at the 2024 ASCO Annual Meeting in June 2024. In patients with GC/GEJ who received satri-cel monotherapy (n = 59), 51 had target lesions. The objective response rate and disease control rate (DCR) were 54.9% (28/51) and 96.1% (49/51), respectively.

An article titled "Safety and Efficacy of CT041 in Patients With Refractory Metastatic Pancreatic Cancer: A Pooled Analysis of Two Early-Phase Trials" was published in *Journal of Clinical Oncology* reporting the results of patients with previously treated pancreatic cancer in two multicenter, open-label Phase I/Ib trials (CT041-CG4006 & CT041-ST-01) in May 2024.

An article titled "Metastatic gastric cancer target lesion complete response with Claudin18.2-CAR T cells" was published in February 2024 in *Journal for ImmunoTherapy of Cancer* reporting a patient with metastatic gastric cancer, who had progressed on four lines of combined systemic chemotherapy and immunotherapy after receiving two satricabtagene autoleucel infusions achieved target lesion complete response and sustained an 8-month overall partial response with only minimal ascites.

Two metastatic pancreatic cancer patients administrated with satricabtagene autoleucel after the failure of standard therapy (NCT04581473 and NCT03874897) were reported in *Journal of Hematology & Oncology* article titled "CT041 CAR T cell therapy for Claudin18.2-positive metastatic pancreatic cancer" in September 2023.

The Phase Ib results from the Phase Ib/II satricabtagene autoleucel study in China (CT041-ST-01, NCT04581473) were presented at the 2022 ASCO Annual Meeting with the poster titled "Safety, Tolerability and Preliminary Efficacy Results in Patients with Advanced Gastric/Gastroesophageal Junction Adenocarcinoma from a Phase Ib/II Study of CLDN18.2 CAR T-cell therapy (CT041)".

The Phase 2 part of the satricabtagene autoleucel Phase 1b/2 clinical trial was initiated in the U.S. and Canada for advanced GC/GEJ trial (CT041-ST-02, NCT04404595). FDA lifted the clinical hold on clinical trial of satricabtagene autoleucel in the United States. At the 2024 ASCO GI meeting, CARsgen presented a poster entitled "CLDN18.2 Chimeric Antigen Receptor T Cell Therapy for Patients with Advanced Gastric and Pancreatic Adenocarcinoma: Results of ELIMYN18.2 Phase 1b Clinical Trial" with study results for satricabtagene autoleucel in the Phase 1b trial in the U.S..

Satricabtagene autoleucel received Orphan Drug designation from the FDA in September 2020 for the treatment of GC/GEJ. Satricabtagene autoleucel was granted RMAT Designation by FDA for the treatment of advanced GC/GEJ with Claudin18.2-positive tumors in January 2022. Based on the confirmatory Phase II clinical data, in March 2025, the CDE of NMPA has granted BTD to satri-cel for the treatment of Claudin18.2-positive advanced GC/GEJ in patients who have failed at least two prior lines of therapy.

CARsgen and Moderna, Inc. (Nasdaq: MRNA, "**Moderna**") have been collaborating to investigate satricabtagene autoleucel in combination with Moderna's investigational Claudin18.2 mRNA product. Since entering the collaboration in 2023, a series of pre-clinical studies have been conducted to evaluate the combination.

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that satricabtagene autoleucel will ultimately be successfully developed and marketed by the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

CT011 – Humanized GPC3 CAR T

CT011 is an autologous CAR T-cell product with proof-of-concept clinical data for the treatment of hepatocellular carcinoma (HCC). Our co-founder, CEO and Chief Scientific Officer, Dr. Zonghai LI led the world's first successful effort in identifying, validating, and reporting GPC3 as a tumor-associated target for the development of CAR T-cell therapies to treat HCC.

In July 2023, an article titled "Combined local therapy and CAR-GPC3 T-cell therapy in advanced hepatocellular carcinoma: a proof-of-concept treatment strategy" was published in Cancer Communication. Two advanced HCC patients who received local therapy followed by sequential infusions of CAR-GPC3 T-cells achieved more than 7-year disease-free survival.

In January 2024, CT011 received IND clearance from the NMPA for patients with GPC3-positive stage IIIa hepatocellular carcinoma at risk of recurrence after surgical resection.

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that CT011 will ultimately be successfully developed and marketed by the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

CT071 – GPRC5D CAR T

CT071 is an autologous CAR T-cell therapy product targeting GPRC5D developed utilizing CARsgen's proprietary CARcelerate® platform for the treatment of R/R MM and R/R pPCL. It incorporates a fully-human single-chain variable fragment (scFv) developed by CARsgen.

CARsgen's proprietary CARcelerate® platform can shorten CT071's manufacturing time to approximately 30 hours and therefore, resulting CAR-T cells are younger and possibly more potent compared to conventional manufacturing. The improved manufacturing efficiency aims to expedite availability of the product to patients, enhances the supply capacity, and reduces manufacturing costs.

The updated results of the CT071 IIT study (NCT05838131) were presented as a poster at the 66th ASH Annual Congress in December 2024, which was titled "GPRC5D-Targeted CAR T-Cell Therapy CT071 for the Treatment of Refractory/Relapsed Multiple Myeloma".

Results from the investigator-initiated trial (NCT05838131) for R/R MM and R/R PCL were presented as a poster at the 29th EHA Annual Congress in June 2024, titled "First-in-human study of GPRC5D-targeted CAR T cells (CT071) with an accelerated manufacturing process in patients with relapsed/refractory multiple myeloma (RRMM)".

Another investigator-initiated trial (NCT06407947) is ongoing in China for the treatment of NDMM. CT071 IND was cleared by the FDA in November 2023 for the treatment of patients with R/R MM and R/R pPCL. FDA lifted the clinical hold on clinical trial of CT071 in the United States.

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that CT071 will ultimately be successfully developed and marketed by the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

Allogeneic CAR T-cell Product

In addition to autologous products, CARsgen has also been advancing differentiated allogeneic CAR T-cell products utilizing the proprietary THANK-uCAR® platform. CARsgen has recently developed the THANK-u Plus™ platform as an enhanced version of THANK-uCAR® allogeneic CAR-T technology to address the potential impact of NKG2A expression levels on therapeutic efficacy.

CT0590 is a BCMA-targeting allogeneic CAR T-cell product candidate deploying our THANK-uCAR® technology. An IIT has been initiated in China to evaluate the safety and efficacy of CT0590 for the treatment of R/R MM. The results of the IIT proof-of-concept study results of CT0590 were presented as a poster at the 66th ASH Annual Congress in December 2024, which was titled "A First-in-Human Study of CT0590, a Triple Knock-out, Allogeneic CAR T-Cell Therapy Targeting BCMA and NKG2A, in Subjects with Relapsed/Refractory Multiple Myeloma".

CT059X is a BCMA-targeting allogeneic CAR T-cell product candidate deploying our THANK-u Plus™ technology. An IIT has been initiated in China to evaluate the safety and efficacy of CT059X for the treatment of R/R MM and R/R PCL. CT059X has administered the first dose to a patient in an investigator-initiated trial. The first subject treated with an allogeneic BCMA CAR-T therapy developed on the THANK-u Plus™ platform, has achieved stringent complete response (sCR) and minimal residual disease (MRD) negativity at the Day-28 assessment.

KJ-C2219 is an allogeneic CAR T-cell product candidate targeting CD19/20 deploying our THANK-u Plus™ technology, for hematologic malignancies and autoimmune diseases. An IIT for relapsed/refractory B-cell non-Hodgkin lymphoma (R/R B-NHL) has been initiated at the end of 2024. A separate IIT for systemic lupus erythematosus (SLE) and systemic sclerosis (SSc) has been initiated in H1, 2025. KJ-C2219 has administered the first dose to a patient in an investigator-initiated trial for R/R B-NHL and to another patient in an IIT for SLE and SSc.

KJ-C2320 is an allogeneic CAR T-cell product candidate targeting CD38, deploying our THANK-uCAR® technology for the treatment of AML. An IIT for AML has been initiated at the end of 2024. KJ-C2320 has administered the first dose to a patient in an investigator-initiated trial.

KJ-C2114 is an allogeneic CAR T-cell product candidate deploying our THANK-u Plus™ technology with an undisclosed target for the treatment of certain solid tumors.

KJ-C2526 is an allogeneic CAR T-cell product candidate against NKG2DL deploying our THANK-u Plus™ technology, for AML, other malignancies and senescence.

On February 25, 2025, certain subsidiaries of the Company have entered into the agreements (the "**Agreements**") with an investment fund (the "**Investor**") managed by Zhuhai Hengqin SB Xinchuang Equity Investment Management Enterprise (Limited Partnership) ("**Zhuhai SB Xinchuang**"), pursuant to which, among others, the Investor has agreed to subscribe to additional registered capital of UCARsgen Biotech Limited ("**UCARsgen**") at a cash consideration of RMB80,000,000, representing 8% stake of the enlarged registered capital of UCARsgen (the "**Capital Increase**"). Upon the completion of the Capital Increase, the Company's share in UCARsgen will be diluted from 100% to 92%.

UCARsgen is a China-based new drug discovery biotechnology company focused on allogeneic CAR T-cell therapies for the treatment of hematologic malignancies. Under the Agreements, UCARsgen has secured the exclusive rights in mainland China for the research, development, manufacture, and commercialization of the following allogeneic CAR T-cell products from the Company: the BCMA-targeted allogeneic CAR-T cell therapy for the treatment of multiple myeloma and plasma cell leukemia and the CD19/CD20 dual-targeted allogeneic CAR T-cell therapy for the treatment of B-cell malignancies (excluding indications for the treatment of autoimmune diseases).

Continuous Discovery and Technology Development

Despite the approval of some CAR T-cell products for the last-line treatment of hematologic malignancies, significant challenges remain, such as limited efficacies against solid tumors, undesirable safety concerns, and high manufacturing and treatment costs. We strive to explore and develop innovative technology platforms to address these challenges to generate better cell therapy products for cancer patients globally.

We have established an integrated research and development platform covering the full CAR T development cycle including target discovery, vector design, manufacturing, quality assurance, and quality control. Our integrated cell therapy platform is composed of target discovery, immune cell function evaluation platform, plasmid and lentiviral vector preparation platforms, cell therapy process development platform, analytical platforms with molecular, flow cytometry, biochemical, physical-chemical, and cell-based analytical capabilities, biological samples tests platform, clinical-scale and commercial-scale CAR T manufacturing platform, and platform for clinical studies.

We continue to dedicate ourselves to advancing innovative technologies to address remaining challenges in the CAR-T industry:

(1) **Better patient access with allogeneic CAR-T**: To reduce the cost and increase accessibility of CAR T-cell therapies, we continue to develop our market-differentiating allogeneic THANK-uCAR® technology. THANK-uCAR® is our proprietary technology to generate allogeneic CAR T cells with improved expansion and persistence by modifying donor-derived T cells. To minimize graft versus host disease (GvHD) and host versus graft response (HvGR) from allogeneic T cells, we disrupt the genomic loci encoding TCR and beta-2 microglobulin (B2M) to eliminate surface expression of the TCR or the human leukocyte antigen class I (HLA-I), an approach that has been validated by previous research. However, natural killer (NK) cells attack T cells without HLA-I expression, which then limits the expansion and persistence of the allogeneic CAR T cells. To protect the allogeneic CAR T cells from the patient's NK cells' attacks, we arm these $TCR^-/B2M^-$ T cells with a CAR that recognizes NKG2A to hinder the NKG2A-positive NK cell rejection of the CAR T cells and therefore allow the THANK-uCAR T cells to resist the attack by NK cells. Our in vitro and in vivo studies demonstrated that armoring the $TCR^-/B2M^-$ T cells with the anti-NKG2A CAR resulted in improved expansion in the presence of NK cells. Based on the clinical data, it is found that baseline NKG2A expression levels on NK cells may be related to treatment outcomes. To leverage this finding, we developed THANK-u Plus™ platform.

CARsgen has developed the THANK-u Plus™ platform as an enhanced version of its proprietary THANK-uCAR® allogeneic CAR-T technology to address the potential impact of NKG2A expression levels on therapeutic efficacy. THANK-u Plus™ demonstrates sustained expansion regardless of varying NKG2A expression levels on NK cells and exhibits significantly improved expansion compared to THANK-uCAR®. Preclinical studies show that THANK-u Plus™ delivers superior antitumor efficacy in the presence of NK cells compared to THANK-uCAR®. Allogeneic BCMA or dual-targeting CD19/CD20 CAR-T cells developed using this platform exhibit robust antitumor activity in the presence of NK cells, indicating that THANK-u Plus™ has broad potential for developing diverse allogeneic CAR-T therapies. We are developing allogeneic CAR T-cell products using THANK-u Plus™ platform, which we believe could increase CAR T cell expansion, persistence and efficacy.

(2) **Improve manufacturing efficiency**: We have developed a proprietary platform that can shorten the manufacturing time for the CAR T cells to approximately 30 hours. The CARcelerate® platform produces CAR T cells that are younger, more likely to remain in a 'naïve' state and less likely to be exhausted. CAR T cells from the CARcelerate® platform are expected to exhibit more potent anti-tumor activity. The improved manufacturing efficiency is expected to enhance the supply capacity, reduce the manufacturing costs, and expedite the availability of the product to the patients. We are using CARcelerate® to manufacture CT071 for the treatment of patients with MM and pPCL.

(3) **Enhance efficacy in solid tumors**:

- To enhance efficacy against solid tumors, we developed CycloCAR® which features the co-expression of cytokine IL-7 and chemokine CCL21 in CAR T cells to potentially improve clinical efficacy and reduce the requirement of lymphodepletion conditioning. Preclinical results showed that IL-7 enhanced the proliferation and survival of CAR T cells and inhibited the apoptosis of CAR T cells, and CCL21 could drive infiltration of T cells and dendritic cells into tumor sites. The preclinical CycloCAR T cells improved the therapeutic effects against solid tumors in mice compared to conventional CAR T cells. Moreover, even without preconditioning chemotherapy, the CycloCAR T cells could potently suppress the tumor growth with a significantly better efficacy than CAR T cells co-expressing IL-7 and CCL19 (7×19 CAR T, a previously reported design by other researchers). Our studies demonstrated that, independent of lymphodepletion chemotherapy, CycloCAR T cells exerted potent antitumor effects which were facilitated by infiltration of T cells and dendritic cells into tumor tissues, CycloCAR T cells exhibited increased survival, and potential anti-angiogenesis effect. We are using CycloCAR® to develop CAR T-cell therapies against several targets including Claudin18.2, GPC3, and mesothelin. We continue to explore potential combination approaches to boost the therapeutic effects of single agents and identify new targets and approaches to tackle new indications.

- The Company continues investigating combinatorial approaches to enhance clinical outcomes of CAR-T therapies. For example, our collaboration with Moderna to explore satricabtagene autoleucel in combination with Claudin18.2 encoding mRNA vaccines to help boost T cell activation, proliferation and persistence.

(4) **Target availability**:

- In development of cancer therapies, the expression of tumor-associated antigens in normal tissues poses a significant challenge, as this expression pattern leads to on-target off-tumor toxicities. To resolve the challenge with target availability, we continue to explore innovative technologies to enhance drug target availability and therefore turn undruggable antigens into promising targets. We developed LADAR™ technology (local action driven by artificial receptor), in which an artificial receptor is triggered by a LADAR Ligand to induce the transcription of the gene(s) of interest (e.g., the tumor antigen-targeted CAR, plus any cytokines or other therapeutic mediators). Through the LADAR™ artificial receptor, the antitumor CAR transcription is only triggered when the LADAR binds to a LADAR Ligand, making it possible to precisely control when and where immune cells act against cancer cells.

- The LADAR-CAR signaling circuits require both antigens for LADAR™ and CAR recognition to kill target cells, thus reducing on-target off-tumor effects when these two antigens are not simultaneously expressed in the same normal tissues. In our in vitro studies, the LADAR™ system induced strong therapeutic gene expression in response to antigen engagement and, importantly, negligible leakage expression in resting cells. LADAR-CAR T cells executed killing function only if both antigens were present.

- We are also working on other applications of LADAR™ system, such as LADAR-cytokine circuits. We believe that the establishment of LADAR™ system is the key step to developing CAR T cells with powerful and precise killing of cancer.

- To develop effective CAR T-cell products for more cancer types and further enhance the antitumor effect, we have been expanding our research to more promising oncology targets for cell therapies. In addition, leveraging our proprietary antibody platforms, we have successfully developed humanized or fully human antibodies against these targets, such as B7-H3, etc. These antibodies, together with our CAR T-cell technology platforms, will help further enhance the product pipeline.

These technologies are currently being developed in-house with global rights and can be used alone or in combination to upgrade our existing products or generate future products.

Empowered by these technologies, we strive to further enrich our pipeline and advance these pipeline products to clinical and commercial stage.

As of December 31, 2024, we had more than 300 patents of which 129 patents had been issued globally including China, the United States, Europe, and Japan, with an increase of 26 issued patents and 27 patent applications compared with that of January 1, 2024. Our R&D activities are expected to continue to generate substantial intellectual property in our areas of expertise.

Manufacturing

We have established in-house GMP-compliant manufacturing capabilities to support vertically integrated CAR T manufacturing, including plasmids, lentiviral vectors, and CAR T-cell production. The vertically integrated production contributes to increased efficiency and enhanced control, resulting in improved drug product consistency and aiming for faster turnaround times for patients. The integrated manufacturing is also expected to help significantly reduce costs and improve margins for more advantageous commercialization. To further improve the manufacture efficiency, we developed a proprietary platform CARcelerate® that can shorten the manufacturing time for the CAR T cells to around 30 hours, as compared to the conventional CAR T manufacturing process. The CARcelerate® platform produces CAR T cells that are younger and are more likely to remain in a 'naïve' state and less likely to be exhausted; as such, these CAR T cells from the CARcelerate® platform are thought to exhibit more potent tumor killing activity.

With the commercial manufacturing facility in Jinshan, Shanghai ("**Jinshan Manufacturing Facility**"), we can produce the lentiviral vectors and CAR T cells in-house to support clinical trials and CAR T-cell commercialization in China. We also produce the lentiviral vectors for clinical trials outside of China. The Jinshan Manufacturing Facility is dedicated to providing stable support for the commercial manufacturing of 赛恺泽® and upcoming commercial manufacturing for satri-cel upon NDA approval from NMPA, which ensures that the market demand for both products is fully secured in the coming years.

In December 2023, FDA did an inspection on our Research Triangle Park GMP manufacturing facility in Durham, North Carolina ("**RTP Manufacturing Facility**"), with a total gross floor area of approximately 3,300 sq.m, completed technology transfer and provided CARsgen with additional manufacturing capacity of autologous CAR T-cell products of 700 patients annually. During its inspection, FDA found that certain procedures related to the manufacturing of the CAR T products were not conducted in accordance with Current Good Manufacturing Practices (CGMP) or other procedural controls and requirements associated with the manufacturing facility, and a Form 483 was issued and clinical holds were subsequently initiated for the three INDs active in the U.S.. In September 2024, the FDA did a follow-up inspection of the RTP Manufacturing Facility. The inspection was positive, and no observation (Form 483) was issued. On October 31, 2024, U.S. time, FDA lifted the clinical holds on clinical trials of zevorcabtagene autoleucel, satricabtagene autoleucel, and CT071 in the United States.

By building vertically integrated manufacturing capabilities in-house, we expect to significantly increase manufacturing sustainability, reduce manufacturing costs, and shorten the vein-to-vein time. In addition, we have an in-house GMP-compliant manufacturing facility capable of high yield production of lentiviral vectors. With large scale lentiviral vectors production, we expect to reduce the CAR T manufacturing costs noticeably.

Industry Overview

As a novel treatment modality, CAR T-cell therapy offers breakthrough efficacy and curative potential for cancer patients. The global CAR T-cell therapy market has been experiencing strong growth since approval of the first CAR T-cell therapy product in 2017. The global CAR T-cell therapy market is expected to further grow driven by increasing global cancer incidence, approval of CAR T-cell therapies in more indications, improvements in manufacturing technology and capacities, availability of CAR T-cell products in more markets. As of the date of this report, there are seven CAR T-cell products approved by U.S. FDA and six CAR T-cell products approved by NMPA in China. However, there are still significant unmet medical needs for the cancer patients worldwide, calling for better and more innovative CAR T-cell products, particularly for the treatment of solid tumors. With our pipeline products, e.g. zevorcabtagene autoleucel and satricabtagene autoleucel, and innovative technology platforms, e.g. CycloCAR®, THANK-uCAR®, THANK-u Plus™, LADAR™ and CARcelerate®, we are committed to developing the innovative therapies to fulfil these unmet medical needs.

Future and Outlook

With CARsgen's mission of "making cancer curable", we devote ourselves to develop innovative products for the treatment of cancer patients worldwide. Building on the milestones achieved, we will continue to focus on rapid clinical development of zevorcabtagene autoleucel and satricabtagene autoleucel both in China and overseas. We plan to expand these products in earlier line treatment as well as advance development of other products in clinical and preclinical stages. With continuous development of innovative CAR T technologies, we strive to further optimize efficacy, safety and affordability of CAR T-cell therapies to patients. We will continue to expand our manufacturing capacity in China and in the United States to support our clinical trials and future commercialization. We will continue to establish additional external partnerships with leading research institutes and pharmaceutical companies on technology and product licensing as a means to maximize the application of our technology platform and the value of our product, bringing more innovative cell therapy products to cancer patients worldwide and ultimately creating more value for our investors and the society.

III. FINANCIAL REVIEW

Overview

We had one product, 赛恺泽®, approved on February 23, 2024 for commercial sale and have generated revenue from product sales. We have never been profitable and have incurred operating losses in every year since inception, with operating losses of RMB808 million and RMB768 million for the years ended December 31, 2024 and 2023, respectively. Substantially all of our operating losses resulted from research and development expenses, administrative expenses and net foreign exchange losses for the year ended December 31, 2024.

Loss for the years

Our net loss was RMB798 million for the year ended December 31, 2024, representing an increase of RMB50 million from RMB748 million for the year ended December 31, 2023. The increase was primarily due to the increase of net other losses of RMB229 million from RMB31 million for the year ended December 31, 2023 to RMB260 million for the year ended December 31, 2024. Such increase was partially offset by (i) the decrease in research and development expenses of RMB196 million from RMB662 million for the year ended December 31, 2023 to RMB466 million for the year ended December 31, 2024; and (ii) the recognition of gross profit of RMB15 million for the year ended December 31, 2024 as compared to nil for the year ended December 31, 2023.

Non-IFRSs Measures

To supplement the Group's consolidated net loss and net loss per share which are presented in accordance with the IFRSs, the Company has provided adjusted net loss and adjusted net loss per share as additional financial measures, which are not required by, or presented in accordance with, the IFRSs.

Adjusted net loss for the periods and adjusted net loss per share for the periods represent the net loss and net loss per share respectively excluding the effect of a non-cash item, namely the share-based compensation. The terms adjusted net loss and adjusted net loss per share are not defined under the IFRSs.

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

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Loss for the years	**(798,132)**	(747,794)
Add:		
Share-based compensation	**9,089**	14,458
Adjusted net loss	**(789,043)**	(733,336)

	Year ended December 31,	
	2024 ***RMB*** **(Audited)**	2023 *RMB* (Audited)
Loss per share for the years	**(1.44)**	(1.34)
Add:		
Share-based compensation per share	**0.02**	0.03
Adjusted net loss per share	**(1.42)**	(1.31)

The Company believes that the adjusted non-IFRSs measures are useful for understanding and assessing the underlying business performance and operating trends, and that the Company's management and investors may benefit from referring to these adjusted financial measures in assessing the Group's financial performance by eliminating the impact of certain unusual, non-recurring, non-cash and/or non-operating items that the Group does not consider indicative of the performance of the Group's core business. These non-IFRSs measures, as the management of the Group believes, is widely accepted and adopted in the industry in which the Group is operating. However, the presentation of these non-IFRSs measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRSs. Shareholders of the Company and potential investors should not view the adjusted results on a stand-alone basis or as a substitute for results under IFRSs, and these non-IFRSs measures may not be comparable to similarly-titled measures represented by other companies.

Research and Development Expenses

	Year ended December 31,	
	2024 ***RMB'000*** **(Audited)**	2023 *RMB'000* (Audited)
Employee benefit expenses	**208,780**	253,480
Testing and clinical expenses	**158,281**	249,638
Depreciation of property, plant and equipment	**33,449**	55,817
Research and development consumables	**28,014**	54,632
Utilities	**16,739**	19,178
Depreciation of right-of-use assets	**2,667**	12,266
Amortization of intangible assets	**6,001**	6,144
Travelling and transportation expenses	**2,839**	5,793
Office expenses	**4,725**	1,861
Short term lease and low value lease expenses	**2,444**	1,623
Professional service fees	**2,064**	270
Other expenses	**183**	957
Total	**466,186**	661,659

Research and development expenses decreased to RMB466 million for the year ended December 31, 2024, representing a decrease of RMB196 million from RMB662 million for the year ended December 31, 2023, primarily due to lower testing and clinical expenses, lower employee benefit expenses and lower depreciation expenses.

Administrative Expenses

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Employee benefit expenses	**70,378**	71,857
Professional service fees	**27,304**	20,356
Office expenses	**6,874**	7,841
Depreciation of property, plant and equipment	**26,587**	6,411
Depreciation of right-of-use assets	**5,998**	5,499
Auditors' remuneration	**4,084**	4,191
– audit service	**3,780**	4,191
– non-audit service	**304**	–
Short term lease and low value lease expenses	**4,303**	3,847
Travelling and transportation expenses	**4,174**	3,112
Utilities	**1,061**	1,399
Amortization of intangible assets	**1,109**	1,258
Other expenses	**7,652**	5,918
Total	**159,524**	131,689

Administrative expenses increased to RMB160 million for the year ended December 31, 2024, representing an increase of RMB28 million from RMB132 million for year ended December 31, 2023, primarily due to (i) the period of clinical on hold, the depreciation of property, plant and equipment of RMB20 million were re-classified from R&D to G&A; and (ii) more professional service fees were incurred as a result of the clinical hold lifted by the FDA.

Details of employee benefit expenses and share-based compensation included in the above administrative expenses and research and development expenses are as below:

Employee benefit expenses

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Wages and salaries	**230,937**	276,243
Pension costs	**16,200**	20,582
Share-based compensation	**9,013**	14,458
Other employee benefits	**23,008**	14,054
Total	**279,158**	325,337
Amount included in Research and Development Expenses	**208,780**	253,480
Amount included in Administrative Expenses	**70,378**	71,857

The decrease of employee benefit expenses is mainly due to the decrease in the number of employees.

Share-based payments

Expenses for the share-based compensation have been charged to the consolidated statements of comprehensive loss as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Research and development expenses	**4,680**	13,910
Administrative expenses	**4,332**	548
Cost of sales	**77**	0
Total	**9,089**	14,458

The decrease of share-based compensation expenses is mainly due to the forfeiture of immature restricted shares and stock options of departing employees.

IV. LIQUIDITY AND CAPITAL RESOURCES

Management monitors and maintains a level of cash and bank balances deemed adequate to finance our operations and mitigate the effects of fluctuations. In addition, management monitors our borrowings and, from time to time, evaluates operations to renew our borrowings upon expiry based on our actual business requirements. We rely on equity financing and debt financing as our major sources of liquidity.

The following table sets forth our cash flows for the periods indicated:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Net cash used in operating activities	**(409,690)**	(454,935)
Net cash generated from investing activities	**12,522**	39,251
Net cash generated from/(used in) financing activities	**18,457**	(22,142)
Net decrease in cash and cash equivalents	**(378,711)**	(437,826)
Cash and cash equivalents at beginning of the year	**1,849,752**	2,268,036
Exchange gain on cash and cash equivalents	**8,017**	19,542
Cash and cash equivalents at end of the year	**1,479,058**	1,849,752

Net Cash Used in Operating Activities

During the Reporting Period, we incurred negative cash flows from operations, and substantially all of our operating cash outflows resulted from our research and development expenses and administrative expenses.

Our operating activities used RMB410 million and RMB455 million for the year ended December 31, 2024 and 2023, respectively.

We had one product, 赛恺泽®, approved on February 23, 2024 for commercial sale and have generated income in 2024. We believe our pipeline products have promising global market potential in the future. We intend to continue investing in our research and development efforts and aim to obtain marketing approvals for our product candidates as soon as feasible. As we launch and commercialize our product candidates, we expect to generate operating income and improve our net operating cash outflow position.

Net Cash Generated from Investing Activities

Our cash used in investing activities mainly reflects our cash used for our purchase of term deposits with original maturity between three and twelve months, property, plant and equipment and our cash generated from investing activities mainly reflects our net cash receipts from term deposits with original maturity between three and twelve months.

For the year ended December 31, 2024, our net cash generated from investing activities was RMB12.5 million, which was primarily attributable to redemption of investment of term deposit and partially offset by purchase of property, plant and equipment. For the year ended December 31, 2023, our net cash generated from investing activities was RMB39 million, which was primarily redemption of investment of term deposit and partially offset by purchase of property, plant and equipment.

Net Cash Generated from/(used in) Financing Activities

During the Reporting Period, our cash generated from financing activities was RMB18.5 million, primarily due to payments for ordinary share repurchase, net proceeds from bank borrowings and repayment of lease liabilities.

For the year ended December 31, 2024, our net cash generated from financing activities was RMB18.5 million, primarily attributable to net proceeds from bank borrowings of RMB84 million, payments for ordinary share repurchase of RMB50 million, and payment of lease expenses of RMB17 million. For the year ended December 31, 2023, our net cash used in financing activities was RMB22 million, primarily attributable to payment of lease expenses of RMB23 million, net repayments of bank borrowings of RMB5 million and payment of interest expenses of RMB0.3 million.

Cash and Bank Balances

	As at December 31, 2024 *RMB'000* (Audited)	As at December 31, 2023 *RMB'000* (Audited)
Cash at banks		
– USD	**120,778**	1,058,394
– RMB	**1,358,145**	779,122
– HKD	**135**	12,236
Subtotal	**1,479,058**	1,849,752
Total	**1,479,058**	1,849,752

The Group's total cash and bank balances as at December 31, 2024 were RMB1,479 million, representing a decrease of RMB371 million compared to RMB1,850 million as at December 31, 2023. The decrease was primarily attributable to payments of research and development expenses, and administrative expenses.

Borrowing and Gearing Ratio

The Group's total borrowings, including interest-bearing borrowings, as at December 31, 2024 were RMB89 million, representing an increase of RMB86 million compared to RMB3 million as at December 31, 2023.

As at December 31, 2024 and December 31, 2023, the Group's bank borrowings of approximately RMB89 million and RMB3 million respectively.

The fair values of the borrowings approximate their carrying amounts as the discounting impact is not significant.

As at December 31, 2024, the Group's secured borrowings is mature within one to three years with the interest rate of 3.2000% (2023: 5.2250%). The gearing ratio (calculated by dividing the sum of borrowings and lease liabilities by total equity) of the Group as at December 31, 2024 and 2023 were 15.75% and 4.73%, respectively.

Lease liabilities

The Group leases offices and dormitory. Lease on offices and dormitory were measured at net present value of the lease payments to be paid during the lease terms.

Lease liabilities were discounted at incremental borrowings rates of the Group entities.

Our lease liabilities decreased to RMB77 million as at December 31, 2024 from RMB83 million as at December 31, 2023.

V. OTHER FINANCIAL INFORMATION

Significant Investments, Material Acquisitions and Disposals

As at December 31, 2024, we did not hold any significant investments (including any investment in an investee company) with a value of 5% or more of the Group's total assets. During the year ended December 31, 2024, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Foreign Exchange Risk

The Group has entities operating in the United States of America and in the People's Republic of China and there are certain cash and bank balances, other receivables, accruals and other payables denominated in a currency that is not the functional currency of the relevant group entities. As at December 31, 2024, the Group had no foreign exchange hedging instruments. However, our management constantly monitors the economic situation and our Group's foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

As at December 31, 2024 and 2023, if the USD strengthened/weakened by 5% against the RMB with all other variables held constant, our net loss for the years ended December 31, 2024 and 2023 would have increased/decreased by approximately RMB124 million and RMB89 million respectively.

Capital Expenditure

For the year ended December 31, 2024, the Group's total capital expenditure amounted to approximately RMB20 million, which was mostly used in purchase of property, plant and equipment, and software.

Charge on Assets

As at December 31, 2024, the group did not have any charge on assets, compared with the building pledged with the carrying value of RMB29 million and the land use right pledged with the carrying value of RMB6.5 million for the Group 's borrowing as at December 31, 2023.

Asset Impairment

Due to the strategic adjustment in pipeline in late 2024, we are placing greater emphasis on the future layout of allogeneic CAR-T cell products, thereby highly uncertainty over the recoverability of certain non-current assets. Accordingly, an impairment test was conducted on the relevant non-current assets at the year end of 2024. Consequently, a total impairment loss of RMB189,079,000 (2023: nil) was recognized against the carrying amount of these assets and recorded in 'Other losses – net' in the consolidated statement of profit or loss. For further details, please refer to Note 14 to the Consolidated Financial Statements.

Contingent Liability

As at December 31, 2024, the Group did not have any material contingent liabilities.

Employees and Remuneration Policies

During the Reporting Period, we have scaled down our team from about 516 employees as at December 31, 2023 to 468 employees as at December 31, 2024. As at December 31, 2024, 63% of our employees are female.

In compliance with the applicable labor laws, we enter into standard confidentiality and employment agreements with our key management and research staff. The contracts with our key personnel typically include a standard non-compete agreement that prohibits the employee from competing with us, directly or indirectly, during his or her employment and for up to two years after the termination of his or her employment. The agreements also typically include undertakings regarding assignment of inventions and discoveries made during the course of his or her employment.

During the Reporting Period, we did not experience any strikes, labor disputes or industrial action which had a material effect on our business. We believe we have not experienced any significant difficulty in recruiting staff for our operations. We have established a labor union that represents employees with respect to the promulgation of bylaws and internal protocols in China.

Our employees' remuneration consists of salaries, bonuses, share-based incentive plans, social insurance contributions and other welfare payments. In accordance with applicable laws, we have made contributions to social insurance funds (including pension plan, unemployment insurance, work-related injury insurance, medical insurance and maternity insurance, as applicable) and housing funds for our employees. During the Reporting Period, we had complied with all statutory social insurance fund obligations applicable to us under PRC & US laws in all material aspects, and housing fund obligations applicable to us under PRC laws.

To remain competitive in the labor market, we provide various incentives and benefits to our employees. We invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries, project and stock incentive plans to our employees, especially key employees.

Future Investment Plans and Expected Funding

The Group will continue to expand its markets in the PRC and globally in order to tap its internal potential and maximize Shareholders' interest. The Group will continue to grow through self-development, mergers and acquisitions, and other means. We will employ a combination of financing channels to finance capital expenditures, including but not limited to internal funds, capital markets and bank loans. Currently, the bank credit lines available to the Group are adequate.

The biography details of the Directors and senior management are set out as follows:

EXECUTIVE DIRECTORS

Dr. Zonghai LI (李宗海), aged 51, was appointed as a Director in February 2018, and the Chief Executive Officer and the Chief Scientific Officer in February 2021. He was re-designated as an executive Director in February 2021.

Dr. Zonghai LI has also held positions at CARsgen Therapeutics (Shanghai). He has been a director and the chief executive officer since October 2014, and the chief scientific officer since December 2017.

Dr. Zonghai LI has approximately 20 years of work experience in the biopharmaceutical field. Dr. Zonghai LI worked at Shanghai Cancer Institute (上海市腫瘤研究所) from July 2005 to June 2018 and served as the leader of the biotherapy research team at the State Key Laboratory of Oncogenes and Related Genes of Shanghai Cancer Institute (上海市腫瘤研究所癌基因及相關基因國家重點實驗室) during such period. In light of the governmental policy to support and encourage scientific researchers to work in private technology companies conditional upon the requisite college or research institutes' approval, Dr. Zonghai LI decided to establish our Group in October 2014 to conduct R&D work and the commercialization of cellular immunotherapy, while continuing to work at Shanghai Cancer Institute. The arrangement was ratified and approved by the Shanghai Cancer Institute in January 2016. Before that, Dr. Zonghai LI was a project manager at Guilin Pavay Gene Pharmaceutical Co., Ltd. (桂林華諾威基因藥業有限公司) from July 2000 to April 2002.

Dr. Zonghai LI has dedicated himself to developing innovative treatment for the patients with cancer. One of his early career achievements is the identification of GE11, a peptide ligand of EGFR which has become a widely used unnatural peptide in antitumor study now. He is also the inventor of new technologies such as Hpd3cell, a new phage display technology; FR806, a new safety switch for T cell therapy; CycloCAR technology to increase the antitumor activities of chimeric antigen receptor (CAR) T cells. He has a leading role in the research on CAR T cell therapy against solid tumors by publishing the first paper of CAR T cell therapy against GPC3, Claudin 18.2 and EGFR/EGFRvIII worldwide. Dr. Zonghai LI was a professor in Shanghai Cancer Institute, Renji Hospital affiliated to Shanghai Jiao Tong University School of Medicine (上海交通大學醫學院附屬仁濟醫院上海市腫瘤研究所) and a doctoral supervisor at Renji Hospital affiliated to Shanghai Jiao Tong University School of Medicine (上海交通大學醫學院附屬仁濟醫院).

Dr. Zonghai LI obtained his bachelor's degree in preventive medicine and master's degree in pathology and pathogen biology from the Central South University (中南大學), formerly known as the Hunan Medical University (湖南醫科大學), the PRC, in June 1997 and July 2000 respectively. He obtained his Doctor of Philosophy degree in pathogen biology from Fudan University (復旦大學), the PRC, in June 2005. Dr. Zonghai LI was awarded the Leading Talents of Shanghai City (上海市領軍人物) in 2018 and the Shanghai Youth Science and Technology Award (上海市青年科技傑出貢獻獎) in 2019.

Dr. Huamao WANG (王華茂), aged 48, was appointed as a Director in September 2018 and the Chief Operating Officer in February 2021. He was re-designated as an executive Director in February 2021.

Dr. Wang has also held positions at other members of our Group. He has been a director and the Chief Operating Officer of CARsgen Therapeutics (Shanghai) since October 2014, the general manager of CARsgen Pharmaceuticals since November 2017 and the general manager of CARsgen Diagnostics since November 2020.

Prior to joining our Group, Dr. Wang served as the general manager of YIJIE Biotech (Shanghai) Holding Limited (上海益傑生物技術有限公司) from July 2013 to October 2014, and the deputy general manager of Shanghai Ruijin Biotechnology Co., Ltd. (上海銳勁生物技術有限公司) from January 2011 to June 2013. Before that, Dr. Wang worked at Zhejiang Academy of Medical Sciences (浙江省醫學科學院) from July 2009 to January 2011.

Dr. Wang obtained his bachelor's degree in biochemistry from Sichuan University (四川大學), the PRC, in July 1999. He received his master's degree and Doctor of Philosophy degree in pathogenic organisms from Fudan University (復旦大學), the PRC, in June 2003 and June 2009, respectively.

Dr. Hua JIANG (蔣華), aged 46, was appointed as an executive Director on August 1, 2022, who has about 18 years of work experience in the field of cancer biotherapy, and also serves as Vice President of Early Discovery of CARsgen, and is responsible for formulating the strategy of early discovery and the construction of R&D pipeline.

Dr. Jiang joined the Company in April 2021 as Senior Director of Immune Cell Research and Development Department, and is responsible for the research work of Immune Cell Research and Development and Preclinical Pharmacology. Dr. Jiang has achieved outstanding outcomes, not only by strengthening the technology platform but also by expanding a number of candidate product pipelines.

Prior to joining the Company, from July 2007 to April 2021, Dr. Jiang was responsible for the research and development of antibody and CAR T-cells, as well as the related mechanism in Shanghai Cancer Institute (上海市腫瘤研究所). Dr. Jiang was a professor in Shanghai Cancer Institute (上海市腫瘤研究所) and a doctoral supervisor at Shanghai Jiao Tong University School of Medicine (上海交通大學醫學院). Dr. Jiang has published more than 20 SCI papers, including JNCI, CCR, Molecular Therapy and other professional journals. She published the world's first paper about CLDN18.2 and EGFR/EGFRvIII CAR T Therapy as the first author and the world's first paper of small molecule inhibitor and CAR T combination therapy in solid tumors as the co-corresponding author.

Dr. Jiang earned her bachelor's degree in Clinical Medicine from Jining Medical College (濟寧醫學院) in 2001. She obtained her master's degree in Pathogen Biology from Shandong University (山東大學) in 2004 and Ph.D. in Pathogen Biology from Fudan University (復旦大學) in 2007.

NON-EXECUTIVE DIRECTORS

Mr. Bingsen GUO (郭炳森), aged 54, was appointed as a Director in September 2018 and re-designated as a non-executive Director in February 2021.

Mr. Guo had been a director of CARsgen Therapeutics (Shanghai) from April 2016 to April 2020.

Mr. Guo is an entrepreneur with expertise in plastic manufacturing industry. He was appointed as a supervisor from February 2017 to April 2019 and co-founded Quanzhou Hongcheng Precision Plastic Mould Ltd. (泉州弘晟精密塑膠模具有限公司) in February 2017. Mr. Guo was appointed as the vice president of the council of the Fifth Administrative Committee of Fujian Province Youth Commercial Association (福建省青年商會第五屆管委會理事會) in 2016. In October 2009, Mr. Guo founded Hubei Xincheng Plastic Ltd. (湖北鑫晟塑膠有限公司); established Xinsheng Precision Computer Mould (Fujian) Ltd. (鑫晟精密電腦模具(福建)有限公司) in April 2006 and acts as its executive director. Mr. Guo cofounded Fujian Huian Xian Yide Plastic Co., Ltd. (福建惠安縣怡德塑膠有限公司) in March 1998 and acts as its director.

Mr. Guo was awarded the 12th Fujian Province Outstanding Entrepreneur (第十二屆福建省優秀企業家) in 2008. He was nominated as one of the National Villages Young Entrepreneurial Leaders (全國農村青年創業致富帶頭人) in 2008.

Mr. Guo is an uncle of another non-executive Director, Mr. Huaqing GUO (郭華清).

Mr. Huaqing GUO (郭華清), aged 36, was appointed as a Director in September 2020 and re-designated as a non-executive Director in February 2021.

Mr. Guo has been an executive Director, the general manager and legal representative at Xiamen Runtang Tianyi Investment Management Ltd. (廈門潤唐天一投資管理有限公司) since June 2020 and has been responsible for investment management in the secondary market. He served as general manager and legal representative at Fujian Dingwo Investment Management Ltd. (福建省鼎沃投資管理有限公司) from September 2015 to May 2020, during which he participated in equity investments projects, and as a vice president at Quanzhou Jiatai Footwear Ltd. (泉州嘉泰鞋業有限公司) from September 2011 to August 2015. With his experience in business administration and investment management, our Company believes that Mr. Guo can bring a unique perspective to the Board, in particular, in assisting our Company's business development and risk assessment of various investments.

Mr. Guo obtained his bachelor's degree in business administration from Jiageng College of Xiamen University (廈門大學嘉庚學院), the PRC, in July 2011.

Mr. Guo is a nephew of Mr. Bingsen GUO (郭炳森).

Mr. Ronggang XIE (謝榕剛), aged 39, was appointed as a Director in September 2020 and re-designated as a non-executive Director in February 2021.

Mr. Xie has been appointed as a non-executive director of InnoCare Pharma Limited (諾誠健華醫藥有限公司) (HKEX: 9969), a non-executive director of Akeso, Inc. (康方生物科技(開曼)有限公司) (HKEX: 9926) and a director of Shanghai Allist Pharmaceuticals Co., Ltd. (上海艾力斯醫藥科技股份有限公司) (SSE: 688578) since March 2021, August 2020 and November 2019, respectively. Mr. Xie is currently a partner of Shanghai Loyal Valley Investment Management Limited (上海正心谷投資管理有限公司) and was promoted to a managing director in November 2016 after joining as a senior investment manager in October 2015. Prior to joining Shanghai Loyal Valley Investment Management Limited, Mr. Xie was appointed as an investment director between June 2014 and June 2015 and served as an investment manager at Suzhou Kaifeng Zhengde Investment Management Co., Ltd (蘇州凱風正德投資管理有限公司) from June 2011 to June 2014.

Mr. Xie obtained his master's degree in biomedical engineering from Southeast University (東南大學), the PRC, in March 2011.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Guangmei YAN (顏光美), aged 68, was appointed as an independent non-executive Director effective as of the Listing Date.

Dr. Yan served as an independent director of Medprin Regenerative Medical Technologies Co., Ltd. (廣州邁普再生醫學科技股份有限公司) (SZSE: 301033) from November 2018 to May 2024. Dr. Yan also served as an independent director of MGI Tech Co., Ltd (深圳華大智造科技股份有限公司) (SSE: 688114) from June 2020 to December 2022.

Dr. Yan served as the vice president of Sun Yat-sen University (中山大學) (previously known as Sun Yat-sen University of Medical Sciences (中山醫科大學)) from 2008 to 2017. He was appointed as a professor from December 1996 to November 1999 and an assistant professor from August 1989 to July 1992. He began to teach at the university in August 1989.

Dr. Yan obtained his bachelor's degree in medicine from the Central South University Xiangya School of Medicine (中南大學湘雅醫學院), formerly known as the Hunan Medical School (湖南醫學院), the PRC in December 1979 and completed a training course of the National College of Pharmacy Teaching (全國高等學院校藥理學師資進修班) organized by the university in February 1982. Dr. Yan obtained his master's and doctorate degree in medicine from Sun Yat-sen University (中山大學), formerly known as Sun Yat-sen University of Medical Sciences (中山醫科大學), the PRC, in March 1985 and July 1989, respectively.

Dr. Wen ZHOU (周文), aged 50, was appointed as an independent non-executive Director commencing from April 29, 2024.

Dr. Zhou is currently working as a professor at the School of Basic Medical Sciences, Central South University. Dr. Zhou received her Ph.D. degree in Medicine in December 2009 from Central South University. She served as postdoctoral researcher in the University of Utah and School of Medicine in the University of Iowa. She has published multiple articles as corresponding author in leading international academic journals such as Cell Metabolism, Nature Communications, Advanced Science, Microbiome, Leukemia and Cell Reports. Dr. Zhou is a youth member of the Chinese Society for Cell Biology (中國細胞生物學會) and a member of the Oncology Committee of the Chinese Society of Cell Biology (中國細胞生物學會腫瘤委員會), as well as an editor and reviewer for several journals (Frontiers Oncology, Cancers, etc.).

Ms. Xiangke ZHAO (趙向可), aged 39, was appointed as an independent non-executive Director commencing from July 4, 2023.

Ms. Zhao was the chief financial officer of Town Health International Medical Group Limited (康健國際醫療集團有限公司) (HKEX: 3886) from 2 December 2019 to 25 March 2024. Ms. Zhao also served as an executive director of Town Health International Medical Group Limited from 26 March 2021 to 20 June 2023, and an associate director of the Investment Management Department of China Life Private Equity Investment Company Limited (國壽股權投資有限公司) from July 2018 till March 2021. Ms. Zhao had worked in the assurance department and financial advisory department of two international accounting firms and has extensive experience in the provision of financial, auditing and advisory professional services.

Ms. Zhao graduated from Renmin University of China (中國人民大學) with a bachelor's degree in economics in June 2008. She is also a member of CPA Australia.

SENIOR MANAGEMENT

Dr. Zonghai LI (李宗海), Dr. Huamao WANG (王華茂) and Dr. Hua JIANG (蔣華) are each an executive Director of our Company and also a member of our senior management team. For further details, please see "Directors and Senior Management – Executive Directors" for details of their biography.

Directors' Report

REPORT OF THE DIRECTORS

The Directors present their report and the audited consolidated financial statements (the "**Consolidated Financial Statements**") of the Group for the Reporting Period.

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on February 9, 2018 as an exempted company with limited liability under the laws of the Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange on June 18, 2021.

PRINCIPAL ACTIVITIES

CARsgen is a biopharmaceutical company focusing on developing innovative CAR T-cell therapies to address the unmet clinical needs including but not limited to hematologic malignancies, solid tumors and autoimmune diseases. CARsgen has established end-to-end capabilities for CAR T-cell research and development covering target discovery, preclinical research, product clinical development, and commercial-scale production. CARsgen has developed novel in-house technologies and a product pipeline with global rights to address challenges faced by existing CAR T-cell therapies. Efforts include improving safety profile, enhancing the efficacy in treating solid tumors, and reducing treatment costs, etc. CARsgen's mission is to be a global biopharmaceutical leader that provides innovative and differentiated cell therapies for patients worldwide and makes cancer and other diseases curable. There was no significant change in the nature of the Group's principal activities during the Reporting Period.

Particulars of the Company's principal subsidiaries as at December 31, 2024 are set out in Note 1 to the Consolidated Financial Statements.

BUSINESS REVIEW

A fair review of the business of the Group as well as a discussion and analysis of the Group's performance during the Reporting Period and the material factors underlying its financial performance and financial position as required by section 388(2) and Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("**Companies Ordinance**") can be found in the section headed "Management Discussion and Analysis" of this report.

DIRECTORS

During the Reporting Period and up to the Latest Practicable Date, the Board consists of the following Directors:

Executive Directors

Dr. Zonghai LI *(Chairman)*
Dr. Huamao WANG
Dr. Hua JIANG

Non-executive Directors

Mr. Bingsen GUO
Mr. Ronggang XIE
Mr. Huaqing GUO

Independent Non-executive Directors

Dr. Guangmei YAN
Dr. Huabing LI *(resigned on April 29, 2024)*
Dr. Wen ZHOU *(appointed on April 29, 2024)*
Ms. Xiangke ZHAO

In accordance with Article 16.19 of the Articles of Association of the Company, Mr. Ronggang XIE, Mr. Huaqing GUO, and Dr. Guangmei YAN will retire from office by rotation at the forthcoming AGM and, being eligible, will offer themselves for re-election.

DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management are set out in the section headed "Directors and Senior Management" of this report.

CHANGES IN INFORMATION OF DIRECTORS

Details of changes in Directors during the Reporting Period and up to the Latest Practicable Date are set out below:

Name	Position	Details of Change	Reasons of Change
Dr. Huabing LI	independent non-executive Director	resigned on April 29, 2024	other business commitments which require more of his attention and dedication
Dr. Wen ZHOU	independent non-executive Director	appointed on April 29, 2024	–

Dr. Wen ZHOU has confirmed that she obtained the legal advice required under Rule 3.09D of the Listing Rules on April 19, 2024 (before her appointment becomes effective) and understood her obligations as a director of the Company.

Having made specific enquiry and as confirmed by Directors, save for the biography details as disclosed under the section headed "Directors and Senior Management" of this report, no other changes in the information of Directors which shall be subject to disclosure according to paragraphs (a) to (e) and (g) under Rule 13.51(2) of the Listing Rules shall be disclosed in accordance with Rule 13.51B(1) of the Listing Rules since the date of publication of the 2024 interim report of the Company.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation in writing of his/her independence. The Company considers that, during the Reporting Period and as at the Latest Practicable Date, all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

For more information about the service contracts entered into by the Company, please see the Corporate Governance Report in this report for further details.

PERMITTED INDEMNITY PROVISION AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

A permitted indemnity provision (as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) in relation to the directors' and officers' liability insurance is currently in force and was in force during the Reporting Period and up to the Latest Practicable Date. The Company has arranged appropriate directors' liability insurance coverage for the Directors of the Group during the Reporting Period and up to the Latest Practicable Date.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company had maintained the prescribed public float under Rule 8.08 of the Listing Rules during the Reporting Period and as at the Latest Practicable Date.

KEY PERFORMANCE INDICATORS

Details of the key performance indicators of the Group as at December 31, 2024 are set out in the section headed "Management Discussion & Analysis" of this report.

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the section headed "Corporate Governance Report" of this report.

REVIEW BY AUDIT COMMITTEE

The Audit Committee currently comprises two independent non-executive Directors, namely, Ms. Xiangke ZHAO and Dr. Wen ZHOU, and one non-executive Director, namely Mr. Huaqing GUO. The Audit Committee has reviewed the audited Consolidated Financial Statements for the year ended December 31, 2024 with the management and the auditor of the Company. The Audit Committee considered that the annual results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management of the Company.

PRINCIPAL RISKS AND UNCERTAINTIES

Risks Relating to Our Financial Position and Need for Additional Capital

- We have incurred significant net losses and net operating cash outflows since our inception, and we anticipate that we will continue to incur net losses and net operating cash outflows for the foreseeable future and may never become profitable;
- We have net operating cash outflow during the Reporting Period;
- We may need additional capital to meet our operating cash requirements, and financing may not be available on terms acceptable to us, or at all;
- We have a limited operating history, which may make it difficult to evaluate our current business and predict our future performance. The risks involved in our business may cause potential investors to lose substantially all of their investment in our business;
- We may need to obtain additional financing to fund our operations, and if we are unable to obtain such financing, we may be unable to complete the development and commercialization of our primary drug candidates; and
- Raising additional capital may cause dilution to our shareholders, restrict our operations or require us to relinquish rights to our technologies or drug candidates.

Risks Relating to Our Business

- We depend substantially on the success of our product candidates, most of which are in pre-clinical or clinical development. If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed;

- We operate in a rapidly changing industry and we face substantial competition, which may result in others discovering, developing or commercializing competing products before or more successfully than we do, or developing product candidates or treatments that are safer, more effective, more effectively marketed or cost less than ours, or receive regulatory approval or reach the market earlier. As a result, our product candidates may not achieve the sales we anticipate and could be rendered non-competitive or obsolete;

- Clinical development of biopharmaceutical products involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results;

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

- We may not be successful in our efforts to build or in-license a pipeline of new product candidates. If we fail to do so, our commercial opportunity will be limited; and

- We may expend our limited resources to pursue a particular product candidate or indication and fail to capitalize on product candidates or indications that may be more profitable or have a greater likelihood of success.

Risks Relating to Extensive Government Regulation

- All material aspects of the research, development, manufacturing and commercialization of biopharmaceutical products are heavily regulated. Any failure to comply with existing regulations and industry standards, or any adverse actions by the NMPA or other comparable regulatory authorities against us, could negatively impact our reputation and our business, financial condition, results of operations and prospects;

- The regulatory approval processes of the NMPA and other comparable regulatory authorities are lengthy, time-consuming and inherently unpredictable. If we are ultimately unable to obtain, or experience delays in obtaining, regulatory approval for our product candidates, our business will be substantially harmed;

- Changes in government regulations or in practices relating to the pharmaceutical and biopharmaceutical industries, including healthcare reform in China, and compliance with new regulations may result in additional costs; and

- Even if we are able to commercialize any approved product candidates, the products may become subject to unfavorable pricing regulations, or to unfavorable changes in national or third-party reimbursement practices, which could harm our business.

Risks Relating to Manufacturing of Our Product Candidates

- Our product candidates are cell therapies. The manufacture of our product candidates is complex, and we may encounter difficulties in production, particularly with respect to development or scaling-out of our manufacturing capabilities. If we encounter such difficulties, our ability to provide supply of our product candidates for clinical trials or our products for patients, if approved, could be delayed or stopped, or we may be unable to maintain a commercially viable cost structure.

Risks Relating to Commercialization of Our Product Candidates

- The market opportunities for our product candidates may be limited to those patients who are ineligible for or have failed prior treatments and may be small, and our projections regarding the size of the addressable market may be incorrect;

- We currently have a limited marketing and sales organization and have no experience as a company in launching and marketing products. If we are unable to establish marketing and sales capabilities to market and sell our product candidates, we may not be able to generate product revenue or commercialize future product candidates. We may not be able to effectively build and manage our sales network;

- Product liability claims or lawsuits could cause us to incur substantial liabilities, and our insurance coverage may be inadequate to protect us from all the liabilities we may incur; and

- The increasing use of social media platforms presents new risks and challenges.

Risks Relating to Our Intellectual Property Rights

- If we are unable to obtain and maintain adequate patent and other intellectual property protection for our product candidates and other intellectual property, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us, and our ability to successfully develop and commercialize any of our product candidates or technologies may be adversely affected;

- If we determine that our intellectual property rights (including rights in-licensed from third parties) or other intangible assets are impaired, our results of operations and financial condition may be adversely affected; and

- Even if we are able to obtain patent protection for our product candidates, the life of such protection, if any, is limited, and third parties could be able to circumvent our patents by developing similar or alternative products and technologies in a non-infringing manner, or develop and commercialize products and technologies similar or identical to ours and compete directly against us after the expiration of our patent rights, if any, and our ability to successfully commercialize any product or technology would be materially adversely affected.

For further details, please refer to the section headed "Risk Factors" in the Prospectus.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at December 31, 2024, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interest in Shares and Underlying Shares of the Company

Name of Director/ Chief Executive	Capacity	Total number of Shares/ underlying Shares held	Approximate Percentage of Interest in the Company *(Note 3)*
Dr. Zonghai LI *(Note 1) (Note 2)*	Interest of controlled corporations and interest of party acting in concert	217,648,730/ Long position	38.07%
Mr. Bingsen GUO *(Note 1) (Note 2)*	Interest of controlled corporations and interest of party acting in concert	217,648,730/ Long position	38.07%
Dr. Huamao WANG *(Note 1) (Note 2)*	Interest of controlled corporations and interest of party acting in concert	217,648,730/ Long position	38.07%
Mr. Huaqing GUO *(Note 1) (Note 2)*	Beneficial owner, interest of controlled corporations and interest of party acting in concert	217,648,730/ Long position	38.07%
Dr. Hua JIANG	Beneficial owner	3,237,156/ Long position	0.57%

Notes:

(1) YIJIE Biotech (BVI) holds 198,139,536 Shares of our Company, representing 34.66% of interest of our Company as at December 31, 2024. YIJIE Biotech (BVI) is owned as to 69.00%, 10.20%, 10.00%, 10.00% and 0.80% by CART Biotech Limited, Redelle Holding Limited, He Xi Holdings Limited, Candock Holdings Limited and Accure Biotech Limited (collectively, the "**Intermediary Entities**") respectively. The Intermediary Entities are wholly-owned by Dr. Zonghai LI, Mr. Bingsen GUO, Dr. Huamao WANG, Mr. Huaqing GUO and Mr. Haiou CHEN respectively.

(2) Dr. Zonghai LI, Mr. Bingsen GUO, Dr. Huamao WANG, Mr. Huaqing GUO, Mr. Haiou CHEN, the Intermediary Entities, Ms. Xuehong YANG, Yeed Holdings, Ms. Xiaojing GUO and Quanzhou Dingwo (LP) entered into the Concert Party Agreement on February 22, 2021 and each party is deemed to be interested in the Shares that the other parties are interested in under section 317 of the SFO. Each of Dr. Zonghai LI, Mr. Bingsen GUO, Dr. Huamao WANG, Mr. Huaqing GUO and Mr. Haiou CHEN, through the Intermediary Entities and YIJIE Biotech (BVI), are interested in 198,139,536 Shares of our Company, representing 34.66% of interest in our Company as at December 31, 2024. Ms. Xuehong YANG is interested in 8,888,888 Shares, representing 1.55% of interest in our Company through Yeed Holdings as at December 31, 2024. Ms. Xiaojing GUO is interested in 5,555,556 Shares, representing 0.97% of interest in our Company through Quanzhou Dingwo (LP) as of December 31, 2024. Mr. Huaqing GUO is beneficially interested in 2,076,000 Shares, representing 0.36% of interest in our Company as at December 31, 2024. In addition, Mr. Haiou CHEN was granted RSUs equivalent to 248,977 Shares and options with respect to 2,739,773 Shares subject to vesting or exercising under share schemes of the Company, of which 130,145 RSUs have been vested as of December 31, 2024. Therefore, Dr. Zonghai LI, Mr. Bingsen GUO, Dr. Huamao WANG, Mr. Huaqing GUO, Mr. Haiou CHEN, the Intermediary Entities, Ms. Xuehong YANG, Yeed Holdings, Ms. Xiaojing GUO and Quanzhou Dingwo (LP) are deemed to be interested in a total of 217,648,730 Shares, representing 38.07% of interest in our Company as at December 31, 2024.

(3) As at December 31, 2024, the total issued share capital of the Company was 571,670,915 Shares.

Save as disclosed above, as at December 31, 2024, none of the Directors and chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at December 31, 2024, the persons, other than the Directors or the chief executive of the Company, who had interests or short positions in the Shares and underlying Shares as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO are as follows:

Interest in Shares and Underlying Shares of the Company

Name of Shareholders	Capacity	Number of securities/ Nature of Shares held	Approximate percentage of interest in the Company *(Note 5)*
CART Biotech Limited *(Note 1) (Note 2)*	Interest of controlled corporations and interest of party acting in concert	217,648,730/ Long position	38.07%
Redelle Holding Limited *(Note 1) (Note 2)*	Interest of controlled corporations and interest of party acting in concert	217,648,730/ Long position	38.07%
He Xi Holdings Limited *(Note 1) (Note 2)*	Interest of controlled corporations and interest of party acting in concert	217,648,730/ Long position	38.07%
CANDOCK Holdings Limited *(Note 1) (Note 2)*	Interest of controlled corporations and interest of party acting in concert	217,648,730/ Long position	38.07%
Mr. Haiou CHEN *(Note 1) (Note 2)*	Beneficial interest, interest of controlled corporations and interest of party acting in concert	217,648,730/ Long position	38.07%
Accure Biotech Limited *(Note 1) (Note 2)*	Interest of controlled corporations and interest of party acting in concert	217,648,730/ Long position	38.07%
Ms. Xuehong YANG *(Note 2) (Note 3)*	Interest of controlled corporations and interest of party acting in concert	217,648,730/ Long position	38.07%
Yeed Holdings *(Note 2) (Note 3)*	Beneficial interest and interest of party acting in concert	217,648,730/ Long position	38.07%
Ms. Xiaojing GUO *(Note 2) (Note 4)*	Interest of controlled corporations and interest of party acting in concert	217,648,730/ Long position	38.07%

Name of Shareholders	Capacity	Number of securities/ Nature of Shares held	Approximate percentage of interest in the Company *(Note 5)*
Quanzhou Dingwo (LP) (*Note 2)* *(Note 4)*	Beneficial interest and interest of party acting in concert	217,648,730/ Long position	38.07%
YIJIE Biotech (BVI) *(Note 1)*	Beneficial interest and interest of party acting in concert	217,648,730/ Long position	38.07%

Notes:

(1) YIJIE Biotech (BVI) holds 198,139,536 Shares of our Company, representing 34.66% of interest of our Company as at December 31, 2024. YIJIE Biotech (BVI) is owned as to 69.00%, 10.20%, 10.00%, 10.00% and 0.80% by the Intermediary Entities respectively. The Intermediary Entities are wholly-owned by Dr. Zonghai LI, Mr. Bingsen GUO, Dr. Huamao WANG, Mr. Huaqing GUO and Mr. Haiou CHEN respectively.

(2) Dr. Zonghai LI, Mr. Bingsen GUO, Dr. Huamao WANG, Mr. Huaqing GUO, Mr. Haiou CHEN, the Intermediary Entities, Ms. Xuehong YANG, Yeed Holdings, Ms. Xiaojing GUO and Quanzhou Dingwo (LP) entered into the Concert Party Agreement on February 22, 2021 and each party is deemed to be interested in the Shares that the other parties are interested in under section 317 of the SFO. Each of Dr. Zonghai LI, Mr. Bingsen GUO, Dr. Huamao WANG, Mr. Huaqing GUO and Mr. Haiou CHEN, through the Intermediary Entities and YIJIE Biotech (BVI), are interested in 198,139,536 Shares of our Company, representing 34.66% of interest in our Company as at December 31, 2024. Ms. Xuehong YANG is interested in 8,888,888 Shares, representing 1.55% of interest in our Company through Yeed Holdings as at December 31, 2024. Ms. Xiaojing GUO is interested in 5,555,556 Shares, representing 0.97% of interest in our Company through Quanzhou Dingwo (LP) as of December 31, 2024. Mr. Huaqing GUO is beneficially interested in 2,076,000 Shares, representing 0.36% of interest in our Company as at December 31, 2024. In addition, Mr. Haiou CHEN was granted RSUs equivalent to 248,977 Shares and options with respect to 2,739,773 Shares subject to vesting or exercising under share schemes of the Company, of which 130,145 RSUs have been vested as of December 31, 2024. Therefore, Dr. Zonghai LI, Mr. Bingsen GUO, Dr. Huamao WANG, Mr. Huaqing GUO, Mr. Haiou CHEN, the Intermediary Entities, Ms. Xuehong YANG, Yeed Holdings, Ms. Xiaojing GUO and Quanzhou Dingwo (LP) are deemed to be interested in a total of 217,648,730 Shares, representing 38.07% of interest in our Company as at December 31, 2024.

(3) Yeed Holdings holds 8,888,888 Shares in our Company, representing 1.55% of interest in our Company as at December 31, 2024. Yeed Holdings is wholly-owned by Ms. Xuehong YANG, the wife of our non-executive Director, Mr. Bingsen GUO.

(4) Quanzhou Dingwo (LP) holds 5,555,556 Shares in our Company, representing 0.97% of interest in our Company as at December 31, 2024. The general partner of Quanzhou Dingwo (LP) is Ms. Xiaojing GUO, the daughter of our non-executive Director, Mr. Bingsen GUO.

(5) As at December 31, 2024, the total issued share capital of the Company was 571,670,915 Shares.

Save as disclosed above and to the best knowledge of the Directors, as at December 31, 2024, the Company is not aware of any other person (other than the Directors or the chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Reporting Period, none of the Directors or their respective close associates (as defined in the Listing Rules) is considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the Reporting Period was the Company or any of its subsidiaries, the holding company, a party to any arrangement to enable a Director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

During the Reporting Period, the Company repurchased a total of 4,135,500 Shares (the "**Shares Repurchased**") on the Stock Exchange at the aggregate consideration of approximately HK$24,116,134.85 before expenses. The repurchase was effected to benefit the Company and create value to its Shareholders. Particulars of the Shares Repurchased are as follows:

Month of Repurchase	No. of Shares Repurchased	Price Paid per Share		Aggregate Consideration
		Highest *(HK$)*	Lowest *(HK$)*	*(HK$)*
May	400,000	6.87	6.87	2,748,000.00
June	3,735,500	7.00	4.74	21,368,134.85
Total	**4,135,500**			**24,116,134.85**

On July 29, 2024, all of the Shares Repurchased were cancelled by the Company. As of December 31, 2024, there were no treasury Shares (as defined under the Listing Rules) held by the Company.

Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities (including sale of treasury Shares (as defined under the Listing Rules)).

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the articles of association of the Company or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save for the Contractual Arrangements as disclosed in this report, no Director nor an entity connected with him/her had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Period.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any disclosure obligations under Rule 13.20, 13.21 and 13.22 of the Listing Rules.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group has compliance policies and procedures in place to ensure adherence to applicable laws, rules and regulations, in particular, those that have a significant impact on it. The Group would seek professional legal advice from its legal advisers to ensure that transactions and business to be performed by the Group are in compliance with the applicable laws and regulations. During the Reporting Period and up to the Latest Practicable Date, the Group was not aware of any non-compliance with the laws, regulations and regulatory requirements of the places where the Group operates in all material respects, including the requirements under the Companies Ordinance, the Listing Rules, the SFO and the Corporate Governance Code for, among other things, the disclosure of information and corporate governance.

EQUITY-LINK AGREEMENT

Save as disclosed in this report, the Company had not entered into any equity-linked agreement for the year ended December 31, 2024, nor did any equity-linked agreement subsist as at December 31, 2024.

CONTROLLING SHAREHOLDER'S INTERESTS IN SIGNIFICANT CONTRACTS

Save as disclosed in this report, at no time during the Reporting Period had the Company or any of its subsidiaries, and any of the controlling shareholders (as defined in the Listing Rules) of the Company or any of their subsidiaries (as the case may be) entered into any contract of significance or any contract of significance for the provision of services by any such controlling shareholders or their subsidiaries (as the case may be) to the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

Save for the Directors' service contracts and appointment letters, no contract of significance concerning the management and administration of the whole or any substantial part of business of the Company or any of its subsidiaries was entered into or subsisted during the Reporting Period.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration for the year ended December 31, 2024. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group for the year ended December 31, 2024.

CONTINUING CONNECTED TRANSACTIONS

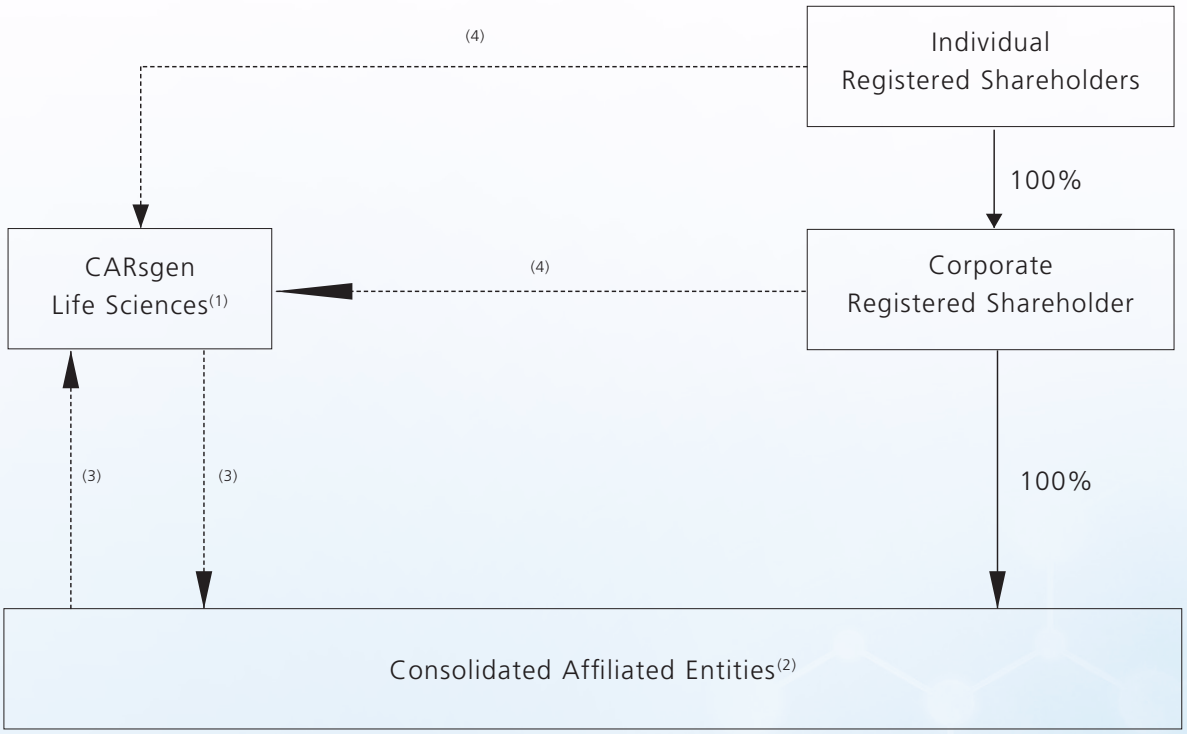
Contractual Arrangement

The Group entered into a series of Contractual Arrangements which would constitute non-exempt continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

Background

In order to comply with the PRC laws and regulations and maintain effective control over all of our operations, we, through our wholly-owned subsidiary, CARsgen Life Sciences entered into the Contractual Arrangements with CARsgen Therapeutics (Shanghai), the Corporate Registered Shareholder (i.e. the shareholder of CARsgen Therapeutics (Shanghai)) and the Individual Registered Shareholders (i.e. the shareholders of the Corporate Registered Shareholder), pursuant to which CARsgen Life Sciences acquired effective control over the finance and operations of our Consolidated Affiliated Entities and is entitled to all the economic benefits derived from their operations.

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group stipulated under the Contractual Arrangements:



"_____" Denotes legal and beneficial ownership in the equity interest

"----------" Denotes the Contractual Arrangements

Notes:

(1) CARsgen Life Sciences is wholly-owned by CARsgen Pharma Holdings Limited, which is in turn wholly-owned by our Company.

(2) Our Consolidated Affiliated Entities include CARsgen Therapeutics (Shanghai) and CARsgen Pharmaceuticals. CARsgen Pharmaceuticals is wholly-owned by CARsgen Therapeutics (Shanghai), which is in turn wholly-owned by the Corporate Registered Shareholder, which is in turn owned by the Individual Registered Shareholders, namely as to 69% by Dr. Zonghai LI, 10.2% by Mr. Bingsen GUO, 10% by Dr. Huamao WANG, 10% by Mr. Huaqing GUO and 0.8% by Mr. Haiou CHEN.

(3) CARsgen Life Sciences provides technology consultation services in exchange for service fees from CARsgen Therapeutics (Shanghai). See sub-section headed "Exclusive Business Cooperation Agreements" below.

(4) The Corporate Registered Shareholder executed the Corporate Exclusive Option Agreement (as defined below) in favour of CARsgen Life Sciences for the acquisition of 100% equity interests and/or assets in CARsgen Therapeutics (Shanghai). See sub-section headed "Exclusive Option Agreements". The Individual Registered Shareholders in turn executed the Individual Exclusive Option Agreement (as defined below) in favour of CARsgen Life Sciences for the acquisition of 100% equity interests and/or assets in the Corporate Registered Shareholder.

The Corporate Registered Shareholder pledged as first charge all of its equity interests in CARsgen Therapeutics (Shanghai) to CARsgen Life Sciences as security for its and CARsgen Therapeutics (Shanghai)' s performance under the Exclusive Business Cooperation Agreements (as defined below), the Corporate Exclusive Option Agreement (as defined below), the Corporate Share Pledge Agreement (as defined below) and the Corporate Powers of Attorney (as defined below), as applicable. The Individual Registered Shareholders in turn pledged as first charge all of their respective equity interests in the Corporate Registered Shareholder to CARsgen Life Sciences as security for their respective performance and the performance of the Corporate Registered Shareholder and CARsgen Therapeutics (Shanghai) under the Exclusive Business Cooperation Agreement, Exclusive Option Agreements, Powers of Attorney, Share Pledge Agreements (as applicable). See subsection headed "Share Pledge Agreements."

The Corporate Registered Shareholder executed the Corporate Powers of Attorney in favour of CARsgen Life Sciences. The Individual Registered Shareholders in turn executed the Powers of Attorney in favour of CARsgen Life Sciences in respect of their respective rights as shareholders of the Corporate Registered Shareholder.

Summary of Contractual Arrangements

Exclusive Business Cooperation Agreements

CARsgen Life Sciences and CARsgen Therapeutics (Shanghai) entered into the exclusive business cooperation agreements on April 18, 2018 and the amended and restated exclusive business cooperation agreements on February 2, 2021 (collectively, the "**Exclusive Business Cooperation Agreements**"), pursuant to which CARsgen Therapeutics (Shanghai) agreed to engage CARsgen Life Sciences as its exclusive provider of technology consultation, technical services and other related services, including but not limited to (i) technological support in relation to product development and testing, (ii) design, develop, update and maintenance service in relation to technology system, (iii) technological support in relation to research and development activities, (iv) technological consultation service (including but not limited to viability testing, technology prediction, investigation into specific technologies and producing analytical valuation reports), (v) personnel training services, (vi) onsite personnel supervision; and (vii) other related services requested by CARsgen Therapeutics (Shanghai) from time to time to the extent permitted under PRC law.

Pursuant to the Exclusive Business Cooperation Agreements, the service fee shall be paid annually to CARsgen Life Sciences. The annual service fees shall be reasonably determined by CARsgen Life Sciences based on certain factors, including, among other things, the complexity and difficulty of such services, time and commitment required to provide such services, actual service scope and the market value of comparable service.

The Exclusive Business Cooperation Agreements are for an initial term of 10 years and are automatically extended upon expiry for a term provided by CARsgen Life Sciences in writing unless terminated by CARsgen Life Sciences in the same manner, or otherwise terminated pursuant to the terms of the Exclusive Business Cooperation Agreements.

Powers of Attorney

CARsgen Life Sciences and CARsgen Therapeutics (Shanghai) entered into the powers of attorney with the Corporate Registered Shareholder and other related parties on April 18, 2018 and the amended and restated powers of attorney on February 2, 2021 with Corporate Registered Shareholder (the "**Corporate Powers of Attorney**") pursuant to which the Corporate Registered Shareholder irrevocably and exclusively granted CARsgen Life Sciences or its designee(s) (being the directors of the offshore parent company of CARsgen Life Sciences and liquidators and other successors replacing such directors) the power to exercise all rights of the shareholders as set out in the then valid articles of association of CARsgen Therapeutics (Shanghai) and relevant laws and regulations.

The Corporate Powers of Attorney shall remain effective from the date of signing until the Corporate Registered Shareholder (including its successor(s)) ceases to be the shareholder of CARsgen Therapeutics (Shanghai) or otherwise terminated pursuant to the terms of the Corporate Powers of Attorney.

On the other hand, CARsgen Life Sciences also entered into the powers of attorney (the "**Individual Powers of Attorney**", and together with the Corporate Powers of Attorney, the "**Powers of Attorney**") on February 2, 2021 with the Individual Registered Shareholders, pursuant to which the Individual Registered Shareholders irrevocably and exclusively granted CARsgen Life Sciences or its designee(s) (being the directors of the offshore parent company of CARsgen Life Sciences and liquidators and other successors replacing such directors) the power to exercise all rights of the shareholders as set out in the then valid articles of association of the Corporate Registered Shareholder on similar terms as the Corporate Powers of Attorney.

Exclusive Option Agreements

CARsgen Life Sciences and CARsgen Therapeutics (Shanghai) entered into an exclusive option agreement with the Corporate Registered Shareholder and other related parties on April 18, 2018 and an amended and restated exclusive option agreement on February 2, 2021 (collectively the "**Corporate Exclusive Option Agreement**") with the Corporate Registered Shareholder, pursuant to which CARsgen Life Sciences (or a third party designated by it, the "**designee**") will be granted an irrevocable and exclusive right to acquire 100% of the equity interest in and/or assets of CARsgen Therapeutics (Shanghai), in whole or in part at the sole and absolute discretion of CARsgen Life Sciences, to the extent permitted under the PRC laws and regulations.

On the other hand, CARsgen Life Sciences also entered into an exclusive option agreement on February 2, 2021 (the "**Individual Exclusive Option Agreement**", and together with the Corporate Exclusive Option Agreement, the "**Exclusive Option Agreements**") with the Individual Registered Shareholders pursuant to which CARsgen Life Sciences will be granted an irrevocable and exclusive right to acquire 100% of the equity interest in and/or assets of the Corporate Registered Shareholder, in whole or in part at the sole and absolute discretion of CARsgen Life Sciences to the extent permitted under the PRC laws and regulations, on similar terms as the Corporate Exclusive Option Agreement.

The Exclusive Option Agreements shall remain effective for 10 years from the date of signing and shall extend at the election of CARsgen Life Sciences, except until (1) all of the equity interest in and the assets of CARsgen Therapeutics (Shanghai) have been transferred to CARsgen Life Sciences or its designees and (2) CARsgen Life Sciences could conduct the business operated by CARsgen Therapeutics (Shanghai) legally.

Share Pledge Agreements

CARsgen Life Sciences and CARsgen Therapeutics (Shanghai) entered into the share pledge agreement with the Corporate Registered Shareholder and other related parties on April 18, 2018 and the amended and restated share pledge agreement (the "**Corporate Share Pledge Agreement**") on February 2, 2021 with the Corporate Registered Shareholder, pursuant to which the Corporate Registered Shareholder agreed to pledge all of its equity interest in CARsgen Therapeutics (Shanghai) to CARsgen Life Sciences to secure performance of its and CARsgen Therapeutics (Shanghai)'s obligations under the Corporate Exclusive Business Cooperation Agreement, the Corporate Exclusive Options Agreement, the Corporate Share Pledge Agreement and the Corporate Powers of Attorney (as applicable).

On the other hand, CARsgen Life Sciences entered into the share pledge agreement (the "**Individual Share Pledge Agreement**", and together with the Corporate Share Pledge Agreement, the "**Share Pledge Agreements**") on February 2, 2021 with the Individual Registered Shareholders, pursuant to which the Individual Registered Shareholders agreed to pledge all of their respective equity interests in the Corporate Registered Shareholder to CARsgen Life Sciences to secure performance their respective performance and the performance of the Corporate Registered Shareholder and CARsgen Therapeutics (Shanghai) under the Exclusive Business Cooperation Agreement, Exclusive Option Agreements, Powers of Attorney, Share Pledge Agreements (as applicable), on similar terms as the Corporate Share Pledge Agreement. As of the Latest Practicable Date, we have registered the share pledges under the Individual Share Pledge Agreements with the relevant PRC governmental authority in accordance with PRC laws and regulations.

Spouse Undertakings

Each of the spouses of the Individual Registered Shareholders (as applicable) has executed an undertaking (collectively, the "**Spouse Undertakings**"), to the effect that (i) she acknowledges and consents to the execution of the Contractual Arrangements by the relevant Individual Registered Shareholder and acknowledges that she does not have any equity interest or rights with respect to the Contractual Arrangements; (ii) she undertakes not interfere with the performance of the Contractual Arrangements nor to make any assertions in connection with the equity interest of the Corporate Registered Shareholder held by the respective Individual Registered Shareholder; (iii) she has not participated and will not participate in the management of the Corporate Registered Shareholder and will not make any assertions in connection with the equity interest and assets of the Corporate Registered Shareholder; and (iv) in the event that she obtains any interests in the Corporate Registered Shareholder, she shall be bound by the Contractual Arrangements and shall execute all necessary documents to comply with the Contractual Arrangements.

Reasons for Adoption of Contractual Arrangements

Foreign investment activities in the PRC are mainly governed by the Industry Guidelines on Encouraged Foreign Investment (2022) (《鼓勵外商投資產業目錄(2022年版)》) and the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (collectively, the "**Relevant PRC Regulations**") promulgated jointly by the MOFCOM and the NDRC, pursuant to which the industries listed therein are divided into four categories in terms of foreign investment, namely, "encouraged", "permitted", "prohibited" and "restricted". According to the Relevant PRC Regulations, foreign investment is prohibited in the development and application of human stem cells and genes diagnosis and treatment technologies.

Our Group engages in discovering, developing and commercializing innovative cell therapies for the treatment of hematological malignancies and solid tumors (the "**Relevant Business**"), which involves the development and application of gene therapeutic technologies and products, and therefore falls into the scope of the "prohibited" category of the Relevant PRC Regulations. In order to comply with the PRC laws and regulations and maintain effective control over the Relevant Business, our Group entered into the Contractual Arrangements with CARsgen Therapeutics (Shanghai), the Corporate Registered Shareholder (i.e. the shareholder of CARsgen Therapeutics (Shanghai)) and the Individual Registered Shareholders (i.e. the shareholders of the Corporate Registered Shareholder). Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our Group's legal structure and business.

Risks Relating to the Contractual Arrangements

There are certain risks that are associated with the Contractual Arrangements, including:

- If the PRC government finds that the agreements that establish the structure for operating our business in China do not comply with PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe consequences and the relinquishment of our interests in the Consolidated Affiliated Entities.

- There is substantial uncertainty with respect to the interpretation and implementation of the newly enacted Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.

- Our Contractual Arrangements may not be as effective in providing operational control as direct ownership, and the Registered Shareholders and the Consolidated Affiliated Entities may fail to perform their obligations under our Contractual Arrangements.

- We may lose the ability to use the permits and licenses held by the Consolidated Affiliated Entities that are important to the operation of our business if the Consolidated Affiliated Entities declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

- Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and additional taxes may be imposed. A finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your Shares.

- The Registered Shareholders of CARsgen Therapeutics (Shanghai) may potentially have a conflict of interest with us, and they may breach their contracts with us or cause such contracts to be amended in a manner contrary to our interests.

- Certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws.

- If we exercise the option to acquire equity ownership of CARsgen Therapeutics (Shanghai) and/or the Corporate Registered Shareholder, the ownership transfer may subject us to certain limitations and substantial costs.

Our Group has adopted measures to ensure the effective operation of our Group's businesses with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements, including:

- major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- our independent non-executive Directors will review the overall performance of and compliance with the Contractual Arrangements annually;
- our Company will disclose the arrangements in place and compliance with the Contractual Arrangements in our annual reports; and
- our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board in reviewing the implementation of the Contractual Arrangements.

Material Change

As of the Latest Practicable Date, there were no material changes in the Contractual Arrangements and the circumstances under which the Contractual Arrangements were adopted.

Unwinding of the Contractual Arrangements

Reference is made to the Notice on Conducting Pilot Work for Further Opening Up in the Medical Field (Letter [2024] No. 568 of the Ministry of Commerce) jointly issued by the Ministry of Commerce of the PRC, the National Health Commission of the PRC and the National Medical Products Administration of the PRC on 7 September 2024 (the "**Notice**"). As advised by the PRC legal advisor of the Company, the Company would not be able to unwind the Contractual Arrangements pursuant to the Notice at the current stage in light of the location of the relevant operating entities of the Group. The Company will make inquiries with the PRC legal advisor regarding the latest developments and interpretations of the Notice and the relevant rules and regulations on a regular basis, and will unwind and terminate the Contractual Arrangements if and to the extent permissible in accordance with the applicable PRC rules and regulations and taking into account the relevant factors and circumstances.

As of the Latest Practicable Date, there has not been any unwinding of any Contractual Arrangements, nor has there been any failure to unwind any Contractual Arrangements when the restrictions that led to the adoption of the Contractual Arrangements are removed.

Waiver from the Stock Exchange

In relation to the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange subject however to the following conditions:

(a) no change without independent non-executive Directors' approval;

(b) no change without independent shareholders' approval;

(c) the Contractual Arrangements shall continue to enable our Group to receive the entire economic benefits derived by CARsgen Therapeutics (Shanghai);

(d) on the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has direct shareholding, on the one hand, and CARsgen Therapeutics (Shanghai), on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements; and

(e) our Group will disclose details relating to the Contractual Arrangements on an on-going basis.

For details, please refer to the section "Connected Transactions" in the Prospectus.

Confirmation from Independent Non-executive Directors

Our independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that:

(i) no transaction has been carried out during Reporting Period, which have not been entered into in accordance with the relevant provisions of the Contractual Arrangements;

(ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group, which is confirmed by the auditor of the Company;

(iii) no new contract has been entered into, renewed or reproduced between our Group and the Consolidated Affiliated Entities during the Reporting Period; and

(iv) the Contractual Arrangements had been entered into in the ordinary and usual course of business of our Group, and are on normal commercial terms and are fair and reasonable so far as our Group is concerned, and in the interest of our Company and its shareholders as a whole.

Further, the Consolidated Affiliated Entities undertake that, for so long as the Shares are listed on the Hong Kong Stock Exchange, the Consolidated Affiliated Entities will provide our Group's management and our auditor with full access to its relevant records for the purpose of procedures to be carried out by our auditor on the connected transactions. For the year ended December 31, 2024, the net loss of Consolidated Affiliated Entities is approximately RMB798 million, and as at December 31, 2024, the total assets of Consolidated Affiliated Entities is approximately RMB1,673 million.

Confirmations from Company's Independent Auditor

The auditor of the Company confirmed that based on the foregoing, in respect of the disclosed continuing connected transactions (a) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Directors; (b) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (c) with respect of the disclosed continuing connected transactions with CARsgen Therapeutics (Shanghai) under the Contractual Arrangements, nothing has come to their attention that causes them to believe that dividends or other distributions have been made by CARsgen Therapeutics (Shanghai) to the holders of the equity interests of CARsgen Therapeutics (Shanghai) are not otherwise subsequently assigned or transferred to the Group.

RELATED PARTY TRANSACTIONS

Details of the related party transactions carried out in the normal course of business are set out in Note 33 to the Consolidated Financial Statements. Save as the related party transactions involving payment of remuneration to certain Directors, which constitute fully exempt from the connected transactions requirements under the Listing Rules, during the Reporting Period, none of these related party transactions constitutes a connected transaction or continuing connected transaction as defined under the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules and disclosed in this report.

FINANCIAL SUMMARY

Shares of the Company were listed on the Stock Exchange on June 18, 2021. A summary of the published results and of the assets, liabilities and equity of the Group for the last five financial years, as extracted from the published audited financial information and financial statements, is set out on page 236 of this report.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company's Shares were listed on the Stock Exchange on June 18, 2021 with a total of 94,747,000 offer shares issued and the net proceeds raised from the Global Offering were approximately HK$3,008 million. The net proceeds from the Listing (adjusted on a pro rata basis based on the actual net proceeds) have been and will be utilized in accordance with the purposes set out in the Prospectus. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus as follows:

- approximately HK$902.4 million (US$115.7 million) (or approximately 30% of the net proceeds) to fund further development of our Core Product, BCMA CAR-T (CT053);

- approximately HK$932.5 million (US$119.6 million) (or approximately 31% of the net proceeds) to fund ongoing and planned research and development of our other pipeline product candidates;
- approximately HK$601.6 million (US$77.2 million) (or approximately 20% of the net proceeds) for developing full-scale manufacturing and commercialization capabilities;
- approximately HK$300.8 million (US$38.6 million) (or approximately 10% of the net proceeds) for continued upgrading of CAR-T technologies and early-stage research and development activities; and
- approximately HK$270.7 million (US$34.7 million) (or approximately 9% of the net proceeds) will be used for our working capital and other general corporate purposes.

The net proceeds from the Global Offering have been utilized in accordance with the purposes set out in the Prospectus. The table below sets out the applications of the net proceeds and actual usage up to December 31, 2024:

Use of proceeds	**Planned allocation of Net Proceeds** *(HKD million)*	**Planned allocation of Net Proceeds** *(RMB million)*	**Utilized amount (as at December 31, 2023)** *(RMB million)*	**Utilized for the year ended December 31, 2024** *(RMB million)*	**Utilized amount (as at December 31, 2024)** *(RMB million)*	**Remaining amount (as at December 31, 2024)** *(RMB million)*
Further development of our Core Product, BCMA CAR-T (CT053)	902.4	851.7	581.7	270.0	851.7	0
Ongoing and planned research and development of our other pipeline product candidates	932.5	880.1	556.2	140.0	696.2	183.9
Developing full-scale manufacturing and commercialization capabilities	601.6	567.8	296.6	74.0	370.6	197.2
Upgrading of CAR-T technologies and early-stage research and development activities	300.8	283.9	138.2	36.4	174.6	109.3
Working capital and other general corporate purposes	270.7	255.5	230.0	25.5	255.5	0
Total	3,008.0	2,839.0	1,802.7	545.9	2,348.6	490.4

The unutilized amount of net proceeds is expected to be fully utilized for the intended use by 2026, which is later than originally planned, due to cost savings achieved via improved operational efficiency and moving outsourced services internally.

The above RMB amounts were converted using the December 31, 2024 exchange rate of HK$1 to RMB0.9438.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

Pursuant to Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, the Company has established the Remuneration Committee to formulate remuneration policies. The remuneration is determined and recommended based on the experience, qualification, position and seniority of each Director and senior management. As for the independent non-executive Directors, their remuneration is determined by the Board based on the recommendation from the Remuneration Committee. The Directors and the senior management are eligible participants of the applicable share incentive plans.

Details of the remuneration of the Directors and the five highest paid individuals are set out in Note 9 and Note 10 to the Consolidated Financial Statements of this report.

For the Reporting Period, (i) no emoluments were paid by the Group to any Directors, former directors of the Company or five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office; (ii) none of the Directors waived or agreed to waive any remuneration; (iii) save as disclosed in this report, there were no loans, quasi-loans and other dealings in favor of Directors, their controlled bodies corporate and connected entities; and (iv) no consideration provided to or receivable by third parties for making available Directors' services.

The table below shows the emolument of senior management by band:

	Year ended December 31, 2024
HK$2,500,001 to HK$3,000,000	**1**
HK$3,000,001 to HK$3,500,000	**–**
HK$3,500,001 to HK$4,000,000	**1**
HK$4,000,001 to HK$4,500,000	**–**
HK$4,500,001 to HK$5,000,000	**–**
HK$5,000,001 to HK$5,500,000	**–**
HK$5,500,001 to HK$6,000,000	**2**
HK$6,000,001 to HK$6,500,000	**1**
Total	**5**

DISTRIBUTABLE RESERVES

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

As of December 31, 2024, the Company did not have any distributable reserves.

Details of the movements in the reserves of the Company during the year ended December 31, 2024 are set out in the consolidated statement of changes in equity and Note 29 to the consolidated financial statements.

RESULTS AND DIVIDEND

Details of the consolidated loss of the Group for the year ended December 31, 2024 and the Group's financial position as at December 31, 2024 are set out in the Consolidated Financial Statements and their accompanying notes on pages 163 to 235.

No dividend was paid or declared by the Company or other members of the Group during the Reporting Period.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 14 to the Consolidated Financial Statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Reporting Period are set out in Note 28 to the Consolidated Financial Statements of this report.

TAX RELIEF AND EXEMPTION

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

BANK BORROWINGS AND OTHER BORROWINGS

Details of the bank borrowings of the Group as at December 31, 2024 are set out in Note 25 to the Consolidated Financial Statements.

Save as disclosed, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, unutilized banking facilities, bank overdrafts or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees.

CHARITABLE CONTRIBUTIONS

During the Reporting Period, the Group made a charitable donation of RMB2,100 in RTP of North Carolina, USA.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Group has no significant events occurred after the Reporting Period which require additional disclosures or adjustments as at the date of this report.

MAJOR CUSTOMERS AND SUPPLIERS

The Group values long-standing relationships with its suppliers, customers, medical experts, and other business associates. The Group aims at delivering high quality products to its potential customers and developing mutual trust and enhancing communication and commitment between the Group and its suppliers to maintain sustainable growth. For more information, please refer to the "Environmental, Social and Governance Report" as part of this report.

The Group's only customer accounted 100% for the Group's total revenue for the Reporting Period.

Purchases attributable to the Group's five largest suppliers and the largest supplier accounted for 45% and 27%, respectively, of the Group's total purchases for the Reporting Period.

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

INDEPENDENT AUDITOR

PricewaterhouseCoopers ("**PwC**") resigned as the auditor of the Company with effect from January 12, 2024. The Board, with the recommendation of the Audit Committee, resolved to appoint Ernst & Young ("**E&Y**") as the auditor of the Company with effect from January 12, 2024 to fill the vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting ("**AGM**") of the Company. E&Y has been approved as auditor of the Company by the Shareholders at the annual general meeting ("**AGM**") held on May 21, 2024. For more details of the change of auditor of the Company, please refer to the announcement of the Company dated January 12, 2024.

The Consolidated Financial Statements for the Reporting Period have been audited by E&Y, who will retire and, being eligible, offer itself for re-appointment, at the forthcoming AGM. Having been approved by the Board upon the Audit Committee's recommendation, a resolution for the re-appointment of E&Y as auditors of the Company for the ensuing year will be put to the forthcoming AGM for shareholder's approval.

Save as disclosed above, there were no other changes in auditor of the Company for the three years ended December 31, 2024.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environment protection and has not noted any material incompliance with all relevant laws and regulations in relation to its business including environmental protection, health and safety, workplace conditions, employment and the environment.

The Group has established detailed internal rules regarding environmental protection and adopted effective measures to achieve efficient use of resources, waste reduction and energy saving. For further details of the Group's environmental policies and performance, please refer to the Environmental, Social and Governance Report of the Company for the Reporting Period set out on pages 85 to 157, which has been prepared in accordance with Rule 13.91 and the Environmental, Social and Governance Reporting Guide contained in Appendix C2 of the Listing Rules.

RETIREMENT BENEFITS SCHEME

Carsgen Therapeutics (Shanghai)'s full-time employees in the PRC, including some of our named executive officers, participate in a government mandated defined contribution plan, pursuant to which pension benefits, medical care, an employee housing fund and other welfare benefits are provided to employees. Chinese labor regulations require that our PRC subsidiaries make contributions to the government for these benefits based on percentages of the employees' salaries which are capped at 300 percent of the average local wage.

For employees in the United States, CARsgen Therapeutics Corporation (Employer) is helping to make saving for retirement under our 401(k) Plan easier by offering an Employer safe harbor matching contribution, which is another defined contribution plan of the Group. Employee's combined elective contributions and Roth 401(k) contributions are subject to a calendar year limit even though the plan year may not be the calendar year. The limit for the 2024 calendar year is US$23,000. The limit for catch-up contributions for the 2024 calendar year is US$7,500. Employer will be matching both employee's pre-tax and/or Roth elective contributions, dollar for dollar, up to 6% of employee's eligible pay. This contribution is called a safe harbor matching contribution. This contribution will be made on behalf of all eligible employees. Employer may choose to revoke or suspend the safe harbor contribution during the year. If this occurs, employee will be given 30 days advance notice of the suspension and employee will be given an opportunity to change employee's elective contribution rate.

Details of the pension obligations of the Company are set out in Note 2.4 to the Consolidated Financial Statements in this report. During the Reporting Period, there was no forfeiture of contributions under the defined contribution plans of the Group, and there were no forfeited contributions had been used by the Group to reduce the existing level of contributions.

RELATIONSHIPS WITH THE GROUP'S EMPLOYEES

The Group believes that employees are important and valuable assets. The Group will provide trainings for employees to enhance their knowledge in corporate values and culture and to implement them thoroughly. Meanwhile, the Group encourages staff on continuous learnings by sponsoring recognized development trainings. The Group also aims to provide competitive and attractive remuneration packages to retain its employees. Management reviews annually the remuneration package offered to the employees of the Group. Meanwhile, for the purpose of providing incentives and rewards to eligible participants who have contributed to the success of the Group's operations, the Company has adopted the 2019 Equity Incentive Plan, Post-IPO Share Option Scheme and Post-IPO RSU Scheme. Details of such schemes are set out in the sub-sections headed "Share Incentivization Schemes" in this report. For more information, please also refer to the "Environmental, Social and Governance Report" as part of this report.

SHARE INCENTIVE SCHEMES

We have adopted three share incentive schemes, collectively referred to as Share Incentive Schemes.

2019 EQUITY INCENTIVE SCHEME

Our Company adopted the 2019 Equity Incentive Plan on January 22, 2019. The purpose of the 2019 Equity Incentive Plan is to attract, motivate, retain and reward certain employees, Directors, and certain other eligible persons of our Group. The 2019 Equity Incentive Plan (i) does not involve any grant of options of the Company to subscribe for new Shares after the IPO, and (ii) only involves the grant of RSUs after the IPO.

On May 11, 2021, our Company allotted and issued 12,497,947 Shares to Carfa Unity Limited and 7,125,575 Shares to Carfe Unity Limited, both of which are wholly-owned by the 2019 Equity Incentive Plan Trustee. Such Shares have been held in trust by the 2019 Equity Incentive Plan Trustee to facilitate the transfer of Shares to the grantees upon vesting of the relevant options and share awards.

As of December 31, 2024, a total of 10,290,851 options were outstanding and 155,179 share awards (in the form of RSUs) were unvested under the 2019 Equity Incentive Plan. The numbers of share awards available for grant under the 2019 Equity Incentive Plan on January 1, 2024 and December 31, 2024 are 5,954,463 and 5,983,659, respectively. No option or share award was granted under the 2019 Equity Incentive Plan during the Reporting Period.

The table below shows the details of outstanding share options granted under the 2019 Equity Incentive Plan.

		Number of options during the Reporting Period									
Name/Category of Grantee	Number of Shares subject to outstanding options as at January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Number of Shares subject to outstanding options as at December 31, 2024	Date of grant of share options	Exercise Period	Vesting Period	Exercise price per Share	Weighted average closing price of the Shares immediately before the dates on which the options were exercised during the Reporting Period
1. Substantial Shareholder											
Mr. Haiou CHEN	2,539,773	0	0	0	0	2,539,773	December 28, 2020	December 28, 2020 – December 27, 2028	March 31, 2017 – March 30, 2020	US$0.04	NA
2. Employees	8,646,279	0	594,069	0	301,132	7,751,078	December 28, 2020	December 28, 2020 – December 27, 2028	Three or four years from the vesting commencement date stipulated in relevant grant letters	US$0-1.40	HK$7.32
Total:	**11,186,052**	**0**	**594,069**	**0**	**301,132**	**10,290,851**					

Notes:

(i) No grant of options under the 2019 Equity Incentive Plan would be made after the IPO.

(ii) Save as disclosed otherwise above, no option was granted under the 2019 Equity Incentive Plan to (a) any director, chief executive or substantial shareholder of the Company, or their respective associates; or (b) related entity participant or service provider, before the IPO and still being outstanding as at January 1, 2024.

(iii) No participant has been granted with options and awards in excess of the 1% individual limit.

The table below shows the details of unvested share awards granted under the 2019 Equity Incentive Plan.

		Number of RSUs during the Reporting Period							
Name/Category of Grantee	Number of Shares subject to unvested RSUs as at January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Number of Shares subject to unvested RSUs as at December 31, 2024	Date of grant of RSUs	Vesting Period	Weighted average closing price of the Shares immediately before the dates on which the RSUs were vested during the Reporting Period
1. Substantial Shareholder									
Mr. Haiou CHEN	6,339	0	3,996	0	0	2,343	July 22, 2021	July 22, 2022-July 21, 2025	HK$5.42
	174,733	0	58,244	0	0	116,489	March 24, 2022	March 24, 2023-March 23, 2026	HK$6.00
2. Employees	185,942	0	120,399	0	29,196	36,347	July 22, 2021	July 22, 2022-July 21, 2025	HK$5.73
Total:	**367,014**	**0**	**182,639**	**0**	**29,196**	**155,179**			

Notes:

(i) The purchase price of all RSUs mentioned in the table above is nil, and there is no performance target attached to these RSUs granted.

(ii) No grant of RSUs under the 2019 Equity Incentive Plan were made during the Reporting Period.

(iii) Save as disclosed otherwise above, no RSU was granted under the 2019 Equity Incentive Plan to (a) any director, chief executive or substantial shareholder of the Company, or their respective associates; or (b) related entity participant or service provider, before the Reporting Period and still being outstanding as at January 1, 2024.

(iv) No participant has been granted with options and awards in excess of the 1% individual limit.

POST-IPO RSU SCHEME

Our Company adopted the Post-IPO RSU Scheme on April 30, 2021. The purpose of the Post-IPO RSU Scheme is to align the interests of the eligible persons with those of our Group through ownership of Shares to encourage and retain them to make contributions to the long-term growth and profits of our Group.

As of December 31, 2024, a total of 1,756,495 share awards (in the form of RSUs) were unvested under the Post-IPO RSU Scheme. The numbers of share awards available for grant under the Post-IPO RSU Scheme on January 1, 2024 and December 31, 2024 are 19,412,174 and 19,721,541 respectively. No service provider sub-limit has been set for the Post-IPO RSU Scheme. The numbers of Shares that may be issued in respect of share awards granted under the Post-IPO RSU Scheme during the Reporting Period divided by the weighted average number of Shares in issue (excluding treasury Shares, if any) for the Reporting Period is 0.01%.

The table below shows the details of unvested share awards granted under the Post-IPO RSU Scheme.

	Number of RSUs during the Reporting Period								
Category of Grantee	Number of Shares subject to unvested RSUs as at January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Number of Shares subject to unvested RSUs as at December 31, 2024	Date of grant of RSUs	Vesting Period	Weighted average closing price of the Shares immediately before the dates on which the RSUs were vested during the Reporting Period
Employees	1,064,250	0	322,500	0	113,750	628,000	October 21, 2022	October 22, 2023 – October 21, 2026	HK$4.01
	119,955	0	39,108	0	67,347	13,500	March 24, 2022	March 24, 2023 – March 23, 2026	HK$6.04
	1,594,321	0	385,181	0	188,270	1,020,870	April 13, 2023	April 13, 2024 – April 12, 2027	HK$5.72
	45,500	0	11,375	0	0	34,125	November 28, 2023	November 28, 2024 – November 27, 2027	HK$7.39
	0	60,000	0	0	0	60,000	May 7, 2024[Note (ii)]	May 7, 2025 – May 7, 2028	NA
Total:	**2,824,026**	**60,000**	**758,164**	**0**	**369,367**	**1,756,495**			

Notes:

(i) The purchase price of all RSUs mentioned in the table above is nil, and there is no performance target attached to these RSUs granted.

(ii) The closing price per ordinary share of the Company is HK$5.73 on May 6, 2024, being the business day immediately before May 7, 2024. As the purchase price is nil, the fair value of RSUs granted on May 7, 2024 at the date of grant is HK$353,000, which equals to the closing price per ordinary share of the Company on May 7, 2024, and as for relevant accounting standard and policy adopted, please refer to Note 30 to the consolidated financial statements. Please refer to the announcement of the Company dated May 7, 2024 for details.

(iii) No grant of share awards under the Post-IPO RSU Scheme has been made to any director, chief executive or substantial shareholder of the Company, or their respective associates.

(iv) No participant has been granted with options and awards in excess of the 1% individual limit.

(v) No grant has been made under the Post-IPO RSU Scheme to related entity participant or service provider.

POST-IPO SHARE OPTION SCHEME

Our Company adopted the Post-IPO Share Option Scheme on April 30, 2021. The purpose of the Post-IPO Share Option Scheme is to reward employees for their past contribution to the success of the Company and to provide incentives to them to further contribute to the Company.

As of December 31, 2024, a total of 8,802,310 options were outstanding under the Post-IPO Share Option Scheme. The numbers of options available for grant under the Post-IPO Share Option Scheme on January 1, 2024 and December 31, 2024 are 37,754,639 and 36,495,307 respectively. No service provider sub-limit has been set for the Post-IPO Share Option Scheme. The numbers of Shares that may be issued in respect of option granted under the Post-IPO Share Option Scheme during the Reporting Period divided by the weighted average number of Shares in issue (excluding treasury Shares, if any) for the Reporting Period is 0.51%.

The table below shows the details of outstanding options granted under the Post-IPO Share Option Scheme.

		Number of options during the Reporting Period								
Name/ Category of Grantee	Number of Shares subject to outstanding options as at January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Number of Shares subject to outstanding options as at December 31, 2024	Date of grant of share options	Exercise Period	Vesting Period	Exercise price per Share *HK$*
1. Director										
Dr. Hua JIANG	36,164	0	0	0	0	36,164	March 24, 2022	The options may be exercised during the period from the date of vesting to the 10th anniversary of the grant date.	March 24, 2023 – March 23, 2026	HK$16.32
	120,000	0	0	0	0	120,000	April 13, 2023		April 13, 2024 – April 12, 2027	HK$14.46
	0	200,000	0	0	0	200,000	November 18, 2024[Note (iii)]		November 18, 2025 – November 18, 2028	HK$7.26
2. Substantial Shareholder										
Mr. Haiou CHEN	200,000	0	0	0	0	200,000	April 13, 2023		April 13, 2024 – April 12, 2027	HK$14.46
3. Employees	972,000	0	0	0	45,000	927,000	October 21, 2022		April 7, 2023 – October 20, 2026	HK$13.58
	2,725,262	0	0	0	672,418	2,052,844	March 24, 2022		March 24, 2023 – March 23, 2026	HK$16.32
	156,552	0	0	0	0	156,552	July 22, 2021		July 22, 2022 – July 21, 2025	HK$31.00
	2,711,000	0	0	0	410,250	2,300,750	April 13, 2023		April 13, 2024 – April 12, 2027	HK$14.46
	622,000	0	0	0	450,000	172,000	November 28, 2023		November 28, 2024 – November 27, 2027	HK$11.39
	0	260,000	0	0	40,000	220,000	May 7, 2024[Note (ii)]		May 7, 2025 – May 7, 2028	HK$5.94
	0	2,467,000	0	0	50,000	2,417,000	November 18, 2024[Note (iii)]		November 18, 2025 – November 18, 2028	HK$7.26
Total:	**7,542,978**	**2,927,000**	**0**	**0**	**1,667,668**	**8,802,310**				

Notes:

(i) There is no performance target attached to above options granted.

(ii) The closing price per ordinary share of the Company is HK$5.73 on May 6, 2024, being the business day immediately before May 7, 2024. Fair value of options granted on May 7, 2024 at the date of grant is HK$451,000, and as for relevant accounting standard and policy adopted, please refer to Note 30 to the consolidated financial statements. Please refer to the announcement of the Company dated May 7, 2024 for details.

(iii) The closing price per ordinary share of the Company is HK$6.10 on November 15, 2024, being the business day immediately before November 18, 2024. Fair value of options granted on November 18, 2024 at the date of grant is HK$3,730,000, and as for relevant accounting standard and policy adopted, please refer to Note 30 to the consolidated financial statements. Please refer to the announcement of the Company dated November 18, 2024 for details.

(iv) Save as disclosed otherwise above, under the Post-IPO Share Options Scheme, (a) no grant of options has been made during the Reporting Period to any director, chief executive or substantial shareholder of the Company, or their respective associates, and (b) there is no option granted to any director, chief executive or substantial shareholder of the Company, or their respective associates before the Reporting Period and still being outstanding as at January 1, 2024.

(v) No participant has been granted with options and awards in excess of the 1% individual limit.

(vi) No grant has been made under the Post-IPO Share Options Scheme to related entity participant or service provider.

The total number of Shares that may be issued in respect of options and awards granted under the 2019 Equity Incentive Plan, Post-IPO RSU Scheme and Post-IPO Share Option Scheme during the Reporting Period divided by the weighted average number of Shares in issue (excluding treasury Shares, if any) for the Reporting Period is 0.52%.

SUMMARY OF THE SHARE INCENTIVE SCHEMES

The principal terms and details of the Share Incentive Schemes are set out below:

Details	2019 Equity Incentive Plan	Post-IPO RSU Scheme	Post-IPO Share Option Scheme
1. Purpose	to secure and retain the services of eligible participants, to provide incentives for such persons to exert maximum efforts for the success of our Company and our affiliates, and to provide a means by which such eligible recipients may be given an opportunity to benefit from increases in value of the Shares through the granting of the Share Awards.	to align the interests of the eligible persons with those of our Group through ownership of Shares to encourage and retain them to make contributions to the long-term growth and profits of our Group.	to reward employees for their past contribution to the success of the Company and to provide incentives to them to further contribute to the Company.

Details	2019 Equity Incentive Plan	Post-IPO RSU Scheme	Post-IPO Share Option Scheme
2. Eligible Participants	Eligible persons include any person employed by our Company or our affiliates, any director of our Company or any of its subsidiaries, any person, including a consultant, who is (i) engaged by our Company or our affiliates to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of our affiliates and is compensated for such services.	Any individual, being an employee, director (including executive Directors, non-executive Directors and independent non-executive Directors) or officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group is eligible to receive an award granted by the Board, by way of RSUs, which may vest in the form of Award Shares or the actual selling price of the Award Shares of RSUs in cash in accordance with the Post-IPO RSU Scheme. However, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Post-IPO RSU Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Post-IPO RSU Scheme.	Any individual, being an employee, director or officer of any member of our Group who the Board may in its absolute discretion select to grant an Option to subscribe for such number of Shares as the Board may determine at the Subscription Price.

Details	2019 Equity Incentive Plan	Post-IPO RSU Scheme	Post-IPO Share Option Scheme
3. Maximum number of Shares that can be awarded	Subject to capitalization adjustments, the aggregate number of Shares that may be issued pursuant to Share Awards shall not exceed 27,519,380 Shares. As at the Latest Practicable Date, the total number of Shares available for issue under the 2019 Equity Incentive Plan is 3,635,992, representing approximately 0.63% of the total issued Shares (excluding treasury Shares, if any).	The aggregate number of Shares underlying all grants made pursuant to the Post-IPO RSU Scheme (excluding Award which have been forfeited in accordance with the Post-IPO RSU Scheme) will not exceed 5% of the issued share capital of the Company as of the date of approval of the Post-IPO RSU Scheme without shareholders' approval, being 22,648,808 Shares. As at the Latest Practicable Date, the total number of Shares available for issue under the Post-IPO RSU Scheme is 19,721,541, representing approximately 3.44% of the total issued Shares (excluding treasury Shares, if any).	The maximum number of Shares in respect of which Options may be granted under the Post-IPO Share Option Scheme when aggregated with the maximum number of Shares in respect of which Options may be granted under any other option scheme over Shares shall not exceed 10% of the issued share capital of the Company as of the date of approval of the Post-IPO Share Option Scheme (or of the refreshing of the 10% limit) by the shareholders of the Company, being 45,297,617 Shares. As at the Latest Practicable Date, the total number of Shares available for issue under the Post-IPO Share Option Scheme is 36,495,307, representing approximately 6.36% of the total issued Shares (excluding treasury Shares, if any).
4. Maximum entitlement of each participant under the scheme	N/A	Save as prescribed in the scheme or as otherwise restricted by the Listing Rules, for any 12-month period, the aggregate number of Shares granted to any Selected Participant shall not exceed 1% of the total number of the issued Shares at the relevant time, without Shareholders' approval.	Except with the approval of Shareholders in general meeting, no Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options and any other option over the Shares (including exercised, cancelled and outstanding options) granted and to be granted to such person in any 12-month period up to the date of the latest grant exceeds 1% of the Shares in issue from time to time.
5. Vesting Period	The total number of Shares subject to a Share Option may vest and therefore become exercisable in periodic installments that may or may not be equal. The Share Option may be subject to such other terms and conditions on the time or times when it may or may not be exercised (which may be based on the satisfaction of performance goals or other criteria) as the Board may deem appropriate. The vesting provisions (including the vesting period) of each Share Option may vary.	The Board or its delegate(s) may from time to time while the Post-IPO RSU Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award to be vested.	The Board or its delegate(s) may from time to time while the Post-IPO Share Option Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Options to be vested.

Details	2019 Equity Incentive Plan	Post-IPO RSU Scheme	Post-IPO Share Option Scheme
6. Duration and remaining life	No Share Option shall be exercisable after the expiration of eight years from the date of its grant or such shorter period specified in a share award agreement. As at December 31, 2024, the remaining life of the 2019 Equity Incentive Plan was approximately two years.	The Post-IPO RSU Scheme shall terminate on the earlier of: (i) the end of the period of ten years commencing on the date on which the Post-IPO RSU Scheme is adopted except in respect of any non-vested RSUs granted hereunder prior to the expiration of the Post-IPO RSU Scheme, for the purpose of giving effect to the vesting in the form of Award Shares of such RSUs or otherwise as may be required in accordance with the provisions of the Post-IPO RSU Scheme; and (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant under the rules of the Post-IPO RSU Scheme, provided further that for the avoidance of doubt, the change in the subsisting rights of a selected participant in this paragraph refers solely to any change in the rights in respect of the RSUs already granted to a selected participant. As at December 31, 2024, the remaining life of the Post-IPO RSU Scheme was approximately six years and six months.	The Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date when the Post-IPO Share Option Scheme becomes unconditional, after which period no further Options will be granted by the provisions of the Post-IPO Share Option Scheme, but the provisions of this Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. As at December 31, 2024, the remaining life of the Post-IPO Share Option Scheme was approximately six years and six months.

Details	2019 Equity Incentive Plan	Post-IPO RSU Scheme	Post-IPO Share Option Scheme
7. Exercise price/ purchase price	The exercise price (or strike price) of each Share Option shall be determined in good faith by the Administrator and as set forth in a share award agreement. The consideration, if any, to be paid by the participant upon delivery of each Share subject to the restricted share unit award will be determined by the Board at the time of grant of such award.	No purchase price is to be paid by the participant upon vesting of Awards granted under the Post-IPO RSU Scheme.	The amount payable for each Share to be subscribed for under an option in the event of the option being exercised shall be determined by the Board at its absolute discretion, but shall be not less than the greater of: (i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; (ii) the average closing price of our Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share on the date of grant.
8. Exercise Period	No share option shall be exercisable after the expiration of eight years from the date of its grant or such shorter period specified in a share award agreement.	N/A	The period during which the option can be exercised as set forth in the relevant offer letters in accordance with the plan.

Details	2019 Equity Incentive Plan	Post-IPO RSU Scheme	Post-IPO Share Option Scheme
9. Consideration for Acceptance of Options or Awards	Each Option shall be in such form and shall contain such terms and conditions (including but not limited to the consideration for acceptance of Option, if any) as the Administrator shall deem appropriate. All Options shall be separately designated Incentive Share Options or Nonstatutory Share Options at the time of grant, and, if certificates are issued, a separate certificate or certificates shall be issued for Shares purchased on exercise of each type of Option. Each Restricted Share Award will be evidenced by a Share Award Agreement that will specify the period of restriction, the number of Shares granted, and such other terms and conditions as the Administrator, in its sole discretion, will determine.	The Company shall issue a letter to each Selected Participant in such form as the Board or the committee of the Board or person(s) to which the Board has delegated its authority may from time to time determine, specifying the Grant Date, the number of Award Shares underlying the Award, the consideration and the period for acceptance of grant of Award (if any), the vesting criteria and conditions, and the Vesting Date and such other details as the they may consider necessary.	An Option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter comprising acceptance of the offer of the grant of the Option duly signed by the Grantee together with a payment to the Company and/or any of its Subsidiaries of HK$1 (or the equivalent of HK$1 in the local currency of any jurisdiction where the company and/or its Subsidiaries operate, as the Board may in its absolute discretion determine) by way of consideration for the grant thereof is received by the Company within the time period specified in the offer of the grant of the Option. Such remittance shall not be refundable. To the extent that the offer of the grant of an Option is not accepted within 28 days after the Offer Date, it will be deemed to have been irrevocably declined and will lapse, unless the Board in its absolute discretion determines otherwise.

On behalf of the Board
CARsgen Therapeutics Holdings Limited
Dr. Zonghai LI
Chairman

Corporate Governance Report

The Board hereby presents to the shareholders the corporate governance report for the year ended December 31, 2024 (the "**Corporate Governance Report**").

CORPORATE PURPOSE, CULTURE AND STRATEGY

We always adhere to achieving our purpose of "To become a global biopharmaceutical leader that brings innovative and differentiated cell therapies to cancer patients worldwide and makes cancer curable" by focusing on our strategy of "internally developed novel technologies and a product pipeline with global rights to address major challenges of CAR T-cell therapies, such as improving the safety profile, enhancing the efficacy in treating solid tumors and reducing treatment costs". The management team has put our corporate culture into practice by incorporating the four core values of "Innovation and Creation", "Truth-seeking and Pragmatism", "Proactiveness" and "People-Oriented" into our daily work.

The Board carries out consistently ensuring that all members of the Group are guided by our purpose and strategy, align the four core values and the corporate culture in their daily work, and work together as one to promote quality development led by an advanced culture. The Group's operating practices, internal policies and stakeholder relationships give us the opportunity to actively practices our corporate culture and values in a multi-dimensional and holistic manner, which may create stable and sustainable business development and growth and bring long-term value to shareholders, and benefit cancer patients around the world.

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted corporate governance practices based on the principles and code provisions as set out in Part 2 of the CG Code as contained in Appendix C1 to the Listing Rules as its own code of corporate governance practices.

The Board is of the view that during the Reporting Period, the Company has complied with all the applicable code provisions as set out in the CG Code, except for code provision C.2.1 described in the paragraph headed "C. Directors' Responsibilities, Delegation and Board Proceedings – C.2 Chairman and Chief Executive". The Board will continue to review and monitor the code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance.

BOARD OF DIRECTORS

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination and corporate governance committee (the "**Nomination and Corporate Governance Committee**") (collectively the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

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

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Responsibility, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs. The Board directly, and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

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

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

The Board has clearly set out the circumstances under which the management should report to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company. The Board regularly reviews the above said circumstances and ensures they remain appropriate.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Continuous Professional Development of Directors

The Company believes education and training are important for maintaining an effective Board. Every Director has received formal and comprehensive trainings to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

The Company arranges continuous professional development trainings to Directors to ensure Directors keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant. Directors also regularly meet with the senior management team to understand the Group's businesses, governance policies and regulatory environment. All Directors are also encouraged to attend relevant training courses.

The Directors pursued continuous professional development to comply with C.1.4 of the CG Code and relevant details are summarised as follows:

Name of Director	Participated in continuous professional development*
Executive Directors	
Dr. Zonghai LI *(Chairman)*	√
Dr. Huamao WANG	√
Dr. Hua JIANG	√
Non-executive Directors	
Mr. Bingsen GUO	√
Mr. Ronggang XIE	√
Mr. Huaqing GUO	√
Independent Non-executive Directors	
Dr. Guangmei YAN	√
Dr. Huabing LI *(resigned on April 29, 2024)*	
Dr. Wen ZHOU *(appointed on April 29, 2024)*	√
Ms. Xiangke ZHAO	√

* During the Reporting Period, our Company arranged trainings for the Directors related to updates and changes in regulatory requirements, business and market environment in a variety of ways from time to time.

Chairman and Chief Executive Officer

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. We do not have separate Chairman of the Board and Chief Executive Officer ("**CEO**") and Dr. Zonghai LI, the Chairman of our Board and CEO, currently performs these two roles. Our Board believes that, in view of his experience, personal profile and his roles in our Company as mentioned above, Dr. Zonghai LI is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our CEO. Our Board also believes that the combined role of Chairman of the Board and CEO can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. Our Board will continue to review and consider splitting the roles of Chairman of the Board and the CEO at a time when it is appropriate by taking into account the circumstances of our Group as a whole.

Composition

As at the Latest Practicable Date, the Board is comprised of nine Directors, with three executive Directors, three non-executive Directors and three independent non-executive Directors. During the Reporting Period and up to the Latest Practicable Date, (i) Dr. Huabing LI ceased to be an independent non-executive Director from April 29, 2024, and (ii) Dr. Wen ZHOU was appointed as an independent non-executive Director from April 29, 2024, and there is no other change to the composition of the Board. A list of Directors and their respective biographies are set out on pages 27 to 31 of this report. Save as disclosed in this report, to the best knowledge of the Company, there are no financial, business, family, or other material relationship among members of the Board.

The Board has established mechanisms to ensure independent views and input are available to the Board. The Board ensures the appointment of at least three independent non-executive directors and at least one-third of its members being independent non-executive directors. Further, independent non-executive directors will be appointed to committees of the Board as required under the Listing Rules and as far as practicable to ensure independent views and input are available. The Nomination and Corporate Governance Committee strictly adheres to the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of independent non-executive directors, and is mandated to assess annually the independence of independent non-executive directors to ensure that they can continually exercise independent judgement.

During the Reporting Period and up to the Latest Practicable Date, the Board's composition is in compliance with the requirement under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Board believes that the balance between the executive Directors and the non-executive Directors is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of the shareholders and the Group.

The Board values the importance of professional judgment and advice provided by non-executive Directors to safeguard the interests of the shareholders. The non-executive Directors contribute diversified qualifications and experience to the Group by expressing their views in professional, constructive and informed manner, and actively participate in Board and committee meetings and to bring professional judgment and advice on issues relating to the Group's strategies, policies, performance, accountability, resources, key appointments, standards of conduct, conflicts of interests and management process, with the shareholders' interests being the utmost important factor. The non-executive Directors also exercise their professional judgment and utilise their expertise to scrutinise the Company's performance in achieving agreed corporate goals, and monitor performance reporting.

Further, in compliance with Rule 3.10 of the Listing Rules, one of the Company's independent non-executive Director (namely Ms. Xiangke ZHAO) has the appropriate professional qualifications of accounting or related financial management expertise, and provide valuable advice from time to time to the Board. The Company has also received from each independent non-executive Director an annual confirmation of his/her independence and the Nomination and Corporate Governance Committee has conducted an annual review and considers that all independent non-executive Director are independent, taking into account of the independence guidelines set out in Rule 3.13 of the Listing Rules in the context of the length of service of each independent non-executive Director.

As part of the Company's corporate governance practice to provide transparency to the investor community and in compliance with the Listing Rules and the CG Code, the independent non-executive Directors are clearly identified in all corporate communications containing the names of the Directors. In addition, an up-to-date list of Directors identifying the independent non-executive Director and the roles and functions of the Directors is maintained on the Company's website and the Stock Exchange's website.

Appointments and Re-election of Directors

Each of our executive Directors and non-executive Directors has entered into a service contract with us under which the initial term of their service contracts shall be three years commencing from the date of their appointment until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than one months' prior notice. Pursuant to the service contracts entered into with us, none of our executive Directors and non-executive Directors will receive any remuneration as director's fee.

Each of our independent non-executive Directors has entered into an appointment letter with us. The initial term of their appointment letters shall commence from the date of their appointment for a period of three years or until the third annual general meeting of our Company after their appointments, respectively, whichever is earlier (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing.

None of the Directors has entered into a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

In accordance with the Articles of Association, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a casual vacancy shall submit himself for re-election by the shareholders at the first general meeting of the Company after appointment and new Directors appointed as an addition to the Board shall submit himself for re-election by the shareholders at the next following general meeting of the Company after appointment.

Director Nomination Policy

The Company has adopted a director nomination policy (the "**Director Nomination Policy**") which sets out the selection criteria and procedures in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Integrity and reputation;
- Educational background, professional qualifications and work experience (including part-time jobs);
- Whether or not they have the necessary skills and experience;
- Whether or not they are able to spend sufficient time and energy to handle the Company's affairs;
- Whether or not they will promote the diversity of the Board in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and term of office;
- Whether or not the candidates for independent directors meet the requirements for independence under Rule 3.13 of the Listing Rules; and
- Any other relevant factors as determined by the Nomination and Corporate Governance Committee or the Board from time to time.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. The Nomination and Corporate Governance Committee and/or the Board may nominate candidates for directorship. Where the Board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

Shareholders who wish to propose a person for election as a Director at the general meeting shall follow the provisions in the Company's Articles of Association and the Company's policy on "Procedures for Shareholders to Propose a Person for Election as a Director of the Company".

During the year ended December 31, 2024, the Nomination and Corporate Governance Committee recommended to the Board the appointment of Dr. Wen ZHOU as independent non-executive Director, at the meeting of the Nomination and Corporate Governance Committee. The appointment was subject to a nomination process in accordance with the Director Nomination Policy and the Board Diversity Policy, to ensure the Board possesses the necessary skills, experience and knowledge in alignment with the Company's strategy.

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

Board Meetings

The attendance of each Director at Board and committee meetings of the Company, whether in person or by means of electronic communication, is detailed in the table below:

	Attendance/No. of Meetings held during the Reporting Period				
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination and Corporate Governance Committee**	**General Meeting**
Executive Directors					
Dr. Zonghai LI	6/6	N/A	2/2	2/2	1/1
Dr. Huamao WANG	6/6	N/A	N/A	N/A	1/1
Dr. Hua JIANG	6/6	N/A	N/A	N/A	1/1
Non-executive Directors					
Mr. Bingsen GUO	6/6	N/A	N/A	N/A	1/1
Mr. Ronggang XIE	6/6	N/A	N/A	N/A	1/1
Mr. Huaqing GUO	6/6	9/9	N/A	N/A	1/1
Independent Non-executive Directors					
Dr. Guangmei YAN	5/6	N/A	1/2	1/2	1/1
Dr. Huabing LI *(resigned on April 29, 2024)*	2/3	7/7	1/2	1/2	N/A
Dr. Wen ZHOU *(appointed on April 29, 2024)*	4/4	2/2	0/0	0/0	1/1
Ms. Xiangke ZHAO	6/6	9/9	N/A	N/A	1/1

At the Board meetings held during the Reporting Period, the Board discussed a wide range of matters, including annual results announcement, interim results announcement, appointment and remuneration of senior management and independent non-executive director, and auditors' reappointment and remuneration, etc.

During the Reporting Period, the Board considered the following corporate governance matters:

- approval of the corporate governance report of the Company;
- review of the results of the internal audit work on the Group's risk management and internal control systems; and
- approval of the new and revised versions of corporate governance documents of the Company.

The Chairman of the Board held one meeting with the independent non-executive Directors during the Reporting Period without the presence of other Directors.

On May 21, 2024, the Company held its annual general meeting to consider and approve the re-election of Directors, the grant of general mandates to issue and repurchase shares, the re-appointment of the auditor, and the proposed amendments to the Articles of Association. All the proposed resolutions to the annual general meeting were taken by poll and the poll results were set out in the Company's announcement dated May 21, 2024. The Chairman as well as other members of the Board were available to respond to enquiries during the annual general meeting, which provided opportunities for communication between Directors, senior management and the Shareholders.

BOARD COMMITTEES

The Company has established the following committees under the Board of Directors: an Audit Committee, a Remuneration Committee and a Nomination and Corporate Governance Committee. The committees operate in accordance with terms of reference established by our Board of Directors.

Audit Committee

Our Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code.

During the Reporting Period, (i) Dr. Huabing LI ceased to act as a member of the Audit Committee with effect from April 29, 2024; and (ii) Dr. Wen ZHOU was appointed to act as a member of the Audit Committee on April 29, 2024. As at the Latest Practicable Date, the Audit Committee consisted of two independent non-executive Directors, namely Ms. Xiangke ZHAO and Dr. Wen ZHOU, and one non-executive Director, namely Mr. Huaqing GUO. Ms. Xiangke ZHAO, being the chairman of the Audit Committee, holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, overseeing the audit process and performing other duties and responsibilities assigned by our Board of Directors.

During the Reporting Period, the Audit Committee scheduled 9 meetings, during which matters such as change of the auditor, financial reporting, operational and compliance controls, effectiveness of the risk management and internal control systems and internal audit function were discussed.

The attendance records of the members of the Audit Committee, during the Reporting Period, are as follows:

Name of Members of the Audit Committee	Attendance
Ms. Xiangke ZHAO	9/9
Mr. Huaqing GUO	9/9
Dr. Wen ZHOU *(appointed on April 29, 2024)*	2/2
Dr. Huabing LI *(resigned on April 29, 2024)*	7/7

Remuneration Committee

Our Company has established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. During the Reporting Period, (i) Dr. Huabing LI ceased to act as the Chairman of the Remuneration Committee with effect from April 29, 2024; and (ii) Dr. Wen ZHOU was appointed to act as the Chairman of the Remuneration Committee on April 29, 2024. As at the Latest Practicable Date, the Remuneration Committee consisted of two independent non-executive Directors, namely, Dr. Guangmei YAN and Dr. Wen ZHOU, and one executive Director, namely Dr. Zonghai LI. Dr. Wen ZHOU was the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include, without limitation, making recommendations to the Board of Directors on our policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing the policy on such remuneration and determining the specific remuneration packages of all Directors and senior management.

During the Reporting Period, the Remuneration Committee scheduled two meetings, during which matters such as remuneration of independent non-executive director, policy and structure for the remuneration of all directors and senior management were discussed.

During the Reporting Period, the Remuneration Committee reviewed and approved the following matters relating to share schemes as defined under Chapter 17 of the Listing Rules:

On November 18, 2024, the grant of a total of 200,000 options to Dr. Hua JIANG, without performance targets attached and considered that (i) the grant of options forms part of her remuneration package, (ii) the grant of options is for recognition of her past contribution and enable her to benefit from the business success she is helping to create, (iii) the vesting period attached will ensure her and the Company's long term interests are aligned and she is motivated to continue contributing towards the Company's development, and (iv) the above grant of options to her is in line with the purpose of the Post-IPO Share Option Scheme.

The attendance records of the members of the Remuneration Committee, during the Reporting Period, are as follows:

Name of Members of the Remuneration Committee	Attendance
Dr. Wen ZHOU *(appointed on April 29, 2024)*	0/0
Dr. Guangmei YAN	1/2
Dr. Zonghai LI	2/2
Dr. Huabing LI *(resigned on April 29, 2024)*	1/2

Nomination and Corporate Governance Committee

Our Company has established the Nomination and Corporate Governance Committee with written terms of reference in compliance with the Corporate Governance Code. During the Reporting Period, (i) Dr. Huabing LI ceased to act as a member of the Nomination and Corporate Governance Committee with effect from April 29, 2024; and (ii) Dr. Wen ZHOU was appointed to act as a member of the Nomination and Corporate Governance Committee on April 29, 2024. As at the Latest Practicable Date, the Nomination and Corporate Governance Committee consisted of two independent non-executive Directors, namely, Dr. Guangmei YAN and Dr. Wen ZHOU, and one executive Director, namely Dr. Zonghai LI. Dr. Zonghai LI is the chairman of the Nomination and Corporate Governance Committee.

The primary duties of the Nomination and Corporate Governance Committee include, without limitation, reviewing the structure, size and composition of the Board of Directors, assessing the independence of the independent non-executive Directors, making recommendations to the Board of Directors on matters relating to the appointment of Directors, developing, reviewing and assessing the adequacy of our Company's policies and practices on corporate governance and reviewing our Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report.

During the Reporting Period, the Nomination and Corporate Governance Committee scheduled two meetings, during which matters such as re-election of directors and appointment of independent non-executive director were discussed.

The attendance records of the members of the Nomination and Corporate Governance Committee, during the Reporting Period, are as follows:

Name of Members of the Nomination and Corporate Governance Committee	Attendance
Dr. Zonghai LI	2/2
Dr. Guangmei YAN	1/2
Dr. Wen ZHOU *(appointed on April 29, 2024)*	0/0
Dr. Huabing LI *(resigned on April 29, 2024)*	1/2

COMPANY SECRETARY

Mr. Wing Yat Christopher LUI has been appointed as the Company Secretary on February 23, 2021, has taken no less than 15 hours of relevant professional training during the Reporting Period and has complied with Rule 3.29 of the Listing Rules in relation to the professional training requirements. The primary contact person of Mr. Wing Yat Christopher LUI at the Company is Mr. Haiou CHEN who is our executive vice president.

SHAREHOLDERS RIGHTS

The Company encourages shareholders' active participation in annual general meetings and other general meetings or other proper means. To safeguard shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of Extraordinary General Meeting

Any one or more members holding as of date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition, to require an extraordinary general meeting of the Company to be called by the Board for the matter specified in such requisition. A written requisition shall be deposited at Room 1918, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. If within 21 days of such deposit the Board fails to proceed to convene such meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

There are no provisions in the Articles of Association or in the Companies Law of the Cayman Islands for putting forward proposals or new resolutions by shareholders at general meetings. Shareholders who wish to move forward a resolution may request the Company to convene a general meeting in accordance with the procedures mentioned above.

COMMUNICATION WITH SHAREHOLDERS

Shareholders Communication Policy

To enable our shareholders to exercise their rights in an informed manner based on a good understanding of the Group's operations, businesses and financial information, the Company adopted the shareholders communication policy to provide effective communication with the Shareholders and other stakeholders. The policy sets out a number of ways to ensure effective and efficient communication with our shareholders and stakeholders is achieved, including but not limited to our corporate communications (in both English and Chinese, to facilitate shareholders' understanding) and posting of relevant information on the Company Website. To facilitate communication between the Company, our shareholders and stakeholders and solicit and understand the views of shareholders and stakeholders, investor and analyst briefings, roadshows, media interview and specialist industry forums are organized on a regular basis and are attended by our directors.

The Company has reviewed the implementation and is satisfied with the effectiveness of the shareholders' communication policy during the year ended December 31, 2024 as it has provided various channels for Shareholders, potential investors and other stakeholders of the Group to share their views on the matters affecting the Company and direct their views to the Company.

Enquiries to the Board

Shareholders who intend to put forward their enquiries or communicate their views about the Company to the Board could send written enquiries or materials to the Company. The Company will not normally deal with verbal or anonymous enquiries.

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

Address: 1F, Building 2,
No. 466 Yindu Road
Xuhui District
Shanghai
the PRC
(For the attention of the Board of Directors)

Email: IR@carsgen.com

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2024, and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the auditors about their reporting responsibilities on the financial statements is set out in the section headed "Independent Auditor's Report".

DIVERSITY

The Board has adopted a board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of measurable objectives, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service.

In recognizing the particular importance of gender diversity, our Company undertook in the Prospectus that our Nomination and Corporate Governance Committee would, within three years from the Listing Date, identify and recommend one female candidate to our Board for consideration on her appointment as Director of our Company. The current Board comprises six male members and three female members. The Board is of the view that the current composition of the Board is in line with the board diversity policy (including but not limited to gender diversity). The Company will continue to put effort into developing a pipeline of potential successors of the Board to maintain or achieve gender diversity via different channels, such as by engaging human resources agencies to identify potential successors for the Board.

We are also committed to adopting a similar approach to promote diversity within the management (including but not limited to the senior management) of our Company to enhance the effectiveness of corporate governance of our Company as a whole.

As at December 31, 2024, we hired 468 full-time employees, of which 63% were female. The Company is aiming to achieve a more balanced gender ratio in the workforce in the future and will continue to monitor and evaluate the diversity policy from time to time to ensure its continued effectiveness.

Nomination and Corporate Governance Committee will review the board diversity policy from time to time to ensure its continued effectiveness.

DIVIDEND POLICY

The Company has adopted a policy on payment of dividends pursuant to code provision F.1.1 of the CG Code taking into consideration of various elements including but not limited to, among other things, the Company's profitability, operation and development plans, external financing environment, costs of capital, the Company's cash flows and other factors that the Directors may consider relevant. The policy sets out the factors in consideration, procedures, methods and intervals of the payment of dividends with an objective to provide the shareholders with continuing, stable and reasonable returns on investment while maintaining the Company's business operation and achieving its long-term development goal. Distribution of any interim or final dividends will be formulated by the Board, and will be subject to shareholders' approval.

As at December 31, 2024, no arrangement was reached pursuant to which the Shareholders waived or agreed to waive their dividends.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Insider Dealing Policy (the "**Policy**"), with terms no less exacting than the Model Code as its own securities dealing policy to regulate all dealings by Directors and employees who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Specific enquiries have been made to all Directors and the Directors have confirmed that they have complied with the Policy throughout the Reporting Period.

No incident of non-compliance of the Policy by the employees was noted by the Company for the Reporting Period.

CHANGE IN CONSTITUTIONAL DOCUMENTS

Upon the Shareholders' approval on May 21, 2024, certain changes were made to the Articles of Association for the purpose of, inter alia, reflecting and aligning with the latest regulatory requirements in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers and the relevant amendments to the Listing Rules which took effect from December 31, 2023. For more details, please refer to the circular of the Company dated April 18, 2024.

Save as disclosed above, there has not been any changes to the Articles of Association during the Reporting Period and up to the date of the Latest Practicable Date.

AUDITOR'S RESPONSIBILITY AND REMUNERATION

The Company appointed E&Y as the external auditor for the year ended December 31, 2024. A statement by E&Y about their reporting responsibilities for the financial statements is included in the Independent Auditors' Report on pages 158 to 162.

The remuneration for the audit and non-audit services provided by the Auditor to the Group during the year ended December 31, 2024 was approximately as follows:

Type of Services	Amount *(RMB'000)*
Audit and audit related services	3,780
Non-audit services *(note)*	304
Total	**4,084**

Note: Non-audit services are related to interim review, ESG reporting consulting and tax advising.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We recognize that risk management is critical to the success of our business operation. Key operational risks faced by us include changes in general market conditions and the regulatory environment of the PRC, the United States and global biologics market, our ability to develop, manufacture and commercialize our product candidates, and our ability to compete with other pharmaceutical companies operating in the same markets as ours. See "Risk Factors" in the Prospectus for a discussion of various risks and uncertainties we face. We also face various market risks. In particular, we are exposed to foreign exchange, cash flow and fair value interest rate, credit and liquidity risks that arise in the normal course of our business.

We have adopted a series of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis. Our senior management, and ultimately our Directors, supervise the implementation of our risk management policies. Risks identified by management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by our Group and reported to our Directors.

The following key principles outline our approach to risk management:

- Our Audit Committee will oversee and manage the overall risks associated with our business operation, including (i) reviewing and approving our risk management policies to ensure that it is consistent with our corporate objectives; (ii) monitoring the most significant risks associated with our business operation and our management's handling of such risks; (iii) reviewing our corporate risk and (iv) monitoring and ensuring the appropriate application of our risk management framework across our Group.

- Our management team will be responsible for (i) formulating and updating our risk management policy and targets; (ii) reviewing and approving major risk management issues of our Group; (iii) promulgating risk management measures; (iv) providing guidance on our risk management approach to the relevant departments in our Group; (v) reviewing the relevant departments' reporting on key risks and providing feedback; (vi) supervising the implementation of our risk management measures by the relevant departments; (vii) ensuring that the appropriate structure, processes and competencies are in place across our Group; and (viii) reporting to our Audit Committee on our material risks.

- The relevant departments, including but not limited to the Finance Department, the Compliance Department and the Human Resources Department, are responsible for developing and implementing our risk management policy and carrying out our day-to-day risk management practice, such as assessing risks on key business operations, advising risk responses and optimizing risk management policies. In order to standardize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives; (iii) continuously monitor the key risks relating to their operation or function; (iv) implement appropriate risk responses where necessary; and (v) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

Internal Control

Our Board is responsible for establishing and ensuring effective internal controls to safeguard our Shareholder's investment at all times. Our internal control policies set out a framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis.

Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have adopted various measures and procedures regarding each aspect of our business operation, such as protection of intellectual property, environmental protection, and occupational health and safety. For example, we maintain a list of positions that require a certificate to undertake and require that the corresponding personnel to participate in trainings and pass the necessary assessment to obtain the certificate before they are allowed to commence their work. We provide periodic trainings on these measures and procedures to our employees as part of our employee training programs. From time to time, we are inspected for our compliance with environmental, health and safety laws and regulations by authorities such as the Public Security Bureau and the Health Commission. As of the Latest Practicable Date, we had not been subject to any administrative penalties in connection with environmental, health and safety matters.

- Our Directors (who are responsible for monitoring the corporate governance of our Group), with help from our legal advisors, will also periodically review our compliance status with all relevant laws and regulations after the Listing. We have established an Audit Committee in connection with the Listing, which (i) makes recommendations to our Directors on the appointment and removal of external auditors; and (ii) reviews the financial information and renders advice in respect of financial reporting as well as oversee internal control procedures of our Group.

- We have engaged Rainbow Capital (HK) Limited as our compliance advisor to provide advice to our Directors and management team. Our compliance advisor is expected to, upon our consultation, provide advice and guidance in respect of compliance with the applicable laws and the Listing Rules including various requirements of the financial reporting directors' duties and internal control in a timely fashion.

- We have engaged a PRC law firm to advise us on and keep us abreast of PRC laws and regulations after the Listing. We will continue to arrange various trainings sessions to be provided by external legal advisors from time to time when necessary, and/or any appropriate accredited institution to update our Directors, senior management and relevant employees on the latest PRC laws and regulations.

- We have established procedures to protect the confidentiality of clinical trial data. We clearly define the scope of the personnel who can access data generated from clinical trials and the information about the enrolled participants. Access to such data has been strictly limited to the authorized personnel according to the GCP and relevant regulations. We have also implemented measures to secure patients' privacy. For example, we only use anonymized code as a basis for patient identification. We require external parties and internal employees involved in clinical trials to comply with confidentiality requirements. Data are to be used only for the intended use, as agreed by the patients and consistent with the Informed Consent Form, or the ICF. We will obtain consent from patients for use of genetic materials or if any use of data falls outside the scope of the previously signed ICF. With regard to the use of genetic materials, our biological sample analysis laboratory has formulated standard procedures and strictly follow such procedures for the storage, use and destruction of biological samples of the clinical trial participants. In addition, our clinical operations team has standardized procedures for handling human genetic materials in compliance with the relevant laws and regulations, such as the HGR Regulation. To further enhance the employees' confidentiality awareness, we hold a training on trade secret management and confidentiality protection.

- We have developed the policy on information disclosure management which provide a general guide to the Directors, senior management and relevant employees of the Company in handling and dissemination of confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited. The Board is aware of its obligations to announce any inside information in accordance with the Listing Rules.

- Our compliance policies are standard for our industry and apply to all of our employees. We have established and maintained strict anti-corruption and anti-bribery policies, which sets forth our internal policies and procedures with regard to business entertainment, provision of gifts and financial reimbursement. We also require all of our employees to attend the trainings on the anti-corruption and anti-bribery polices. This is to assess the necessity of the conference and ensure compliance with relevant regulations. We will also ensure that our business development team complies with applicable promotion and advertising requirements, which include restrictions on promoting products for unapproved uses or patient populations and limitations on industry-sponsored scientific and educational activities. Moreover, we have formulated an anti-corruption and anti-bribery integrity agreement which we require our suppliers, including CROs to execute before we enter into business relationship.

- We have complied with the Corporate Governance Code, except for the deviation from the code provision C.2.1 of the Corporate Governance Code. We have established three board committees, namely, the Audit Committee, the Nomination and Corporate Governance Committee and the Remuneration Committee, with respective terms of reference in compliance with the Corporate Governance Code.

- Our Directors believe that compliance creates value for us and dedicate to cultivating a compliance culture among all of our employees. To ensure such compliance culture is embedded into everyday workflow and set the expectations for individual behavior across the organization, we regularly conduct internal compliance checks and inspections, adopt strict accountability internally and conduct compliance training.

During the Reporting Period, we have regularly reviewed and enhanced our internal control system. We believe that our Directors and senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control matters.

Investment Risk Management

We engage in short-term investments with surplus cash on hand. Our primary objective for short-term investments is to preserve principal and increase fund-using efficiency and liquidity as well. Our finance department, under the supervision of our senior officer of Finance, is responsible for managing our short-term investment activities. Before making a proposal to invest in wealth management products, our financial department must assess our cash flow and operational needs and capital expenditures.

We operate under a Board approved investment policy which governs the investment of our funds and is reviewed from time to time by our Board. We will make its investment decisions on a case-by-case basis after thoroughly considering a number of factors, including but not limited to macroeconomic environment, general market conditions and the expected profit or potential loss of the investment. Under the Company's investment policy, we are prohibited from investing in high risk products and the proposed investment must not interfere with its business operation or capital expenditure. As of the Latest Practicable Date, the Company's investment decisions did not deviate from its investment policy.

Our portfolio to date has been required to hold only instruments with an effective final maturity of 24 months or less, with effective final maturity being defined either as the obligation of the issuer to repay principal and interest or the discretionary ability of investor to put the security back in advance to the issuer. The initial target range for the average maturity of our portfolio is 24 months.

We believe that our internal investment policies and the related risk management mechanism are adequate. We may make investments that meet the above criteria after consultation and approval by our Board where we believe it is prudent to do so.

FDA inspection

Reference is made to the announcements of the Company dated April 29, 2024, October 9, 2024 and November 1, 2024.

During the Reporting Period, the Company submitted the responses regarding the status of the Corrective and Preventive Actions (CAPAs) plan and the complete response letters to request lifting the clinical holds for zevorcabtagene autoleucel, satricabtagene autoleucel and CT071 to FDA, and FDA has lifted the clinical holds on clinical trials of zevorcabtagene autoleucel (zevor-cel, CT053, an autologous CAR-T product against BCMA), satricabtagene autoleucel (satri-cel, CT041, an autologous CAR-T product against Claudin18.2), and CT071 (an autologous CAR-T product against GPRC5D) in the United States.

Process and main features of risk management and internal control system

The goal of the Group is to identify and manage the risks (including ESG Risks) which are inherent in the Group's business and its operating markets so that the risks can be reduced, mitigated, transferred or avoided.

The Board acknowledges that it is its responsibility to ensure that the Company establishes and maintains sound risk management and internal control systems within the Group and to review the effectiveness of the systems. Such systems are designed to manage and mitigate risks inherent in the Group's business faced by the Group to an acceptable level, but not to eliminate the risk of failure to achieve business objectives, and can only provide reasonable assurance against material misstatement, loss or fraud.

The Board oversees the Group's overall risk management and internal control process through the Audit Committee which forms an important part of the corporate governance regime of the Group. The Audit Committee, on behalf of the Board, continuously reviews the risk management and internal control systems. The review process has been conducted annually to confirm the effectiveness of management and internal control systems comprising, among other things, periodic assessment of key operational risks and control measures, meetings with management of business groups, internal audit team, and the external auditors, reviewing the relevant work reports and information of key performance indicators, and discussing the major risks with the senior management of the Company to aim at mitigating, reducing, transferring or avoiding such risks; the strengths and weaknesses of the overall internal control system, and action programs to address the control weaknesses or improve the assessment process. The Audit Committee will then report to the Board after properly reviewing the effectiveness of the Group's risk management and internal control systems. The Board has conducted a review over the risk management and internal control system of the Group for the year ended December 31, 2024, which covers financial, operational, compliance procedural and risk management functions, and considers them efficient and adequate. No significant area of concern that may affect the financial, operational, compliance, control and risk management of the Group has been identified during the year ended December 31, 2024.

Review of effectiveness of the risk management and internal control system

In addition, the Board believes that the Company's accounting and financial reporting functions as well as ESG performance and reporting have been performed by staff of the appropriate qualifications and experience and that such staff receives appropriate and sufficient training and development. Based on the audit report of the Audit Committee, the Board also believes that sufficient resources have been obtained for the Company's internal audit function and that its staff qualifications and experience, training programs and budgets are sufficient. The Board has reviewed through the work of its Audit Committee and was satisfied to the effectiveness of the Group's internal control and risk management systems for the year ended December 31, 2024.

Inside Information

With regard to the internal controls and procedures for the handling and dissemination of inside information, the Group is in compliance with provisions under the Part XIVA and relevant parts of the Securities and Future Ordinances and Listing Rules. To be certain that all the staff members of the Group are aware of the inside information handling, the Group's disclosure policy sets out guidance and procedures to ensure that the inside information of the Group is disseminated to the public completely, accurately and timely. The Group also has reasonable measures and procedures regarding keeping the sensitive information confidential and ensuring the confidentiality terms are in place in the significant agreements. Other procedures including sending blackout period and securities dealing restrictions notification to the relevant Directors timely have also been implemented by the Group against possible mishandling of inside information within the Group.

Environmental, Social and Governance Report

ABOUT THE REPORT

CARsgen Therapeutics Holdings Limited ("**the Company**" or "**CARsgen Therapeutics**", stock code: 2171) has issued the 2024 Environmental, Social and Governance Report ("**ESG Report**") as the Company's fourth ESG Report to introduce its management and performance concerning environmental protection, social responsibility and corporate governance to stakeholders.

REPORTING SCOPE

Unless otherwise stated, the report scope is consistent with the scope of the consolidated financial statements of the Company's 2024 annual report, covering the Company and its wholly-owned and majority-owned subsidiaries, jointly referred to as "**the Group**" or "**We**". The Reporting Period is from 1 January 2024 to 31 December 2024 (the "**Reporting Period**"), and some contents may trace back to previous years or extend to future years.

REPORTING STANDARDS

The Report is prepared in compliance with the requirements of Appendix C2 *Environmental, Social and Governance Reporting Guide* (the "**ESG Reporting Guide**") to the Main Board Listing Rules ("**Listing Rules**") of Stock Exchange of Hong Kong Limited ("**HKEX**").

REPORTING PRINCIPLES

"**Materiality**": The ESG Report includes communication with stakeholders and a materiality assessment in the preparation process as the basis for determination of important ESG topics.

"**Quantitative**": The ESG Report adopts quantitative information to disclose the key performance indicators ("**KPI**") on environmental and social levels, accompanied by a narrative that explains their purposes and impacts and comparative data where appropriate.

"**Balance**": The ESG Report provides an unbiased picture of our ESG performance in compliance with the "**Balance**" principle.

"**Consistency**": The key performance indicators and statistical method used in this ESG Report are consistent with the ones used in the previous annual ESG Reports to ensure the comparability.

REPORT AVAILABILITY

This ESG Report is released in online version that is available for viewing or download from the HKEX news website (http://www.hkexnews.hk) and the Company's official website (https://www.CARsgen.com).

CONFIRMATION AND APPROVAL

This ESG Report was approved by the Board on 18 March 2025 upon confirmation by the Audit Committee.

CORPORATE HONORS

In 2024, key honors and rewards obtained were as follows:

Date of Award	Name of Award	Issuing Authority
April 2024	 Shanghai's Key Service Unicorn (Potential) Enterprises in 2024	Shanghai Small and Medium Enterprises Development Service Center
April 2024	 Dr. Li Zonghai Top Ten Leaders of Pharmaceutical Innovation of the Year – Selection of the Fourth Pharmaceutical Innovation Jishi Award	Securities Times

Date of Award	Name of Award	Issuing Authority
June 2024	 2023 Top 100 Innovative Chinese Biomedical Enterprises – Top 30 Innovative Chinese New Technology Pharmaceutical Enterprises	Menet
September 2024	 National-Level Science and Technology Small and Medium Enterprises	Shanghai Municipal Science and Technology Commission
November 2024	 2024 Zhangjiang Life and Health Industry Annual Pioneer	Zhangjiang Life Sciences International Innovation Summit

Date of Award	Name of Award	Issuing Authority
November 2024	2024 Top 100 Chinese Pharmaceutical Innovation Enterprises	E Drug Manager
November 2024	Top 5 in the Technology Track of China's Pharmaceutical Innovation Enterprises in 2024	E Drug Manager

Date of Award	Name of Award	Issuing Authority
December 2024	9th Zhitong Finance Listed Companies Awards — Most Valuable Pharmaceutical and Healthcare Company	Zhitong Finance
December 2024	2024 Yangtze River Delta Biopharmaceutical New Quality Leadership List — Biopharmaceutical Innovation Leadership Top 20	Joint Conference Office of the Yangtze River Delta G60 Science and Technology Innovation Corridor

1 GOVERNANCE, FORTIFYING GROWTH FOUNDATIONS

1.1 ESG Governance Structure

A robust ESG governance system serves as the foundational infrastructure enabling enterprises to effectively fulfill their environmental and social responsibilities. Anchored in our corporate vision of 'Making Cancer Curable', the Group prioritizes corporate social responsibility integration, embedding sustainability principles into both strategic planning and operational execution. In strict compliance with the HKEX ESG Reporting Guide, we have established a comprehensive governance framework with clearly delineated responsibilities across all organizational levels. This structured approach ensures enhanced ESG governance capabilities and delivers measurable management outcomes:

The Board	• As the highest authority for the oversight and public disclosure of the Company's ESG (Environmental, Social, and Governance) affairs, it assumes full responsibility.
Audit Committee	• Assessing and considering the Company's ESG (Environmental, Social, and Governance) related risks, opportunities (including climate-related risks and opportunities) and corresponding importance, strategies and objectives. • Supervising and evaluating the Company's ESG management, performance and progress towards related objectives. • Reviewing public disclosure of the Company's ESG performance and related matters and making recommendations to the Board for approval.
ESG Working Team	• Identifying and managing ESG risks and matters during business operations. • Develop relevant policies and action plans consistent with ESG strategy and objectives. • Coordinate and promote the implementation of ESG related matters within the Company to ensure the fulfillment of ESG targets and action plans. • Compile and prepare ESG public disclosures.

ESG governance structure

Board Statement

Responsibilities of the Board

The Board of Directors is the ultimate responsible body for the management and public disclosure of ESG matters at CARsgen Therapeutics, and it authorizes the Audit Committee to assess and deliberate on ESG-related risks, opportunities, and their significance, as well as strategies and goals, and to supervise and review the management, performance, and progress towards ESG-related objectives. The Audit Committee of the Board of Directors of CARsgen Therapeutics consists of no fewer than three non-executive directors. The members of the Audit Committee were appointed by the Board.

ESG Risk Management

To effectively manage various risks, we have established a risk management system with the Board of Directors and the Audit Committee as the ultimate oversight bodies, and we have set up a three-tier risk management defense line spanning from frontline business units to internal audit. Based on our actual operations and development situation, stakeholder concerns, and changes in the external environment, we regularly conduct ESG risk identification and assessment work and formulate and implement targeted risk response strategies. Under the oversight of the Board of Directors, we continuously improve our internal control and risk management system to ensure that ESG risks are effectively managed and controlled.

Material ESG Issues

We have established a transparent and efficient stakeholder communication mechanism to promptly understand their expectations and concerns regarding CARsgen Therapeutics' ESG efforts. For material issues, we prioritize them as key areas for our ESG work, formulate management strategies, and regularly review and assess CARsgen Therapeutics' performance and progress towards achieving goals in these key areas, to meet stakeholder expectations. During the Reporting Period, we conducted a materiality assessment and accordingly updated the materiality issue matrix. The assessment results were reviewed and confirmed by the Board of Directors and senior management. The Board of Directors also reviewed and approved the achievement status of ESG goals for CARsgen Therapeutics during the Reporting Period.

ESG Execution

The ESG Working Group comprising senior management and heads of key functional departments serves as the primary management and coordination body. Under the guidance and supervision of the Audit Committee, this group formulates relevant policies and action plans that align with our ESG strategy and objectives and coordinates internal and external resources to fully implement and integrate these efforts into daily operational management. At the execution level, each functional department manages and implements ESG-related matters and continuously tracks performance to ensure the achievement of CARsgen Therapeutics' ESG strategy and objectives.

1.2 Stakeholder Communications

We have developed a well-established stakeholder communication mechanism and actively communicate with all stakeholders including shareholders and investors, government administration, suppliers, partners, employees, customers, healthcare professionals, communities and the public on a regular basis. We collect their opinions and advice regarding our ESG strategies and performance, comprehend and include their critical concerns in our ESG management to effectively respond their demands.

Shareholders	Needs and expectations	Communication methods
Shareholders and investors	Return on investment Information disclosure Risk control	Annual reports, financial statements and announcements Company's website Meetings and road shows
Government administration	Operation compliance Tax payment in accordance with laws Making contribution to the society	Government research Thematic meeting of the government administration Written reports Industry forums
Potential customers/subjects	Product quality and safety Product R&D and innovation Rights & interests Protection Privacy protection	Customer feedback Communication and discussion
Healthcare professionals	Product quality and safety Product R&D and innovation Anti-corruption and business ethics	Company website Company email Social media Daily communication
Supplier/partners	Supplier management Justice and fairness Win-win cooperation Anti-corruption	Business communication Regular meetings Field visits Assessment and evaluation

Shareholders	Needs and expectations	Communication methods
Industry associations	Communication and cooperation Fair competition Industry empowerment	Industry alliance Seminars and information exchange meetings Project cooperation
Employees	Training and development Well-established remuneration and benefits mechanism Equal opportunities and diversification Occupational health and safety	Email communication Internal meetings Internal trainings Team building
Media	Industry cooperation and development Product quality and safety Product R&D and innovation Anti-corruption and business ethics	Company website Annual reports, financial statements and announcements Media interviews Press conference/media briefing Social media
Community and public	Caring for the community Public interest participation Environmental protection	Company website Daily communication Public service Social media

1.3 Materiality Assessment

We conducted a materiality assessment with the assistance of third-party professional bodies to determine the importance of each ESG issue to the company's business development and each shareholder, to clarify the key areas of ESG work and use them as an important reference for the formulation of ESG management strategy and the preparation of ESG reports.

Step 1: Identify ESG issues

According to the requirements of ESG Guidelines, combined with the actual business and industry characteristics of the company, through a series of benchmarking and analysis, form CARsgen Therapeutics ESG issue library, and confirm that it has covered our ESG practices during the Reporting Period.

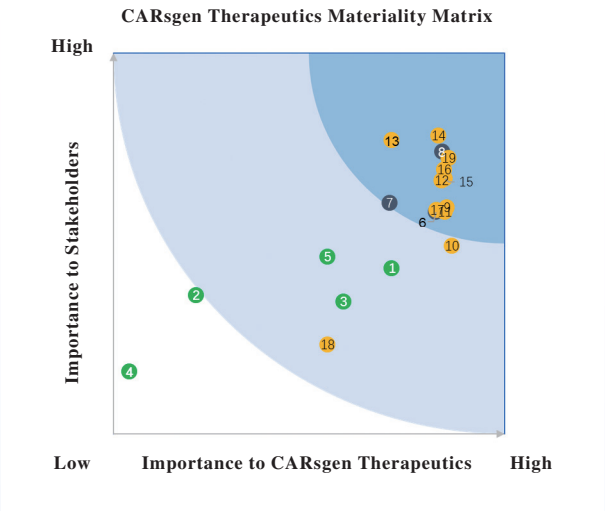
Step 2: Confirm the importance

Through interviews and questionnaires, we assessed the importance of each issue from two aspects: "Importance to CARsgen Therapeutics" and "Importance to stakeholders", and then generated a materiality matrix to decide the priority of ESG issues.

Step 3: Verify the assessment results

The Board of Directors and senior management of the Company reviewed and confirmed the assessment results, based on which, 19 material issues were identified, including product quality and safety, product R&D and innovation, privacy information protection, supply chain management, customer service, occupational health and safety, business ethics, inclusive medical care, intellectual property protection, employee remuneration and welfare, compliance and employment, etc., and targeted responses were made to key issues in the corresponding sections of the report to meet the concerns of all stakeholders.

During the Reporting Period, we performed materiality analytical procedures. The result is as follows:



Environmental issues		Social issues	
1	Resource utilization	9	Compliance employment
2	Energy and greenhouse gas management	10	Employee development
3	Emissions management	11	Employee compensation and benefits
4	Addressing climate change	12	Occupational health and safety
5	Environmental management	13	Product R&D and innovation
Governance issues		14	Product quality and safety
6	Business ethics	15	Customer service
7	Intellectual property protection	16	Supply chain management
8	Privacy information protection	17	Access to medicines
		18	Community investments
		19	Clinical trial safety

1.4 Business Ethics

As a responsible enterprise, CARsgen Therapeutics has always adhered to high standards of business ethics in the process of operation, and has zero tolerance for corruption, bribery, unfair competition and other violations and incidents. The Board of Directors sets up an audit committee composed of independent directors to regularly assess and manage risks related to business ethics, evaluate the effectiveness and implementation of the internal control system, and promote the construction of a top-down business ethics culture.

1.4.1 Anti-Bribery, Anti-Corruption and Anti-Money Laundering

The Group strictly complies with the *Law of the People's Republic of China on Combating Unfair Competition, Code of Conduct for Employees in Medical Institutions, Interim Provisions on the Prohibition of Commercial Bribery, Foreign Corrupt Practices Law* and other relevant laws and regulations. Through a series of internal management systems, such as the *Code of Conduct (COC)*, the *Anti-Corruption and Anti-Commercial Bribery Management Policy*, the *Anti-Fraud Management Policy*, and the *Anti-Money Laundering Management Guidelines*, the Group has clearly defined and detailed various prohibited behaviors, further emphasizing and requiring employees to maintain integrity and self-discipline, as well as honesty and trustworthiness, in the course of their duties, and to fully uphold a culture of integrity. For violations, the Compliance Department, will form an investigation team in collaboration with relevant departments as needed, handle the case by investigating the violation, propose disciplinary actions, and submit a detailed report to management for review and determination.

To further ensure the implementation of our business ethics-related policies, we regularly conduct internal audits to verify the effectiveness of our internal control design and implementation. During the Reporting Period, the scope of internal audits included expense reimbursement, R&D project management, asset management, IT access controls, and whistleblowing audits, with a particular focus on work related to business ethics. The results of the internal audits are reported by the Compliance Department to management and the Audit Committee. For issues identified during the audits, we communicate with the relevant departments to carry out rectifications.

In addition, CARsgen Therapeutics has entered a commercialization partnership with Huadong Medicine Co., Ltd. ("**Huadong Medicine**") for our commercial products (for more details about this deal, please refer to Management Discussion & Analysis). In the Supply Agreement, we have explicitly stated CARsgen Therapeutics' audit rights regarding compliance matters and required Huadong Medicine to sign a Compliance Commitment, making commitments in areas such as anti-bribery and anti-corruption, promotional compliance, and compliance audits. This is to apply our business ethics standards to commercialization activities and safeguard CARsgen Therapeutics' corporate reputation.

We have established a comprehensive reporting channel and handling process, through which employees at all levels and various parties in society can anonymously or under their real names report violations of business ethics or related incidents via the reporting email (compliance@carsgen.com), physical mailboxes, and other means. Upon verification of the investigation, we will take serious actions and rectifications in accordance with relevant regulations and publicize and archive the results for future reference. We have also established a whistleblower protection mechanism, explicitly prohibiting the disclosure of the whistleblower's name, organization, address, and other relevant information, as well as the content of the report, to the reported individual or organization, thereby fully safeguarding the legitimate rights and interests of the whistleblower.

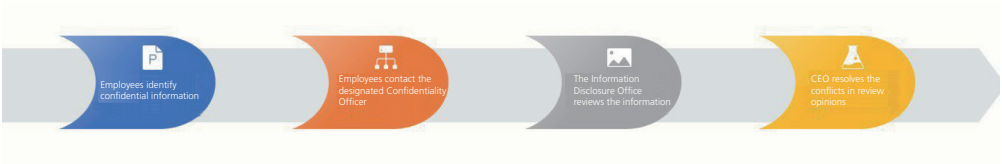
In order to create a clean and honest corporate atmosphere, implement a culture of integrity and compliance, and ensure that compliance requirements are communicated to each employee, CARsgen Therapeutics organizes all directors, management and employees to participate in the annual compliance training, and signs the *Annual Compliance Training Confirmation* after the completion of the course to ensure that they practice the company's ethical standards. During the Reporting Period, one training covering reporting and anti-corruption related content was carried out for the board of directors, and nine directors participated in the training. We strengthened compliance policies and business ethics requirements in the training of new employees, with a total of 332 people participating in the training globally. We also support some employees to join the Association of China Compliance Professionals (ACCP) and regularly participate in the activities of the Association to learn about compliance standards and operating practices in the pharmaceutical industry.

During the Reporting Period, the Group had no cases related to corruption, money laundering or fraud.

1.4.2 Responsible Marketing

The Group has strictly complied with the advertising laws and regulations of China, the United States and other jurisdictions, including the *Advertising Law of the People's Republic of China*, the U.S. *Federal Trade Commission Act (FTC Act)* and the *Truth in Advertising Act*, as well as labeling regulations and industry standards in all operational regions. The Group has established internal policies and procedures, such as *External Communication Management Policy*, *WeChat Official Account Publishing Standards and Management Policy* and *Brand Identity Guidelines*. These documents define workflows for internal publicity material management and content review processes for external communications, clarify departmental responsibilities and information disclosure principles, and ensure all employees understand external communication requirements. This framework guarantees the accuracy of external communications and product-related content, prevents exaggerated claims and the dissemination of deceptive or misleading information, and upholds respect for and protection of patient rights.

Based on the sound policy and system specifications, all external promotion materials and meetings held by CARsgen Therapeutics need to be approved internally before implementation to ensure that our promotion activities meet the requirements of responsible marketing. All undisclosed confidential information shall be reviewed by the head of confidentiality of the centralized management department of confidential information, Information Disclosure Office and external communication departments to ensure scientific, rigorous and compliant. We also request the commercial product partner Huadong Medicine to make commitments in terms of promotion compliance and market access compliance.



Review procedures for information disclosure of CARsgen Therapeutics

To ensure the consistency, timeliness, accuracy and rationality of the company's external information disclosure, we carry out media communication and dissemination in compliance with regulations and efficiently through the company's official website, overseas operations, WeChat public accounts, press conferences and other official channels, and create a good public opinion environment and brand image. We also monitor and pay attention to relevant potential risks in real time and conduct crisis response management according to the public opinion rating mechanism. In addition, we also conduct training on compliance requirements for internal and external communications, to reduce and avoid potential risks.

1.4.3 Data Security and privacy protection

The Group regards data security and privacy protection as an important basis for the stable operation of enterprises, and has established *Computerized System Management Procedures, Computerized System Change Management Procedures, Computer Virus Prevention and Control Management Procedures* and *Computer Room Management Procedures* in strict accordance with the *Network Security Law of the People's Republic of China, Data Security Law of the People's Republic of China, Personal Information Protection Law of the People's Republic of China* and other relevant laws and regulations To clarify the workflow of computerized system management, strengthen the access management of the system, and ensure the security and integrity of data.

We have configured corresponding group policies and tools on the basic terminal management to strengthen access control and security management, configure accounts on the principle of minimum access and adjust access allocation according to actual work needs, so as to avoid access abuse and sensitive information leakage. In order to prevent data loss and ensure business continuity, we manage the Company's data backup and recovery system in accordance with *Disaster Recovery Management Procedures and Data Backup* and *Recovery System Operation Procedures* to enhance data security resilience.

We respect and protect the information and privacy data of patients, employees and business partners, standardize the process of data retention and use, and minimize the collection of unnecessary data. We desensitize and encrypt patient data in accordance with the relevant requirements of GCP (Good Clinical Practice) and provide privacy protection instructions. We require all relevant employees and partners to sign the *Confidentiality Agreement* to avoid disclosing the personal privacy and information of patients, and to eliminate the possibility of opening relevant information to unauthorized and relevant business personnel.

We added information security related content to the training of new employees, including but not limited to the popularization of information security awareness, phishing emails and virus protection science, to effectively strengthen the Group's internal information security awareness and capacity building.

2 RESPONSIBILITY, FULFILLING QUALITY COMMITMENTS

CARsgen Therapeutics is committed to safeguarding patient health, focusing on the closed loop of the whole life cycle of product management, continuously improving product quality by virtue of strict quality assurance and control system, and ensuring excellent and easily accessible products and services for patients and customers. Furthermore, we attach great importance to the optimization of pharmacovigilance and supply chain management to ensure the stability of product and service quality and business continuity.

2.1 Product Quality Management

We establish a quality management system that meets the requirements of laws, regulations and systems, establish strict quality standards, implement quality control throughout the life cycle of products, ensure the safety and reliability of all products, and provide reliable protection for the health of patients.

2.1.1 Quality Assurance

We have established the *Quality Manual* in strict accordance with the *Drug Administration Law of the People's Republic of China,* the *Regulations for the Implementation of the Drug Administration Law of the People's Republic of China*, GMP (Good Manufacturing Practice) and other relevant laws and regulations as well as industry norms, to clarify the Company's quality policy and quality objectives, plan the key elements of the Company's quality management system, clarify the person responsible for CGT (Cell and Gene Therapy) product quality and ensure that the quality management department performs its duties independently.

Quality document update
We have revised key quality documents including the *Stability Testing Management Procedures, Stability Study Protocol After Market Approval for Zevorcabtagene Autoleucel* and *HB0783 Lentiviral Vector Continuous Stability Study Protocol*, optimizing stability monitoring for both marketed products and in-house raw materials.
Management process optimization
On the basis of retaining the offline product release process, we added the release audit and release operation requirements to the CAR-T Cell Product Whole Process Management Traceability System, and increased the COI/COC audit of the whole production process, patients and products to ensure the traceability control of products.

CARsgen Therapeutics' New Quality Assurance Measures in 2024

We utilize digital systems such as BMS (Building Management System), PMS (Particle Monitoring System), and EMS (Environment Monitoring System) to implement precise and efficient quality control measures. These systems enable real-time monitoring of cleanroom conditions in production areas, as well as continuous tracking of temperature, humidity, differential pressure, and particle counts across manufacturing, quality control, and storage zones. This integrated approach ensures that production environments remain fully controlled, and that products and materials are stored under optimal conditions.

In strict compliance with regulatory frameworks and documented procedures, we conduct internal quality audits to assess the quality assurance capabilities and risk management competencies for production, QC, engineering and warehouse departments etc, with findings documented in formal audit reports. Concurrently, our Quality Unit performs on-site reviews of the Quality Management System to ensure continuous adherence to statutory requirements throughout the whole manufacturing processes. We proactively engage with external audits and regulatory inspections conducted by health authorities. All identified observations are treated with utmost priority, with corresponding Corrective and Preventive Actions (CAPA) implemented to systematically enhance our quality ecosystem and product excellence. During the Reporting Period, CARsgen Life Sciences Co., Ltd. ("**CARsgen Life**"), Marketing Authorization Holder of 赛恺泽® (Zevorcabtagene autoleucel, CT053), underwent 2 inspections by National and Shanghai Medical Products Administration (SHMPA), and CARsgen Pharmaceuticals Co., Ltd. ("**CARsgen Pharmaceuticals**"), the manufacturer, successfully underwent 3 inspections by National and Shanghai Medical Products Administration (SHMPA). No critical findings were identified across these regulatory inspections.

Taking into account the unique attributes of CAR-T products, we have established medical institution management, DTP (Direct to Patient) pharmacy management, dealer management, carrier management and other processes, ensuring comprehensive management from the transportation and receipt of leukapheresis, through product manufacturing and testing, to the release, storage, and transportation of the final CAR-T product.

Supplier Quality Management

We have established material and supplier quality management procedures to categorise and manage its suppliers according to the classification of materials and the criticality of materials (critical, non-critical). For critical suppliers, we conduct questionnaire audits, on-site audits, and quality agreement signing, etc., and if they meet the requirements, they will be approved as qualified suppliers and will be reviewed periodically every 3 years. For non-critical suppliers, we mainly collect information through questionnaires, etc., and the review period is 5 years. We ensure that the relevant materials comply with the pharmaceutical requirements and statutory standards. During the Reporting Period, we conducted on-site audits of 38 suppliers, including suppliers of culture media and key consumables for CAR-T production.

In addition, the Procurement Department provides feedback on irregularities through the supplier management mechanism. If necessary, the Quality Department will intervene and continuously track the progress of the suppliers' investigations and rectifications, as well as urge them to make continuous improvements.

Quality Training

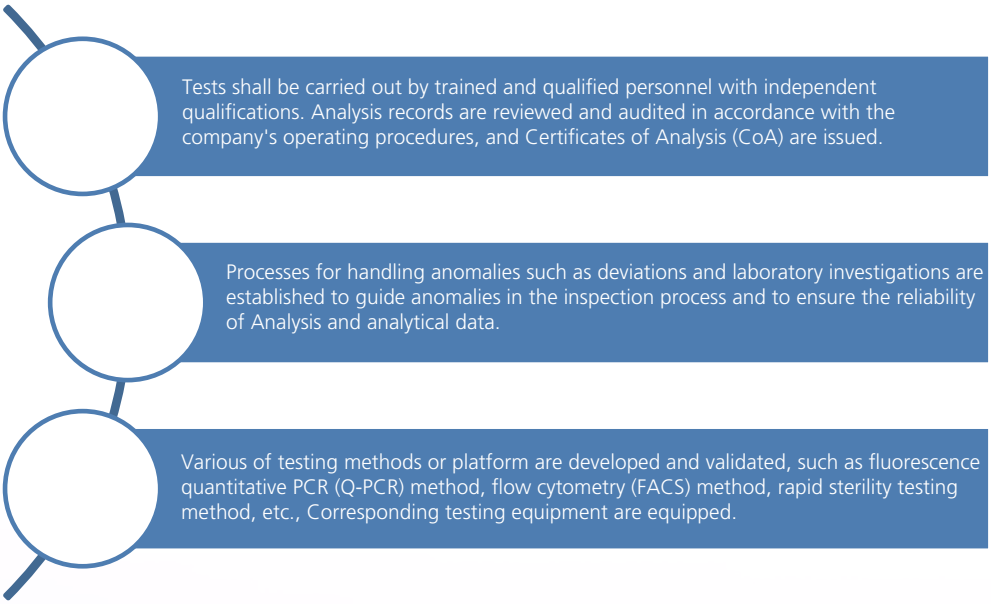
In order to integrate quality awareness into the implementation of quality standards and daily operation, we focus on building a quality-centered corporate culture, make full use of the company's internal diversified platforms, and flexibly carry out various forms of quality training activities online and offline. We develop an annual quality training plan, which is implemented at both company level and department level.

During the Reporting Period, CARsgen Pharmaceuticals conducted 10 company-level quality management training sessions, covering topics such as guidelines for quality management of cell therapy product manufacturing, quality risk management, environmental monitoring of cleanrooms and regulatory requirements. We also conducted 31 training sessions at departmental level.

2.1.2 Quality Control

CARsgen Therapeutics has established a complete quality control process for products that have been marketed and will be marketed. Each test item for the products has undergone method validation and verification, and independent Standard Operating Procedures (SOPs) and corresponding quality standards have been established to guide practical operations. Additionally, supporting laboratory management procedures have been put in place, such as the *QC Laboratory Management Procedure, QC Sample Management Procedure,* and *QC Record and Test Report Management Procedure*, to ensure the compliance of laboratory operations.

We have in-house quality testing capabilities and a systematic quality control process. Our professional in-house quality control team, comprising members from physicochemical and microbiological testing, bioactivity assessment, and operations, is responsible for establishing and maintaining testing methods and quality standards. They also conduct corresponding tests on raw materials, packaging materials, pharmaceutical water, intermediate products, and finished products to ensure that product quality is effectively controlled.



Quality control highlights

QC training of CARsgen Therapeutics

In 2024, CARsgen Therapeutics carried out a few internal trainings related to quality control, including pharmacopoeia revision, laboratory operation safety, inspection record filling, review, and audit, aseptic and cell culture operation precautions, basic knowledge and standardization of flow technology, selection of biological indicators, stability study design, aseptic inspection sleeve selection, process water sampling and other trainings.

In 2024, CARsgen Therapeutics also carried out several regulatory and product knowledge trainings, including spontaneous adverse events after market approval, cell therapy product production quality management guidelines, CAR-T cell product research and development progress, pharmaceutical management, quality risk, co-line production, change control classification of market biological products and other trainings.

In 2024, the training related to quality control was carried out as scheduled according to the training plan, and the training process will be interspersed with interactive activities, such as discussion, case-study and rapid question-and-answer sessions, to enhance the atmosphere and effectiveness of the training.

2.2 Quality Risk Management

2.2.1 Pharmacovigilance

CARsgen Therapeutics prioritizes pharmacovigilance, upholding a patient-centric approach while strictly adhering to the *Drug Administration Law of the People's Republic of China, Good Pharmacovigilance Practice* and other regulations. The company has established a robust pharmacovigilance system, laying a solid foundation for comprehensive safety monitoring and pharmacovigilance throughout the whole life cycle, from clinical trials to post-marketing.

Pharmacovigilance system

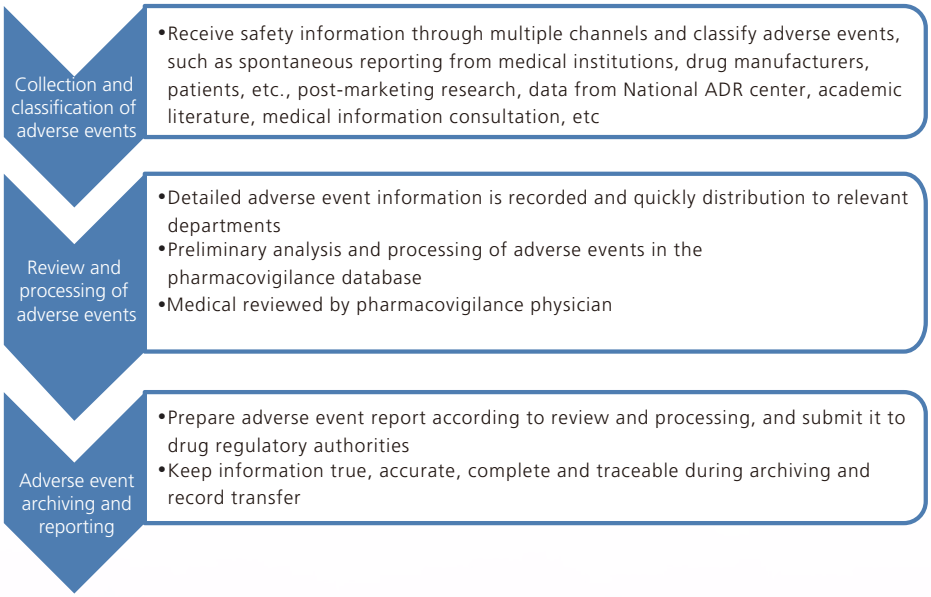
To further implement the pharmacovigilance management system, the Group has established a pharmacovigilance organizational structure, which is led by the head of the enterprise, in collaboration with the Safety Management Committee and the Pharmacovigilance Department, to ensure the efficient and high-quality implementation of pharmacovigilance work. The executive level also sets up a safety management team, pharmacovigilance physicians and pharmacovigilance operation and compliance to be responsible for the implementation of specific work.

Decision makers	Chief Executive Officer (CEO)	The highest responsible person for pharmacovigilance.
Management	Safety Management Committee (SMC)	Responsible for major risk assessment, handling of major or urgent drug-related incidents, risk control decision-making and other major matters related to pharmacovigilance.
	Pharmacovigilance Department	The scope of pharmacovigilance covers all subsidiaries of the Group, receives reports from pharmacovigilance physicians and pharmacovigilance operation and compliance, and is generally responsible for pharmacovigilance work such as risk identification, assessment and control, collection, processing and reporting of adverse events, etc.
Execution	Security Management Team (SMT)	Safety Management Team: Input for safety signal analysis and evaluation, regular safety review, risk management and escalate to the Safety Management Committee if necessary.
	Pharmacovigilance Doctor	Responsible for case (ICSR) safety assessment, periodic safety review/signal detection and evaluation, prepare drug characteristic summary, risk management plan, periodic safety update report, periodic benefit risk evaluation report, etc.
	Pharmacovigilance Operations and Compliance	Pharmacovigilance CRO (Contract Research Organization) supervision and management, whole process of ICSR management, etc.

Pharmacovigilance organization

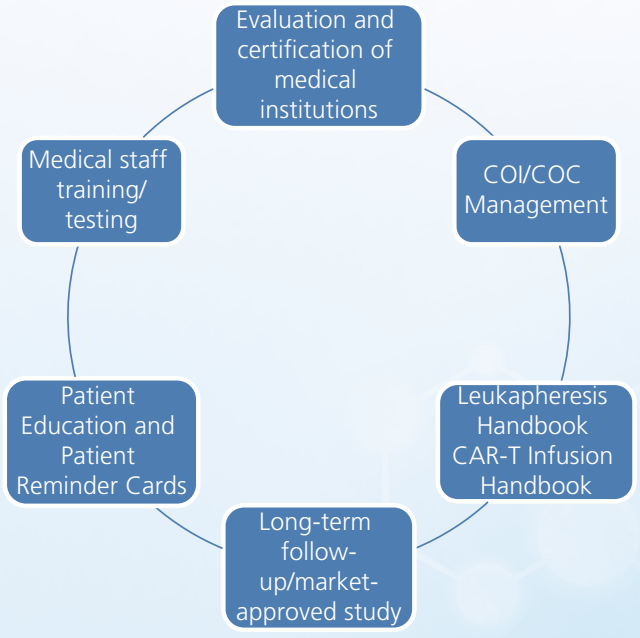
By virtue of the sound pharmacovigilance work system, the Group has formulated various Pharmacovigilance documents to clarify pharmacovigilance quality indicators. Following the launch of 赛恺泽®, we immediately initiated post-marketing pharmacovigilance activities, aiming to ensure the safety of its clinical use, and continuous benefit-risk assessment throughout the product whole life cycle.

We comprehensively collect adverse drug events through hotline, public email, company official website and other channels to ensure a comprehensive understanding of drug safety concerns. The Group has established a robust procedure of adverse event case processing and reporting process to ensure that each adverse drug events can be handled in a timely and professional manner.



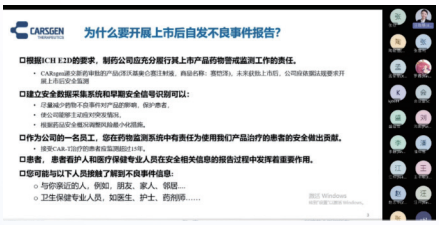
CARsgen Therapeutics Adverse Reaction Incident Handling Process

We are committed to pharmacovigilance and have established the Zevorcabtagene autoleucel risk management plan to manage risks from multiple dimensions. At the patient level, we assist patients and caregivers in understanding the product and treatment process, distribute patient reminder cards and conduct long-term follow-ups to further monitor product safety. At the operational level, we evaluate and certify healthcare institutions, develop Leukapheresis Manual and CAR-T Infusion Manual, and ensure full traceability of the process through the management of the Chain of Custody (COC) and Chain of Identity (COI).



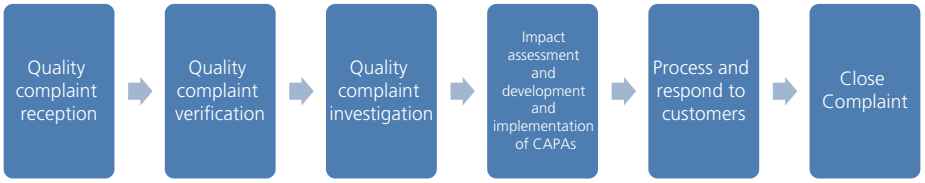
CARsgen Therapeutics Risk Management Plan

While improving the pharmacovigilance system and implementing the pharmacovigilance activities, CARsgen Therapeutics has also established a pharmacovigilance training system for all employees and commercial partners. By implementing the pharmacovigilance training plan and actively carrying out relevant training, the company aims to deepen all employees' and partners' understanding of pharmacovigilance, further promote the implementation of pharmacovigilance activities.

Pharmacovigilance training for all employees of CARsgen Therapeutics	Commercialization partner Huadong Medicine pharmacovigilance training
In February 2024, we conducted 2 Pharmacovigilance training regarding spontaneous adverse event reporting from post- market and clinical risk management plan of 赛恺泽®, for all employees of CARsgen Therapeutics , which is designed to improve employees' understanding of pharmacovigilance requirements and their identification and reporting of adverse events.	In February 2024, we carried out pharmacovigilance training for Huadong Medicine, a commercial partner, to help the company implement 赛恺泽® Adverse event reporting and clinical risk management plan. The training have deepened the Partners understanding of risk management and their related responsibilities, fostering the collaboration and communication.
	
Training for all employees of CARsgen Therapeutics	**Training for commercial partners**

2.2.2 Customer Complaint

As a medical and health industry enterprise with CGT products manufacturing and R&D as its core, CARsgen Therapeutics has always strictly controlled product quality, and customer complaints and feedback, as the main feedback way to control product quality, is one of the important links of quality management. The Group attaches great importance to customer complaints and feedback, and has established a clear customer complaint grading system, which divides customer complaints into 1-3 levels according to the threat to health. In addition, an efficient complaint handling process has been established to ensure timely response and efficient resolution of customer needs and strive to ensure the implementation of customer management objectives.



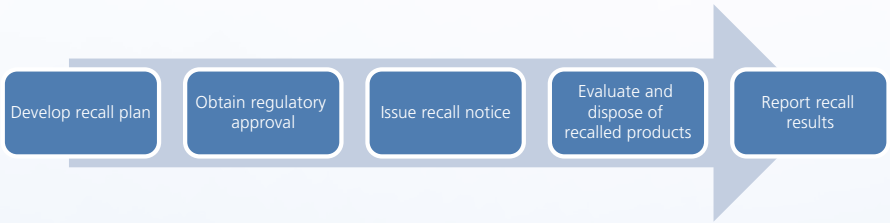
Complaint handling process

In the process of handling customer complaints or market feedback, the quality agreement between us and our commercial partner Huadong Medicine clearly stipulates that we should inform, cooperate with and respond to customer complaints and feedback in a timely manner.

During the Reporting Period, CARsgen Therapeutics has no complaints about products.

2.2.3 Product Recall

In accordance with the *Drug Administration Law of the People's Republic of China*, the *Drug Recall Management Measures* and GMP (Good Manufacturing Practice for Pharmaceuticals), CARsgen Therapeutics established the *Drug Recall Management Procedures* that clarifies the recall process, recall requirements, and handling methods, ensuring that products can be rapidly and accurately recalled when necessary.



Product recall process

To enhance quality control of our products, our group has established a product traceability system to ensure that every batch of products can be traced. We have also conducted simulated recalls of commercialized products to confirm that we can respond quickly when recall measures are necessary, thereby safeguarding patient rights. During the Reporting Period, CARsgen Therapeutics did not receive any complaints related to our products and services, nor did we experience any product recall incidents due to safety or health reasons.

Composition	PC client and mobile APP of server and Web interface
Verification method	Scanning guns and mobile device cameras
Coverage	Trace the whole process of order, leukapheresis management, logistics management, leukapheresis reception, sampling, production, CAR-T warehousing, product ex-factory release, product marketing release, product packaging and shipping, DTP pharmacy management, product reception and verification, product recovery and infusion

Product traceability system

2.3 Supply Chain Management

2.3.1 Supplier Management

In accordance with the requirements of relevant laws and regulations such as the *Good Manufacturing Practice of Drugs* and the business situation, we have established standardized processes such as the *Purchase Application and Approval Process* and *Purchase Order Approval and Management Process* to ensure the effectiveness and practical applicability of relevant procedures, which also strengthen the enforcement of policies and avoid non-compliant practices, thus control the costs and guarantee fairness and transparency in procurement activities.

We have established *Supplier Management Policy, Supplier Site Review Operation Procedure, Service Vendor Performance Assessment Standard, Material Vendor Performance Assessment Standard* and other management measures to gradually establish a full lifecycle management process for all our suppliers.

In the supplier onboarding process, we comprehensively consider the product quality and service capability, business standing and corporate reputation of suppliers, and establish a scientific and objective evaluation system. For clinical development service providers, we integrate quality management, risk management and other considerations, and continue to optimize and refine the onboarding assessment criteria.

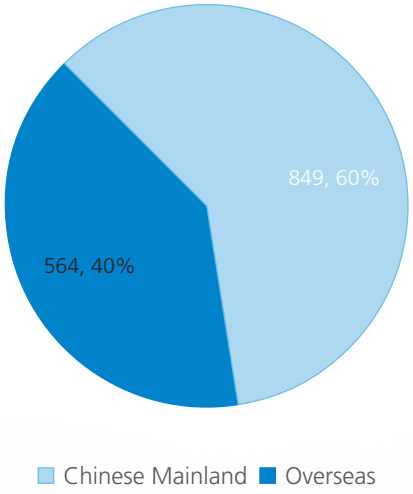
In the supplier evaluation process, CARsgen Therapeutics carries out performance evaluation on qualified suppliers whose procurement amount accounts for 80% of the previous year in accordance with the *Supplier Audit Operating Procedures* every year. The evaluation results are divided into four levels: "strategic suppliers", "key suppliers", "mature suppliers" and "suppliers to be eliminated", and corresponding measures are taken.

Strategic suppliers	Key suppliers	Mature suppliers	Suppliers to be eliminated
	Assign review leaders (PSOs) to evaluate and grade key suppliers on an annual basis		Require them to take corrective and preventive measures and follow up the rectification in a timely manner, otherwise they will stop accepting the materials and services supplied by them

Vendor Assessment Method

We establish a win-win cooperation mechanism with suppliers, maintain high-frequency communication with them through online training, online meetings, emails, telephone calls and on-site visits, and solve difficulties and problems in cooperation in a timely and effective manner. During the Reporting Period, we held 12 quarterly business (QBR) meetings to effectively solve various of cooperation or technical bottlenecks, laying a good foundation for long-term and in-depth cooperation.

As of the end of the Reporting Period, the Group had 1,413 suppliers, and all of them were implemented by our suppliers engagement practices, as follows by region:



2.3.2 Stable Supply Chain

We regard the stability of the supply chain as an important guarantee for the steady development of our business, and regularly carry out reasonable monitoring and control of potential risks in the supply chain to enhance the resilience of the supply chain. Based on the systematic research and judgment of global supply chain risks, the company actively adopts a number of coping strategies:

Business Continuity Plan (BCP)	The purchasing department holds production meetings with the user department on a regular basis to sort out the inventory timely and purchase the required raw materials in advance
Inventory Management System	Based on historical data and project expectations, we make more accurate predictions of material demand, increase inventory in a timely manner, and avoid shortage of supply.
Supplier diversification	We actively promote supplier backup, which can not only reduce the risk of relying on a single supplier, but also switch in time when problems occur in a certain region or with a supplier.
Localization of suppliers	We also actively seek opportunities for domestic raw materials to replace imported raw materials, in order to ensure business continuity while driving the development of the local industrial chain. During the Reporting Period, the Group has completed the domestic supplier substitution of 12 materials.
Partnership	By establishing a long-term and stable cooperative relationship with suppliers, we can match demand and supply plans in advance, assist them in formulating Business Continuity Plan (BCP), improve the accuracy of supplier production forecast, lock in prices and guarantee delivery dates.

In the future, we will also pilot the research and development, demonstration and use of high-risk key material substitutes to further ensure supply stability.

2.3.3 Sustainable Supply Chain

We also impose strict compliance requirements on suppliers. When conducting business cooperation, we require all qualified suppliers to sign the *Compliance Commitment Letter, Integrity Cooperation Agreement* (or provide equivalent certificates) and *Confidentiality Agreement* in accordance with the *Supplier Compliance Instructions*, which clearly include anti-corruption, confidentiality, personal privacy, retention of audit rights and other provisions, and understand their compliance management by issuing questionnaires on conflicts of interest to service and engineering suppliers, to assess compliance risks. During the Reporting Period, we carried out online compliance training for suppliers in 2024, and invited the top 80% of major suppliers based on procurement amount to attend the training, including introduction to bidding and procurement process, anti-corruption and anti-bribery requirements, and compliance management measures. A total of 50 people participated in the training.

We also actively carry out green procurement practices, and evaluate the environmental management system and green practices of suppliers through questionnaires during onboarding and annual evaluation. As of the end of the Reporting Period, 94 of our suppliers have obtained various types of environment-related certifications or certificates, such as ISO 14001, ISO 50001 and Green Lab Gold.

3 INNOVATION, PIONEERING SOCIAL COMMITMENT

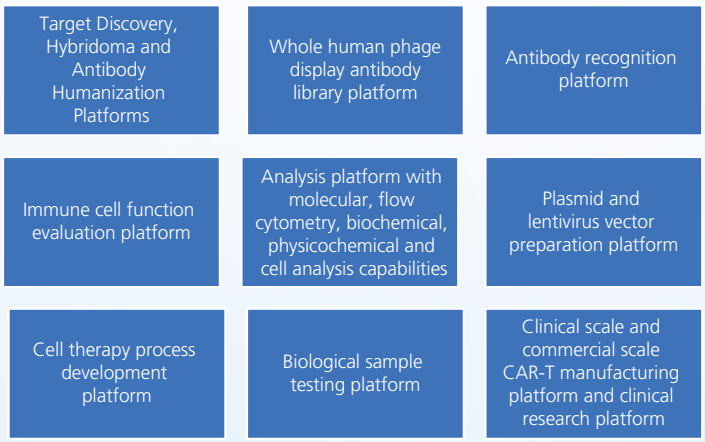
As a leading CAR-T therapy biotechnology enterprise, CARsgen Therapeutics is always committed to providing reliable and reassuring products for patients. We strive to make breakthroughs in research and development, through independent research and development, to consolidate the leading position in the treatment of blood malignant tumors and solid tumors through CAR-T. We also adhere to clinical ethics, constantly improve access to CGT products, actively fulfill our social responsibilities, and strive to contribute to the cause of human health.

3.1 Promoting Innovation and Breakthroughs

We have established a comprehensive R&D pipeline (For details, please refer to: Our Products and Product Pipeline), adopted standardized product R&D management and strict intellectual property management approach, and formulated targeted product R&D strategies to achieve continuous innovation and advancement.

3.1.1 Research and Development of Cutting-edge Technologies

With the vision of "Making Cancer Curable", the Group regards efficacy, safety, patient accessibility and target availability as four strategic pillars, and continuously explores and develops innovative technology platforms to accelerate the development of new products and improve health and quality of life to patients around the world. We have established a comprehensive R&D platform, including target discovery, antibody R&D, vector design, manufacturing, quality assurance, and quality control.



CARsgen Therapeutics Comprehensive R&D Platform

CARsgen Therapeutics is committed to driving breakthrough innovations in technology R&D. We continuously empower the development and management of key teams including Early Discovery and Clinical Research departments, ensuring professional expertise and efficient collaboration at every stage to collectively advance the smooth progression of clinical development programs.

To encourage employees to actively engage in inventions and creations, promote enterprise innovation and form independent intellectual property rights, CARsgen Therapeutics has established "Technology Invention Award", "Achievement Transformation Award" and "Intellectual Property Information Award" to reward employees who have made contributions to innovation, and all current employees are able to apply for them. During the Reporting Period, 12 employees have been awarded RMB103,400.

R&D Progress

January 19, 2024	• At the 2024 American Society of Clinical Oncology Gastrointestinal Cancers Symposium (ASCO GI), CARsgen Therapeutics presented a poster highlighting research results for satricabtagene autoleucel ("satricel"; development code: CT041), an investigational Claudin18.2-targeted autologous CAR-T cell candidate. The poster reported outcomes from the dose-escalation phase (Cohort A) of the ELIMYN18.2 Phase 1b clinical trial conducted in the United States, evaluating satri-cel for the treatment of gastric cancer/esophagogastric junction adenocarcinoma (GC/GEJ) or pancreatic cancer (PC).
May 16, 2024	• CARsgen Therapeutics announced that the final results of the investigator-initiated clinical trial CT041-CG4006 (NCT03874897) for CT041 (satricabtagene autoleucel, Satri-cel), a Claudin 18.2-targeted autologous CAR-T cell candidate, were published online in Nature Medicine on June 3, 2024, and presented as an oral presentation at the American Society of Clinical Oncology (ASCO) Annual Meeting on the afternoon of June 3, 2024 (Eastern Daylight Time).
June 17, 2024	• CARsgen Therapeutics announced that updated results for 赛恺泽® and CT071, a GPRC5D-targeted autologous CAR-T cell candidate, were presented at the 29th Annual Congress of the European Hematology Association (EHA).
November to December, 2024	• CARsgen Therapeutics announced that data on 赛恺泽®, CT071, and CT0590 will be presented in poster form at the 66th Annual Meeting of the American Society of Hematology ("ASH"), held from December 7 to 10, 2024. The abstracts for these products have been published on the ASH official website.

Key R&D achievements in 2024

3.1.2 Improving Communication and Cooperation

While adhering to independent research and development, the Group also joined hands with partners to carry out joint innovation. We actively communicate with peers, suppliers, industry groups and other partners with an open attitude, constantly explore diversified forms of cooperation, rely on resource integration and complementary advantages, and aim to benefit more patients, and promote standardized and high-quality development of the industry.

CARsgen Therapeutics "2024 Biomedical Innovation Forum and the Fourth Pharmaceutical Innovation Jishi Award Conference"

On June 20, 2024, the Securities Times successfully held the "2024 Biomedical Innovation Forum and the Fourth Pharmaceutical Innovation Jishi Award Conference" in Pudong, Shanghai. With the theme of "Innovation and Evolution Crossing Mountains and Seas", the conference invited influential ecological participants of China's innovative pharmaceutical industry to jointly explore new paths for industrial upgrading. At the meeting, Dr. Li Zonghai gave a keynote report on the innovation and development of CAR-T cell industry. According to him, the potential application scenario of CAR-T is huge and may be used in a variety of disease fields; in the field of CAR-T innovation and development, the application of solid tumors and the breakthrough of universal CAR-T are crucial, and all innovations should be carried out to meet clinical needs.

Dr. Li Zonghai of CARsgen Therapeutics was awarded the Top Ten Leaders of Pharmaceutical Innovation of the Year

3.2 Strict Adherence to Clinical Ethics

Adhering to high standards of clinical ethics, CARsgen Therapeutics is committed to protecting the life and health of patients with cutting-edge innovative technology and reliable CGT Products, and promoting the continuous progress and development of the medical industry.

3.2.1 Protection of Rights and Interests of Subjects

In clinical trials, we strictly abide by the relevant ethical principles of the Helsinki Declaration, and strictly comply with the requirements of laws and regulations such as the *Quality Management Standards for Drug Clinical Trials,* the *Management Standards for Clinical Trials of Medical Devices*, and the *Measures for Ethical Review of Biomedical Research Involving Human Beings*. CARsgen USA also complies with the *United States Federal Regulations (CFR)*, the guiding principles of the *International Coordinating Council for Technical Requirements of Drugs for Human Use (ICH)*, the *Good Clinical Practice (GCP)* and other laws, regulations and policy systems, fully respect and protect the rights and interests of subjects, effectively promotes the healthy development of scientific research, and ensures the reliability and ethics of research results.

We conduct an ethical review of all clinical projects to ensure that our research projects are conducted under the principle of safeguarding the rights and interests of subjects.

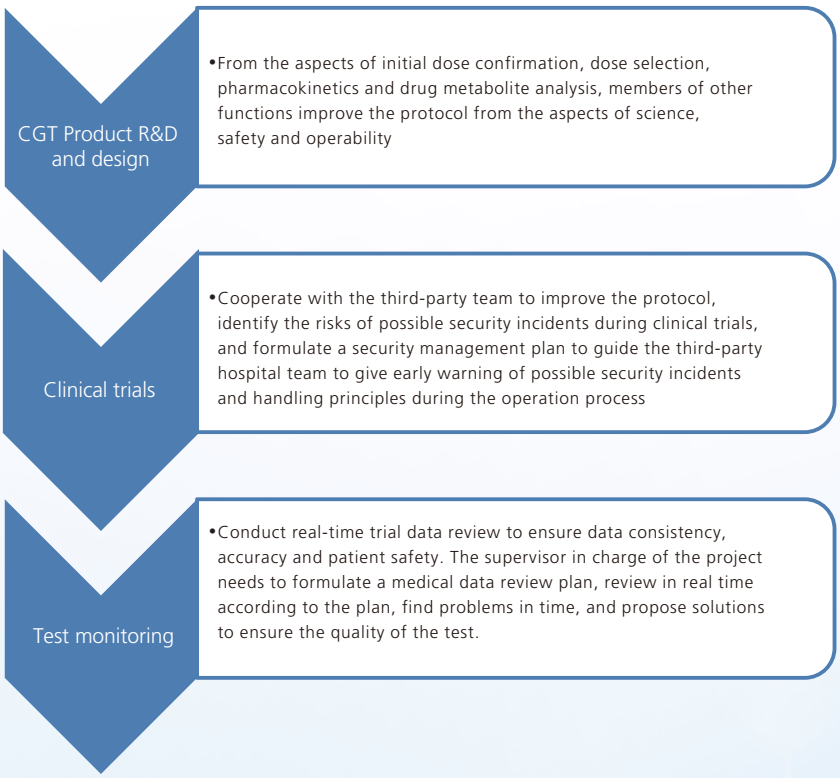
Informed consent	• Respect and safeguard subjects' autonomous decision-making rights regarding research participation through rigorous informed consent procedures. • Prohibition of coercive practices including deception, inducement, or coercion to obtain subject participation. Subjects retain unconditional withdrawal rights at any research stage.
Risk Control	• Prioritization of subjects' safety and health rights over scientific or societal interests. • Maintenance of justifiable risk-benefit ratios with maximum effort to avoid harm to subjects.
Non-research-related fees and Reasonable compensation	• Equitable subject selection with explicit prohibition of research-related fees. • Provision of appropriate compensation for reasonable expenses incurred during trial participation.
Privacy Protection	• Implement robust measures to protect subjects' privacy by truthfully informing subjects of how their personal information will be stored, used, and safeguarded and strictly prohibiting unauthorized disclosure of subjects' personal data to third parties.
Legal Redress	• Guarantee of timely and free medical treatment for research-related injuries • Legal compensation pursuant to regulatory requirements and mutual agreements.
Special protection	• Safeguards for vulnerable populations including minors, pregnant individuals, individuals with neurodevelopmental disorders and individuals with mental health conditions.

Principles for safeguarding the rights and interests of subjects

In addition, we are deeply concerned about the health and well-being of the subjects. After the subjects have completed the follow-up prescribed in the clinical trial protocol, some projects continue to provide free CGT products for the subjects to fully protect their health and life rights.

3.2.2 Subject Medication Safety

We strictly comply with the requirements of relevant laws and regulations such as the *Drug Administration Law of the People's Republic of China* and the *Measures for the Administration of Drug Registration* and have formulated the *Drug Marketing License Application Procedures* to regulate the data preparation, submission, review and approval of CGT marketing license applications and ensure the safety, effectiveness and quality of registered CGT products.



Subject CGT safety control process

In order to ensure the safety of CGT product use of subjects in clinical research, we have specially set up clinical research coordinators, and strengthened the ethical review mechanism of cooperative hospitals to protect the safety and health of subjects comprehensively.

During the Reporting Period, we strictly followed the requirements of clinical trial management of hospitals and undertook comprehensive ethical audits conducted by more than 40 cooperative hospitals, covering key links such as project access review, process supervision review and annual review. In addition, we also carry out professional and systematic training for clinical research coordinators, aiming to enhance their professional quality, professional skills and deep understanding of the protection of subjects' rights and interests, and further ensure the standardization and safety of clinical research work.

3.2.3 Animal Welfare

In the implementation of animal experiments, we always adhere to the concept of being kind to animals and strictly follow the "3R" principles, namely, reduction, replacement and refinement, aiming at minimizing the stress response of animals, alleviating their pain and avoiding unnecessary harm, and fully demonstrating respect for life. We strictly comply with the relevant laws, regulations and standards such as the *National Regulations on the Administration of Animal Experiments*, and have formulated detailed rules and regulations such as the *Environmental Standard Operating Procedures for Animal Experimental Barriers*, which clearly stipulate the selection criteria and processing procedures of experimental animals, the environmental conditions that the laboratory should have, the professional qualifications required by staff and the specific experimental operation methods, so as to ensure that each animal experiment is standardized In a rigorous and humane environment.

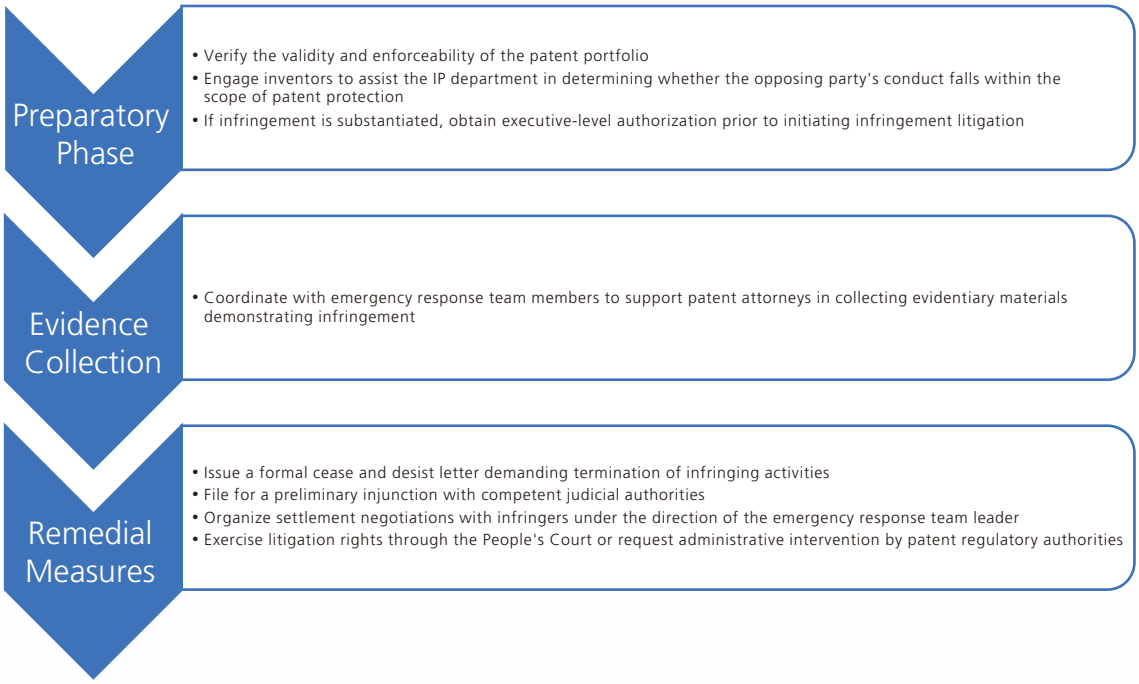
3.3 Protection of Intellectual Property

A sound intellectual property protection system ensures the security of innovation and R&D outcomes, prevents technical information leakage and unauthorized duplication, thereby protecting the Group's commercial interests and market competitiveness. We have formulated the *Intellectual Property Rights Management Policy as the foundational document*, supported by supplementary implementation regulations including the *Intellectual Property Management Rights Management Manual*, the *Intellectual Property Rights Incentive and Disciplinary Measures, the Intellectual Property Rights Emergency Response Plan* and the *Intellectual Property Rights Implementation, Licensing and Transfer Control Procedures*, so as to establish standardized governance protocols and clarify operational procedures across all stages of intellectual property management, effectively strengthening our independent innovation capacity and sustaining core competitive advantages.

The Group attaches importance to the protection of intellectual property rights, carries out a series of intellectual property rights protection measures to further improve the intellectual property management system.

CARsgen Therapeutics' measures to protect intellectual property rights

In order to quickly respond to and properly handle all kinds of intellectual property emergencies and ensure that legitimate rights and interests are effectively protected, we have formulated intellectual property emergency management measures to safeguard our rights and interests through a sound intellectual property emergency management process.



CARsgen Therapeutics' intellectual property emergency management process

Intellectual property training

We attach importance to the protection of trade secrets, provide relevant education to new employees, and carry out regular training for R&D personnel and other confidential personnel to enhance their awareness of trade and technical secrets. During the Reporting Period, we conducted 3 sessions of training on intellectual property rights and trade secret protection for new employees, with a total of 53 participants.

CARsgen Therapeutics participates in the formulation of the group standard of the *Guidelines for the Whole Process Management of Intellectual Property Rights of Science and Technology Innovation Enterprises*

In order to actively respond to the call of the state to strengthen intellectual property protection and stimulate the innovation vitality of enterprises, and promote the healthy and rapid development of small and medium-sized enterprises, CARsgen Therapeutics participated in the group standard formulation of the *Guidelines for the Whole Process Management of Intellectual Property Rights of Science and Technology Innovation Enterprises* sponsored by the Shanghai Pudong New Area R&D Institute Federation in 2024.


团体标准起草单位证书

兹证明：

科济生物医药（上海）有限公司

为 T/SPFRDI 002-2024 科创企业知识产权全过程管理指南团体标准的起草单位，特颁发此证。

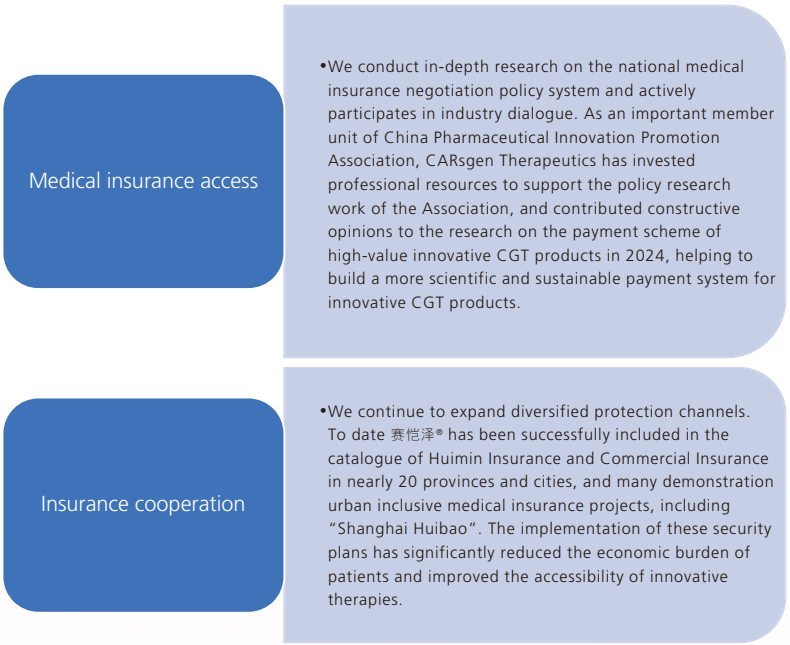
上海市浦东新区研发机构联合会

发证日期：2024 年 12 月 5 日

During the Reporting Period, CARsgen Therapeutics had 27 new patents applications and obtained 26 new issued patents. As of the end of the Reporting Period, the Group had a total of 129 issued patents.

3.4 Improve Access to CGT products

In terms of improving the accessibility of innovative CGT products, CARsgen Therapeutics has always practiced the corporate mission of "patient-centric", actively explored the construction of a diversified payment system, participated in national medical insurance negotiations, participated in urban supplementary insurance and provided more support for the health and well-being of patients. In addition, in the existing product pipeline, we actively explore other rare disease treatment options, bringing hope to more rare disease patients.



CARsgen Therapeutics' Measures to Improve Accessibility

With the approval by the National Medical Products Administration (NMPA) on February 23, 2024, of the new drug application for 赛恺泽®, independently developed by CARSgen Therapeutics, for the treatment of adult patients with relapsed or refractory multiple myeloma, CARSgen Therapeutics has further expanded its accessibility. As of the end of the Reporting Period, over 120 medical institutions nationwide have completed the training and certification process for the use of 赛恺泽®. CARSgen Therapeutics' nationwide strategic layout not only reflects the market recognition of its products but also demonstrates the Group's commitment to enhancing accessibility for patients with multiple myeloma as part of its social responsibility.

CARSgen Therapeutics is actively expanding its product pipeline to meet the needs of more patients with rare diseases and improve accessibility. The current product pipeline covers rare diseases including multiple myeloma (MM), relapsed/refractory primary plasma cell leukemia, acute myeloid leukemia, relapsed/refractory B-cell non-Hodgkin lymphoma, and others.

Treatment of multiple myeloma (MM) by 赛恺泽®

赛恺泽® is an upgraded, fully human anti-BCMA autologous CAR-T cell product for the treatment of MM. It incorporates a next-generation CAR construct designed by our team, featuring a fully human anti-BCMA single-chain variable fragment (scFv) with reduced immunogenicity and enhanced stability, which minimizes CAR-T cell auto-activation in the absence of tumor-associated targets.

As of the Reporting Period, the product has received the Regenerative Medicine Advanced Therapy (RMAT) designation from the U.S. FDA. According to Frost & Sullivan, this designation is granted only to therapies with the potential to address unmet medical needs based on preliminary clinical evidence. Additionally, the product has also been granted Orphan Drug Designation by the U.S. FDA.

4 EMPOWERMENT, SHAPING AN EXCELLENCE-DRIVEN TEAM

4.1 Talent Attraction

4.1.1 Fair and Diverse

As an employer, CARSgen Therapeutics provides equal employment opportunities to all qualified talents, establishes and adheres to fair and equitable employment policies and procedures. We actively strive to create a more inclusive and humane work environment, offering equal opportunities to all employees in terms of employment, training, compensation, benefits, and career development. We prohibit any form of discrimination and ensure that all employees and job applicants are not restricted based on factors such as gender, age, race and ethnicity, skin color, religious beliefs, nationality, sexual orientation, physical condition, etc. We also strictly prohibit any behavior that may undermine individual dignity.

The Group implements management policies such as the *Planning of Human Resources Demands and Recruitment Process* and the *Employee Internal Recruitment Management Policy* and publicizes job postings and recruitment methods to ensure that the recruitment system provides equal opportunities for qualified candidates. By proactively making adaptive adjustments to corresponding job positions, we aim for each employee to maximize their potential in the position that best suits them, achieving "the right person for the right job". Furthermore, we actively provide equal development opportunities and platforms for women, support and promote gender equality in the workplace, and assist female job seekers and employees in realizing their self-worth.

To attract more outstanding talents, we continuously and actively expand our recruitment channels, enhancing our talent pool through internal referrals, internal job transfers, university-enterprise cooperation, and the introduction of external high-level professional and technical talents as well as management personnel. Our employee base in mainland China is diverse, with a balanced gender ratio and includes four employees with disabilities. In the United States, based on the match between capabilities and job requirements, we have recruited a multicultural workforce comprising individuals of various nationalities (including white, black, brown, Asian, and Latinx backgrounds).

Employment support for the disables

4 subsidiaries of CARSgen Therapeutics joined hands with the Inner Mongolia Disabled Persons' Federation to specially recruit four severely disabled employees to work on flaxseed cultivation at the Inner Mongolia planting base. The aim is to provide employment opportunities for people with disabilities, improve their living standards, and promote employment equity.

Internal recommendation	Internal transfer	University-Enterprise Collaboration	External talent introduction
•We established an internal recommendation mechanism to reward internal recommendations and effectively increase employees' enthusiasm for recommending mid-to-senior positions.	•The Group has open recruitment channels for internal employees, so that internal employees have more career choices and internal development opportunities, and the Group also makes effective use of internal human resources.	•We launched the "Undergraduate Industry-Academia-Research Practice Base Collaboration Program" with East China University of Science and Technology (ECUST), leveraging synergies between academic and industrial resources to cultivate specialized professionals and establish a strategic talent reserve for the Company.	•We actively expanded external recruitment channels through recruitment websites and offline job fairs, and introduce external high-level technical and management talents.

Diversified recruitment channels of CARsgen Therapeutics

CARSgen Therapeutics collaborates with ECUST to launch the "Undergraduate Industry-Academia-Research Practice Base Collaboration Program".

CARSgen Therapeutics and ECUST initiated the "Undergraduate Industry-Academia-Research Practice Base Collaboration Program" in the second half of 2020 and officially signed a five-year cooperation agreement on January 20, 2021, leveraging the strengths of both the university and the enterprise to promote deep integration of production, education, and research.

Since 2020, as an undergraduate production-study-research practice base, CARSgen Therapeutics has annually hosted senior undergraduate students for visits and learning sessions. The business and HR departments introduce the company's overview, main products, management philosophy, etc., enabling students to gain a deep understanding of CARSgen Therapeutics and its GMP laboratory environment. We encourage eligible students to intern at CARSgen Therapeutics, grow through practice, and those who perform exceptionally well are given priority for mutual selection and employment upon graduation. In addition, we support the provision of non-confidential experimental data required for graduation projects, offering practical experience for academic research.

In 2024, CARSgen Therapeutics hired and retained three fresh graduates from ECUST.

Awarding Ceremony of "Cooperation of Undergraduate Production, Learning and Research Practice Base"

As of the end of the Reporting Period, the Group had a total of 468 employees, with 62.8% of them female.

Employee structure	Unit	December 31, 2024	December 31, 2023
Total	Person	468	516
By gender			
Male	Person	174	201
Female	Person	294	315
By employment type			
Full-time	Person	465	516
Internship	Person	3	0
By age			
Under 30 years old	Person	184	165
30-50 years old	Person	254	315
Over 50 years old	Person	30	36
By region			
Chinese Mainland	Person	393	398
Overseas	Person	75	118

During the Reporting Period, the Group's employee turnover rate was 29.67%.

Employee turnover rate structure	Unit	2024	2023
Total	%	29.67	23.00
By gender			
Male	%	36.27	22.70
Female	%	25.62	23.20
By age			
Under 30 years old	%	28.08	17.10
30-50 years old	%	27.07	24.50
Over 50 years old	%	60.61	33.30
By region			
Chinese Mainland	%	18.96	21.30
Overseas	%	73.58	28.00

4.1.2 Labor Rights and Interests

CARsgen Therapeutics adheres to the principle of legal and compliant employment, strictly abides by the *Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China*, the *Provisions on the Prohibition of Child Labor* and relevant laws, regulations and regulatory requirements in all operating areas, and has adopted a series of rules and regulations related to employee employment such as *Planning of Human Resources Demands and Recruitment Process, Overtime and Leave Management Policy* and *Employee Internal Recruitment Management Policy*, effectively protect the basic legitimate rights and interests of each employee or jobseeker.

We strictly prohibit the employment of child labor and adhere to the relevant regulations of the labor security department, implementing a rigorous hiring process. All applicants must provide authentic and valid documentation and go through a series of recruitment procedures, including basic qualification reviews and interviews. In the event of any non-compliance, we will conduct thorough investigations and take strict disciplinary actions in accordance with applicable laws and regulations. During the Reporting Period, there were no incidents of child labor or forced labor in our Group.

4.1.3 Employee Communication

We attach great importance to the two-way communication between employees and the enterprise, to understand the demands and expectations of employees. We conduct regular employee surveys to gain insight into the business operations and employee engagement. As for the relevant results, we fully respect and attach importance to the feedback of employees, meet the wishes and demands of employees as far as possible under the reasonable circumstances of compliance, and strive to build a workplace with employee satisfaction and happiness.

Communication	• New Graduate onboarding experience tracking interviews • Regular departmental communication seminars • Management face-to-face communication meeting
Activities	Celebrations
Research and interview	Employee surveys/interviews
Anonymous feedback channels	Employee feedback email

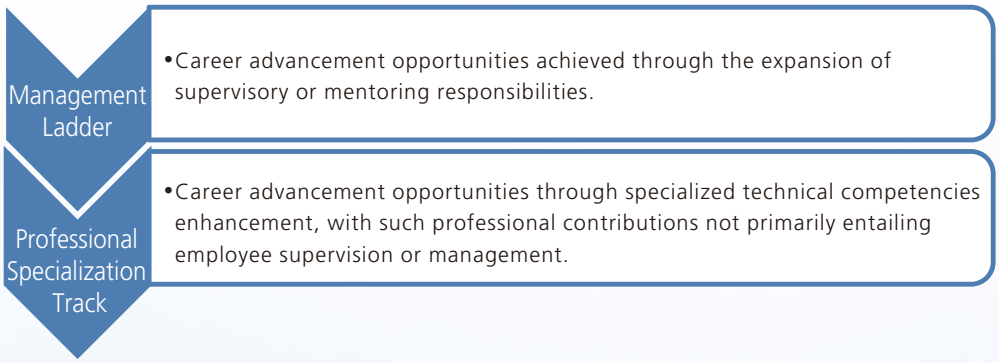
Communication channels for employees of CARsgen Therapeutics

4.2 Talent Enhancement

4.2.1 Career Development

We recognize talent as the primary asset for driving innovation and leading organizational advancement. By establishing structured talent promotion pathways, implementing systematic performance evaluation mechanisms, and developing comprehensive staff training programs, we create optimal conditions to maximize the contributions of professionals at all levels, fostering mutual growth between employees and the enterprise.

Our scientifically structured career development system is anchored *Employee Hierarchy Development System and Plan*, which explicitly defines promotion procedures, assessment criteria, and KPIs, establishing a transparent and equitable advancement system that respects employees' autonomy in selecting career paths aligned with their competencies. The dual-track promotion structure—comprising a Management Ladder and Professional Specialization Track—ensures all employees leverage their expertise to achieve career aspirations, enhances workforce engagement, and sustains corporate development. During the reporting period, 10% of employees obtained promotions through this system.



Promotion channels for employees of CARsgen Therapeutics

In addition to open and transparent promotion opportunities, in order to motivate employees to give full play to their potential and promote internal talent flow, we have established Employee Internal Application Management System to encourage employees to apply internally. We regularly publish internal positions, and arrange employees to transfer, rotate and hold concurrent posts according to the development willingness and business needs of key employees, so as to achieve horizontal career development in different positions. During the Reporting Period, we helped more than 30 employees transfer internally. Combined with business development, we continuously dispatch employees from China to CARsgen USA to work, learn and communicate through the global talent allocation plan, and provide various trainings to employees to help them become industry-leading all-round talents.

4.2.2 Training Enhancement

CARSgen Therapeutics has always believed that the shaping and expression of employees' personal value is an important component of the company's overall value. The Group provides employees with a mature training system and abundant and comprehensive support resources. In line with business development needs and adhering to policy documents such as the *Training Management Policy*, we have designed and developed a series of courses and development programs to meet the requirements of different job positions and employees' personal development needs.

Our training sessions include customized offline development training and corresponding online course resources. In the construction of the training system, we categorize training by professional fields, starting with internal expertise and then moving on to external expertise. Through this comprehensive training mechanism, we have gradually explored an efficient and applicable training system that covers various aspects such as onboarding training, professional training, and organizational efficiency training. This provides employees with multi-level and multi-dimensional training and development opportunities, comprehensively enhancing their professional skills, management capabilities, and organizational development abilities. During the Reporting Period, we approved over 20 external training applications, covering departments such as clinical, manufacture, quality, and functional areas, to improve employees' operational skills and professional competencies, and encourage and support them in obtaining relevant qualification certificates.

CARsgen Therapeutics 2024 "Future Star" themed training

To facilitate annual new graduates' understanding of corporate culture, company products, basic professional knowledge, regulations, etc., enhance their awareness of norms, and boost their sense of belonging, the Group invited leaders from various departments including Management, Clinical, Early-stage Research, Quality, HR, etc., to conduct a two-day themed training.

Shanghai CARsgen Therapeutics Co., Ltd. Building a Learning Organization Project

In order to build a learning organization, improve the ability of employees and teams, and focus on and promote lean production in Jinshan Factory, the project of Shanghai CARsgen Therapeutics Co., Ltd. to build a learning organization has been launched since the end of September 2024. It has organized three series of lectures on lean production, one management training and three knowledge and skills training. The overall staff has a high degree of participation and good enthusiasm. To build a learning organization, we will continue to carry out various training, lectures, salons and other activities to create a learning atmosphere for all employees in Jinshan.

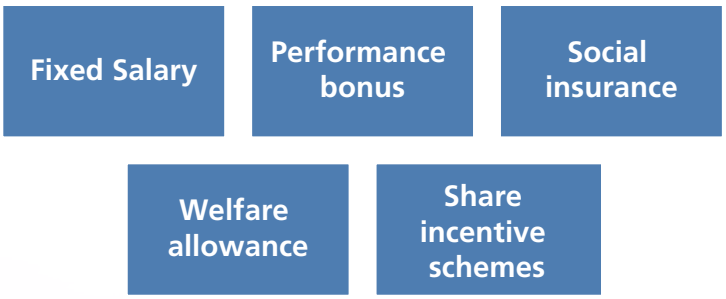
During the Reporting Period, 86.79% of the Group's employees received training, and the average annual learning time of employees was up to 50.36 hours.

Employee Training – Proportion of employees receiving training	Unit	2024	2023
By gender			
Male	%	93.87	66.70
Female	%	82.43	82.90
By Employment Type			
Senior management	%	45.45	40.00
Middle management	%	67.03	63.40
Junior staff	%	100.00	85.70

Employee Training – Training hours per employee	Hours	2024	2023
By gender			
Male	Hours	60.18	28.50
Female	Hours	44.31	39.50
By Employment Type			
Senior management	Hours	33.34	2.80
Middle management	Hours	34.04	43.30
Junior staff	Hours	60.92	31.30

4.3 Compensation Performance

We have established a fair, reasonable and market-competitive compensation and welfare system, defined the composition and measurement standards of employee compensation through system documents such as Compensation Control Procedures, and standardized the workflow of salary management.



Employee Compensation Composition

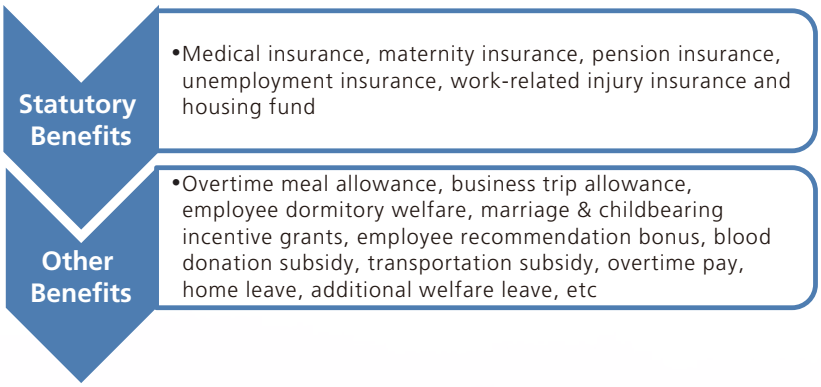
4.3.1 Performance Management

A fair and impartial performance evaluation system is the fundamental prerequisite for motivating employees. We continuously improve our performance management Policy, adhering to internal management policies such as the *Performance Management Policy*, setting clear and transparent performance goals, and establishing a clear and comprehensive evaluation process: self-evaluation by employees, departmental evaluation, calibration by the responsible center, and final assessment by management. This ensures that the performance evaluation process is transparent and fair, and provides timely improvement suggestions to employees, helping them clarify their career development goals. We advocate for conducting performance evaluations and communications throughout the year on an irregular basis, providing employees with fair evaluations and clear, effective performance feedback.

We attach great importance to attracting and retaining talented individuals. Through the *Employee Honor and Reward System*, we clearly define the criteria, nomination process, and evaluation procedures for various honor awards. Awards such as the CEO Award, Outstanding Contribution Award, Innovation Award, Dedication Award, and Long-Term Service Award are presented to recognize and reward outstanding employees and teams who have made significant contributions to the Group's strategic development goals, demonstrated a high level of professionalism, and embodied the core values of CARSgen Therapeutics.

4.3.2 Welfare Allowance

In accordance with the relevant regulations of the state and local governments, we pay all social insurance and housing provident fund in full and on time, and provide diversified welfare allowances for employees.



Composition of Benefits and Allowances

CARsgen USA also provides 13 types of medical insurance, short-term and long-term disability insurance, life and accidental death insurance, disability and unemployment insurance, worker compensation insurance, social security retirement plan, etc. for employees in accordance with the requirements of local laws and regulations, and subsidizes employee contributions according to the position level to protect the healthy and happy life of employees and their families. In order to meet the daily and additional needs of employees, CARsgen USA also provides a variety of supplementary benefit plans, including 401-K pension insurance system, overtime allowance, shift work allowance, exemption of employee incentive compensation allowance and additional welfare leave.

4.3.3 Share Incentive Schemes

We implement employee share incentive schemes, grant equity to eligible employees, and recognize and reward employees for their hard work and outstanding achievements. During the Reporting Period, 34 employees benefited from CARSgen Therapeutics' share incentive schemes.

4.4 Employee Care

We are committed to improving the happiness of employees by providing them with additional benefits such as paid leave, marriage/childbirth gift, tourism group construction, annual physical examination, holidays/birthday gifts, etc., to help employees better achieve work and life balance and enhance their sense of belonging. In addition, 3 entities in the Group have been granted the qualification of "Key Talent Introduction Institution" by the Shanghai Municipal Government, and actively assist non-local employees with the process of obtaining residency, retaining and attracting talented individuals, to ensure their long-term and stable development within the Group. During the Reporting Period, CARSgen Therapeutics successfully assisted a total of 14 individuals in obtaining residency permits.

4.4.1 Work/Life Balance

Knowing that employee well-being is the cornerstone of a thriving business, we always prioritize work-life balance. In China and the United States, we have implemented flexible working hours in accordance with local customs, laws and regulations, and employees can choose flexible working hours to meet their personal needs to a certain extent after appropriate approval processes. Technologically, we support remote work, enabling employees to balance family responsibilities and personal life while ensuring quality of work.

In addition, we pay special attention to the rights and interests of female employees, and deeply understand the challenges faced by women in the workplace. We have arranged breastfeeding time for female workers caring for babies under the age of one year. For employees assigned to the United States, we provide no more than 5 working days of home leave after one year of assignment to promote family harmony and employee physical and mental health.

4.4.2 Employee Activity

CARsgen Therapeutics advocates the combination of work and rest to create a full amateur life experience for employees. In order to promote employee communication and enhance corporate cohesion, we regularly organize a variety of employee activities, such as fun expansion games, birthday parties, women's caring activities, regular team building activities, etc., to provide employees with opportunities to relax and promote good interaction within the team.

Birthday events

CARsgen Therapeutics organizes birthday parties for employees on a regular basis. We prepare birthday cakes, exquisite snacks and various drinks for birthday employees, so that employees can fully feel the birthday care and blessings and enhance team cohesion.

Travel and team buildings

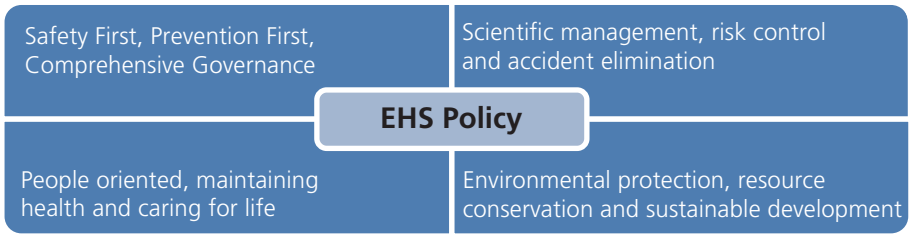
CARsgen Therapeutics regularly organizes travel and team-building activities for its employees, providing them with an opportunity to relax and enjoy life. These activities help alleviate work stress, improve employees' mental health and well-being, and strengthen the bonds and trust among team members, enabling them to work more effectively and efficiently in their professional and personal lives.

CARsgen USA milestone celebration

On December 5, 2024, CARsgen USA hosted a milestone celebration event to commemorate the lifting of clinical holds and other significant achievements. The team gathered to recognize these accomplishments through interactive games, raffles, and other surprise activities, fostering employee engagement and a shared sense of achievement.

4.5 Health and Safety

CARsgen Therapeutics places utmost importance on employee occupational health and safety, strictly adhering to the requirements of laws and regulations such as the *Labor Law of the People's Republic of China*, the *Workplace Safety Law of the People's Republic of China*, the *Occupational Disease Prevention and Control Law of the People's Republic of China*, and the *U.S. Occupational Safety and Health Administration (OSHA)* standards. The company continuously improves its internal systems, including the *EHS Management Manual* and other regulations, to comprehensively implement environmental protection, occupational health, and safety management through a scientific and robust Environmental, Health, and Safety (EHS) management system. The EHS management system encompasses key elements such as corporate commitment, EHS policies, organizational structure and responsibilities, hazard identification, risk assessment and risk management, operational controls, preventive measures, inspection and correction, incident investigation, emergency response, and audits.



We establish an EHS management structure, with CEO as the top leader, EHS Management Committee under which COO and heads of relevant departments are included, and EHS specialists as coordinators to ensure compliance with regulations. All relevant departments are equipped with safety officers to assist in EHS management and consolidate grass-roots management.

- Security Guardiancy

  We actively fulfill our primary responsibility for work safety, promote the standardization of work safety, and enhance our safety management capabilities. During the Reporting Period, led by the EHS Management Committee, we further improved and implemented various systems related to biosafety, laboratory safety, workshop production safety, chemical management, and construction safety, effectively integrating health and safety management into all aspects of our daily operations and management. For example, during this Reporting Period, the Triangle Research Park (RTP) factory in the United States revised and upgraded various safety systems, detailing procedures for disinfection and sterilization of potentially infectious materials, leak handling, personal protection, medical surveillance, and the use, cleaning, storage, and inspection of respiratory protective equipment, which have been implemented and enforced. In addition, we have implemented a work permit system for high-risk operations, requiring external personnel to sign relevant safety management agreements, undergo training, and be subject to comprehensive supervision to ensure the safety of personnel at the work site.

  Adhering to the principle of "preventing danger," CARSgen Therapeutics regularly conducts risk identification and assessment, implements a dual prevention mechanism to ensure employee health and safety. In addition, we carry out daily EHS supervision, inspections, and spot checks, promptly rectifying potential hazards. In 2024, the EHS department conducted monthly health and safety inspections, which were linked to departmental monthly performance evaluations. All issues identified during inspections have been fully rectified.

For emergencies, CARSgen Therapeutics has formulated plans such as the *Emergency Response Plan* and the *Biosafety Incident Emergency Response Plan*, established an emergency response organization, and standardized work procedures. Especially in terms of fire safety management, our operations in China strictly comply with the *Fire Control Law of the People's Republic of China* and entrust third parties to regularly inspect and maintain the fire protection system. Our operations in the United States are equipped with comprehensive fire-fighting equipment and facilities, and an emergency notification system is in place to ensure rapid dissemination of information. We have posted safety warning or informative signs in production sites, laboratories, and office areas, and organize various emergency drills and fire training and drills for all staff annually.

To further enhance employees' awareness of production safety, we have organized knowledge competitions on chemical safety, fire protection, and special equipment operation, as well as conducted publicity and education on fire and gas safety-related knowledge. CARsgen USA RTP factory also provides various trainings for employees, including EHS onboarding training for new employees, laboratory safety training, DOT hazardous materials transportation training, annual fire evacuation drills, and tornado shelter drills. During the Reporting Period, we conducted EHS trainings in various online and offline formats for employees, suppliers, and visitors, covering a total of 1,500 people.

Conduct occupational health and safety training

CARsgen Therapeutics regularly carries out occupational health and safety training, with training topics including biosafety, waste management, special equipment management, personnel qualification requirements, PPE, emergency response, fire safety, electricity safety, hazardous chemicals management, severe weather safety, supplier safety, etc.

CARsgen Therapeutics has no work-related deaths in the past three years, and the number of lost working days due to work-related injuries in the Reporting Period is zero.

- Health Management

We attach great importance to occupational health management, formulate *Occupational Health Management Regulations* and *Occupational Health Examination Management Procedures* in accordance with relevant laws and regulations, clarify the specific responsibilities of relevant departments, standardize the work process of occupational health management, so as to control and eliminate occupational disease risks in the workplace and safety production links, and eliminate the occurrence of occupational diseases.

Through policies such as the *Occupational Health and Safety Management Requirements* and the *Personal Protective Equipment Management Procedures*, we clarify the responsibilities of relevant departments and each employee, continuously strengthen the placement and management of occupational disease hazard warning signs, Personal Protective Equipment (PPE) requirements, safety risk notifications, and necessary protective measures in all workplaces. Based on the hazards present in their positions and the tasks they perform, we provide and issue various safety and hygiene PPE to employees, effectively implementing occupational health management and reducing production safety and occupational health risks.

We strictly implement the health monitoring system, and all personnel exposed to occupational health hazards shall undergo pre-job, on-job and off-job physical examinations. During the Reporting Period, no abnormality was found in the physical examination results of relevant personnel.

5 SUSTAINABILITY, UPHOLDING ENVIRONMENTAL STEWARDSHIP

The pursuit of sustainable environmental development has become a consensus of human society, and is also one of the important links in the process of achieving each enterprise's long-term goals. CARsgen Therapeutics actively explores innovative actions to address climate change, continuously optimizes the energy management system, strengthens water resources protection measures, reduces waste, wastewater and exhaust emissions, strives for green business development, and is committed to bringing a wider impact on the value chain.

5.1 Addressing Climate Change

With the increasing global concern about the impact of climate change, achieving the goal of carbon neutrality has become the consensus of most countries and international organizations. In order to cope with the unprecedented challenges posed by climate change, CARsgen Therapeutics has identified and assessed the risks related to climate change, incorporated climate action into the environmental management system and reduced our carbon footprint by referring to the methods and frameworks recommended by the Working Group on Climate-related Financial Information Disclosure ("**TCFD**"), taking into account the development direction of the enterprise itself and the nature of the industry.

5.1.1 Climate Change Governance

We have established a clearly defined ESG governance structure with distinct levels of authority and responsibility, which also oversees matters related to climate change. This governance structure is led by the Board of Directors, with the support and collaboration of the Audit Committee and the ESG Working Group. For more details, please refer to: 1.1 ESG Governance Structure.

We have formulated the *Climate Change Management Requirements*, which stipulate the need to collect and analyze relevant carbon emission data in daily operation and management, set energy-saving and emission-reduction targets, evaluate and screen options for reducing carbon emissions, and implement them step by step according to priority.

5.1.2 Strategy and Risk Response

CARSgen Therapeutics follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and refers to the requirements outlined in the latest assessment report by the Intergovernmental Panel on Climate Change (IPCC) to identify physical and transition risks that may be encountered in our operations. Based on our business characteristics and industry features, we have developed the following list of physical and transition risks, which includes an analysis of the actual and potential impacts of the identified risks, as well as corresponding risk response strategies and measures.

TYPE			RISK DESCRIPTION		PROJECTED FINANCIAL IMPACT	SHANGHAI JINSHAN PLANT	SHANGHAI XUHUI OFFICE	USA NORTH CAROLINA PLANT/OFFICE	RESPONSE
Physical Risks	Acute Risk	Typhoon/hurricane	Damage to fixed assets	Plants, equipment, etc. are directly damaged by strong winds.	Impairment or accelerated depreciation of fixed assets Increase in administrative expenses	Y	\	\	1. Improve the Climate Risk Emergency Response Plan: including evacuation of personnel, protection of equipment, material reserves, etc., and carry out emergency drills every year to improve the emergency response capability. 2. Take necessary preventive measures: strengthen the construction of municipal drainage network in the factory area, improve the efficiency of drainage, etc. 3. Appropriately increase the reserve of key raw materials: appropriately increase the reserve of key raw materials during the typhoon season to mitigate the risk of supply disruption.
			Production and operation disruptions	• Employees are unable to commute and CARSgen Therapeutics is unable to conduct normal production and operations. • Transportation disruptions affect the timeliness of delivery of CARSgen Therapeutics' products. • Transportation of raw materials is hampered.	Decrease in operating income Increase in operating costs and administrative expenses	Y	Y	Y	
			Rising Raw Material Prices and Increased Acquisition Difficulties	Triggering a disruption in the supply chain of CARSgen Therapeutics, resulting in a shortage of raw/ laboratory materials or an increase in costs.	Increase in operating costs	Y	\	\	

TYPE	RISK DESCRIPTION		PROJECTED FINANCIAL IMPACT	SHANGHAI JINSHAN PLANT	SHANGHAI XUHUI OFFICE	USA NORTH CAROLINA PLANT/OFFICE	RESPONSE
Extreme Heat	Raw material supply stability affected, and prices increased	The availability of a particular serum raw material from CARSgen Therapeutics is jointly determined by current year's climate conditions, the cost of livestock feeding, and the supply and demand for livestock products: • Extreme high temperatures in livestock regions compromise animal health and productivity, potentially leading to declining reproduction rates or increased mortality rates, thereby reducing the population available for serum extraction. • Hot weather may have an impact on conditions for serum collection and initial processing, requiring additional cooling and storage facilities to ensure serum quality and activity, which may increase production costs and complexity.	Increase in operating costs Increase in research and development expenses	\	\	\	1. Supplier Diversification: Multi-supplier backup (and localized backup) for critical materials to reduce the risk of supply outages. 2. Construct a comprehensive and refined supplier risk assessment framework: ensuring supply chain stability and reliability, while tracking international market dynamics and accurately grasping the trend of raw material prices to provide solid data support for cost control and strategic decision-making.

TYPE		RISK DESCRIPTION		PROJECTED FINANCIAL IMPACT	SHANGHAI JINSHAN PLANT	SHANGHAI XUHUI OFFICE	USA NORTH CAROLINA PLANT/OFFICE	RESPONSE
		Increased energy use	• Finished products and some raw materials/experimental materials of CARSgen Therapeutics are sensitive to changes in temperature and should generally be kept in a low-temperature environment, and there is a requirement for a full cold chain for the transportation process. Extremely hot weather increases the need for refrigeration for inventory, transportation, and production processes. • For office locations, extremely hot weather will also lead to increased demand for air-conditioning cooling.	Increase in operating costs or overhead (energy costs)	Y	Y	Y	1. Enhance the efficiency of energy use: choose energy-saving equipment, improve the efficiency of building insulation, and regularly overhaul the refrigeration system to protect the cooling effect and avoid abnormal energy consumption caused by equipment failure. 2. Green office: Set temperature limits for office air conditioners and turn them off promptly during non-office hours.
	Floods	Operationally challenged	Global warming has led to an increased risk of flooding, which has seriously affected local traffic and municipal conditions, resulting in the inability of employees to commute and disruption of transportation, affecting the Company's normal operations as well as logistics and transportation.	Increase in administrative expenses	\	\	Y	1. Improve the Climate Risk Emergency Response Plan: including evacuation of personnel, protection of equipment, material reserves, etc., and carry out emergency drills every year to improve the emergency response capability. 2. Take the necessary precautions: pay attention to municipal drainage to reduce the risk of flooding of the operating site.

TYPE		RISK DESCRIPTION		PROJECTED FINANCIAL IMPACT	SHANGHAI JINSHAN PLANT	SHANGHAI XUHUI OFFICE	USA NORTH CAROLINA PLANT/OFFICE	RESPONSE
	Increase in average temperature	Raw material supply stability affected, and prices increased	The availability of a certain serum raw material of CARSgen Therapeutics will be affected by the increase in temperature and the decrease in production will lead to an increase in price.	Increase in operating costs Increase in research and development expenses	\	\	\	1. Supplier Diversity. 2. Increase reserves of key raw materials as appropriate. 3. Optimization of processes and experimental management: improving the efficiency of raw material used to reduce consumption or finding alternative products.
Chronic Risk		Increased energy use	• Increased demand for refrigeration for stockpiles, transportation, and production processes. • Increased demand for air-conditioning refrigeration in office locations.	Increase in operating costs or overhead (energy costs)	Y	Y	Y	1. Improve the efficiency of energy use. 2. Green office.
	Sea level rise	Damage to fixed assets	The CARSgen Therapeutics Jinshan plant is located on the coast, where sea level rise could lead to saltwater erosion or flooding of infrastructure.	Impairment or accelerated depreciation of fixed assets Increase in administrative expenses	Y	\	\	1. Strengthening of infrastructure development and maintenance: reinforcement and renovation of bases, facilities, etc., to increase resilience to disasters. 2. Assess the geographic location of each operation and consider topographical factors when selecting sites for new facilities.

TYPE		RISK DESCRIPTION		PROJECTED FINANCIAL IMPACT	SHANGHAI JINSHAN PLANT	SHANGHAI XUHUI OFFICE	USA NORTH CAROLINA PLANT/OFFICE	RESPONSE
Transition Risks	Policy And Legal Risk	Increased pricing of greenhouse gas emissions	• The European Union, the United States and Australia have established relatively mature carbon trading markets, and China's carbon trading system is also being gradually established. In the current regulations, the biomedical industry where CARSgen Therapeutics is located has not yet been included in the carbon emissions trading industry, but the future development trend may still have a greater impact. • With the increasing improvement of China's carbon emission and carbon trading related regulations, the responsibility of enterprises to implement emission reduction measures and disclose carbon emission information will become more significant, and the requirements of regulatory agencies for carbon emission management of the whole life cycle of products will be gradually enhanced.	Increase in operating costs or overheads (carbon fees)	Y	Y	Y	1. Focus on regulations and market dynamics: Actively track the development trend of the carbon market and changes in carbon trading entities to prepare for entry in advance. 2. Upgrade the level of disclosure of greenhouse gas emissions: prudent disclosure of xi related data to seek favorable greenhouse gas emission allowances. 3. Formulation of comprehensive carbon reduction programs: conservation of energy consumption, adjustment of energy structure, layout of carbon sink projects, etc.

TYPE	RISK DESCRIPTION		PROJECTED FINANCIAL IMPACT	SHANGHAI JINSHAN PLANT	SHANGHAI XUHUI OFFICE	USA NORTH CAROLINA PLANT/OFFICE	RESPONSE
		• The HKEX has introduced climate-related disclosure requirements in line with the recommendations of the International Sustainability Standards Board (ISSB) Task Force on Climate-Related Financial Disclosure (TCFD), whereby all listed companies are required to disclose climate-related information in their ESG reports.					
	Emissions reporting obligations enhanced	• The European Union's Corporate Sustainability Reporting Directive (CSRD) requires companies to publish a separate and complete sustainability report in accordance with the European Union's Sustainability Reporting Standard (ESRS) as part of their management report, and the disclosure is divided into three main sections that also contain strengthened requirements for corporate emissions information.	Increase in administrative expenses (professional service fees)	Y	Y	Y	Enhance the level of corporate climate information disclosure: Strictly comply with the HKEX's regulations on climate information disclosure, and progressively carry out carbon footprint certification, carbon emission inventory, and ESG report forensics, etc., so as to ensure the transparency and accuracy of climate information.

TYPE	RISK DESCRIPTION		PROJECTED FINANCIAL IMPACT	SHANGHAI JINSHAN PLANT	SHANGHAI XUHUI OFFICE	USA NORTH CAROLINA PLANT/OFFICE	RESPONSE
Technology Risk	Green technology application requirements	*The Implementation Plan for Carbon Peak in the Industrial Sector of Shanghai*, which requires: "At least one type of renewable energy will be used in newly built industrial plants from 2022 onwards, with no less than 50 per cent of the rooftop area installed with photovoltaics; and promote the installation of photovoltaics on the roofs of existing industrial plants with available area, with no less than 1GW installed by 2025, and realizing that they should be installed to the fullest extent possible by 2030. Accelerate the replacement of conventional fossil energy by renewable and new energy sources, accelerate the layout of hydrogen energy, wind energy, solar energy, biomass energy, etc., and promote the installation of distributed photovoltaic in industrial enterprises and parks."	Increase in fixed assets	Y	\	\	New energy facilities investment (or enhance the proportion of renewable energy use): actively build photovoltaic, wind power and other related facilities and equipment, such as their own plant conditions are limited, but also in the form of procurement of green power to enhance the proportion of renewable energy use.

TYPE	RISK DESCRIPTION	PROJECTED FINANCIAL IMPACT	SHANGHAI JINSHAN PLANT	SHANGHAI XUHUI OFFICE	USA NORTH CAROLINA PLANT/OFFICE	RESPONSE
Market Risk	Raw material supply stability affected, and prices increased	Changes in the pattern of supply and demand for goods, products and services as a result of the transition to a low-carbon economy (e.g., increased environmental requirements for the livestock sector) may lead to lower supply and higher raw material prices.	Increase in operating costs Increase in research and development expenses	\	\	\	Construct a comprehensive and fine supplier risk assessment framework: ensure the stability and reliability of the supply chain, while tracking international market dynamics and accurately grasping the trend of raw material prices to provide solid data support for cost control and strategic decision-making.

TYPE		RISK DESCRIPTION		PROJECTED FINANCIAL IMPACT	SHANGHAI JINSHAN PLANT	SHANGHAI XUHUI OFFICE	USA NORTH CAROLINA PLANT/OFFICE	RESPONSE
	Reputational Risk	Negative information	Poor evaluation of the implementation of the Company's climate strategy by stakeholders, including customers, employees, investors and shareholders, or negative information arising from exceeding the emission standards may damage the market image of CARSgen Therapeutics, which in turn may make it more difficult to raise funds.	Increase in financing costs	\	\	\	1. Improve corporate climate disclosure. 2. Develop a comprehensive carbon reduction program. 3. Strengthening communication and exchange with various stakeholders: Ensuring timely and accurate communication of information to enhance cooperation and understanding.
	Products & Services	Elevated incidence of disease	Extreme weather and global warming have increased the incidence of various diseases, including tumors and cancers, which has boosted the market demand for CARSgen Therapeutics' CAR-T products.	Increase in income	\	\	\	Strengthen R&D innovation and gradually expand the coverage of indications for pipeline and commercialized products.
Opportunity	Resource Efficiency Resilience	Improved management efficiency and supply chain stability	By comprehensively managing climate change risks within the operational system and in the value chain, CARSgen Therapeutics can comprehensively improve its risk management, operational level, operational efficiency and supply chain stability.	Increase in net profit	Y	Y	Y	1. Improve the efficiency of resource use, including energy and water resources, to enhance output per unit of energy/resource consumption. 2. Enhance the stability and reliability of business operations and supply chain, comprehensively reduce operating costs and improve operational efficiency.

5.1.3 Indicators and Objectives

To better address climate change risks and seize opportunities, we regularly manage and assess our greenhouse gas (GHG) emission levels, striving to continuously reduce our environmental impact. We implement management measures for GHG emissions per product batch, to ensure they remain at stable levels.

Greenhouse gas emissions	Unit	2024	2023
Total greenhouse gas emissions	tCO_2	12,821.59	12,241.74
Direct greenhouse gas emissions (Scope 1)	tCO_2	621.64	553.09[1]
Indirect greenhouse gas emissions (Scope 2)	tCO_2	12,199.95	11,688.65
Greenhouse gas emission density	tCO_2/product batch	59.09	54.16

5.2 Energy Management

Energy conservation and emission reduction is an important part of sustainable development, and is of great significance in coping with global climate change. CARsgen Therapeutics is deeply aware that energy conservation and emission reduction is an important strategy to slow down climate change and achieve green operation. In order to deepen the achievements of energy conservation and emission reduction, the Group further promotes the sustainable development of the Group by strengthening energy conservation practices in daily operation and production.

Daily operations	Production process	Green Office

• Dynamically confirm the use demand of pure steam, timely shut down the process pure steam generator, and save about 20000 kWh of electricity annually.
• Clean and replace air conditioning cold/hot water with special cleaning agent for cold/hot water system, improve system heat exchange efficiency, save steam and electricity, and save about 25000 yuan annually.
	• The operation mode and number of cooling water circulating pumps are determined according to the outdoor air temperature and the actual temperature of the cooling water circulating, saving about 100,000 kWh of electricity per year.
	• We have implemented variable frequency drive (VFD) retrofitting for the exhaust fans, enabling the fan airflow to be controlled based on the start/stop signals of the fume hoods.
		• Energy conservation and environmental protection-themed activities are regularly held.
		• Implement measures to reduce energy consumption in office spaces, such as:
		  • Turning off lights and air conditioning in unused areas like meeting rooms and hallways.
		  • Adjusting restroom lighting based on natural light conditions.
		  • Controlling the operation of small water heaters according to seasonal needs.

Energy conservation and emission reduction measures

[1] There was an error in the calculation method for the company's direct greenhouse gas (GHG) emissions across all operations in 2023 (corrected from 3639.12 tCO_2 to 553.09 tCO_2). Consequently, the actual total GHG emissions for CARsgen Therapeutics in 2023 amounted to 12,241.74 tCO_2, with a GHG emission density of 54.16 tCO_2/product batch.

Energy consumption	Unit	2024	2023
Indirect energy consumption			
Total power purchased	MWh	15,088.02	14,219.67
Total purchased steam	MWh	11,466.22	10,709.25
Direct energy consumption			
Diesel oil	MWh	229.77	36.34
Gasoline	MWh	34.72	187.77
Natural gas	MWh	2,284.43	2,489.50
Total energy consumption	MWh	29,103.16	27,642.52
Energy consumption density	MWh/Product batch	134.12	122.31

5.3 Environmental Compliance Management

With the improvement of national requirements for ecological civilization construction and the strengthening of ecological and environmental protection supervision, environmental compliance management has become particularly important for the standardized operation and healthy development of enterprises. CARsgen Therapeutics has established the *Environmental Management Requirements Policy* in accordance with laws and regulations including the *Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution and the Law of the People's Republic of China on the Prevention and Control of Water Pollution*. This policy stipulates that all significant environmental factors identified during operations must be addressed, and explicitly requires the evaluation and selection of pollution prevention measures to follow the prioritized hierarchy of "substitution, reduction, reuse, recycling, and treatment," thereby advancing the achievement of fully compliant environmental management objectives. We monitor and assess pollutant emissions in compliance with regulatory requirements to minimize the environmental impact of operations. During the Reporting Period, no significant impacts on the environment and natural resources were identified.

In order to fully implement the environmental management measures, CARsgen Therapeutics has built an environmental management structure, with the highest person in charge as CEO and an EHS management committee. EHS Management Committee members include Chief Operating Officer (COO) and relevant department heads. EHS Management Committee holds regular meetings to analyze and study EHS management objective plan, main work, problems encountered and solutions, track the implementation of resolutions, and report the completion of work to the management.

In addition, CARsgen Therapeutics will conduct an annual internal compliance audit based on the main elements of ISO 14001, which is carried out by the EHS Committee to comprehensively assess whether each department complies with relevant environmental laws and regulations.

5.4 Emission Management

CARsgen Therapeutics strictly implements the national and local pollutant discharge standards, continued to strengthen the internal management and actively takes effective measures according to the *Requirements for EHS Management* to reduce the discharge of pollutants, protect and improve the ecological environment. During the Reporting Period, CARsgen Therapeutics has applied for and obtained the pollutant discharge license according to law, actively fulfilled the reporting obligations of the pollutant discharge license, and truthfully submitted the pollutant discharge license report. We continuously track and manage emission data to ensure that the emission level for each product batch remains stable.

5.4.1 Gas Emissions

CARsgen Therapeutics maintains strict requirements and standards for waste gas emissions, with clearly defined waste gas management protocols and emission control processes. The primary waste gases generated by the Group include hydrogen chloride (HCl), sulfuric acid mist, and ammonia (NH_3). All waste gases produced during the manufacturing process are treated through activated carbon adsorption and filtration before being discharged at high altitude from the rooftop. Additionally, the Group engages qualified third-party testing companies to conduct regular emissions monitoring, ensuring compliance with emission standards.

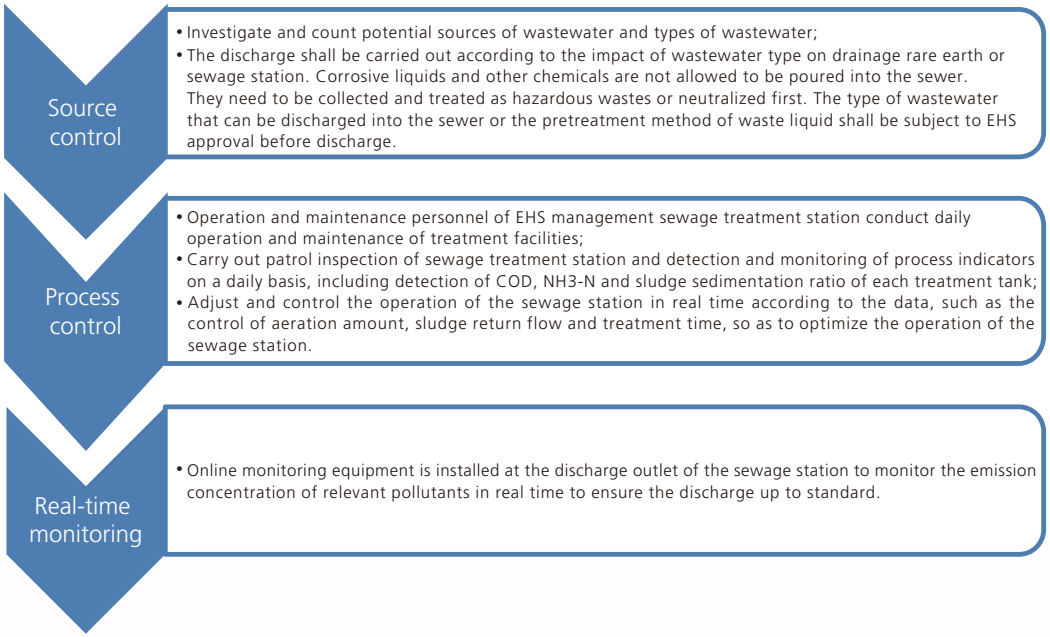
In 2024, CARsgen implemented an upgrading project to separate and treat the exhaust from the QC laboratory fume hoods and the room ventilation system. By replacing activated carbon canisters and other measures, the Group improved adsorption efficiency, reducing pollutant emissions while conserving resources.

Gas emissions	Unit	2024	2023
Total gas emissions	Tons	0.05	0.05
Including: Hydrogen chloride	Tons	0.03	0.03
Sulfuric acid mist	Tons	0.00	0.00
Ammonia gas	Tons	0.02	0.02

5.4.2 Wastewater Discharge

CARsgen Therapeutics strictly abides by the local wastewater discharge standards and has established a sound internal management system. The Group's wastewater pollution mainly includes COD (chemical oxygen demand) and ammonia nitrogen. The Group decides the wastewater treatment according to the type of wastewater. Additionally, we engage qualified third-party testing companies to conduct regular monitoring, maintenance, and repairs, ensuring that wastewater discharge complies with regulatory standards.

In 2024, we continued to upgrade and transform the sewage treatment station, providing enterprise production capacity and sewage treatment efficiency through the transformation of sludge sedimentation tank, filter press, automatic dosing device for disinfection and other facilities.



Waste Water Management Process

Wastewater discharge	Unit	2024	2023
Total wastewater discharge	Tons	8,659.38	17,642.00
Including: COD	Tons	0.48	3.80
Ammonia nitrogen	Tons	0.01	0.32

5.4.3 Waste Disposal

- Hazardous waste

  CARsgen Therapeutics' hazardous waste includes laboratory waste liquids, biological waste generated during R&D and production processes, as well as medical/pharmaceutical waste. In order to minimize the impact of hazardous waste on the surrounding environment, we have established the *Hazardous Waste Management Regulation*, which specifies requirements for the classification of different types of hazardous waste (including medical waste), required collection methods, containers, labeling, record-keeping, in-plant transportation, personnel and PPE requirements, temporary storage, outsourcing for disposal, emergency drills, and other aspects. Our hazardous waste storage conditions strictly adhere to the local standards and requirements of each operational site, following the waste management process to ensure that the classification, labeling, recording, transportation, temporary storage, and other stages of hazardous waste comply with applicable laws and regulations.

  We engage a qualified third party to dispose of hazardous waste and do our best to minimize the risk of contamination during disposal. For such suppliers, we perform on-site EHS audits (including regulatory compliance, management system in line with ISO requirements, resource recycling capacity, etc.) to form audit reports and ensure their complete qualifications.

Training on hazardous waste

In April 2024, we conducted training on the classification and disposal of hazardous waste for relevant personnel in R&D, production, engineering, warehousing, and other departments. The training covered legal and regulatory requirements, internal classification standards, safety precautions, emergency response to spills, and other content. This ongoing training aims to deepen employees' ability to identify risks associated with hazardous waste, enhance their awareness of safe disposal practices, and improve their response capabilities.

Hazardous waste labeling training

- Non-hazardous waste

When managing and monitoring non-hazardous waste, we strictly comply with the applicable laws and regulations of the place where our operation base is located and operate in accordance with the Group's non-hazardous waste management process.

The Administration Department also organizes recycling activities for waste plastic bottles, waste metal bottles and wastepaper boxes on an annual basis, and awards small gifts to those who actively participate in and recycle a large amount. During the Reporting Period, the total amount of waste recovered through this activity was approximately 90 kg.

Waste discharge	Unit	2024	2023
Total hazardous waste	Tons	28.82	35.20
Hazardous waste density	Tons/product batch	0.13	0.16
Total amount of non-hazardous waste	Tons	459.96[1]	117.13
Nonhazardous waste density	Tons/product batch	2.12	0.52

[1] During the Reporting Period, CARsgen Therapeutics underwent relocation, generating 412 tons of construction waste.

5.5 Use of Resources

CARsgen Therapeutics deeply recognizes that natural resources are crucial for human survival and are equally indispensable in pharmaceutical research, development, and production. The Group will adopt a coordinated management approach to better conserve water resources and manage packaging materials with an environmental protection mindset, laying a solid foundation for long-term sustainable development.

CARsgen Therapeutics is fully aware of the environmental impact of eco-friendly packaging materials. While meeting the requirements of pharmaceutical safety regulations, the Group actively explores the reduction and recycling of pharmaceutical packaging materials to the greatest extent possible. In daily operations, the Group rigorously evaluates the materials used, formulates specific operating procedures and standards for the receipt, inspection, storage, and issuance of packaging materials, and strictly controls the quality of packaging materials to ensure quality requirements.

Packaging material consumption	Unit	2024	2023
Total packaging material consumption	Kg	56.00	12.66
Consumption intensity of packaging materials	Kg/Product batch	0.26	0.06

As the global water resource situation becomes increasingly severe, integrated water resource management is particularly important. CARsgen Therapeutics primarily uses municipal water during the operations. No issue in sourcing water was identified in the Reporting Period. While strictly adhering to local laws and regulations, we optimize processes, raises awareness among employees about water conservation, and saves water, continuously improving its own water resource management level and contributing to long-term sustainable development.

Water consumption	Unit	2024	2023
Total Water Use	Tons	90,193	90,040
Water use density	Tons/Product batch	415.64	398.41

6 COLLABORATION, BUILDING THRIVING COMMUNITY

CARsgen Therapeutics attaches equal importance to economic and social benefits, is committed to maintaining two-way interaction with the community, actively participates in charitable and philanthropic activities, and uses recreational and sports activities and voluntary services as the carrier to convey warmth and maintain a harmonious relationship of win-win coexistence. During the reporting period, the total volunteer service time amounted to 32 days.

Christmas donation

In December 2024, CARsgen Therapeutics earnestly fulfilled its social responsibility, actively participated in a church-led charitable donation initiative in RTP of North Carolina, USA. Through delivering gifts to underprivileged families, the company provided tangible assistance to disadvantaged communities while inspiring broader participation in philanthropic endeavours.

Organize voluntary blood donation

In 2024, to actively respond to public health needs, CARsgen Therapeutics organized 15 employees to actively participate in voluntary blood donation activities in the community, actively fulfilling corporate social responsibility in the field of public health and hygiene, interpreting the spirit of "great love without boundaries" with practical actions, reflecting the social responsibility and responsibility of enterprises.

APPENDIX: HKEX ESG GUIDE INDEX

Environmental, Social and Governance Categories and General Disclosures and Key Performance Indicators (KPIs)		Indexes
A. Environment		
A1: Emissions		
General disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. *Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.*	5.4 Emission Management
A1.1	The types of emissions and respective emissions data.	5.4 Emission Management
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.1 Addressing Climate Change
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.4 Emission Management
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.4 Emission Management
A1.5	Description of emissions target(s) set and steps taken to achieve them.	5.4 Emission Management
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	5.4 Emission Management

Environmental, Social and Governance Categories and General Disclosures and Key Performance Indicators (KPIs)		Indexes
A2: Use of Resources		
General disclosures	Policies on the efficient use of resources, including energy, water and other raw materials. *Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.*	5.2 Energy Management 5.5 Use of Resources
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	5.2 Energy Management
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	5.5 Use of Resources
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	5.2 Energy Management
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	5.5 Use of Resources
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	5.5 Use of Resources
A3: The Environment and Natural Resources		
General disclosures	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	5.5 Use of Resources
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5.5 Use of Resources
A4: Climate change		
General disclosures	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	5.1 Addressing Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	5.1 Addressing Climate Change

Environmental, Social and Governance Categories and General Disclosures and Key Performance Indicators (KPIs)		Indexes
B. Society		
Employment and Labor Practices		
B1: Employment		
General disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4.1 Talent Attraction
B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	4.1 Talent Attraction
B1.2	Employee turnover rate by gender, age group and geographical region.	4.1 Talent Attraction
B2: Health and Safety		
General disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.5 Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.5 Health and Safety
B2.2	Lost days due to work injury.	4.5 Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.5 Health and Safety
B3: Development and training		
General disclosures	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. *Note: Training refers to vocational training. It may include internal and external courses paid by the employer.*	4.2 Talent Enhancement
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.2 Talent Enhancement
B3.2	The average training hours completed per employee by gender and employee category.	4.2 Talent Enhancement

Environmental, Social and Governance Categories and General Disclosures and Key Performance Indicators (KPIs)		Indexes
B4: Labor Standards		
General disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	4.1 Talent Attraction
B4.1	Description of measures to review employment practices to avoid child and forced labor.	4.1 Talent Attraction
B4.2	Description of steps taken to eliminate such practices when discovered.	4.1 Talent Attraction
Operating Practices **B5: Supply chain management**		
General disclosures	Policies on managing environmental and social risks of the supply chain.	2.3 Supply Chain Management
B5.1	Number of suppliers by geographical region.	2.3 Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	2.3 Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	2.3 Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	2.3 Supply Chain Management
B6: Product Responsibility		
General disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2.1 Quality First
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.2 Pharmacovigilance
B6.2	Number of products and service related complaints received and how they are dealt with.	2.2 Pharmacovigilance
B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.3 Protection of Intellectual Property
B6.4	Description of quality assurance process and recall procedures.	2.2 Pharmacovigilance
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	1.4 Business Ethics

Environmental, Social and Governance Categories and General Disclosures and Key Performance Indicators (KPIs)		Indexes
B7: Anti-Corruption		
General disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.4 Business Ethics
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	1.4 Business Ethics
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	1.4 Business Ethics
B7.3	Description of anti-corruption training provided to directors and staff.	1.4 Business Ethics
Community		
B8: Community investment		
General disclosures	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6 Collaboration, Building Thriving Community
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	6 Collaboration, Building Thriving Community
B8.2	Resources contributed (e.g. money or time) to the focus area.	6 Collaboration, Building Thriving Community

Independent Auditor's Report

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To the shareholders of CARsgen Therapeutics Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of CARsgen Therapeutics Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 163 to 235, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as issued by the International Auditing and Assurance Standards Board ("IAASB"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Professional Accountants* (the "Code") issued by the Hong Kong Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Risk of misstatement of research and development expenses	
The Group incurred significant research and development ("R&D") expenses of RMB466 million as disclosed in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2024, in which a material portion is service fees paid to contract research organisations ("CROs") and clinical site management operators ("SMOs") (collectively referred to as "Outsourced Service Providers"). The R&D activities with these Outsourced Service Providers are documented in agreements and are typically performed over an extended period. These expenses are charged to profit or loss based on the progress of the R&D projects. We identified the measurement of R&D expenses as a key audit matter due to its significant amount and the completeness and allocation of these costs to the appropriate reporting period based on the progress of the research and development projects involved judgement. The accounting policy and the disclosure for significant accounting judgement related to R&D expenses are disclosed in note 2.4 and note 3 to the consolidated financial statements.	We obtained an understanding of and performed walkthroughs over the key controls of the R&D expense process; We inquired management about the reasons for periodical fluctuations in R&D expenses and assessed the reasonableness of those fluctuations; We, on a sampling basis, reviewed the key terms set out in R&D related agreements with Outsourced Service Providers and evaluated the method for the calculation basis for R&D expenses with reference to the progress of the R&D projects based on the inspection of supporting documents; We, on a sampling basis, reviewed the payments for R&D expenses and other supporting documents in both the current and subsequent periods, in order to assess the completeness and cut-off of the R&D expenses.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

Independent Auditor's Report

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

The engagement partner on the audit resulting in this independent auditor's report is Lau Kwok Wa Lawrence.

Ernst & Young
Certified Public Accountants

Hong Kong
March 18, 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	5	**39,425**	–
Cost of sales		**(24,678)**	–
Gross profit		**14,747**	–
Selling and distribution expenses		**(875)**	–
Administrative expenses		**(159,524)**	(131,689)
Research and development expenses		**(466,186)**	(661,659)
Other income	5	**63,934**	56,536
Other losses – net	6	**(260,287)**	(30,837)
Operating loss		**(808,191)**	(767,649)
Finance income		**16,118**	24,926
Finance costs		**(5,713)**	(4,664)
Finance income – net	7	**10,405**	20,262
Loss before income tax		**(797,786)**	(747,387)
Income tax expense	11	**(346)**	(407)
Loss for the year and attributable to ordinary equity holders of the parent		**(798,132)**	(747,794)
Other comprehensive income for the year:			
Items that may be reclassified to profit or loss			
Exchange differences on translation of subsidiaries		**(95,906)**	(33,065)
Items that will not be reclassified to profit or loss			
Exchange differences on translation of the Company		**188,722**	88,317
Other comprehensive income for the year, net of tax		**92,816**	55,252
Total comprehensive loss for the year and attributable to ordinary equity holders of the parent		**(705,316)**	(692,542)
Loss per share attributable to ordinary equity holders of the parent			
Basic and diluted loss per share (in RMB)	13	**(1.44)**	(1.34)

Consolidated Statement of Financial Position

December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**106,749**	311,952
Right-of-use assets	15	**17,200**	49,438
Intangible assets	17	**2,943**	8,660
Other non-current assets and prepayments	18	**15,867**	14,076
Total non-current assets		**142,759**	384,126
CURRENT ASSETS			
Trade receivables	19	**8,768**	–
Inventories	20	**6,926**	683
Other receivables	21	**19,344**	9,792
Other current assets and prepayments	22	**16,179**	12,861
Cash and bank balances	23	**1,479,058**	1,849,752
Total current assets		**1,530,275**	1,873,088
CURRENT LIABILITIES			
Accruals and other payables	24	**181,623**	158,008
Interest-bearing bank borrowings	25	**20,287**	2,522
Lease liabilities	16	**13,441**	12,230
Deferred income	26	**11,033**	13,220
Contract liabilities	27	**27,623**	10,237
Total current liabilities		**254,007**	196,217
NET CURRENT ASSETS		**1,276,268**	1,676,871
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,419,027**	2,060,997

Consolidated Statement of Financial Position

December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	25	**68,850**	–
Lease liabilities	16	**63,844**	70,468
Deferred income	26	**7,342**	10,387
Contract liabilities	27	**222,284**	178,442
Total non-current liabilities		**362,320**	259,297
Net assets		**1,056,707**	1,801,700
EQUITY			
Equity attributable to owners of the parent			
Share capital	28	**1**	1
Reserves	29	**1,056,706**	1,801,699
Total equity		**1,056,707**	1,801,700

Zonghai LI
Director

Hua JIANG
Director

Consolidated Statement of Changes in Equity

Year ended December 31, 2024

	Notes	Attributable to owners of the parent			
		Share capital *RMB'000*	Other reserves** *RMB'000 (note 29)*	Accumulated Losses** *RMB'000 (note 29)*	Total *RMB'000*
At January 1, 2023		1	9,915,208	(7,442,035)	2,473,174
Loss for the year		–	–	(747,794)	(747,794)
Other comprehensive income		–	55,252	–	55,252
Total comprehensive income/(loss)		–	55,252	(747,794)	(692,542)
Share-based payments	*30*	–	14,458	–	14,458
Issue of shares held in trust	*28*	–*	–*	–	–*
Issue of shares to employees under employee incentive schemes	*28*	–	6,406	–	6,406
Transfer of treasury shares to employees under employee incentive schemes	*28*	–	204	–	204
At December 31, 2023		1	9,991,528	(8,189,829)	1,801,700
At January 1, 2024		**1**	**9,991,528**	**(8,189,829)**	**1,801,700**
Loss for the year		**–**	**–**	**(798,132)**	**(798,132)**
Other comprehensive income		**–**	**92,816**	**–**	**92,816**
Total comprehensive income/(loss)		**–**	**92,816**	**(798,132)**	**(705,316)**
Share-based payments	*30*	**–**	**9,089**	**–**	**9,089**
Issue of shares to employees under employee incentive schemes	*28*	**–**	**953**	**–**	**953**
Transfer of treasury shares to employees under employee incentive schemes	*28*	**–**	**553**	**–**	**553**
Share repurchase		**–**	**(50,272)**	**–**	**(50,272)**
At December 31, 2024		**1**	**10,044,667**	**(8,987,961)**	**1,056,707**

* The amounts are less than RMB1,000.

** The reserve accounts comprised RMB1,056,706,000 in the consolidated statement of financial position as at December 31, 2024 (2023: RMB1,801,699,000).

Consolidated Statement of Cash Flows

Year ended December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(797,786)**	(747,387)
Adjustments for:			
Finance income – net	7	**(10,405)**	(20,262)
Interest income on term deposits with original maturity between three and twelve months	5	**(25,800)**	(47,865)
Depreciation of property, plant and equipment	14	**60,551**	62,228
Depreciation of right-of-use assets	15	**11,894**	17,765
Amortisation of intangible assets	17	**7,110**	7,402
Foreign exchange losses – net	6	**82,244**	30,467
Losses on disposals of property, plant and equipment		**450**	2,420
Losses on impairment	6	**189,079**	–
(Gains)/losses from termination of lease agreements		**(81)**	561
Government grants relating to investing activities		**(4,900)**	(4,639)
Share-based payment expenses	30	**9,089**	14,458
		(478,555)	(684,852)
Increase in trade receivables		**(8,768)**	–
Increase in inventories		**(6,243)**	(683)
(Increase)/decrease in other receivables		**(9,095)**	3,110
(Increase)/decrease in other current assets and prepayments		**(3,318)**	7,908
Increase in other non-current assets and prepayments		**(2,191)**	(4,751)
Increase in accruals and other payables		**21,814**	16,451
(Decrease)/increase in deferred income on government grants		**(334)**	661
Increase in contract liabilities		**61,228**	188,679
Cash used in operations		**(425,462)**	(473,477)
Interest received		**16,118**	20,290
Income tax paid		**(346)**	(1,748)
Net cash flows used in operating activities		**(409,690)**	(454,935)

Consolidated Statement of Cash Flows

Year ended December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		**(17,998)**	(8,835)
Purchases of intangible assets		**(1,576)**	(714)
Purchase of term deposits with original maturity between three and twelve months		**(2,340,804)**	(2,037,989)
Proceeds from collection of term deposits with original maturity between three and twelve months		**2,347,557**	2,037,989
Interest received from term deposits with original maturity between three and twelve months		**25,343**	47,865
Refund of input VAT related to the acquisition of non-current assets		**–**	135
Government grant received in relation to the acquisition of non-current assets		**–**	800
Net cash flows from investing activities		**12,522**	39,251
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for ordinary share repurchase		**(50,272)**	–
Proceeds from issue of shares to employees under employee incentive schemes		**953**	6,406
Proceeds from transfer of treasury shares to employees under employee incentive schemes		**553**	204
New bank borrowings		**130,000**	–
Principal portion of lease payments		**(13,481)**	(18,918)
Interest paid for lease liabilities		**(3,124)**	(4,388)
Changes in rental deposits		**(165)**	(303)
Repayments of bank borrowings		**(43,495)**	(4,851)
Interest paid for bank borrowings		**(2,512)**	(292)
Net cash flows from/(used in) financing activities		**18,457**	(22,142)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(378,711)**	(437,826)
Cash and cash equivalents at beginning of the year		**1,849,752**	2,268,036
Effect of foreign exchange rate changes, net		**8,017**	19,542
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	*23*	**1,479,058**	1,849,752
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances as stated in the consolidated statement of financial position		**1,479,058**	1,849,752

1. CORPORATE AND GROUP INFORMATION

CARsgen Therapeutics Holdings Limited (hereinafter the "Company") was incorporated under the law of the Cayman Islands as a limited liability company on February 9, 2018. The address of the Company's registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1 – 1205 Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are a global clinical-stage biopharmaceutical company discovering, researching and developing cell therapies in the People's Republic of China (the "PRC") and the United States of America (the "US").

The consolidated financial statements are presented in thousands of Renminbi ("RMB"), unless otherwise stated, and were approved and authorised for issue by the board of directors of the Company on March 18, 2025.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name of entity	Place and date of incorporation/registration and kind of legal entity	Principal activities and place of operation	Registered/ issued share and paid-up capital	Ownership interest held by the Company	
				2024 %	2023 %
Directly held					
CARsgen Pharma Holdings Limited	Hong Kong, February 21, 2018, limited liability company	Holding company, Hong Kong	HKD10	100	100
Indirectly held					
Cleanings Biotech Limited	British Virgin Islands, September 11, 2018, limited liability company	Holding company, British Virgin Islands	USD1	100	100
Excelsiory Biotech Limited	British Virgin Islands, September 11, 2018, limited liability company	Holding company, British Virgin Islands	USD1	100	100
Panzenith Biotech Limited	British Virgin Islands, September 11, 2018, limited liability company	Holding company, British Virgin Islands	USD1	100	100
CARsgen USA	United States of America, May 4, 2016, limited liability company	Drug research and development, manufacture and import and export handling, the United States	USD1,000	100	100

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's subsidiaries are as follows: (continued)

Name of entity	Place and date of incorporation/registration and kind of legal entity	Principal activities and place of operation	Registered/ issued share and paid-up capital	Ownership interest held by the Company	
				2024 %	2023 %
Indirectly held					
CARsgen Life Sciences Co., Ltd. 愷興生命科技(上海)有限公司*	PRC/Mainland China, March 22, 2018, limited liability company (Registered as a wholly foreign owned enterprises under PRC law)	Drug research and development, manufacture and import and export handling, PRC/Mainland China	USD40,000,000	**100**	100
CARsgen Diagnostics Co., Ltd. 上海愷興診斷技術有限公司*	PRC/Mainland China, November 23, 2020, limited liability company	Drug research and development, manufacture and import and export handling, PRC/Mainland China	RMB10,000,000	**100**	100
CARsgen Therapeutics (Beijing) Co., Ltd. 科濟生物醫藥(北京)有限公司*	PRC/Mainland China, February 11, 2022, limited liability company	Drug research and development, manufacture and import and export handling, PRC/Mainland China	RMB15,000,000/ RMB7,000,000	**100**	100
CAFA Therapeutics Limited 佈珐藥業有限公司	Ireland, January 8, 2021, limited liability company	Drug research and development, manufacture and import and export handling, Ireland	Euro1,000	**100**	100
CRAGE Medical Co., Limited 克萊格醫學有限公司	Hong Kong, December 9, 2021, limited liability company	Drug research and development, manufacture and import and export handling, Hong Kong	HKD1,000	**100**	100

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's subsidiaries are as follows: (continued)

Name of entity	Place and date of incorporation/registration and kind of legal entity	Principal activities and place of operation	Registered/ issued share and paid-up capital	Ownership interest held by the Company	
				2024 %	2023 %
Controlled by the Company pursuant to the Contractual Arrangements (Note 2.1)					
CARsgen Therapeutics Co., Ltd 科濟生物醫藥(上海)有限公司*	PRC/Mainland China, October 30, 2014, limited liability company	Drug research and development, manufacture and import and export handling, PRC/Mainland China	RMB40,000,000	100	100
CARsgen Pharmaceuticals Co., Ltd 上海科濟製藥有限公司* ("CARsgen Pharmaceuticals")	PRC/Mainland China, November 15, 2017, limited liability company	Drug research and development, manufacture and import and export handling, PRC/Mainland China	RMB50,000,000/ RMB35,082,900	100	100

* The English names of the companies registered in the PRC represent the best effort made by the directors of the Company (the "Directors") to translate the Chinese names as these companies have not been registered with any official English names.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all IFRS Accounting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in RMB and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended December 31,2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2. ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the currency translation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Contractual arrangements

Due to the restrictions imposed by the relevant laws and regulatory regime of Mainland China on foreign ownership of companies engaged in the gene therapy business carried out by subsidiaries of the Group, namely CARsgen Therapeutics Co., Ltd. (科濟生物醫藥(上海)有限公司) ("CARsgen Therapeutics (Shanghai)") and its wholly-owned subsidiary, CARsgen Pharmaceuticals Co., Ltd. (上海科濟製藥有限公司) (hereinafter collectively referred to as "CARsgen Therapeutics Group"), CARsgen Life Sciences Co., Ltd. (愷興生命科技(上海)有限公司) ("CARsgen Life Sciences") entered into the contractual arrangements (the "Contractual Arrangements") with CARsgen Therapeutics and its registered shareholders who collectively hold 100% equity interests in CARsgen Therapeutics on April 18, 2018, which enable CARsgen Life Sciences and the Group to:

- expose, or have rights, to variable returns from their involvement with the investee and have the ability to affect those returns through their power over CARsgen Therapeutics Group;
- exercise equity holders' controlling voting rights of CARsgen Therapeutics Group;
- receive substantially all of the economic interest returns generated by CARsgen Therapeutics Group in consideration for the business support, technical and consulting services provided by CARsgen Therapeutics Group;
- obtain an irrevocable and exclusive right to purchase all or part of the equity interests in CARsgen Therapeutics Group from its equity holders at the same amount of its registered capital. CARsgen Life Sciences may exercise such options at any time until it has acquired all equity interests and/or all assets of CARsgen Therapeutics Group. In addition, CARsgen Therapeutics Group is not allowed to sell, transfer, or dispose of any assets, or make any distributions to its equity holders without prior consent of CARsgen Life Sciences; and
- obtain a pledge over the entire equity interest of CARsgen Therapeutics Group from its equity holders as collateral security to guarantee the performance of their contractual obligations under the Contractual Arrangements.

The Group does not have any legal equity interest in CARsgen Therapeutics Group. However, as a result of the Contractual Arrangements, the Group has power over CARsgen Therapeutics Group, has rights to variable returns from its involvement with CARsgen Therapeutics Group and has the ability to affect those returns through its power over CARsgen Therapeutics Group and is considered to have control over CARsgen Therapeutics Group. Consequently, the Company regards CARsgen Therapeutics Group as controlled structured entities and consolidates the financial position and results of operations of CARsgen Therapeutics Group.

2. ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies and disclosures

The Group has adopted the following revised IFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at January 1, 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]

[1] Effective for annual periods beginning on or after January 1, 2025

[2] Effective for annual periods beginning on or after January 1, 2026

[3] Effective for annual/reporting periods beginning on or after January 1, 2027

[4] No mandatory effective date yet determined but available for adoption

The application of IFRS 18 will have no impact on the consolidated statement of financial position of the Group, but will have impact on the presentation of the consolidated statement of profit or loss and other comprehensive income. Except for IFRS 18, the directors of the Company anticipate that the application of these new and revised IFRSs will have no material impact on the Group's financial performance and financial position in the foreseeable future.

2.4 Material accounting policies

Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Building and fixtures	5% to 20%
Plant and lab equipment	10% to 20%
Office and transportation equipment	14% to 33%
Leasehold improvements	Over the shorter of the lease terms and or the estimated useful life

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Patents and software

Purchased patents and software are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 to 10 years.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land use right	45 years
Offices and dormitories	1.5 to 10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of offices and dormitories (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Impairment of financial assets (continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Simplified approach

For receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as borrowings, and accruals and other payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of borrowings, and accruals and other payables, net of directly attributable transaction costs.

The Group's financial liabilities include borrowings and accruals and other payables.

Subsequent measurement

Financial liabilities at amortised cost (borrowings and accruals and other payables)

After initial recognition, borrowings, and accruals, and other payables, are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash and bank balances, subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash and bank balances.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Income tax (continued)

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

(a) Sale of pharmaceutical products

Revenue from the sale of pharmaceutical products is recognised at the point in time when control of goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(a) Sale of pharmaceutical products (continued)

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(b) Provision of cryopreservation services

The Group provides cryopreservation services to customers. Revenue from cryopreservation services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. The input method recognises revenue on the basis of the cryopreservation days rendered relative to the total cryopreservation days to complete the service.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Share-based payments

The Company operates share incentive schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 30 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of loss per share.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Other employee benefits

Pension schemes

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. Subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The subsidiary in the US maintains multiple qualified contributory savings plans as allowed under Section 401(k) of the Internal Revenue Code in the US. These plans are defined contribution plans covering substantially all its qualifying employees and provide for voluntary contributions by employees, subject to certain limits. The contributions are made by both the employees and the employer. The employees' contributions are primarily based on specified dollar amounts or percentages of employee compensation. The only obligation of the subsidiary in the US with respect to the retirement benefit plans is to make the specified contributions under the plans.

Foreign currencies

These financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Research and development expenses

Development costs incurred on the Group's drug product pipelines are capitalised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalised requires management to make judgement regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. During the years ended December 31, 2024 and 2023, all expenses incurred for research and development activities were regarded as research expenses and therefore were expensed when incurred.

Contractual arrangements

The Group conducts its business through CARsgen Therapeutics Group in Mainland China. Due to the regulatory restrictions on the foreign ownership in the operation of CAR-T cell therapies business in Mainland China, the Group does not have any legal equity interest in CARsgen Therapeutics Group. The Directors assessed whether or not the Group has control over CARsgen Therapeutics Group by assessing whether it has the rights to variable returns from its involvement with CARsgen Therapeutics Group and has the ability to affect those returns through its power over CARsgen Therapeutics Group. After assessment, the Directors concluded that the Group has control over CARsgen Therapeutics Group as a result of the Contractual Arrangements and accordingly the financial position and the operating results of CARsgen Therapeutics Group are included in the Group's consolidated financial statements throughout the years ended December 31, 2024 and 2023. Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over CARsgen Therapeutics Group and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of CARsgen Therapeutics Group. The Directors, based on the advice of their legal counsel, consider that the Contractual Arrangements with CARsgen Therapeutics Group and its equity holders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Research and development expenses

The Group relies on Outsourced Service Providers to conduct, supervise, and monitor the Group's ongoing clinical trials. Determining the amounts of research and development expenses incurred up to the end of each reporting period requires the management of the Group to estimate and measure the progress of receiving research and development services under the contracts with Outsourced Service Providers using inputs such as the number of patient enrolments, time elapsed and milestone achieved.

Fair value of share-based payment transactions

Estimating the fair value of share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility, and dividend yield and making assumptions about them.

For the measurement of the fair value of share-based payment transactions with employees at the grant date, the Group uses a binomial model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 30 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Impairment of non-financial assets (other than goodwill and indefinite life intangible assets)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including right-of-use assets) at the end of the reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. SEGMENT INFORMATION

The Group's business activities are regularly reviewed and evaluated by the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segment, have been identified as the executive directors of the Group.

As a result of this evaluation, the executive directors of the Group consider that the Group's operations are operated and managed as a single operating segment. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information and information about a major customer

(a) Revenue from external customers

During the year, a majority of the Group's revenue was derived from one customer located in Mainland China.

(b) Non-current assets

	2024 ***RMB'000***	2023 *RMB'000*
The PRC	**130,401**	149,133
The US	**12,358**	234,993
Total non-current assets	**142,759**	384,126

The non-current asset information above is based on the locations and legal owners of the assets.

5. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers		
Sale of pharmaceutical products	**37,123**	–
Provision of cryopreservation services	**2,302**	–
Total	**39,425**	–

Revenue from contracts with customers

(a) Disaggregated revenue information:

	2024 RMB'000	2023 RMB'000
Geographical market		
Mainland China	**39,425**	–
Timing of revenue recognition		
Goods transferred at a point in time	**37,123**	–
Services transferred over time	**2,302**	–
Total	**39,425**	–

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of pharmaceutical products	**9,528**	–

5. REVENUE AND OTHER INCOME (continued)

Revenue from contracts with customers (continued)

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of pharmaceutical products

The performance obligation is satisfied upon delivery of the pharmaceutical products and payment is generally due within 30 days from delivery.

Provision of cryopreservation services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 days from the date of billing.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31, are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**27,623**	–
After one year	**222,284**	–
Total	**249,907**	–

The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income is as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Government grants *(i)*	**38,134**	8,671
Interest income on term deposits with original maturity between three and twelve months	**25,800**	47,865
Total	**63,934**	56,536

(i) The government grants mainly represent subsidies received from the government to support certain research and development projects that are related to both expenses and assets. Government grants were released to profit or loss either over the periods that the expenses for which it is intended to compensate, or over the expected useful life of the relevant asset, when all attaching conditions and requirements are complied with.

6. OTHER LOSSES – NET

	2024 RMB'000	2023 RMB'000
Foreign exchange losses – net	(82,244)	(30,467)
Impairment losses	(189,079)	–
Tenant remedies	9,518	–
Others	1,518	(370)
Total	**(260,287)**	(30,837)

7. FINANCE INCOME – NET

	2024 RMB'000	2023 RMB'000
Finance income		
Interest income	16,118	24,926
Finance costs		
Interest expense on lease liabilities	(3,124)	(4,388)
Interest expense on bank borrowings	(2,589)	(276)
Total finance costs	(5,713)	(4,664)
Total finance income – net	**10,405**	20,262

8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Notes	2024 RMB'000	2023 RMB'000
Employee benefit expenses		**279,158**	325,337
Testing and clinical expenses		**158,281**	249,638
Depreciation of property, plant and equipment	*14*	**60,551**	62,228
Research and development consumables		**29,264**	54,632
Professional service expenses		**29,368**	20,626
Depreciation of right-of-use assets	*15*	**11,894**	17,765
Impairment of property, plant and equipment	*14*	**162,263**	–
Impairment of right-of-use assets	*15*	**26,491**	–
Impairment of intangible assets	*17*	**325**	–
Utilities		**19,546**	20,577
Office expenses		**8,603**	9,702
Travelling and transportation expenses		**7,013**	8,905
Amortisation of intangible assets	*17*	**7,110**	7,402
Short-term lease and low-value lease expenses	*15*	**6,747**	5,470
Auditors' remuneration		**4,084**	4,191
– Audit service		**3,780**	4,191
– Non-audit service		**304**	–
Cost of inventories sold		**24,678**	–
Marketing service fees		**875**	–
Other expenses		**4,091**	6,875
Total		**840,342**	793,348
Cost of sales		**24,678**	–
Selling and distribution expenses		**875**	–
Administrative expenses		**159,524**	131,689
Research and development expenses		**466,186**	661,659
Losses of impairment		**189,079**	–
Total		**840,342**	793,348

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Fees	Salary	Discretionary bonuses	Share-based payments	Pension costs	Other benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023							
Chairman and executive director:							
Zonghai Li	–	1,047	789	–	68	180	2,084
Executive directors:							
Huamao Wang	–	1,110	857	–	68	75	2,110
Hua Jiang	–	845	66	337	68	75	1,391
Non-executive directors:							
Bingsen Guo	–	–	–	–	–	–	–
Ronggang Xie	–	–	–	–	–	–	–
Huaqing Guo	–	–	–	–	–	–	–
Independent non-executive directors:							
Chunhai Fan *(i)*							
Guangmei Yan	222	–	–	–	–	–	222
Tak Young So *(ii)*	202	–	–	–	–	–	202
Huabing Li *(iii)*	83	–	–	–	–	–	83
Xiangke Zhao *(iv)*	80	–	–	–	–	–	80
Total	587	3,002	1,712	337	204	330	6,172

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

	Fees *RMB'000*	Salary *RMB'000*	Discretionary bonuses *RMB'000*	Share-based payments *RMB'000*	Pension costs *RMB'000*	Other benefits *RMB'000*	Total *RMB'000*
Year ended December 31, 2024							
Chairman and executive director:							
Zonghai Li	–	1,063	704	–	71	91	1,929
Executive directors:							
Huamao Wang	–	1,136	776	–	71	76	2,059
Hua Jiang	–	880	36	294	71	81	1,362
Non-executive directors							
Bingsen Guo	–	–	–	–	–	–	–
Ronggang Xie	–	–	–	–	–	–	–
Huaqing Guo	–	–	–	–	–	–	–
Independent non-executive directors:							
Guangmei Yan	150	–	–	–	–	–	150
Huabing Li *(iii)*	64	–	–	–	–	–	64
Xiangke Zhao *(iv)*	160	–	–	–	–	–	160
Wen Zhou *(v)*	67	–	–	–	–	–	67
Total	441	3,079	1,516	294	213	248	5,791

(i) Dr. Chunhai Fan was appointed as an independent non-executive director on June 18, 2021, and resigned on January 11, 2023.

(ii) Mr. Tak Young So was appointed as an independent non-executive director on June 18, 2021, and resigned on June 30, 2023.

(iii) Dr. Huabing Li was appointed as an independent non-executive director on March 9, 2023, and resigned on April 29, 2024.

(iv) Ms. Xiangke Zhao was appointed as an independent non-executive director on July 4, 2023.

(v) Dr. Wen Zhou was appointed as an independent non-executive director on April 29, 2024.

There were no other remunerations payable to the independent non-executive directors during the year (2023: Nil).

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

10. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees during the year include no directors for the year ended December 31, 2024 (2023: Nil). Details of the remuneration for the year of the five (2023: five) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 *RMB'000*	2023 *RMB'000*
Basic salaries, housing allowances, share-based payments, other allowances and benefits in kind	**19,365**	19,320
Discretionary bonuses	**1,806**	2,264
Contribution to pension scheme	**433**	600
Total	**21,604**	22,184

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2024	2023
HKD2,500,001 to HKD3,000,000	**1**	–
HKD3,500,001 to HKD4,000,000	**1**	1
HKD4,000,001 to HKD4,500,000	**–**	2
HKD4,500,001 to HKD5,000,000	**–**	1
HKD5,500,001 to HKD6,000,000	**2**	–
HKD6,000,001 to HKD6,500,000	**1**	–
HKD7,500,001 to HKD8,000,000	**–**	1
Total	**5**	5

During the year and in prior years, equity-settled transactions were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 30 to the consolidated financial statements. The fair value of such equity-settled transactions, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the consolidated financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

11. INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000
Current income tax		
– Mainland China Tax	–	–
– Ireland Capital Gains Tax	346	407
Deferred income tax	–	–
Total	346	407

A reconciliation of the tax expense applicable to loss before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	2024 RMB'000	2023 RMB'000
Loss before income tax	(797,786)	(747,387)
Tax calculated at Mainland China tax rate of 25%	(199,447)	(186,847)
Effect of different tax rates	31,242	17,209
Expenses not deductible for taxation purposes	2,857	2,756
Temporary differences and tax loss not recognised	218,942	236,850
Additional deductible allowance for qualified research and development expenses	(53,248)	(69,561)
Total	346	407

Current income tax

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

(a) Cayman Islands income tax

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

11. INCOME TAX EXPENSE (continued)

Current income tax (continued)

(b) Hong Kong profits tax

No provision for Hong Kong profits tax has been provided for at the rate of 16.5% (2023: 16.5%) as the Company has no estimated assessable profits in Hong Kong.

(c) Mainland China corporate income tax

Subsidiaries in Mainland China are subject to income tax at a rate of 25%(2023: 25%) pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), except for CARsgen Therapeutics (shanghai) which obtained its High and New Technology Enterprise qualification in year 2023 and hence is entitled to a preferential tax rate of 15% (2023: 15%) for a three-year period commencing from 2023.

No provision for Mainland China corporate income tax was made for, as there were no assessable profits arising in Mainland China.

(d) US corporate income tax

CARsgen USA, which was incorporated in Delaware, the United States on May 4, 2016, was subject to statutory U.S. Federal corporate income tax at a rate of 21% (2023: 21%) for the year ended December 31, 2024. CARsgen USA was also subject to the state income tax during for the years ended December 31, 2024 and 2023.

No provision for US corporate income tax was provided for as there were no assessable profits arising in the US.

(e) British Virgin Islands income tax

Under the current laws of the British Virgin Islands (the "BVI"), the subsidiary incorporated in BVI is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Group's BVI subsidiaries, no BVI withholding tax is imposed.

(f) Ireland corporation income tax and Ireland capital gains tax

The subsidiary in Ireland is subject to income tax at rates of 12.5% (2023: 12.5%) on the estimated assessable profit and 33% (2023: 33%) on the capital gains. Provision for Ireland capital gains tax has been provided as the subsidiary has realised capital gains for the years ended December 31, 2024 and 2023.

11. INCOME TAX EXPENSE (continued)

Current income tax (continued)

(g) Deferred tax assets not recognised:

The Group has not recognised any deferred tax assets in respect of the following items:

	2024 RMB'000	2023 RMB'000
Deductible temporary differences	610,638	459,221
Tax losses	4,869,001	4,002,570
Total	5,479,639	4,461,791

(h) Tax losses that are not recognised as deferred tax assets will expire are analysed as follows:

	2024 RMB'000	2023 RMB'000
2024	–	75,757
2025	134,188	134,188
2026	793,032	793,032
2027	859,763	859,763
2028	957,885	957,885
2029 and later	2,124,133	1,181,945
Total	4,869,001	4,002,570

The tax losses of the Company's PRC subsidiaries with the exception of those of CARsgen Therapeutics will expire within five years. CARsgen Therapeutics, as a High and New Technology Enterprise, can carry forward losses for 10 years. The tax losses of the Company's other subsidiaries can be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

12. DIVIDEND

No dividend was declared or paid by the Company during the year ended December 31, 2024 (2023: Nil).

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in outstanding (excluding shares reserved for share incentive scheme) during the reporting period.

No adjustment has been made to the basic loss per share amount presented for the reporting period in respect of a dilution as the impact of outstanding potential ordinary shares in relation to share-based payments had an anti-dilutive effect on the basic loss per share amount presented.

The calculation of the basic and diluted loss is based on:

	2024	2023
Loss attributable to ordinary equity holders of the parent *(RMB'000)*	**(798,132)**	(747,794)
Weighted average number of ordinary shares in issue during the year, used in the basic and diluted loss per share calculation *('000)*	**552,875**	556,125
Basic and diluted loss per share *(RMB)*	**(1.44)**	(1.34)

14. PROPERTY, PLANT AND EQUIPMENT

	Building and fixtures *RMB'000*	Plant and lab equipment *RMB'000*	Office and transportation equipment *RMB'000*	Leasehold improvements *RMB'000*	Construction in Progress *RMB'000*	Total *RMB'000*
At January 1, 2023						
Cost	80,915	175,346	26,473	197,471	12,148	492,353
Accumulated depreciation	(29,576)	(70,565)	(10,080)	(18,282)	–	(128,503)
Net book amount	51,339	104,781	16,393	179,189	12,148	363,850
As at December 31, 2023						
Opening net book amount	51,339	104,781	16,393	179,189	12,148	363,850
Exchange differences	–	533	180	2,828	82	3,623
Additions	400	4,278	1,178	–	3,271	9,127
Completion of construction in progress	–	9,610	1,257	471	(11,338)	–
Disposals	–	(387)	–	–	(2,033)	(2,420)
Depreciation charges	(10,704)	(24,592)	(5,961)	(20,971)	–	(62,228)
Closing net book amount	41,035	94,223	13,047	161,517	2,130	311,952
As at December 31, 2023						
Cost	81,315	189,204	28,687	200,932	2,130	502,268
Accumulated depreciation	(40,280)	(94,981)	(15,640)	(39,415)	–	(190,316)
Net book amount	41,035	94,223	13,047	161,517	2,130	311,952

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Building and fixtures *RMB'000*	Plant and lab equipment *RMB'000*	Office and transportation equipment *RMB'000*	Leasehold improvements *RMB'000*	Construction in Progress *RMB'000*	Total *RMB'000*
At January 1, 2024						
Cost	81,315	189,204	28,687	200,932	2,130	502,268
Accumulated depreciation	(40,280)	(94,981)	(15,640)	(39,415)	–	(190,316)
Net book amount	41,035	94,223	13,047	161,517	2,130	311,952
As at December 31, 2024						
Opening net book amount	41,035	94,223	13,047	161,517	2,130	311,952
Exchange differences	–	160	(77)	(9)	(642)	(568)
Additions	–	3,446	325	–	14,858	18,629
Completion of construction in progress	585	2,893	184	–	(3,662)	–
Disposals	–	(191)	(259)	–	–	(450)
Depreciation charges	(10,831)	(24,486)	(5,645)	(19,589)	–	(60,551)
Impairment	–	(17,588)	(5,029)	(138,926)	(720)	(162,263)
Closing net book amount	30,789	58,457	2,546	2,993	11,964	106,749
As at December 31, 2024						
Cost	81,900	188,846	28,027	199,204	12,684	510,661
Accumulated depreciation and impairment	(51,111)	(130,389)	(25,481)	(196,211)	(720)	(403,912)
Net book amount	30,789	58,457	2,546	2,993	11,964	106,749

As at December 31, 2024, due to the strategic adjustment in pipeline, the Group is placing greater emphasis on the future layout of allogeneic CAR T-cell products, and the future availability of certain geographical non-current assets is highly uncertain. Hence, the Group performed an impairment test on the relevant non-current assets and concluded that the recoverable amount was approximately RMB8,300,000, determined by a value in use approach. The carrying amount of the relevant non-current assets was impaired by RMB189,079,000 (2023: Nil) in total. Consequently, the carrying amounts of fixed assets, intangible assets and right-of-use assets included in the consolidated financial statements were written down by RMB162,263,000 (2023: Nil), RMB325,000 (2023: Nil) and RMB26,491,000 (2023: Nil), respectively. The impairment loss recognised was included in "Other losses – net" in the consolidated statement of profit or loss.

15. RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Land use right *RMB'000*	Offices and dormitories *RMB'000*	Total *RMB'000*
As at January 1, 2023			
Cost	7,098	121,845	128,943
Accumulated depreciation	(468)	(50,942)	(51,410)
Net book amount	6,630	70,903	77,533
As at December 31, 2023			
Opening net book amount	6,630	70,903	77,533
Additions	–	1,457	1,457
Termination of lease agreements	–	(12,474)	(12,474)
Depreciation charge	(156)	(17,609)	(17,765)
Exchange differences	–	687	687
Closing net book amount	6,474	42,964	49,438
As at December 31, 2023			
Cost	7,098	110,828	117,926
Accumulated depreciation	(624)	(67,864)	(68,488)
Net book amount	6,474	42,964	49,438
As at December 31, 2024			
Opening net book amount	**6,474**	**42,964**	**49,438**
Additions	**–**	**6,260**	**6,260**
Termination of lease agreements	**–**	**(570)**	**(570)**
Depreciation charge	**(156)**	**(11,738)**	**(11,894)**
Exchange differences	**–**	**457**	**457**
Impairment	**–**	**(26,491)**	**(26,491)**
Closing net book amount	**6,318**	**10,882**	**17,200**
As at December 31, 2024			
Cost	**7,098**	**116,518**	**123,616**
Accumulated depreciation and impairment	**(780)**	**(105,636)**	**(106,416)**
Net book amount	**6,318**	**10,882**	**17,200**

As at December 31, 2024, Nil of the Group's land use right was pledged as collateral for the Group's borrowings (2023: RMB6,474,000).

Details of the impairment of right-of-use assets are included in note 14 to the consolidated financial statements.

16. LEASE LIABILITIES

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at January 1	82,698	112,072
New leases	6,260	1,457
Termination of lease agreements	(651)	(13,580)
Exchanges alignment	2,459	1,667
Accretion of interest recognised during the year	3,124	4,388
Payments	(16,605)	(23,306)
Carrying amount at December 31	77,285	82,698
Analysed into:		
Current portion	13,441	12,230
Non-current portion	63,844	70,468

The maturity analysis of lease liabilities is as follows:

	2024 RMB'000	2023 RMB'000
Present value of lease liabilities	77,285	82,698
Less: Current portion lease liabilities	13,441	12,230
Non-current portion of lease liabilities	63,844	70,468
– Within 1 year	13,441	12,230
– Between 1 and 2 years	13,326	12,644
– Between 2 and 5 years	27,614	37,047
– Over 5 years	22,904	20,777
Present value of lease liabilities	77,285	82,698

The Group leases land use right and offices and dormitories. Lease on land use right has been fully paid and lease on offices and dormitories were measured at the net present value of the lease payments to be paid during the lease terms.

Lease liabilities were discounted at incremental borrowing rates of the Group entities.

16. LEASE LIABILITIES (continued)

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

The consolidated statements of profit or loss and other comprehensive income contain the following amounts relating to leases:

	2024 RMB'000	2023 *RMB'000*
Depreciation charge of right-of-use assets *(note 15)*	**11,894**	17,765
Interest expenses *(note 7)*	**3,124**	4,388
Expenses relating to short-term lease and low-value lease expenses	**6,747**	5,470
Total amount recognised in profit or loss	**21,765**	27,623

17. INTANGIBLE ASSETS

	Software *RMB'000*	Patents *RMB'000*	Total *RMB'000*
As at January 1, 2023			
Cost	7,596	50,689	58,285
Accumulated depreciation	(2,899)	(40,910)	(43,809)
Net book amount	4,697	9,779	14,476
As at December 31, 2023			
Opening net book amount	4,697	9,779	14,476
Additions	714	–	714
Amortisation charges	(2,219)	(5,183)	(7,402)
Exchange differences	–	872	872
Closing net book amount	3,192	5,468	8,660
As at December 31, 2023			
Cost	8,310	51,561	59,871
Accumulated depreciation	(5,118)	(46,093)	(51,211)
Net book amount	3,192	5,468	8,660
As at December 31, 2024			
Opening net book amount	**3,192**	**5,468**	**8,660**
Additions	**1,576**	**–**	**1,576**
Depreciation charge	**(2,526)**	**(4,584)**	**(7,110)**
Impairment	**(325)**	**–**	**(325)**
Exchange differences	**–**	**142**	**142**
Closing net book amount	**1,917**	**1,026**	**2,943**
As at December 31, 2024			
Cost	**9,886**	**51,020**	**60,906**
Accumulated depreciation	**(7,969)**	**(49,994)**	**(57,963)**
Net book amount	**1,917**	**1,026**	**2,943**

Details of the impairment of intangible assets are included in note 14 to the consolidated financial statements.

18. OTHER NON-CURRENT ASSETS AND PREPAYMENTS

	2024 RMB'000	2023 RMB'000
Value-added tax recoverable	8,371	6,180
Prepayments for purchase of property, plant and equipment	753	1,318
Rental deposits	6,743	6,578
Total	15,867	14,076

19. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the periods, based on the invoice date and net of loss allowance, is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	8,768	–

As at December 31, 2024, the Group's trade receivables were concentrated in a single pharmaceutical company, and the trade receivables generated from the sale of pharmaceutical products and the provision of cryopreservation services are expected to be recovered in a timely manner in view of the customer's past repayment record and stable business relationship with the Group. Therefore, management believes that the risk of expected credit loss is minimal.

20. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	1,568	683
Semi-finished goods	1,141	–
Finished goods	4,217	–
Total	6,926	683

21. OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Tenant remedies	9,518	–
Deposits	839	1,128
Interest receivables	457	5,375
Others	8,530	3,289
Total	19,344	9,792

None of the above assets is past due. The financial assets included in the above balances related to deposits and others for which there was no history of default and the expected credit losses are considered minimal.

The maximum exposure to credit risk at the reporting date is the carrying value of the receivables mentioned above.

The carrying amounts of the Group's other receivables approximate to their fair values.

22. OTHER CURRENT ASSETS AND PREPAYMENTS

	2024 RMB'000	2023 RMB'000
Value-added tax recoverable	5,528	3,151
Prepayments to suppliers	10,651	9,710
Total	16,179	12,861

23. CASH AND BANK BALANCES

	2024 RMB'000	2023 RMB'000
Cash at banks		
– RMB	**1,358,145**	779,122
– HKD	**135**	12,236
– USD	**120,778**	1,058,394
Total	**1,479,058**	1,849,752

The carrying amount of cash and bank balances approximates to their fair value. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

24. ACCRUALS AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Accrued expenses *(i)*	**121,830**	111,103
Staff salaries and welfare payables	**44,189**	36,800
Other taxes payable	**4,812**	2,621
Payables for acquisition of property, plant and equipment	**1,095**	1,029
Payables for research and development consumables	**539**	512
Others	**9,158**	5,943
Total	**181,623**	158,008

(i) Accrued expenses were mainly expenses incurred for the research and development activities.

25. INTEREST-BEARING BANK BORROWINGS

	2024 RMB'000	2023 RMB'000
Non-current		
Secured bank borrowings*	68,850	–
Current		
Secured bank borrowings*	20,287	2,522
Total	89,137	2,522

* Certain of the Group's bank loans are guaranteed by the subsidiaries at the end of the reporting period.

As at December 31, 2024 and 2023, the Group's borrowings were repayable as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	20,287	2,522
Between 1 and 2 years	19,000	–
Between 2 and 3 years	49,850	–
Total	89,137	2,522

The weighted average effective interest rates at the end of each reporting period were as follows:

	2024 RMB'000	2023 RMB'000
Bank borrowings	3.20%	5.23%

The fair values of the borrowings approximate to their carrying amounts as the discounting impact is not significant.

26. DEFERRED INCOME

	2024 RMB'000	2023 RMB'000
Non-current	7,342	10,387
Current	11,033	13,220
Total	18,375	23,607

Deferred income represented government grants received relating to property, plant and equipment to be recognised upon the compliance of the Group with the conditions attached to the grants over the remaining useful lives of the related assets and government grants received relating to profit or loss to be recognised when all conditions are fulfilled.

27. CONTRACT LIABILITIES

The Group has recognised the following liabilities related to contracts with customers:

	2024 RMB'000	2023 RMB'000
Advances received from a customer		
Exclusive distribution rights of CT053	249,907	188,679
Non-current	222,284	178,442
Current	27,623	10,237
Total	249,907	188,679

Contract liabilities include upfront payments received for the grant of an exclusive distribution right. On January 16, 2023, CARsgen Life Sciences Co., Ltd. ("CARsgen Life Science"), a wholly-owned subsidiary of the Company and Huadong Medicine (Hangzhou) Co., Ltd., a wholly-owned subsidiary of Huadong Medicine Co., Ltd. entered into an exclusive distribution agreement for the commercialisation of zevorcabtagene autoleucel (the "Agreement") with total upfront and milestone payments up to RMB1,225 million. In March 2023, CARsgen Life Sciences received an advance payment of RMB200,000,000 (RMB188,679,000 excluding VAT) under the Agreement. In March 2024, CARsgen Life Sciences received a milestone payment of RMB75,000,000 (RMB70,755,000 excluding VAT) upon the achievement of a regulatory milestone.

The upfront fee and the milestone payment are restricted by the term in the Agreement, and the current portion is expected to be realised within one year.

28. SHARE CAPITAL

Authorized:

	Number of shares *In thousands*	Nominal value of shares *USD*	RMB equivalent value *RMB'000*
As at January 1, 2023 and December 31, 2023 and 2024	200,000,000	50,000	349

Issued and fully paid:

	Number of ordinary shares at USD0.00000025 par value *In thousands*	RMB equivalent value *RMB'000*
As at January 1, 2023	572,625	1
Issue of shares held in trust *(i)*	2,013	–
Issue of shares to employees under employee incentive schemes *(ii)*	1,002	–*
As at December 31, 2023	575,640	1
Shares cancellation	**(4,135)**	**–***
Issue of shares to employees under employee incentive schemes *(iii)*	**166**	**–***
As at December 31, 2024	**571,671**	**1**

* The amounts are less than RMB1,000.

(i) On June 21, 2023, the Company allotted and issued 2,012,554 shares to Carfe Unity Limited, which was wholly owned by the 2019 Equity Incentive Plan Trustee. Such shares are to be held in trust by the 2019 Equity Incentive Plan Trustee to facilitate the transfer of shares to the grantees upon vesting of the relevant Share Options and Share Awards. The shares of the Company held in Carfe Unity Limited were accounted for as "Reserve – Treasury shares held in trust".

(ii) During the year ended December 31, 2023, the Company issued 1,002,193 ordinary shares at the cost of HKD7,069,000 (equivalent to RMB6,406,000 approximately) in total at prices ranging from Nil to HKD10.81 per share to employees under employee incentive schemes.

(iii) During the year ended December 31,2024, the Company issued 166,394 ordinary shares at the cost of HKD1,015,000 (equivalent to RMB953,000 approximately) in total at prices ranging from Nil to HKD7.06 per share to employees under employee incentive schemes.

28. SHARE CAPITAL (continued)

Movements in treasury shares during the year:

	Number of treasury shares *In thousands*	RMB equivalent value *RMB'000*
As at January 1, 2023	17,636	–*
Issue of shares held in trust	2,013	–*
Transfer of treasury shares to employees related to employee share-based payment *(i)*	(1,242)	–*
As at December 31, 2023	18,407	–*
Transfer of treasury shares to employees related to employee share-based payment *(ii)*	**(1,362)**	**–***
Share repurchase *(iii)*	**9,351**	**–***
Share cancellation *(iii)*	**(4,135)**	**–***
As at December 31, 2024	**22,261**	**–***

* The amounts are less than RMB1,000.

(i) During the year ended December 31, 2023, the Company transferred 1,242,000 treasury shares to employees under employee incentive schemes at a cost of HKD225,000 (equivalent to RMB204,000 approximately) in total at prices ranging from HKD0.30 to HKD4.01 per share.

(ii) During the year ended December 31, 2024, the Company transferred 1,362,000 treasury shares to employees under employee incentive schemes at the cost of HKD588,000 (equivalent to RMB553,000 approximately) in total at the prices ranging from HKD0.30 to HKD7.06 per share

(iii) During the year ended December 31, 2024, the Company repurchased 9,351,000 treasury shares at a cost of HKD53,591,000 (equivalent to RMB50,272,000 approximately) in total at prices ranging from HKD4.80 to HKD7.00 per share. During the year ended December 31, 2024, the Company cancelled 4,135,000 treasury shares.

29. RESERVES

	Capital reserve *RMB'000* *(i)*	Share premium *RMB'000*	Treasury shares *RMB'000*	Currency translation reserve *RMB'000*	Share-based compensation *RMB'000* *(ii)*	Accumulated losses *RMB'000*	Total *RMB'000*
Balance at January 1, 2023	54,800	9,430,320	–	358,737	71,351	(7,442,035)	2,473,173
Loss for the year	–	–	–	–	–	(747,794)	(747,794)
Exchange differences	–	–	–	55,252	–	–	55,252
Share-based payments	–	–	–	–	14,458	–	14,458
Issue of shares held in trust	–	–	–*	–	–	–	–*
Issue of shares to employees under employee incentive schemes	–	6,406	–	–	–	–	6,406
Transfer of treasury shares to employees under employee incentive schemes	–	204	–*	–	–	–	204
Balance at December 31, 2023	54,800	9,436,930	–*	413,989	85,809	(8,189,829)	1,801,699
Balance at January 1, 2024	**54,800**	**9,436,930**	**–***	**413,989**	**85,809**	**(8,189,829)**	**1,801,699**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(798,132)**	**(798,132)**
Exchange differences	**–**	**–**	**–**	**92,816**	**–**	**–**	**92,816**
Share-based payments	**–**	**–**	**–**	**–**	**9,089**	**–**	**9,089**
Issue of shares to employees under employee incentive schemes	**–**	**953**	**–**	**–**	**–**	**–**	**953**
Transfer of treasury shares to employees under employee incentive schemes	**–**	**553**	**–***	**–**	**–**	**–**	**553**
Repurchase shares	**–**	**(50,272)**	**–***	**–**	**–**	**–**	**(50,272)**
Balance at December 31, 2024	**54,800**	**9,388,164**	**–***	**506,805**	**94,898**	**(8,987,961)**	**1,056,706**

* The amounts are less than RMB1,000.

(i) Capital reserve arose from the capital contribution of patents, which were recognised as intangible assets, from CARsgen Therapeutics' equity shareholder, Shanghai Yijie Bio-tech Co., Ltd., on the date of CARsgen Therapeutics' incorporation.

(ii) Share-based payments arose from share-based payments granted to employees of the Group (Note 30).

30. SHARE-BASED PAYMENTS

(a) Employee share option schemes

The Group adopted a number of share incentive plans to provide long-term incentives for its employees and directors of the Group to deliver long-term shareholder returns. Under the plans, participants are granted options which only vest if certain conditions are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

During the years ended December 31, 2024 and 2023, the Group adopted the following share option plans to provide certain employees and directors of the Group, with rewards for their services, full time devotion and professional expertise to certain of the Group's subsidiaries.

Share option scheme	Number of options granted	Exercise price per share option *(HKD)*
2023 Share option Scheme ("2023 Plan")	3,394,000	14.46
2023 Additional Share option Scheme ("2023 Additional Plan")	622,000	11.39
2024 Share option Scheme ("2024 Plan")	260,000	5.94
2024 Additional Share option Scheme ("2024 Additional Plan")	2,667,000	7.26

Under the 2023 Plan, 2023 Additional Plan, 2024 Plan and 2024 Additional Plan, those granted options can be vested in several tranches with the following vesting schedule: four years with 25% of the share options can be vested on every anniversary of the vesting commencement date respectively.

30. SHARE-BASED PAYMENTS (continued)

(a) Employee share option schemes (continued)

The following table summarises the Group's share option movements during the years ended December 31, 2024 and 2023.

	2024		2023	
	Average exercise price per share option *HKD*	**Number of share options**	Average exercise price per share option *HKD*	Number of share options
Outstanding as at beginning of the year	**7.61**	**18,729,030**	7.41	18,692,186
Execution of employee share option	**2.70**	**(586,522)**	4.94	(1,474,856)
Granted during the year	**7.14**	**2,927,000**	13.98	4,016,000
Forfeited during the year	**13.48**	**(1,750,168)**	18.40	(2,504,300)
Outstanding as at the end of the year	**7.16**	**19,319,340**	7.61	18,729,030

30. SHARE-BASED PAYMENTS (continued)

(a) Employee share option schemes (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2024

Number of options *'000*	Exercise price* *HKD per share*	Exercise period
10,518	**0.00-10.81**	**December 28, 2020 to December 27, 2028**
157	**31.00**	**July 22, 2022 to July 21, 2031**
2,123	**16.32**	**March 24, 2023 to March 23, 2032**
927	**13.58**	**April 7, 2023 to October 20, 2032**
2,635	**14.46**	**April 13, 2024 to April 12, 2033**
122	**11.39**	**November 28, 2024 to November 27, 2033**
220	**5.94**	**May 7, 2024 to May 6, 2034**
2,617	**7.26**	**November 18, 2024 to November 17, 2034**
19,319		

2023

Number of options *'000*	Exercise price* *HKD per share*	Exercise period
11,186	0.00-10.81	December 28, 2020 to December 27, 2028
157	31.00	July 22, 2022 to July 21, 2031
2,761	16.32	March 24, 2023 to March 23, 2032
972	13.58	April 7, 2023 to October 20, 2032
3,031	14.46	April 13, 2024 to April 12, 2033
622	11.39	November 28, 2024 to November 27, 2033
18,729		

30. SHARE-BASED PAYMENTS (continued)

(b) Employee restricted share schemes

The Group adopted a number of employee restricted share plans to provide long-term incentives for its employees and directors of the Group to deliver long-term shareholder returns. Under the plans, participants are granted restricted shares which only vest if certain conditions are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

During the years ended December 31, 2024 and 2023, the Group adopted the following restricted share plans to provide certain employees and directors of the Group, with rewards for their services, full time devotion and professional expertise to certain of the Group's subsidiaries.

Restricted share scheme	Number of restricted shares granted
2023 Stock RSU Scheme ("2023 RSU Plan")	2,012,554
2023 Additional Stock RSU Scheme ("2023 Additional RSU Plan")	45,500
2024 Stock RSU Scheme ("2024 RSU Plan")	60,000

The following table summarises the Group's restricted share incentive scheme activities during the years ended December 31, 2024 and 2023.

	2024 Number of restricted shares	2023 Number of restricted shares
Executed by the Company:		
Outstanding as at beginning of the year	**3,191,040**	2,937,098
Granted during the year	**60,000**	2,058,054
Vested during the year	**(940,803)**	(769,107)
Forfeited during the year	**(398,563)**	(1,035,005)
Outstanding as at the end of the year	**1,911,674**	3,191,040

30. SHARE-BASED PAYMENTS (continued)

(b) Employee restricted share schemes (continued)

The exercise periods of the restricted shares outstanding as at the end of the reporting period are as follows:

2024

Number of restricted shares *'000*	Exercise period
39	**July 22, 2022 to July 21, 2025**
130	**March 24, 2023 to March 23, 2026**
628	**October 22, 2023 to October 21, 2026**
1,021	**April 13, 2024 to April 12, 2027**
34	**November 28, 2024 to November 27, 2027**
60	**May 7, 2025 to May 6, 2028**
1,912	

2023

Number of restricted shares *'000*	Exercise period
192	July 22, 2022 to July 21, 2025
295	March 24, 2023 to March 23, 2026
1,064	October 22, 2023 to October 21, 2026
1,594	April 13, 2024 to April 12, 2027
46	November 28, 2024 to November 27, 2027
3,191	

30. SHARE-BASED PAYMENTS (continued)

(c) Fair value of share options and restricted shares granted

The assessed fair values at grant date of share options and restricted shares granted during the years ended December 31, 2024 and 2023 were as follows:

Share option and restricted Share Schemes	Fair value as at grant date *RMB'000*
2023 Plan	16,792
2023 Additional Plan	2,456
2023 RSU Plan	25,461
2023 RSU Additional Plan	432
2024 Plan	410
2024 Additional Plan	3,517
2024 RSU Plan	320

The fair value of restricted shares at the grant date approximates to the fair value of ordinary shares.

The fair value of share options at grant date is independently determined using the binomial option-pricing model by taking into account the exercise price, fair value of ordinary shares at the grant date, the term of the option, the expected price volatility, the expected dividend yield, and the risk-free interest rate.

The model inputs for share options granted during the years ended December 31, 2024 and 2023 are:

	2024 Plan	2024 Additional Plan	2023 Plan	2023 Additional Plan
Exercise price	**HKD5.94**	**HKD7.26**	HKD14.46	HKD11.39
Risk-free interest rate	**3.49%**	**3.27%**	2.89%	3.64%
Volatility	**47.57%**	**43.44%**	49.65%	47.36%
Expected dividend yield	**Nil**	**Nil**	Nil	Nil

The directors estimated the risk-free interest rate based on the yield of curve of US Treasury strips with a maturity life close to the life of share option. Volatility was estimated at the grant date based on the average of historical volatility of the comparable companies with length commensurable to the time to maturity of the share option. Dividend yield is based on the directors' estimation at the grant date.

30. SHARE-BASED PAYMENTS (continued)

(d) Expenses arising from Share-based payment transactions

Expenses for the share-based payments have been charged to profit or loss as follows:

	2024 *RMB'000*	2023 *RMB'000*
Cost of sales	**77**	–
Administrative expenses	**4,332**	548
Research and development expenses	**4,680**	13,910
Total	**9,089**	14,458

At the end of the reporting period, the Company had 19,319,340 share options and 1,911,674 restricted shares outstanding under the share option schemes and restricted share schemes. The exercise or vesting in full of the outstanding share options and restricted shares would, under the present capital structure of the Company, result in the issue of 21,231,014 additional ordinary shares of the Company and additional share capital of USD5.31 (before issue expenses).

At the date of approval of these financial statements, the Company had 16,099,185 share options and 1,787,209 restricted shares outstanding under the share option schemes and the restricted share schemes, which represented approximately 3.13% of the Company's shares in issue as at that date.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB6,260,000 (2023: RMB1,457,000) in respect of lease arrangements for offices and dormitory.

(b) Changes in liabilities arising from financing activities

	Borrowings and interest payables *RMB'000*	Lease liabilities *RMB'000*
At January 1, 2023	7,422	112,072
Changes from financing cash flows	(5,143)	(23,306)
New leases	–	1,457
Termination of leases	–	(13,580)
Exchange alignment	–	1,667
Interest expenses	276	4,388
At December 31, 2023	2,555	82,698

	Borrowings and interest payables *RMB'000*	**Lease liabilities *RMB'000***
At January 1, 2024	**2,555**	**82,698**
Changes from financing cash flows	**83,993**	**(16,605)**
New leases	**–**	**6,260**
Termination of leases	**–**	**(651)**
Exchange alignment	**–**	**2,459**
Interest expenses	**2,589**	**3,124**
At December 31, 2024	**89,137**	**77,285**

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within operating activities	6,747	3,085
Within financing activities	16,605	23,306
Total	23,352	26,391

32. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for by the Group at the end of each reporting period but not yet incurred is as follows:

	2024 RMB'000	2023 RMB'000
Property, plant and equipment	15	1,436

33. RELATED PARTY TRANSACTIONS

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the years ended December 31, 2024 and 2023.

(a) Key management compensation

Compensation for key management other than those for directors as disclosed in note 9 to the consolidated financial statements is set out below.

	2024 RMB'000	2023 RMB'000
Basic salaries, share-based payments, other allowances and benefits in kind	19,654	36,451
Discretionary bonus	1,030	2,369
Social security costs	605	807
Total	21,289	39,627

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets	**2024** ***RMB'000***	2023 *RMB'000*
Trade receivables	**8,768**	–
Other receivables	**19,344**	9,792
Financial assets included in other non-current assets	**6,743**	6,578
Cash and bank balances	**1,479,058**	1,849,752
Total	**1,513,913**	1,866,122

Financial liabilities	**2024** ***RMB'000***	2023 *RMB'000*
Borrowings – current	**20,287**	2,522
Borrowings – non-current	**68,850**	–
Financial liabilities included in accruals and other payables	**132,622**	118,587
Total	**221,759**	121,109

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

35.1 Financial risk factors

The Group's principal financial instruments comprise borrowings and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as other receivables, financial assets included in other non-current assets and prepayments, and financial liabilities included in other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the functional currency of the relevant group entity.

The Group has operations in the US and the PRC. There are certain cash and bank balances, other receivables, accruals and other payables denominated in a currency that is not the functional currency. The Group constantly reviews the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures, as may be necessary.

At December 31, 2024 and 2023, if the USD strengthened/weakened by 5% against the RMB with all other variables held constant, net loss for the years would have been RMB123,996,000 higher/lower and RMB89,794,000 higher/lower, respectively.

Credit risk

The carrying amounts of cash and bank balances, trade receivables, other receivables and financial assets included in other non-current assets and prepayments included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at December 31, 2024 and 2023, cash and bank balances were all deposited with high quality financial institutions without significant credit risk. While cash and bank balances are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Management has assessed that during the years ended December 31, 2024 and 2023, trade receivables, other receivables and financial assets included in other non-current assets and prepayments have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The Group does not expect any losses from non-performance by the counterparties of other receivables and no loss allowance provision for other receivables was recognised.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

35.1 Financial risk factors (continued)

Liquidity risk

The Group aims to maintain sufficient cash and bank balances. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and bank balances to meet the Group's liquidity requirements.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
As at December 31, 2024					
Accruals and other payables	**132,622**	**–**	**–**	**–**	**132,622**
Interest-bearing bank borrowings	**20,815**	**19,608**	**53,091**	**–**	**93,514**
Lease liabilities	**16,327**	**15,643**	**32,023**	**24,105**	**88,098**
Total	**169,764**	**35,251**	**85,114**	**24,105**	**314,234**
As at December 31, 2023					
Accruals and other payables	118,587	–	–	–	118,587
Interest-bearing bank borrowings	2,577	–	–	–	2,577
Lease liabilities	15,362	15,252	42,095	22,976	95,685
Total	136,526	15,252	42,095	22,976	216,849

35.2 Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may return capital to equity holders, issue new shares, make borrowings or sell assets to reduce debt. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2024 and 2023.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, the Company considers the cost of capital and the risks associated with the issued share capital. In the opinion of the directors of the Company, the Group's capital risk is low.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

35.3 Fair value estimation

(i) Fair value hierarchy

As at December 31, 2024 and 2023, the Group has no assets or liabilities that are measured at fair value.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements for the year ended December 31, 2024.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the binomial option-pricing model or discounted cash flow analysis.

There were no changes in valuation techniques for the years ended December 31, 2024 and 2023.

(iii) Valuation processes

The finance department of the Group has a team that performs the valuation of financial instruments required for financial reporting purposes. This team reports directly to the board of directors.

36. EVENTS AFTER THE REPORTING PERIOD

On February 26, 2025, the Company announced that certain subsidiaries of the Company had entered into the reaching agreements with an investment fund (the "Investor") managed by Zhuhai Hengqin SB Xinchuang Equity Investment Management Enterprise (Limited Partnership), pursuant to which, among others, the Investor had agreed to subscribe for the additional registered capital of UCARsgen Biotech Limited ("UCARsgen") at a cash consideration of RMB80,000,000, representing 8% of the enlarged registered capital of UCARsgen (the "Capital Increase"). Upon the completion of the Capital Increase, the Company's interest in UCARsgen will be diluted from 100% to 92%.

37. FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of Financial Position of the Company

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**767,680**	732,388
Other receivables	**4,698,994**	3,510,022
Total non-current assets	**5,466,674**	4,242,410
CURRENT ASSETS		
Cash and cash equivalents	**4,128**	1,074,376
Total current assets	**4,128**	1,074,376
CURRENT LIABILITIES		
Accruals and other payables	**3,223**	6,642
NET CURRENT LIABILITIES	**905**	1,067,734
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS	**5,467,579**	5,310,144
EQUITY		
Share capital	**1**	1
Reserves	**5,467,578**	5,310,143
Total equity	**5,467,579**	5,310,144

37. FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (continued)

(b) Reserve movement of the Company

	Share premium *RMB'000*	Treasury shares *RMB'000*	Currency translation reserve *RMB'000*	Share-based compensation *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
Balance at January 1, 2023	9,692,992	–	446,476	71,351	(5,034,332)	5,176,487
Profit for the year	–	–	–	–	24,599	24,599
Exchange differences	–	–	87,989	–	–	87,989
Share-based payments	–	–	–	14,458	–	14,458
Issue of shares held in trust	–	–*	–	–	–	–*
Issue of shares to employees under employee incentive schemes	6,406	–	–	–	–	6,406
Transfer of treasury shares to employees under employee incentive schemes	204	–	–	–	–	204
Balance at December 31, 2023	9,699,602	–*	534,465	85,809	(5,009,733)	5,310,143
Balance at January 1, 2024	**9,699,602**	**–***	**534,465**	**85,809**	**(5,009,733)**	**5,310,143**
Profit for the year	**–**	**–**	**–**	**–**	**8,390**	**8,390**
Exchange differences	**–**	**–**	**188,722**	**–**	**–**	**188,722**
Share-based payments	**–**	**–**	**–**	**9,089**	**–**	**9,089**
Issue of shares to employees under employee incentive schemes	**953**	**–**	**–**	**–**	**–**	**953**
Transfer of treasury shares to employees under employee incentive schemes	**553**	**–***	**–**	**–**	**–**	**553**
Repurchase shares	**(50,272)**	**–***	**–**	**–**	**–**	**(50,272)**
Balance at December 31, 2024	**9,650,836**	**–***	**723,187**	**94,898**	**(5,001,343)**	**5,467,578**

* The amounts are less than RMB1,000.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on March 18, 2025.

Financial Summary

	As at December 31,				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total current assets	**1,530,275**	1,873,088	2,300,639	3,070,853	1,055,795
Total non-current assets	**142,759**	384,126	462,180	434,782	198,056
Total assets	**1,673,034**	2,257,214	2,762,819	3,505,635	1,253,851
Total current liabilities	**254,007**	196,217	171,004	389,172	145,231
Total non-current liabilities	**362,320**	259,297	118,641	119,803	2,784,748
Total liabilities	**616,327**	455,514	289,645	508,975	2,929,979
Equity attributable to equity holders of the Company	**1,056,707**	1,801,700	2,473,174	2,996,660	(1,676,128)
Total equity/(deficit)	**1,056,707**	1,801,700	2,473,174	2,996,660	(1,676,128)
Total equity and liabilities	**1,673,034**	2,257,214	2,762,819	3,505,635	1,253,851

	For the year ended December 31				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**39,425**	–	–	25,813	–
Gross profit	**14,747**	–	–	25,813	–
Operating loss	**(808,191)**	(767,649)	(881,297)	(573,905)	(327,045)
Loss before income tax	**(797,786)**	(747,387)	(890,952)	(4,736,778)	(1,064,049)
Loss for the year	**(798,132)**	(747,794)	(892,247)	(4,744,423)	(1,064,049)
Loss attributable to equity holders of the Company	**(798,132)**	(747,794)	(892,247)	(4,744,423)	(1,064,049)

Forward-Looking Statements

All statements in this report that are not historical fact or that do not relate to present facts or current conditions are forward-looking statements. Such forward-looking statements express the Group's current views, projections, beliefs and expectations with respect to future events as of the date of this report. Such forward-looking statements are based on a number of assumptions and factors beyond the Group's control. As a result, they are subject to significant risks and uncertainties, and actual events or results may differ materially from these forward-looking statements and the forward-looking events discussed in this report might not occur. Such risks and uncertainties include, but are not limited to, those detailed under the heading "Principal Risks and Uncertainties" in our most recent annual report and interim report and other announcements and reports made available on our corporate website, https://www.carsgen.com. No representation or warranty is given as to the achievement or reasonableness of, and no reliance should be placed on, any projections, targets, estimates or forecasts contained in this report.

Definitions

"1% individual limit"	has the meaning in Rule 17.03D(1) of the Listing Rules
"2019 Equity Incentive Plan"	the equity incentive plan of our Company as adopted by way of written resolutions of the Board on January 22, 2019, the principal terms of which are set out in the section headed "Statutory and General Information – D. 2019 Equity Incentive Plan" in the Prospectus
"2019 Equity Incentive Plan Trustee"	KASTLE LIMITED (嘉士圖有限公司), which was appointed as the trustee of the 2019 Equity Incentive Plan on December 31, 2020
"affiliate"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Articles of Association"	the memorandum and articles of association of the Company
"Audit Committee"	the audit committee of the Company
"Board of Directors", "Board" or "our Board"	our board of Directors
"BVI"	the British Virgin Islands
"CARsgen Life Sciences"	CARsgen Life Sciences Co., Ltd (愷興生命科技(上海)有限公司), a wholly foreign-owned enterprise incorporated in the PRC on March 22, 2018 and an indirectly wholly-owned subsidiary of our Company
"CARsgen Pharmaceuticals"	CARsgen Pharmaceuticals Co., Ltd (上海科濟製藥有限公司), a company incorporated in the PRC with limited liability on November 15, 2017 and wholly-owned by CARsgen Therapeutics (Shanghai)
"CARsgen Therapeutics (Shanghai)"	CARsgen Therapeutics Co., Ltd (科濟生物醫藥(上海)有限公司), a company incorporated in the PRC with limited liability on October 30, 2014, and one of our Consolidated Affiliated Entities
"China" or "PRC"	the People's Republic of China, which for the purpose of the Prospectus and for geographical reference only, excludes Hong Kong, Macao and Taiwan
"Company", "our Company", "the Company", "CARsgen Therapeutics" or "CARsgen"	CARsgen Therapeutics Holdings Limited (科濟藥業控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on February 9, 2018
"Companies Ordinance"	the Companies Ordinance (Cap. 622), as amended, supplemented or otherwise modified from time to time
"Consolidated Affiliated Entities"	the entities we control through the Contractual Arrangements, namely CARsgen Therapeutics (Shanghai) and its wholly-owned subsidiary, CARsgen Pharmaceuticals

"Contractual Arrangements"	the series of contractual arrangements entered into among CARsgen Life Sciences, CARsgen Therapeutics, the Corporate Registered Shareholder and the Individual Registered Shareholders details of which are described in the section headed "Contractual Arrangements" in this report
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules and in this context, refers to CT053
"Corporate Governance Code" or "CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Corporate Registered Shareholder"	YIJIE Biotech (Shanghai) Holding Limited (上海益傑生物技術有限公司), being the registered shareholder of CARsgen Therapeutics
"Director(s)"	the director(s) of the Company
"Global Offering"	the initial public offering of the Shares on the terms and subject to the conditions as described in the Prospectus
"Group", "our Group", "we", "us" or "our"	our Company, its subsidiaries and consolidated affiliated entities from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries and consolidated affiliated entities, such subsidiaries and consolidated affiliated entities as if they were subsidiaries and consolidated affiliated entities of our Company at the relevant time
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Individual Registered Shareholders"	Dr. Zonghai LI, Mr. Bingsen GUO, Dr. Huamao WANG, Mr. Huaqing GUO and Mr. Haiou CHEN, being the registered shareholders of the Corporate Registered Shareholder
"IPO"	initial public offering of the Company
"Latest Practicable Date"	April 9, 2025, being the latest practicable date prior to the printing of this report for the purpose of ascertaining certain information contained in this report
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	June 18, 2021
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules

"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination and Corporate Governance Committee"	the nomination and corporate governance committee of the Company
"NMPA"	National Medical Products Administration (國家藥品監督管理局), the successor of the China Food and Drug Administration (國家食品藥品監督管理總局), or the CFDA, the State Food and Drug Administration (國家食品藥品監督管理局), or the SFDA and the State Drug Administration (國家藥品監督管理局), or the SDA
"Post-IPO RSU Scheme"	the post-IPO RSU scheme adopted by our Company on April 30, 2021, the principal terms of which are set out in the section headed "Appendix V – Statutory and General Information" in the Prospectus
"Post-IPO Share Option Scheme"	the post-IPO share option scheme adopted by our Company on April 30, 2021, the principal terms of which are set out in the section headed "Appendix V – Statutory and General Information" in the Prospectus
"Prospectus"	the prospectus issued by the Company on June 7, 2021 in connection with the Global Offering
"Quanzhou Dingwo (LP)"	Quanzhou Dingwo Chuangfeng Investment Center (Limited Partnership) (泉州市鼎沃創豐投資中心(有限合夥)), a limited partnership established under the laws of the PRC on October 15, 2015, and one of our Controlling Shareholders
"Reporting Period"	the period from January 1, 2024 to December 31, 2024
"RMB" or "Renminbi"	Renminbi, the lawful currency of China
"RSU(s)"	restricted share unit(s)
"Remuneration Committee"	the remuneration committee of the Company
"SFO"	the Securities and Futures Ordinance (Cap. 571), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US$0.00000025 each
"Shareholder(s)"	holder(s) of Shares of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"United States", "U.S." or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

"US$" or "USD"	United States dollars, the lawful currency of the United States
"Yeed Holdings"	Yeed Holdings Limited (儀德控股有限公司), a limited liability company established under the laws of BVI on July 7, 2019 wholly-owned by Ms. Xuehong YANG, and one of our Controlling Shareholders
"YIJIE Biotech (BVI)"	YIJIE Biotech Holding Limited (益傑生物技術控股有限公司), a limited liability company incorporated in the BVI on July 20, 2017, and one of our Controlling Shareholders

In this report, the terms "associate", "connected person", "controlling shareholder" and "subsidiary" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Glossary

"antigen"	the substance that is capable of stimulating an immune response, specifically activating lymphocytes, which are the body's infection-fighting white blood cells
"ASCO"	American Society of Clinical Oncology
"ASCO GI"	American Society of Clinical Oncology Gastrointestinal Cancers Symposium
"ASH"	American Society of Hematology
"BCMA"	B-cell maturation antigen, a protein that is highly expressed in multiple myeloma with limited expression on normal tissues other than plasma cells
"BLA"	biologics license application
"B2M"	Beta-2 microglobulin
"CAR(s)"	chimeric antigen receptor(s)
"CAR-T" or "CAR T"	chimeric antigen receptor T cell
"CD19"	a cell surface protein expressed on the surface of almost all normal B lineage cells and B cell leukemia and lymphoma
"CD20"	cell-surface molecule expressed on the surface of normal B lymphocyte and B-cell malignancies
"CD38"	also named cyclic ADP ribose hydrolase, a glycoprotein expressed on the surface of many immune cells (white blood cells), including T/B lymphocytes and natural killer cells. And it also functions in cell adhesion, signal transduction and calcium signaling
"CGMP"	current good manufacturing practices
"chemotherapy"	a category of cancer treatment that uses one or more anti-cancer chemotherapeutic agents as part of its standardized regimen
"CMC"	chemistry, manufacturing, and controls processes in the development, licensure, manufacturing, and ongoing marketing of pharmaceutical products
"CRS"	cytokine release syndrome, a form of systemic inflammatory response syndrome that arises as a complication of some diseases or infections, and is also an adverse effect of some monoclonal antibody drugs, as well as adoptive T cell therapies
"CycloCAR®"	a next-generation CAR-T technology under development by the Company, which features co-expression of cytokines IL-7 and chemokine CCL21 in the CAR T-cells to potentially improve clinical efficacy and reduced requirement for lymphodepletion conditioning

"cytokine"	a broad and loose category of small proteins that are important in cell signaling. Their release affects the growth of all blood cells and other cells that help the body's immune and inflammation responses
"EHA"	European Hematology Association
"FDA" or "U.S. FDA" or "US FDA"	United States Food and Drug Administration
"GMP"	Good Manufacturing Practice
"GPC3"	Glypican-3, an oncofetal antigen expressed in a variety of tumors including certain liver and lung cancers
"GC/GEJ"	gastric/gastroesophageal junction cancer, a type of cancer
"GvHD"	graft versus host disease
"HCC"	hepatocellular carcinoma, a type of cancer arising from hepatocytes in predominantly cirrhotic liver patients
"HLA"	human leukocyte antigen
"HvGR"	host versus graft response
"IIT" or "investigator-initiated trial"	clinical trial sponsored and conducted by independent investigators
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"LADAR™"	Local Action Driven by Artificial Receptor technology, with similar mechanism of synNotch system, in which the intracellular transcription of the gene of interest is controlled by a chimeric regulatory antigen receptor
"mAb" or "monoclonal antibody"	antibodies that are made by identical immune cells which are all clones belonging to a unique parent cell
"mesothelin"	cell-surface protein whose expression is mostly restricted to mesothelial cell layers lining the pleura, pericardium and peritoneum
"MM" or "R/R MM"	multiple myeloma, a type of cancer that forms in the plasma blood cells; cancer that relapses or does not respond to treatment is called relapsed and/or refractory multiple myeloma
"NDA"	new drug application
"NK cell"	natural killer cell, the human body's first line of defense due to their innate ability to rapidly seek and destroy abnormal cells

Glossary

"NKG2A"	also named KLRC1, killer cell lectin-like receptor subfamily C, member 1
"Phase I"	a study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage, tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness
"Phase Ib"	a phase of clinical trials that primarily assesses safety, tolerability and pharmacokinetics/pharmacodynamics at multiple ascending dose levels prior to commencement of a Phase II or Phase III clinical trial
"Phase II"	a study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the drug for specific targeted disease, and to determine dosage tolerance and optimal dosage
"confirmatory trial" or "pivotal trial"	the trial or study intended to demonstrate the required clinical efficacy and safety evidence before submission for drug marketing approval
"regenerative medicine advanced therapy" or "RMAT"	a special status granted by the FDA to regenerative medicine therapies, including cell therapies, intended to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the drug has the potential to address unmet medical needs for such disease or condition
"solid tumor"	an abnormal mass of tissue that usually does not contain cysts or liquid areas
"TCR"	T cell receptor
"THANK-uCAR®"	the Company's proprietary technology to generate CAR T cells with improved expansion and persistence from T cells that are sourced from third-party donors

In the case of inconsistency, the English text of this report shall prevail over the Chinese text.