KELUN-BIOTECH
科伦博泰

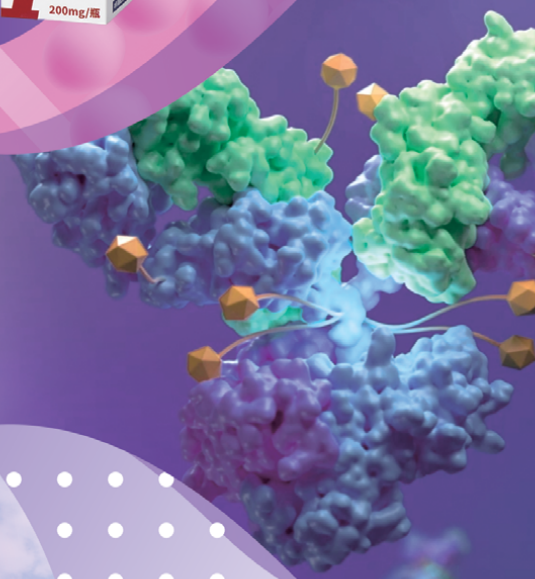
四川科倫博泰生物醫藥股份有限公司

Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd.

(於中華人民共和國註冊成立的股份有限公司)

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

Stock Code 股份代號：6990



2024 Annual Report 年報

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman of the Board and Non-executive Director

Mr. LIU Gexin (劉革新)

Executive Director

Dr. GE Junyou (葛均友)

Non-executive Directors

Mr. LIU Sichuan (劉思川)
Mr. LAI Degui (賴德貴)
Mr. FENG Hao (馮昊)
Mr. ZENG Xuebo (曾學波)
Mr. LI Dongfang (李東方)

Independent Non-executive Directors

Dr. ZHENG Qiang (鄭強)
Dr. TU Wenwei (涂文偉)
Dr. JIN Jinping (金錦萍)
Dr. LI Yuedong (李越冬)

JOINT COMPANY SECRETARIES

Mr. ZHOU Zejian (周澤劍)
Mr. CHUNG Ming Fai (鍾明輝)

AUTHORIZED REPRESENTATIVES

Dr. GE Junyou (葛均友)
Mr. CHUNG Ming Fai (鍾明輝)

SUPERVISORS

Ms. LIAO Yihong (廖益虹)
Dr. SONG Hongmei (宋宏梅)
Ms. YANG Qiuyan (楊秋艷)
Dr. QING Yan (卿燕)

AUDIT COMMITTEE

Dr. LI Yuedong (李越冬) *(Chairperson)*
Dr. TU Wenwei (涂文偉)
Dr. JIN Jinping (金錦萍)

REMUNERATION COMMITTEE

Dr. ZHENG Qiang (鄭強) *(Chairperson)*
Mr. LIU Sichuan (劉思川)
Dr. JIN Jinping (金錦萍)

NOMINATION COMMITTEE

Mr. LIU Gexin (劉革新) *(Chairperson)*
Dr. ZHENG Qiang (鄭強)
Dr. TU Wenwei (涂文偉)

AUDITORS

KPMG
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8/F, Prince's Building
10 Chater Road
Central
Hong Kong

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

No. 666 Xinhua Avenue
Chengdu Cross-Strait Science and
Technology Industry Development Park
Wenjiang District, Chengdu
Sichuan Province, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKS

Industrial Bank Co., Ltd.
Chengdu Wenjiang Sub Branch

China CITIC Bank Corporation Ltd.
Chengdu Shuhan Sub Branch

China Merchants Bank Co., Ltd.
Chengdu Wenjiang Sub Branch

COMPLIANCE ADVISER

First Shanghai Capital Limited

HONG KONG LEGAL ADVISER

Sullivan & Cromwell (Hong Kong) LLP

H SHARE REGISTRAR

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

STOCK CODE

H Share: 06990

COMPANY'S WEBSITE

https://kelun-biotech.com

CHAIRMAN'S STATEMENT

Dear Shareholders:

I hereby represent the Board of Directors of the Company to thank you for your long-standing trust and support in Kelun-Biotech.

2024 was a year for the Company to build on its strengths and reach new heights. We have adhered to an "innovation-driven development" strategy, actively explored new avenues for cutting-edge technologies and the treatment of major diseases; continuously mined and rapidly validated the clinical value of core products, achieving multiple breakthroughs. As of now, the Company has three products: sacituzumab tirumotecan (sac-TMT) (also known as SKB264/MK-2870) (佳泰莱®), tagitanlimab (also known as A167) (科泰莱®), and cetuximab N01 (also known as A140) (达泰莱®), which have been approved by the NMPA for five indications. Among them, sac-TMT (佳泰莱®) is the first domestically produced ADC with full approval for marketing and global intellectual property rights in China, as well as the first TROP2 ADC approved for marketing in lung cancer indications globally; tangitanlimab (科泰莱®) is the first PD-L1 monoclonal antibody approved for marketing for first-line treatment of nasopharyngeal carcinoma worldwide. Furthermore, the Company has submitted NDAs for 2 products targeting 3 indications, 7 ADCs and new DC projects have been approved for clinical trials, and nearly 20 innovative projects are in clinical stages.

The Company has established three in-house developed technology platforms with proprietary know-how in ADCs, biologics (mAbs and bsAbs) and small molecule drugs to support our drug R&D. In addition, while leveraging the advantages of our existing technology platforms to accelerate the R&D of ADC drugs, we are also fully advancing the layout of new DC assets, including RDC, continuously expanding new directions for drug conjugation technologies, so as to solidify the foundation for the sustained value enhancement of our innovative pipelines.

Furthermore, we have fully completed the construction of the commercialization system, established a commercialization team with fully-fledged talents to fully implement the marketing of the Company's strategic products. While we are meticulously planning and formulating innovative product promotion strategies, we are also actively expanding and enhancing the market influence and brand reputation of our Company and products, with a view to achieving high level commercialization of the Company. The Company will continue to refine its commercialization strategies for drug candidates, prioritizing therapeutic areas with medical needs in China, such as breast cancer, lung cancer and gastrointestinal cancers, and provide synergistic treatment options through a diversified pipeline to optimize the treatment outcomes of patients.

Globally, we continue to accelerate our integration into the global drug innovation field through international cooperation and complementary advantages, and share the benefits of the development of the global pharmaceutical market. In 2024, the Company has been continuously deepening its strategic partnership with MSD. As of now, MSD has initiated 12 ongoing global Phase 3 clinical studies of sac-TMT as monotherapy or in combination with pembrolizumab or other drugs for various types of cancer. In addition to sac-TMT, both parties are collaborating on multiple ADC assets to continuously explore the optimal ADC pipeline combination. At the same time, the Company is actively expanding new overseas partnerships and has entered into a licensing collaboration with Windward Bio for the TSLP monoclonal antibody SKB378/WIN9378 project under the NewCo model for the first time, further broadening and enriching the scope and model of the Company's international business collaborations.

In 2024, Kelun-Biotech fully promoted capital operations, achieving significant results. In March 2024, the Company was included in the Hang Seng Index and Hong Kong Stock Connect; in May and December, we completed the H Share placement and domestic share placement. By leveraging a rich array of capital operation strategies, the Company has strengthened its cash reserves, continuously optimized the investor structure, consolidated its core competitive advantages, and propelled its market value to new heights.

"As heaven's movement is ever vigorous, so must a gentleman ceaselessly strive along". 2025 is a year for Kelun-Biotech to continue deepening its development. We will continue to improve our "end-to-end" drug development capabilities, production capabilities and commercialization systems construction, forming an industrial chain that covers the entire cycle of innovative drug development. At the same time, we will further actively promote the Company's global strategic cooperation to maximize the global value of our pipeline, so as to build Kelun-Biotech into an innovative biopharmaceutical company with international influence and competitiveness.

Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd.
LIU Gexin
Chairman of the Board and Non-executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

	2024 RMB'000	2023 RMB'000	Flux %
Revenue	**1,933,045**	1,540,493	25.5%
Gross profit	**1,273,657**	759,185	67.8%
Research and development expenses	**(1,206,134)**	(1,030,966)	17.0%
Loss for the year	**(266,766)**	(574,134)	-53.5%
Adjusted loss for the year[1]	**(118,481)**	(450,788)	-73.7%

	As at December 31, 2024	As at December 31, 2023	Flux %
Cash and financial assets[2]	**3,075,651**	2,528,342	21.6%
Total equity	**3,308,661**	2,329,497	42.0%

BUSINESS HIGHLIGHTS

Since the beginning of 2024, we have made encouraging progress in our business:

- **Key developments of our ADC and novel DC assets:**
  - We have 11 ADC and novel DC assets at clinical stage or above, including sac-TMT (佳泰莱®) which has received marketing authorization for two indications, and trastuzumab botidotin (舒泰莱®[3]) which has reached NDA stage for HER2+ BC.
  - Sac-TMT has received the following marketing authorizations in China from the NMPA, and we have commenced their commercialization:
    - Sac-TMT in adult patients with unresectable locally advanced or metastatic TNBC who have received at least two prior systemic therapies (at least one of them for advanced or metastatic setting).
    - Sac-TMT in treatment of adult patients with EGFR mutant-positive locally advanced or metastatic non-squamous NSCLC following progression on EGFR-TKI therapy and platinum-based chemotherapy. This is the first TROP2 ADC drug approved for marketing in LC globally.

1 Calculated by deducting equity-settled share-based payment from loss for the year. The equity-settled share-based payment was RMB148,285,000 and RMB123,346,000 for the year ended December 31, 2024 and 2023, respectively.

2 Comprises cash and cash equivalents, restricted deposits, financial assets measured at fair value through profit or loss, and financial assets measured at amortized cost.

3 Trade name to be approved by NMPA.

- Our Core Product sac-TMT (sacituzumab tirumotecan, TROP2 ADC) (also known as SKB264/MK-2870) (佳泰莱®):

  - **TNBC**. In November 2024, we received marketing authorization in China from the NMPA for sac-TMT in adult patients with unresectable locally advanced or metastatic TNBC who have received at least two prior systemic therapies (at least one of them for advanced or metastatic setting). Sac-TMT is the first domestically developed ADC with global intellectual property rights to receive complete marketing authorization in China.

    Our results from the Phase 3 study of sac-TMT in patients with previously treated locally recurrent or metastatic TNBC were presented at the ASCO Annual Meeting in May 2024. Sac-TMT demonstrated a significant statistically and clinically meaningful improvement in PFS and OS. The median PFS, as assessed by BICR, was 6.7 months (95% CI: 5.5, 8.0) with sac-TMT and 2.5 months (95% CI: 1.7, 2.7) with chemotherapy, and HR was 0.32 (95% CI: 0.24, 0.44, p<0.00001), and the risk of disease progression or death was reduced by 68%. The median OS was not reached with sac-TMT (95% CI: 11.2, NE) and 9.4 months with chemotherapy (95% CI: 8.5, 11.7), HR was 0.53 (95% CI: 0.36, 0.78, p=0.0005), and the risk of death was reduced by 47%. ORR was 45.4% with sac-TMT compared to 12% with chemotherapy. The subset of patients with high TROP2 expression (H-score > 200) had a higher median PFS (8.3 months) and ORR (52.1%) with sac-TMT.

    In March 2024, sac-TMT was granted Breakthrough Therapy Designation by the NMPA for the first-line treatment of unresectable locally advanced, recurrent or metastatic PD-L1 negative TNBC. We have initiated a Phase 3 registrational study of sac-TMT monotherapy versus investigator-choice chemotherapy for 1L advanced TNBC.

- **HR+/HER2– BC**. A Phase 3 registrational study for 2L+ HR+/HER2– locally advanced or metastatic BC is in progress.

  In June 2023, sac-TMT was granted Breakthrough Therapy Designation by the NMPA for the treatment of patients with locally advanced or metastatic HR+/HER2– BC who have previously received at least 2L systemic chemotherapy.

- **EGFR-mutant NSCLC**. In March 2025, we received marketing authorization in China from the NMPA for sac-TMT for the treatment of adult patients with EGFR mutant-positive locally advanced or metastatic non-squamous NSCLC following progression on EGFR-TKI therapy and platinum-based chemotherapy. Sac-TMT monotherapy demonstrated a statistically significant and clinically meaningful improvement in ORR, PFS and OS compared with docetaxel.

  In October 2024, the NDA for sac-TMT for the treatment of adult patients with EGFR-mutant locally advanced or metastatic NSCLC who progressed after treatment with EGFR-TKI therapy was accepted by the NMPA, and was included in the priority review and approval process. In January 2023, sac-TMT was granted Breakthrough Therapy Designation by the NMPA for EGFR-mutant locally advanced or metastatic NSCLC following treatment with an EGFR-TKI.

  In addition, a Phase 3 registrational study of sac-TMT combined with osimertinib as first-line treatment of locally advanced or metastatic non-squamous EGFR-mutant NSCLC is in progress.

- **EGFR-wild type NSCLC**. Two Phase 3 registrational studies of sac-TMT, namely (i) sac-TMT in combination with pembrolizumab (KEYTRUDA®[4]) versus pembrolizumab for first-line treatment of patients with PD-L1 positive locally advanced or metastatic NSCLC, and (ii) sac-TMT in combination with pembrolizumab versus chemotherapy combined with pembrolizumab as first-line treatment for patients with PD-L1 negative locally advanced or metastatic non-squamous NSCLC are in progress.

- **Other indications**. We are actively exploring the potential of sac-TMT both as a monotherapy and in combination with other therapies for treating other solid tumors, including GC, EC, CC, OC, UC, CRPC and HNSCC.

- **Global clinical development**. In May 2022, we licensed to MSD the exclusive rights to develop, use, manufacture and commercialize sac-TMT in all territories outside of Greater China (which includes Mainland China, Hong Kong, Macao, and Taiwan). As of the date of the Annual Results Announcement, MSD is progressing 12 ongoing Phase 3 global, multi-center clinical studies for sac-TMT for several types of cancer including BC, LC, gynecological cancer and GI cancer. We are also collaborating with MSD on several global Phase 2 basket studies for sac-TMT as monotherapy or in combination with other agents for multiple solid tumors and those studies are ongoing.

- **Clinical data readout**. We presented clinical data on studies of sac-TMT at various academic conferences, such as:

  - 2024 ASCO Annual Meeting.

    - Results from the Phase 3 OptiTROP-Breast01 study of sac-TMT in patients with previously treated locally recurrent or metastatic TNBC;

    - Results from the Phase 2 OptiTROP-Lung01 study of sac-TMT in combination with A167 (an anti-PD-L1 mAb) as first-line treatment for patients with advanced NSCLC;

  - 2024 ESMO Congress.

    - Efficacy and safety of sac-TMT plus pembrolizumab in patients with recurrent or metastatic CC;

    - Safety and efficacy of sac-TMT monotherapy in patients with previously treated advanced EC and OC from a Phase 2 study;

    - Exploratory analysis of patients with or without prior PD-(L)1 inhibitors in Phase 3 OptiTROP-Breast01 study of sac-TMT versus chemotherapy for previously treated advanced TNBC;

  - 2024 AACR Annual Meeting.

    - Updated efficacy and safety results for sac-TMT in patients with previously treated advanced NSCLC from a Phase 2 study;

[4] Pembrolizumab (KEYTRUDA®) is a registered trademark of Merck Sharp & Dohme LLC, a subsidiary of Merck & Co., Inc., Rahway, NJ, USA.

- Preliminary efficacy and safety results for sac-TMT in patients with previously treated advanced gastric or GEJ cancer from a Phase 2 study; and

- 2025 ASCO GU Cancers Symposium.

  - Efficacy and safety results from the Phase 1/2 KL264-01/MK-2870-001 study (NCT04152499) of sac-TMT monotherapy in patients with unresectable, locally advanced or metastatic UC who progressed on or after prior anti-cancer therapies.

- Our Core Product trastuzumab botidotin (HER2 ADC, formerly A166) (舒泰莱®[5]):

  - In January 2025, an NDA for the treatment of adult patients with HER2+ unresectable or metastatic BC who have received at least one prior anti-HER2 therapy was accepted by the CDE of the NMPA. At a pre-specified interim analysis, trastuzumab botidotin monotherapy demonstrated a statistically significant and clinically meaningful improvement in the primary endpoint of PFS as assessed by the BICR compared with T-DM1.

  - Trastuzumab botidotin has met the primary endpoints of its pivotal Phase 2 trial for 3L+ advanced HER2+ BC based on results from the primary analysis, which we used to submit an NDA to the NMPA.

  - We have also initiated an open, multicenter Phase 2 clinical study of trastuzumab botidotin in the treatment of HER2+ unresectable or metastatic BC that previously received a topoisomerase inhibitor ADC.

- Others:

  - **SKB315 (CLDN18.2 ADC)**. SKB315 is configured with a proprietary, in-house developed humanized CLDN18.2 mAb and a differentiated payload-linker design. The early-stage clinical data of SKB315 demonstrates promising efficacy and acceptable safety profile in GC with mid and high CLDN18.2 expression. We are conducting a Phase 1b clinical trial of SKB315.

  - **SKB410/MK-3120 (Nectin-4 ADC)**. SKB410 is a novel Nectin-4 ADC targeting advanced solid tumors and utilizing a differentiated payload-linker strategy. SKB410 has shown promising Phase 1 clinical data. MSD, as the sponsor, has launched the global Phase 1/2 clinical trial of SKB410.

  - **SKB571/MK-2750**. SKB571 is a novel bsADC that primarily targets various solid tumors such as LC and CRC etc. being developed in collaboration with MSD. The Phase 1 clinical trial in China is ongoing.

  - **SKB518, SKB535/MK-6204 and SKB445**. SKB518, SKB535 and SKB445 are novel ADC drugs with potential FIC targets. The Phase 1 clinical trials for each of them are ongoing in China. The Company has entered into a license and collaboration agreement with MSD to develop SKB535. It was announced on the official website of the NMPA that SKB535 is the first pilot project approved by the NMPA through the optimized clinical trial review scheme for innovative drugs, and the review and approval time is 21 days.

[5] Trade name to be approved by NMPA.

- **SKB500 and SKB501**. SKB500 and SKB501 are novel ADC drugs with verified targets but differentiated payload-linker strategies. In November and December 2024, we received a clinical trial notice approving the IND application of SKB501 and SKB500, respectively, for advanced solid tumors from the NMPA.

- **SKB107**. SKB107 is a RDC drug jointly developed by us and the Affiliated Hospital of Southwest Medical University (西南醫科大學附屬醫院) targeting tumor bone metastasis. In January 2025, an IND application for SKB107 was accepted by the NMPA.

- **Key developments of our non-DC assets:**

  - We have received the following marketing authorizations in China from the NMPA for tagitanlimab and Cetuximab N01:

    - Tagitanlimab (科泰莱®). (1) Tagitanlimab for the treatment of patients with recurrent or metastatic NPC who have failed after prior 2L+ chemotherapy, and (2) tagitanlimab used in combination with cisplatin and gemcitabine for the first-line treatment of patients with recurrent or metastatic NPC; and

    - Cetuximab N01 (达泰莱®). Cetuximab N01 Injection used in combination with FOLFOX or FOLFIRI regimens for first-line treatment of RAS wild-type mCRC.

  - **Tagitanlimab (PD-L1 mAb, also known as A167) (科泰莱®)**. In December 2024, we received marketing authorization of tagitanlimab in China from NMPA for the treatment of patients with recurrent or metastatic NPC who have failed after prior 2L+ chemotherapy. In January 2025, we received marketing authorization of tagitanlimab used in combination with cisplatin and gemcitabine for the first-line treatment of patients with recurrent or metastatic NPC in China from NMPA. Tagitanlimab is the first PD-L1 mAb globally to receive authorization for the first-line treatment of NPC.

    1L NPC

    Based on a randomized, double-blinded, placebo controlled, multi-center, phase 3 clinical study which evaluates the efficacy and safety results of tagitanlimab in combination with cisplatin and gemcitabine versus placebo in combination with cisplatin and gemcitabine for the treatment of recurrent or metastatic NPC, tagitanlimab used in combination with cisplatin and gemcitabine for the first-line treatment of recurrent or metastatic NPC has better PFS, higher ORR and extended DoR compared with chemotherapy, and has benefitted all patients regardless of PD-L1 expression. The median PFS for tagitanlimab in combination with chemotherapy is not reached compared to 7.9 months for placebo in combination with chemotherapy (HR=0.47, 95% CI: 0.33-0.66, p<0.0001), and the risk of disease progression and death is reduced by 53%; ORR is 81.7% vs 74.5%; median DoR is 11.7 vs 5.8 months (HR=0.48, 95% CI: 0.32-0.70), which is nearly double compared to the placebo arm; currently the median OS is still not mature, however, the beneficial trend for OS of tagitanlimab in combination with chemotherapy has already been observed (HR=0.62, 95% CI: 0.32-1.22), and its risk of death is reduced by 38%.

3L+ NPC

Based on an open-label, multi-center, phase 2 clinical study in patients with recurrent or metastatic NPC who have failed after prior 2L+ systematic therapies, as of the data cutoff date, the median follow-up time was 21.7 months, 132 patients entered full analysis set (FAS) totally, the independent review committee (IRC)-assessed ORR was 26.5%, the DoR was 12.4 months and the median OS was 16.2 months. Meanwhile, tagitanlimab showed a manageable safety profile, where the incidence of grade 3 immune-related adverse events (irAEs) was 3.9% and no grade 3 above irAE was observed. These study results have been published in The Lancet Regional Health – Western Pacific, a journal by The Lancet.

- **Cetuximab N01 (EGFR mAb, formerly A140) (达泰莱®)**. In February 2025, we received marketing authorization in China from the NMPA for Cetuximab N01 Injection used in combination with FOLFOX or FOLFIRI regimens for first-line treatment of RAS wild-type mCRC. As demonstrated by a large-scale domestic phase 3 clinical study conducting a head-to-head comparison of Cetuximab N01 Injection with Cetuximab Solution for Injection (Erbitux®), the Cetuximab N01 combination chemotherapy was clinical equivalent in ORR (Cetuximab N01 vs. Cetuximab Solution for Injection (Erbitux®): 71.0% vs. 77.5%; ORR ratio is 0.93 [95% CI: 0.87, 0.99]), and Cetuximab N01 did not demonstrate any clinically meaningful or statistically significant differences in DoR and PFS compared with Cetuximab Solution for Injection (Erbitux®) (median PFS: 10.9 months vs 10.8 months, HR: 1.03 [95% CI: 0.83, 1.28]; median DoR: 10.2 months vs. 9.5 months). As for safety, this study has sufficiently proven that the Cetuximab N01 combination chemotherapy is comparable in safety, tolerance and immunogenicity compared with Cetuximab Solution for Injection (Erbitux®) combination chemotherapy.

- **A400/EP0031 (RET inhibitor)**. We are currently conducting pivotal clinical studies for 1L & 2L+ advanced RET+ NSCLC as well as a Phase 1b/2 clinical study for RET+ MTC and solid tumor in China. Through our collaboration and license agreement, Ellipses Pharma is progressing their phase 2 clinical study globally outside of China.

- **SKB378/WIN378 (TSLP mAb)**. We completed Phase 1 clinical trial in China. In January 2025, an IND application for SKB378 for the treatment of COPD was approved by the NMPA. Our collaboration partner, Windward Bio, is preparing for Phase 2 trial.

- **SKB336 (FXI/FXIα mAb)**. We completed Phase 1 clinical trial in China.

- **A296 (STING agonist)**. We are carrying out a Phase 1 trial in China.

- **Commercialization**. We have received marketing authorization for sac-TMT (佳泰莱®), tagitanlimab (科泰莱®) and Cetuximab N01 (达泰莱®) and have commenced their commercialization. Based on the expected approval timeline of each late-stage project in our pipeline, subject to regulatory communications and marketing approval, we expect to launch trastuzumab botidotin (舒泰莱®[6]) in the China market and file an NDA for A400 in 2025.

[6] Trade name to be approved by NMPA.

We have set up a fully-fledged commercialization team to prepare and implement the marketing and commercialization of our strategic products and established a departmental structure within the Company, consisting of various departments such as Marketing, Commercial and Marketing Access, Medical Affairs, Sales, and Strategic Planning and Commercial Excellence. We will continue to refine our commercialization strategies for each late-stage drug candidate, first prioritizing therapeutic areas with medical needs in China, such as BC, NSCLC and GI cancers, while offering synergistic treatment options enabled by our diverse pipeline to optimize patient outcome.

Globally, we will continue to pursue a flexible strategy to capture the commercial value in major international markets, through forging synergistic license and collaboration opportunities worldwide.

- **Highlights of our License and Collaboration Arrangements.**
  - **Collaboration with MSD**. We have entered into license and collaboration agreements with MSD to develop multiple ADC assets for cancer treatment.
    - Sac-TMT: We have granted MSD an exclusive, royalty-bearing and sub-licensable license to develop, use, manufacture and commercialize sac-TMT outside Greater China. We retain the right to develop and commercialize sac-TMT within Greater China. As of the date of the Annual Results Announcement, MSD has initiated 12 ongoing Phase 3 global clinical studies of sac-TMT as a monotherapy or with pembrolizumab or other agents for several types of cancer. The following studies are sponsored and led by MSD:
      - BC.
        - Sac-TMT plus pembrolizumab versus TPC in TNBC who received neoadjuvant therapy and did not achieve a pCR at surgery;
        - Sac-TMT as a monotherapy and in combination with pembrolizumab versus TPC in participants with previously untreated locally recurrent unresectable or metastatic TNBC expressing PD-L1 at CPS<10;
        - Sac-TMT as a single agent and in combination with pembrolizumab versus TPC in participants with unresectable locally advanced or metastatic HR+/HER2– BC (after one or more lines of ET);
      - LC.
        - Sac-TMT plus pembrolizumab versus pembrolizumab in adult participants with resectable NSCLC not achieving a pCR after receiving neoadjuvant pembrolizumab with platinum-based doublet chemotherapy followed by surgery;
        - Sac-TMT in combination with pembrolizumab versus pembrolizumab monotherapy in the first-line treatment of participants with metastatic NSCLC expressing PD-L1 greater than or equal to 50 percent;

- Sac-TMT versus pemetrexed and carboplatin combination therapy in participants with EGFR-mutated, advanced non-squamous NSCLC who have progressed on prior EGFR-TKI;

- Sac-TMT in combination with pembrolizumab versus pembrolizumab as maintenance treatment in the first-line treatment of metastatic squamous NSCLC after induction treatment with pembrolizumab plus carboplatin and paclitaxel or nab-paclitaxel;

- Gynecological cancer.

  - Sac-TMT monotherapy versus chemotherapy for the treatment of EC who have received prior platinum-based chemotherapy and immunotherapy;

  - Sac-TMT monotherapy versus TPC as second-line treatment for participants with recurrent or metastatic CC;

  - Sac-TMT in patients with platinum-sensitive recurrent OC who have received 2L chemotherapy; and

- GI cancer. Sac-TMT in 3L+ advanced/metastatic GEA.

  We are also collaborating with MSD on several global phase 2 basket studies for sac-TMT as monotherapy or in combination with other agents for multiple solid tumors and those studies are ongoing.

- ***Other ADC assets***: In addition to sac-TMT, we are also collaborating with MSD on certain ADC assets including SKB410/MK-3120, SKB571/MK-2750, SKB535/MK-6204, etc. to continuously explore favorable ADC pipeline portfolios. On one hand, we aim to cover a wide range of tumor indications through our ADC pipelines with different targets, while on the other hand, we aim to apply differentiated payload-linker strategies for ADC assets with different targets to achieve better efficacy and/or differentiated safety profiles, and explore the combination of ADCs with different strategies. We have granted MSD exclusive global licenses to research, develop, manufacture and commercialize multiple ADC assets and exclusive options to obtain additional licenses to certain other ADC assets. We retain the right to research, develop, manufacture and commercialize certain licensed and option ADCs for mainland China, Hong Kong and Macau.

  In the third quarter of 2024, we were informed by MSD with regard to an exclusive option exercise of SKB571/MK-2750. MSD has paid US$37.5 million to the Company in connection with the option exercise, and the Company is eligible to receive further milestone payments conditional upon the achievement of specified development and sales milestones and tiered royalties on net sales of SKB571/MK-2750 if commercialized. The Company retains the right to develop, use, manufacture and commercialize SKB571/MK-2750 in mainland China, Hong Kong and Macau.

- ***Collaboration with Ellipses Pharma***. In March 2021, we have entered into a collaboration and license agreement with Ellipses Pharma, under which we granted Ellipses Pharma an exclusive, revenue sharing, royalty-bearing, sublicensable license to develop, manufacture and commercialize A400 (known as EP0031 by Ellipses Pharma).

  In March 2024, it was announced that A400/EP0031 was granted Fast Track designation by the FDA for the treatment of RET-fusion positive NSCLC. In April 2024, A400/EP0031 was cleared by the FDA to progress into Phase 2 clinical development. As of December 31, 2024, a total of 33 clinical sites in the United States, Europe and UAE were set up for A400/EP0031.

- ***Collaboration with Windward Bio***. In January 2025, it was announced that we and Harbour BioMed had entered into an exclusive license agreement with Windward Bio, under which we and Harbour BioMed granted Windward Bio an exclusive license for the research, development, manufacturing and commercialization of SKB378/WIN3782 globally (excluding Greater China and several Southeast and West Asian countries).

  In return, we and Harbour BioMed are eligible to receive a total of up to US$970 million upfront and milestone payments as well as single to double-digit tiered royalties on net sales of SKB378/WIN378. Subject to the terms and conditions of the license agreement, we and Harbour BioMed are also eligible to receive additional payment from Windward Bio if Windward Bio undergoes a near-term change of control or enters into a sublicense agreement with a third party. The payments to be made by Windward Bio to us and Harbour BioMed under the license agreement shall be paid in equal amounts to us and Harbour BioMed.

The Company has received upfront and milestone payments totaling US$147.5 million from partners with regard to multiple collaborated pipelines in 2024 and up to the date of the Annual Results Announcement.

- **ESG**. We have established a comprehensive three-tier ESG governance structure consisting of the Board of Directors, ESG Working Group and ESG Executive Body. Among them, the Board of Directors serves as the highest responsible and decision-making body for ESG management and information disclosure, guiding and supervising the Company's ESG development. Through the establishment and continuous improvement of the ESG governance structure, the Company comprehensively enhances ESG performance ability and ensures the Company's sustainable development. In June 2024, the Company was awarded "Excellence in ESG Governance Performance Award" by Ming Pao, a media brand under Media Chinese International Limited.

- **Placing of New H Shares**. On May 16, 2024, the placing of 3,648,600 H Shares to multiple placees at the placing price of HK$150.00 per Share was completed. The net proceeds from the Placing amounted to approximately HK$541.4 million.

- **Subscription of New Domestic Shares**. On December 17, 2024, the subscription of 4,423,870 Domestic Shares by Kelun Pharmaceutical at the subscription price of RMB136.21 per Share was completed. The net proceeds from the Subscription is approximately RMB601.4 million.

I. BUSINESS REVIEW

OVERVIEW

We are a biopharmaceutical company committed to the research and development (R&D), manufacturing and commercialization of novel drugs in oncology, immunology and other therapeutic areas. We have two ADC drugs as our Core Products, namely, sac-TMT and trastuzumab botidotin. Sac-TMT is a novel TROP2 ADC positioned as a monotherapy and part of combination therapies for treating various advanced solid tumors. Trastuzumab botidotin is a differentiated HER2 ADC positioned as a monotherapy to treat advanced HER2+ solid tumors. As at the date of the Annual Results Announcement, we were developing more than 30 candidates in our pipeline, including our Core Product, sac-TMT, and our Key Products, tagitanlimab and Cetuximab N01, which have received marketing authorization in China from the NMPA. With the recognition of projects with competitive advantages and market value, and the aim to allocate our existing R&D resources to such projects, our pipeline mainly consists of oncology drug candidates as well as drug candidates for non-oncology diseases and conditions such as autoimmune, metabolism and other disease areas.

Supported by three in-house developed technology platforms with proprietary know-how in ADCs, biologics (mAbs and bsAbs) and small molecule drugs and validated by our clinical-stage drug candidates, our pipeline is diverse and synergistic in drug modalities, mechanisms, and indication coverage. Notably, we are one of the first movers in the development of ADCs, with over a decade of accumulated experience in ADC development. We are one of the first biopharmaceutical companies in China, and one of the few globally, to establish an in-house developed ADC platform, OptiDC™. Our drug development capabilities are further bolstered by cGMP-compliant, end-to-end manufacturing capabilities and a comprehensive quality management system. Furthermore, we are well-positioned to expand our commercialization infrastructure and market access, leveraging our Controlling Shareholder Kelun Pharmaceutical's decades-long experience, industry connections and extensive network.

The clinical value of our pipeline and our drug development capabilities are recognized by the strategic partnerships we have forged worldwide to unlock the global market potential of key assets. We have entered into license and collaboration agreements with MSD to develop multiple ADC assets for cancer treatment. According to Frost & Sullivan, we are the first China-based company to license internally discovered and developed ADC candidates to a top-ten biopharmaceutical multinational corporation. We have also entered into collaboration and license agreements with other partners, such as Ellipses Pharma and Windward Bio. Our strategic partnerships are not only testaments to our R&D and business development capabilities, but also key drivers of our continued innovation, global influence and long-term growth.

OUR PIPELINE

Our pipeline targets the world's prevalent or hard-to-treat cancers, such as BC, NSCLC, GI cancers (including GC and CRC) and gynecological tumors, as well as non-oncology diseases and conditions affecting a large and underserved population. As at the date of the Annual Results Announcement, we had established a pipeline of over 30 candidates, including sac-TMT, tagitanlimab and Cetuximab N01 which have received marketing authorization in China from the NMPA, and over 10 clinical-stage drug candidates. We have also assembled a diverse portfolio of preclinical assets to further enrich our expanding pipeline targeting medical needs.

Our oncology franchise

Our oncology franchise features diversified treatment modalities and targets different mechanisms to comprehensively treat prevalent or hard-to-treat cancers in China and worldwide, anchored by the following clinical-stage assets:

- ADC and novel DC:
  - ***Sac-TMT (sacituzumab tirumotecan) (also known as SKB264/MK-2870) (佳泰莱®)***, one of our Core Products, a novel TROP2 ADC targeting advanced solid tumors;
  - ***Trastuzumab botidotin (also known as A166) (舒泰莱®[1])***, another Core Product, a differentiated HER2 ADC in NDA registration stage to treat advanced HER2+ solid tumors;
  - ***SKB315***, a novel CLDN18.2 ADC targeting advanced solid tumors;
  - ***SKB410/MK-3120***, a novel Nectin-4 ADC targeting advanced solid tumors;
  - ***SKB571/MK-2750***, a novel bsADC primarily targeting various solid tumors such as LC and CRC etc.;
  - ***SKB518, SKB535/MK-6204 and SKB445***, novel ADC drugs with potential FIC targets;
  - ***SKB500 and SKB501***, novel ADC drugs with verified targets but differentiated payload-linker strategies; and
  - ***SKB107***, a RDC targeting tumor bone metastases.
- Other modalities (Immunotherapies and Targeted Therapies):
  - ***Tagitanlimab (also known as A167) (科泰莱®)***, our PD-L1 mAb, the backbone of our immunotherapy franchise;
  - ***Cetuximab N01 (also known as A140) (达泰莱®)***, a recombinant EGFR human-mouse chimeric mAb that can inhibit the growth and survival of EGFR-expressing tumor cells;
  - ***A400***, a novel next-generation selective RET inhibitor for NSCLC, MTC and other solid tumors with a high prevalence of RET alterations; and
  - ***A296***, a novel second-generation small molecule STING agonist with a differentiating molecular design, and is positioned as a combination therapy to be used with our other immunotherapy assets.

[1] Trade name to be approved by NMPA.

Sac-TMT (sacituzumab tirumotecan, TROP2 ADC) (formerly SKB264/MK-2870) (佳泰莱®)

Sac-TMT, one of our Core Products, is a novel TROP2 ADC targeting advanced solid tumors in which we have proprietary intellectual property rights. TROP2 is frequently overexpressed across a broad spectrum of cancers, especially in highly prevalent or hard-to-treat cancers such as BC, NSCLC, GI cancer, gynecological cancer and many other solid tumor types. Being the first domestically developed TROP2 ADC in China, sac-TMT utilizes a differentiated drug design to improve ADC stability and maintain ADC bioactivity, thus enhancing its tumor targeting ability and reducing its off-target and on-target off-tumor toxicity, potentially leading to a broader therapeutic window.

Sac-TMT is developed with a novel linker to conjugate the payload, a belotecan-derivative topoisomerase I inhibitor with a DAR of 7.4. Sac-TMT specifically recognizes TROP2 on the surface of tumor cells by recombinant anti-TROP2 humanized monoclonal antibodies, which is then endocytosed by tumor cells and releases KL610023 intracellularly. KL610023, as a topoisomerase I inhibitor, induces DNA damage to tumor cells, which in turn leads to cell-cycle arrest and apoptosis. In addition, it also releases KL610023 in the tumor microenvironment. Given that KL610023 is membrane permeable, it can enable a bystander effect, or in other words kill adjacent tumor cells. The design was to achieve a more effective balance between stability in circulation and targeted-release of the ADC payload in tumor cells.

We are actively advancing a multi-strategy clinical development plan to explore sac-TMT's potential as a monotherapy and combination therapies to treat various types of advanced solid tumors in Greater China. Meanwhile, MSD is advancing the global clinical development of sac-TMT outside of Greater China.

Within Greater China

Based on our retained rights to develop and commercialize sac-TMT and other TROP2 ADCs within Greater China, we have continued to advance our clinical development plan for sac-TMT in Greater China.

TNBC. In November 2024, we received marketing authorization in China from the NMPA for sac-TMT in adult patients with unresectable locally advanced or metastatic TNBC who have received at least two prior systemic therapies (at least one of them for advanced or metastatic setting). Sac-TMT is the first domestically developed ADC with global intellectual property rights to receive complete marketing authorization in China.

Our results from the Phase 3 study of sac-TMT in patients with previously treated locally recurrent or metastatic TNBC were presented at the ASCO Annual Meeting in May 2024. Sac-TMT demonstrated a significant statistically and clinically meaningful improvement in PFS and OS. The median PFS, as assessed by BICR, was 6.7 months (95% CI: 5.5, 8.0) with sac-TMT and 2.5 months (95% CI: 1.7, 2.7) with chemotherapy, and HR was 0.32 (95% CI: 0.24, 0.44, $p<0.00001$), and the risk of disease progression or death was reduced by 68%. The median OS was not reached with sac-TMT (95% CI: 11.2, NE) and 9.4 months with chemotherapy (95% CI: 8.5, 11.7), HR was 0.53 (95% CI: 0.36, 0.78, $p=0.0005$), and the risk of death was reduced by 47%. ORR was 45.4% with sac-TMT compared to 12% with chemotherapy. The subset of patients with high TROP2 expression (H-score > 200) had a higher median PFS (8.3 months) and ORR (52.1%) with sac-TMT.

In March 2024, sac-TMT was granted Breakthrough Therapy Designation by the NMPA for the first-line treatment of unresectable locally advanced, recurrent or metastatic PD-L1 negative TNBC. We have initiated a Phase 3 registrational study of sac-TMT monotherapy versus investigator-choice chemotherapy for 1L advanced TNBC.

HR+/HER2– BC. A Phase 3 registrational study for 2L+ HR+/HER2– locally advanced or metastatic BC is in progress.

In June 2023, sac-TMT was granted Breakthrough Therapy Designation by the NMPA for the treatment of patients with locally advanced or metastatic HR+/HER2– BC who have previously received at least 2L systemic chemotherapy.

EGFR-mutant NSCLC. In March 2025, we received marketing authorization in China from the NMPA for sac-TMT for the treatment of adult patients with EGFR mutant-positive locally advanced or metastatic non-squamous NSCLC following progression on EGFR-TKI therapy and platinum-based chemotherapy. Sac-TMT monotherapy demonstrated a statistically significant and clinically meaningful improvement in ORR, PFS and OS compared with docetaxel.

In October 2024, the NDA for sac-TMT for the treatment of adult patients with EGFR-mutant locally advanced or metastatic NSCLC who progressed after treatment with EGFR-TKI therapy was accepted by the NMPA and was included in the priority review and approval process. In January 2023, sac-TMT was granted Breakthrough Therapy Designation by the NMPA for EGFR-mutant locally advanced or metastatic NSCLC after progression on EGFR-TKI. In August 2024, based on the positive results from the pivotal OptiTROP-Lung03 study of sac-TMT, the NDA was accepted by the CDE of the NMPA, and was included in the priority review and approval process.

In addition, a Phase 3 registrational study of sac-TMT combined with osimertinib as first-line treatment of locally advanced or metastatic non-squamous EGFR-mutant NSCLC is in progress.

EGFR-wild type NSCLC. Two Phase 3 registrational studies of sac-TMT, namely (i) sac-TMT in combination with pembrolizumab (KEYTRUDA®[2]) versus pembrolizumab for first-line treatment of patients with PD-L1 positive locally advanced or metastatic NSCLC, and (ii) sac-TMT in combination with pembrolizumab versus chemotherapy combined with pembrolizumab as first-line treatment for patients with PD-L1 negative locally advanced or metastatic non-squamous NSCLC are in progress.

Other indications. We are actively exploring the potential of sac-TMT both as a monotherapy and in combination with other therapies for treating other solid tumors, including GC, EC, CC, OC, UC, CRPC and HNSCC.

Global clinical development

In May 2022, we licensed to MSD the exclusive rights to develop, use, manufacture and commercialize sac-TMT in all territories outside of Greater China (which includes Mainland China, Hong Kong, Macao, and Taiwan). As of the date of the Annual Results Announcement, MSD is progressing 12 ongoing Phase 3 global, multi-center clinical studies for sac-TMT for several types of cancer including BC, LC, gynecological cancer and GI cancer. We are also collaborating with MSD on several global Phase 2 basket studies for sac-TMT as monotherapy or in combination with other agents for multiple solid tumors and those studies are ongoing.

Clinical data readout

We presented clinical data on studies of sac-TMT at various academic conferences, such as:

[2] Pembrolizumab (KEYTRUDA®) is a registered trademark of Merck Sharp & Dohme LLC, a subsidiary of Merck & Co., Inc., Rahway, NJ, USA.

- 2024 ASCO Annual Meeting.
  - Results from the Phase 3 OptiTROP-Breast01 study of sac-TMT in patients with previously treated locally recurrent or metastatic TNBC;
  - Results from the Phase 2 OptiTROP-Lung01 study of sac-TMT in combination with A167 (an anti-PD-L1 mAb) as first-line treatment for patients with advanced NSCLC;
- 2024 ESMO Congress.
  - Efficacy and safety of sac-TMT plus pembrolizumab in patients with recurrent or metastatic CC;
  - Safety and efficacy of sac-TMT monotherapy in patients with previously treated advanced EC and OC from a Phase 2 study;
  - Exploratory analysis of patients with or without prior PD-(L)1 inhibitors in Phase 3 OptiTROP-Breast01 study of sac-TMT versus chemotherapy for previously treated advanced TNBC;
- 2024 AACR Annual Meeting.
  - Updated efficacy and safety results for sac-TMT in patients with previously treated advanced NSCLC from a Phase 2 study;
  - Preliminary efficacy and safety results for sac-TMT in patients with previously treated advanced gastric or GEJ cancer from a Phase 2 study; and
- 2025 ASCO GU Cancers Symposium.
  - Efficacy and safety results from the Phase 1/2 KL264-01/MK-2870-001 study (NCT04152499) of sac-TMT monotherapy in patients with unresectable, locally advanced or metastatic UC who progressed on or after prior anti-cancer therapies.

SACITUZUMAB TIRUMOTECAN (SAC-TMT) FOR THE TREATMENT OF OTHER INDICATIONS NOT YET APPROVED MAY NOT ULTIMATELY BE SUCCESSFULLY DEVELOPED AND COMMERCIALIZED.

Trastuzumab Botidotin (HER2 ADC, also known as A166) (舒泰莱®[3])

Trastuzumab botidotin, another of our Core Products, is a differentiated HER2 ADC in NDA registration stage to treat advanced HER2+ solid tumors. It is positioned to target multiple cancer indications with high prevalence and medical needs, including BC, with the potential to be one of the first domestically developed ADCs for HER2+ BC in China.

Trastuzumab botidotin is an innovative HER2 ADC developed by the Company, which conjugates a novel, monomethyl auristatin F (MMAF) derivative (a highly cytotoxic tubulin inhibitor, Duo-5) via a stable, enzyme-cleavable linker to a HER2 monoclonal antibody with a DAR of 2. Trastuzumab botidotin specifically binds to HER2 on the surface of tumor cells and is internalized by tumor cells, releasing the toxin molecule Duo-5 inside the cell. Duo-5 induces tumor cell cycle arrest in the G2/M Phase, leading to tumor cell apoptosis. After targeting HER2, trastuzumab botidotin can also inhibit the HER2 signaling pathway; it has ADCC activity.

[3] Trade name to be approved by NMPA.

Trastuzumab botidotin has met the primary endpoints of its pivotal Phase 2 trial for 3L+ advanced HER2+ BC based on results from the primary analysis, and the NDA was accepted by the NMPA in May 2023. In January 2025, an NDA for the treatment of adult patients with HER2+ unresectable or metastatic BC who have received at least one prior anti-HER2 therapy was accepted by the CDE of the NMPA. At a pre-specified interim analysis, trastuzumab botidotin monotherapy demonstrated a statistically significant and clinically meaningful improvement in the primary endpoint of PFS as assessed by the BICR compared with T-DM1. We have also initiated an open, multi-center Phase 2 clinical study of trastuzumab botidotin in the treatment of HER2+ unresectable or metastatic BC that previously received a topoisomerase inhibitor ADC.

TRASTUZUMAB BOTIDOTIN MAY NOT ULTIMATELY BE SUCCESSFULLY DEVELOPED AND COMMERCIALIZED.

SKB315 (CLDN18.2 ADC)

SKB315 is configured with a proprietary, in-house developed humanized CLDN18.2 mAb and a differentiated payload-linker design. The early-stage clinical data of SKB315 demonstrates promising efficacy and acceptable safety profile in GC with mid and high CLDN18.2 expression. We are conducting a Phase 1b clinical trial of SKB315.

SKB410/MK-3120 (Nectin-4 ADC)

SKB410 is a novel Nectin-4 ADC targeting advanced solid tumors and utilizing a differentiated payload-linker strategy. SKB410 has shown promising Phase 1 clinical data. MSD, as the sponsor, has launched the global Phase 1/2 clinical trial of SKB410.

SKB571/MK-2750

SKB571 is a novel bsADC that primarily targets various solid tumors such as LC and CRC etc. being developed in collaboration with MSD. The Phase 1 clinical trial in China is ongoing.

SKB518, SKB535/MK-6204 and SKB445

SKB518, SKB535 and SKB445 are novel ADC drugs with potential FIC targets. The Phase 1 clinical trials for each of them are ongoing in China. The Company has entered into a license and collaboration agreement with MSD to develop SKB535. It was announced on the official website of the NMPA that SKB535 is the first pilot project approved by the NMPA through the optimized clinical trial review scheme for innovative drugs, and the review and approval time is 21 days.

SKB500 and SKB501

SKB500 and SKB501 are novel ADC drugs with verified targets but differentiated payload-linker strategies. In November and December 2024, we received a clinical trial notice approving the IND application of SKB501 and SKB500, respectively, for advanced solid tumors from the NMPA.

SKB107

SKB107 is a RDC drug jointly developed by us and the Affiliated Hospital of Southwest Medical University (西南醫科大學附屬醫院) targeting tumor bone metastasis. On March 25, 2025, the Company received a clinical trial notice approving the IND application for SKB107 from the NMPA.

SKB315, SKB410/MK-3120, SKB571/MK-2750, SKB518, SKB535/MK-6204, SKB445, SKB500, SKB501 AND SKB107 MAY NOT ULTIMATELY BE SUCCESSFULLY DEVELOPED AND COMMERCIALIZED.

Tagitanlimab (PD-L1 mAb, also known as A167) (科泰莱®)

Tagitanlimab is a humanized mAb that targets PD-L1, an important immune checkpoint protein. Targeting PD-L1 and its receptor PD-1 has become the cornerstone of cancer immunotherapy, with PD-(L)1 mAbs now widely recognised as a front-line cancer immunotherapy agent. To further elicit the anti-tumor activity of PD-(L)1 mAbs, the market has witnessed encouraging clinical development advancement of PD-(L)1 mAbs-based combination strategies in recent years, with an aim to achieve synergistic efficacies, boost response rates, overcome heterogeneity across patients, and relieve treatment resistance.

We have developed tagitanlimab as the backbone of our immunotherapy franchise, not only as a monotherapy but, more importantly, to be used in combination with our ADCs and other oncology assets.

In December 2024, we received marketing authorization in China from NMPA for tagitanlimab for the treatment of patients with recurrent or metastatic NPC who have failed after prior 2L+ chemotherapy. In January 2025, we received marketing authorization of tagitanlimab used in combination with cisplatin and gemcitabine for the first-line treatment of patients with recurrent or metastatic NPC in China from NMPA. Tagitanlimab is the first PD-L1 mAb globally to receive authorization for the first-line treatment of NPC. Moreover, we are actively exploring tagitanlimab's potential as an early-line treatment in combination with our ADC assets to maximize the clinical value of our oncology franchise.

1L NPC

Based on a randomized, double-blinded, placebo controlled, multi-center, Phase 3 clinical study which evaluates the efficacy and safety results of tagitanlimab in combination with cisplatin and gemcitabine versus placebo in combination with cisplatin and gemcitabine for the treatment of recurrent or metastatic NPC, tagitanlimab used in combination with cisplatin and gemcitabine for the first-line treatment of recurrent or metastatic NPC has better PFS, higher ORR and extended DoR compared with chemotherapy, and has benefitted all patients regardless of PD-L1 expression. The median PFS for tagitanlimab in combination with chemotherapy is not reached compared to 7.9 months for placebo in combination with chemotherapy (HR=0.47, 95% CI: 0.33-0.66, p<0.0001), and the risk of disease progression and death is reduced by 53%; ORR is 81.7% vs 74.5%; median DoR is 11.7 vs 5.8 months (HR=0.48, 95% CI: 0.32-0.70), which is nearly double compared to the placebo arm; the beneficial trend for OS of tagitanlimab in combination with chemotherapy has already been observed (HR=0.62, 95% CI: 0.32-1.22), and its risk of death is reduced by 38%.

3L+ NPC

Based on an open-label, multi-center, Phase 2 clinical study in patients with recurrent or metastatic NPC who have failed after prior 2L+ systematic therapies, as of the data cutoff date, the median follow-up time was 21.7 months, 132 patients entered FAS totally, the IRC-assessed ORR was 26.5%, the DoR was 12.4 months and the median OS was 16.2 months. Meanwhile, tagitanlimab showed a manageable safety profile, where the incidence of grade 3 immune-related adverse events (irAEs) was 3.9% and no grade 3 above irAE was observed. These study results have been published in The Lancet Regional Health – Western Pacific, a journal by The Lancet.

TAGITANLIMAB FOR THE TREATMENT OF OTHER INDICATIONS NOT YET APPROVED MAY NOT ULTIMATELY BE SUCCESSFULLY DEVELOPED AND COMMERCIALIZED.

Cetuximab N01 (EGFR mAb, also known as A140) (达泰莱®)

Cetuximab N01 is a recombinant anti-EGFR human-mouse chimeric mAb that can inhibit the growth and survival of EGFR-expressing tumor cells.

In February 2025, we received marketing authorization in China from the NMPA for Cetuximab N01 Injection used in combination with FOLFOX or FOLFIRI regimens for first-line treatment of RAS wild-type mCRC.

As demonstrated by a large-scale domestic Phase 3 clinical study conducting a head-to-head comparison of Cetuximab N01 Injection with Cetuximab Solution for Injection (Erbitux®), the Cetuximab N01 combination chemotherapy was clinical equivalent in ORR (Cetuximab N01 vs. Cetuximab Solution for Injection (Erbitux®): 71.0% vs. 77.5%; ORR ratio is 0.93 [95% CI: 0.87, 0.99]), and Cetuximab N01 did not demonstrate any clinically meaningful or statistically significant differences in DoR and PFS compared with Cetuximab Solution for Injection (Erbitux®) (median PFS: 10.9 months vs 10.8 months, HR: 1.03 [95% CI: 0.83, 1.28]; median DoR: 10.2 months vs. 9.5 months). As for safety, this study has sufficiently proven that the Cetuximab N01 combination chemotherapy is comparable in safety, tolerance and immunogenicity compared with Cetuximab Solution for Injection (Erbitux®) combination chemotherapy.

CETUXIMAB N01 FOR THE TREATMENT OF OTHER INDICATIONS NOT YET APPROVED MAY NOT ULTIMATELY BE SUCCESSFULLY DEVELOPED AND COMMERCIALIZED.

A400/EP0031 (RET inhibitor)

A400, a next-generation selective RET inhibitor, is positioned to be the first domestically developed next-generation selective RET inhibitor for treating RET+ solid tumors in China.

RET alterations have been reported to be a major oncogenic driver in about 2% of all cancers, most notably in NSCLC and MTC, the first two indications that A400 is designed to target. Although two first-generation selective RET inhibitors were approved in China for RET+ solid tumors as at December 31, 2024, their therapeutic benefits are limited, in part, by acquired RET drug-resistant mutations and safety issues such as hypertension and hematological toxicity, underscoring the need for novel selective RET inhibitors with improved safety and better efficacy against drug resistant mutations. A400 is designed with a novel proprietary molecular structure to address selective RET inhibitor resistance while maintaining target selectivity, efficacy and safety with reduced manufacturing cost and difficulty.

Through our collaboration and license agreement, Ellipses Pharma is progressing their Phase 2 clinical study globally outside of China.

Within Greater China

We are currently conducting pivotal clinical study for both 1L and 2L+ advanced RET+ NSCLC as well as a Phase 1b/2 clinical study for RET+ MTC and solid tumor in China. We expect to file an NDA for A400 in 2025.

Global collaboration with Ellipses Pharma

In March 2021, we granted Ellipses Pharma, a U.K.-based international oncology drug development company, an exclusive license to develop, manufacture and commercialize A400 outside Greater China and certain Asian countries.

In March 2024, it was announced that A400/EP0031 was granted Fast Track designation by the FDA for the treatment of RET-fusion positive NSCLC. In April 2024, A400 was cleared by the FDA to progress into Phase 2 clinical development.

A400 MAY NOT ULTIMATELY BE SUCCESSFULLY DEVELOPED AND COMMERCIALIZED.

A296 (STING agonist)

A296 is a novel second-generation small molecule STING agonist with a differentiating molecular design, has the potential to invigorate anti-tumor immunity in "cold" tumors that are unresponsive to existing immune checkpoint inhibitors and is positioned as a combination therapy to be used with our other immunotherapy assets. The Phase 1 trial is making steady progress.

A296 MAY NOT ULTIMATELY BE SUCCESSFULLY DEVELOPED AND COMMERCIALIZED.

Our non-oncology franchise

Our non-oncology franchise covers a range of diseases and conditions with large patient populations and medical needs, with a primary focus on immune-mediated diseases, including moderate-to-severe asthma and thromboembolic disorders.

SKB378 (TSLP mAb)

SKB378 is potentially one of the first domestically developed TSLP mAbs in China for treating patients with moderate-to-severe asthma. SKB378 is a novel, recombinant fully human mAb that potently binds to the TSLP ligand and inhibits the TSLP mediated signaling pathway by blocking the interaction between TSLP and TSLP receptor. This is a well-validated cytokine that plays a key role in the development and progression of a wide array of immunological conditions, including asthma and COPD where inhibition has demonstrated benefit in a wide array of inflammatory phenotypes. SKB378 has been engineered to achieve an extended half-life and effector silencing and is subcutaneously administered.

Within Greater China

We received IND approval for moderate-to-severe asthma from the NMPA in February 2022, and we have completed Phase 1 clinical trial in healthy subjects in China. In January 2025, an IND application for SKB378 for the treatment of COPD was approved by the NMPA.

Global collaboration with Windward Bio

In January 2025, it was announced that we and Harbour BioMed had entered into an exclusive license agreement with Windward Bio, under which we and Harbour BioMed granted Windward Bio an exclusive license for the research, development, manufacturing and commercialization of SKB378/WIN378 globally (excluding Greater China and several Southeast and West Asian countries). SKB378/WIN378 is a co-development project jointly conducted by the Company and Harbour BioMed, with both parties equally sharing global rights. Windward Bio is preparing for Phase 2 trial.

SKB378 MAY NOT ULTIMATELY BE SUCCESSFULLY DEVELOPED AND COMMERCIALIZED.

SKB336 (FXI/FXIα mAb)

SKB336 is a novel FXI/FXIα mAb designed as an anticoagulant for preventing and treating thromboembolic disorders. Thromboembolic disorders are prevalent and potentially fatal conditions in which abnormally formed blood clots block blood vessels. The current mainstay anticoagulant therapies put patients at increased risks of severe and potentially life-threatening bleeding complications as their targets are also required for normal coagulation, leaving a need for novel effective anticoagulation agents with limited risk of bleeding. In published preclinical studies, FXI/FXIα deficiencies led to clot instability and prevented the occlusion of blood vessels, suggesting that targeting FXI/FXIα is potentially a safe and effective strategy for preventing and treating thromboembolic disorders.

We received IND approval from the NMPA in July 2021 for preventing and treating thromboembolic disorders. We have completed Phase 1 trial in China.

SKB336 MAY NOT ULTIMATELY BE SUCCESSFULLY DEVELOPED AND COMMERCIALIZED.

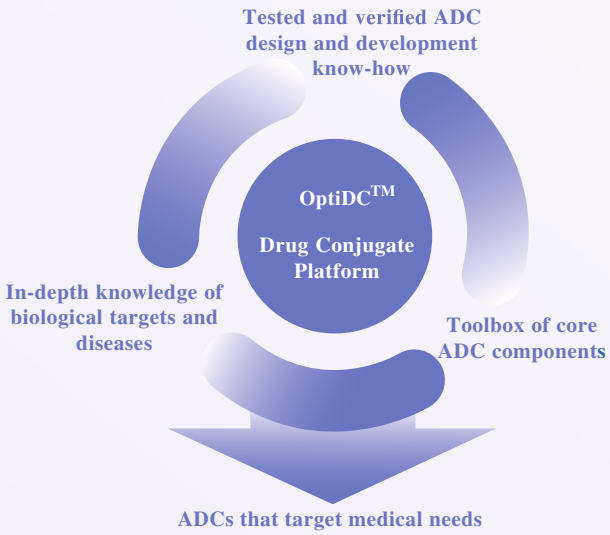
Apart from the above, we will continue to develop novel non-oncology drug candidates to address highly prevalent chronic diseases currently without effective treatments, including autoimmune and metabolic diseases.

OUR TECHNOLOGY PLATFORMS

We have established three core platforms specializing in ADCs, biologics and small molecule technologies that serve as the foundation of our discovery and development of innovative medicines for medical needs in selected disease areas, such as oncology, autoimmune diseases and metabolic diseases. These platforms cover the entire R&D process for different drug modalities and work in tandem to allow cross-functional synergies at crucial stages of drug development.

- ***ADC Platform***. We are one of the first movers in the development of ADCs, with over a decade of accumulated experience in ADC development. According to Frost & Sullivan, we are one of the first biopharmaceutical companies in China, and one of the few globally, to establish an in-house developed ADC platform, which supports our systematic development of ADCs across their entire lifecycle. Our ADC platform, OptiDC™, is supported by three capability pillars – in-depth knowledge of biological targets and diseases, tested and verified ADC design and development know-how, and a toolbox of core ADC components. Through over a decade of development, we have developed a toolbox of core ADC components which gives us the versatility to engineer customized ADCs optimized for different biological targets to address medical needs in a broad range of indications. We have honed our expertise in ADC process development, manufacturing and quality management, which we believe is crucial in bringing our ADCs from bench to bedside. Notably, our ADC platform is tested and verified through preclinical studies and clinical trials with thousands of patients enrolled.

By leveraging our experience and data from drug discovery, translational medicine, process development and clinical studies over years of implementing our ADC design strategies, we deploy a multi-pronged strategy to advance our ADC platform. For oncology diseases, we are developing ADCs as a replacement for chemo-based cancer therapies, by (i) developing ADCs targeting novel targets with monoclonal, biparatopic and bispecific antibodies; (ii) expanding cytotoxic agents beyond common topoisomerase and tubulin inhibitors, and (iii) optimizing our conjugation technologies to enable precise control of the positioning and number of conjugated payloads including dual payloads. We are also developing ADCs to replace non-chemo-based cancer therapies by developing ADC derivatives with innovative compound structure and diversified payloads other than cytotoxins such as RDCs, iADCs and DACs, etc. Beyond oncology diseases, we are developing ADCs with non-cytotoxic payloads for other disease indications such as autoimmune disease.



- ***Biologics Platform***. Our extensive biologics platform enables the creation and refinement of cutting-edge mAb/bsAb medicines across the entire drug development lifecycle – from target biology to clinical-grade biologics. By integrating advanced technologies and workflows, including single B cell screening, next-generation sequencing, and high-throughput screening and analysis, the platform accelerates the generation of innovative antibodies with desired properties. Leveraging AI-powered epitope prediction, physiochemical profiling, and precision antibody engineering, we guide the antibody discovery toward specific epitopes with enhanced therapeutic potential. This approach addresses challenges associated with complex targets, improves druggability, and ensures optimal functional characteristics. Antibody discovery platforms drive the development of mAbs/bsAbs and ADCs and novel DCs for treating cancer, autoimmune diseases and metabolic diseases, and possesses end-to-end antibody development capabilities ranging from antibody discovery and optimization to bioprocessing and scale-up manufacturing.

- ***Small Molecule Platform***. Our small molecule platform is driven by the integration of medicinal chemistry, CADD (computer-aided drug design) and AIDD technologies, such as molecular docking, pharmacophore modeling, FEP (free energy perturbation) calculations, ADMET (absorption, distribution, metabolism, elimination and toxicity) prediction, and de novo molecule generation. These capabilities enable us to be highly efficient in compound optimization in early-stage research, which help rationalize and accelerate our preclinical drug discovery. We are also exploring state-of-the-art technologies such as PROTAC to navigate challenging protein targets

RESEARCH AND DEVELOPMENT

Our in-house R&D capabilities, built on three technology platforms, give us control and visibility over our R&D process, reduces our reliance on CROs and enable us to ensure the quality and efficiency of our drug development programs.

Our R&D team comprises industry veterans with extensive experience of driving drug development programs at leading biopharmaceutical companies. We have a comprehensive in-house R&D engine covering drug discovery, translational medicine, process development and clinical research.

- ***Drug Discovery***. Our drug discovery team plays a fundamental role in our development of innovative drugs to address medical needs. Our discovery team comprises medicinal chemists, computational chemists, protein scientists, biologists, immunologists and is led by experts with years of experience working at multinational corporations. Through bringing over 10 drug candidates into clinical development, we have accumulated in-depth know-how and streamlined our drug discovery workflows for ADCs, biologics and small molecules. Our research platform supports in-house capabilities covering target validation, mechanism study, candidate design and selection (including computer-aided approaches), with a goal to consistently design and engineer differentiated drug candidates with high clinical values to enrich our pipeline.

- ***Translational Medicine***. Our translational medicine scientists work closely to facilitate the bridging of our drug discovery and preclinical studies with clinical needs, with an aim to bring differentiated drug candidates to market. Their interdisciplinary research encompasses a wide range of studies from AI, pharmacology, drug metabolism and pharmacokinetics, toxicology to biomarker development. Our translational medicine team plays a key role in improving the success rates, time-efficiency and cost-effectiveness of our clinical trials.

- ***Process Development***. Our process development team is responsible for developing a quality, scalable, and robust process for our ADC, antibody and small molecule drugs. They have extensive experience in process optimization and scale-up, analytical method development and validation, quality criteria establishment, and technology transfer for clinical and commercial manufacturing. We are guided by a quality-by-design concept to scientifically design process performance characteristics, which underlies our consistent, high quality manufacturing of drug products.

- ***Clinical Research***. We have a robust clinical research team located across our four clinical centers in Beijing, Shanghai, Chengdu and the U.S. Our clinical scientists are highly experienced at formulating clinical development plans, selecting indications, and determining regulatory pathways. Their rich experience in regulatory communication, both in China and overseas, also plays a key role in advancing our clinical development plans towards successful commercialization.

We have introduced AI into several R&D processes to further improve R&D efficiency. For instance, AI-assisted sequence prediction and binding site prediction of antibodies have been realized, while AIDD technologies is one of the drivers of our small molecule platform. For translational medicine, through the use of commercial AI databases, the gene pathway analysis and toxicity mechanism prediction of innovative targets have been optimized, and the risk control methods of innovative R&D have been improved.

OUR LICENSE AND COLLABORATION ARRANGEMENTS

While we are primarily engaged in in-house drug development, we also believe that an open and collaborative mindset is crucial to the success of our global strategy. Along each step of our drug development plans – from drug discovery to commercialization – we proactively pursue external collaborations, licensing arrangements and other strategic partnerships to create synergies with our pipeline and technology platforms.

Set forth below is a summary of our key license and collaboration agreements:

- ***Collaboration with MSD***. We have entered into license and collaboration agreements with MSD to develop multiple ADC assets for cancer treatment.

  - ***Sac-TMT***: We have granted MSD an exclusive, royalty-bearing and sub-licensable license to develop, use, manufacture and commercialize sac-TMT outside Greater China. We retain the right to develop and commercialize sac-TMT within Greater China. As of the date of the Annual Results Announcement, MSD has initiated 12 ongoing Phase 3 global clinical studies of sac-TMT as a monotherapy or with pembrolizumab or other agents for several types of cancer. The following studies are sponsored and led by MSD:

    - BC.

      - Sac-TMT plus pembrolizumab versus TPC in TNBC who received neoadjuvant therapy and did not achieve a pCR at surgery;

      - Sac-TMT as a monotherapy and in combination with pembrolizumab versus TPC in participants with previously untreated locally recurrent unresectable or metastatic TNBC expressing PD-L1 at CPS<10;

      - Sac-TMT as a single agent and in combination with pembrolizumab versus TPC in participants with unresectable locally advanced or metastatic HR+/HER2– BC (after one or more lines of ET);

    - LC.

      - Sac-TMT plus pembrolizumab versus pembrolizumab in adult participants with resectable NSCLC not achieving a pCR after receiving neoadjuvant pembrolizumab with platinum-based doublet chemotherapy followed by surgery;

      - Sac-TMT in combination with pembrolizumab versus pembrolizumab monotherapy in the first-line treatment of participants with metastatic NSCLC expressing PD-L1 greater than or equal to 50 percent;

      - Sac-TMT monotherapy versus standard chemotherapy for the treatment of previously treated advanced or metastatic NSCLC with EGFR mutations or other genomic alterations (after 1 or 2 prior lines of EGFR-TKI and 1 platinum-based therapy after progression on or after EGFR-TKI);

- Sac-TMT versus pemetrexed and carboplatin combination therapy in participants with EGFR-mutated, advanced non-squamous NSCLC who have progressed on prior EGFR-TKI;

- Sac-TMT in combination with pembrolizumab versus pembrolizumab as maintenance treatment in the first-line treatment of metastatic squamous NSCLC after induction treatment with pembrolizumab plus carboplatin and paclitaxel or nab-paclitaxel;

§ Gynecological cancers.

- Sac-TMT monotherapy versus chemotherapy for the treatment of EC who have received prior platinum-based chemotherapy and immunotherapy;

- Sac-TMT monotherapy versus TPC as second-line treatment for participants with recurrent or metastatic CC;

- Sac-TMT in patients with platinum-sensitive recurrent OC who have received 2L chemotherapy; and

§ GI cancer. Sac-TMT in 3L+ advanced/metastatic GEA.

We are also collaborating with MSD on several global Phase 2 basket studies for sac-TMT as monotherapy or in combination with other agents for multiple solid tumors and those studies are ongoing.

o ***Other ADC assets***: In addition to sac-TMT, we are also collaborating with MSD on certain ADC assets including SKB410/MK-3120, SKB571/MK-2750, SKB535/MK-6204, etc. to continuously explore favorable ADC pipeline portfolios. Through our ADC pipelines, we aim to cover a wide range of tumor indications via different targets, to apply differentiated payload-linker strategies for ADC assets with different targets to achieve better efficacy and/or differentiated safety profiles, and through various strategies, to explore ADCs in combination. We have granted MSD exclusive global licenses to research, develop, manufacture and commercialize multiple ADC assets and exclusive options to obtain additional licenses to certain other ADC assets. We retain the right to research, develop, manufacture and commercialize certain licenses and option ADCs for mainland China, Hong Kong and Macau.

In the third quarter of 2024, we were informed by MSD regarding an exclusive option to exercise SKB571/MK-2750. MSD has paid US$37.5 million to the Company in connection with the option to exercise, and the Company is eligible to receive further milestone payments conditional upon the achievement of specified development and sales milestones and tiered royalties on net sales of SKB571/MK-2750 if commercialized. The Company retains the right to develop, use, manufacture and commercialize SKB571/MK-2750 in mainland China, Hong Kong and Macau.

- ***Collaboration with Ellipses Pharma***. In March 2021, we entered into a collaboration and license agreement with Ellipses Pharma, under which we granted Ellipses Pharma an exclusive, revenue sharing, royalty-bearing, sub-licensable license to develop, manufacture and commercialize A400. A400 is known as EP0031 by Ellipses Pharma. The license includes all countries excluding Greater China, North Korea, South Korea, Singapore, Malaysia and Thailand.

In March 2024, it was announced that A400/EP0031 was granted Fast Track designation by the FDA for the treatment of RET-fusion positive NSCLC. In April 2024, A400 was cleared by the FDA to progress into Phase 2 clinical development. As of December 31, 2024, a total of 33 clinical sites in the United States, Europe and UAE were set up for A400/EP0031.

- ***Collaboration with Windward Bio***. In January 2025, it was announced that we and Harbour BioMed had entered into an exclusive license agreement with Windward Bio, under which we and Harbour BioMed granted Windward Bio an exclusive license for the research, development, manufacturing and commercialization of SKB378/WIN378[2] globally (excluding Greater China and several Southeast and West Asian countries).

  In return, we and Harbour BioMed are eligible to receive a total of up to US$970 million upfront and milestone payments as well as single to double-digit tiered royalties on net sales of SKB378/WIN378. The US$45 million upfront and near-term payments include both cash consideration and equity in the parent company of Windward Bio. Subject to the terms and conditions of the license agreement, we and Harbour BioMed are also eligible to receive additional payment from Windward Bio if Windward Bio undergoes a near-term change of control or enters into a sublicense agreement with a third party. The payments to be made by Windward Bio to us and Harbour BioMed under the license agreement shall be paid in equal amounts to us and Harbour BioMed.

The Company has received upfront and milestone payments totaling US$147.5 million from partners with regard to multiple collaborated pipelines in 2024 and up to the date of the Annual Results Announcement.

MANUFACTURING AND QUALITY MANAGEMENT

We believe a well-established manufacturing and quality management system serves as the cornerstone of our commercialization and underlies our ability to enhance our R&D capabilities and advance clinical development. Our manufacturing and quality management system is capable of supporting the production of antibodies, ADCs and their key drug substances. This system helps ensure the consistent, stable, and controllable quality of our clinical and commercialized products.

- ***Manufacturing***. Our main manufacturing site in Chengdu is one of the few facilities in China with cGMP-compliant, end-to-end capabilities covering the entire development lifecycle of ADCs, from cell culture and purification, for antibody production, syntheses of payloads and linkers, ADC conjugation to formulation, fill and finish. Our ADC manufacturing facilities have an annual production capacity of 50 batches (or 1.4 million vials) of freeze-dried ADCs or 100 batches (or 2 million vials) of injectable ADCs. Our antibody manufacturing facilities have an annual production capacity of 60 batches (or 750,000 vials) of freeze-dried formulation or 100 batches (or 2.6 million vials) of injectable solutions.

- ***Quality Management***. We operate a comprehensive quality management system which extends across all key stages of the R&D, manufacturing and commercialization processes. This system was established and refined in accordance with the rigorous regulations and guidelines in China, the U.S. and Europe. We pay close attention to the evolving cGMP standards and regulatory developments in these target markets and have been updating our internal procedures accordingly, striving for the highest international standards in patient safety and regulatory compliance.

[2] SKB378 is known as HBM9378 in Harbour BioMed's pipeline and WIN378 in Windward Bio's pipeline.

COMMERCIALIZATION

We have received marketing authorization for sac-TMT (佳泰莱®), tagitanlimab (科泰莱®) and Cetuximab N01 (达 泰 莱®) and have commenced their commercialization. Based on the expected approval timeline of each late-stage project in our pipeline, subject to regulatory communications and marketing approval, we expect to launch trastuzumab botidotin (舒泰莱®[5]) in the China market and file an NDA for A400 in 2025.

We have set up a fully-fledged commercialization team to prepare and implement the marketing and commercialization of our strategic products and established a departmental structure within the Company, consisting of various departments such as Marketing, Commercial and Marketing Access, Medical Affairs, Sales, and Strategic Planning and Commercial Excellence. We will continue to refine our commercialization strategies for each late-stage drug candidate, first prioritizing therapeutic areas with medical needs in China, such as BC, NSCLC and GI cancers, while offering synergistic treatment options enabled by our diverse pipeline to optimize patient outcome.

Globally, we will continue to pursue a flexible strategy to capture the commercial value in major international markets, through forging synergistic license and collaboration opportunities worldwide.

AWARDS AND RECOGNITION

In April 2024, the Company was awarded "ADC Pioneer Enterprise" by TONACEA.

In September 2024, the Company was recognized with the "China Pharmaceutical Emerging Innovative Force Award" by the China National Pharmaceutical Industry Information Center (中國醫藥工業信息中心).

In November 2024, the "Sichuan Province Biomacromolecule Drug Innovation Consortium" (四川省生物大分子藥物創新聯合體) was officially established. The consortium, led by Kelun Pharmaceutical, was jointly established by the Company, China Pharmaceutical University (中國藥科大學), Sichuan Provincial People's Hospital (四川省人民醫院), the Affiliated Hospital of North Sichuan Medical College (川北醫學院附屬醫院), and other innovative and distinguished units to carry out technical breakthroughs in the field of biomacromolecules, focusing on "R&D + clinical + manufacturing + application" of biomacromolecule drugs.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We have established a comprehensive three-tier ESG governance structure consisting of the Board of Directors, ESG Working Group and ESG Executive Body. Among them, the Board of Directors serves as the highest responsible and decision-making body for ESG management and information disclosure, guiding and supervising the Company's ESG development. Through the establishment and continuous improvement of the ESG governance structure, the Company comprehensively enhances ESG performance ability and ensures the Company's sustainable development. In June 2024, the Company was awarded "Excellence in ESG Governance Performance Award" by Ming Pao, a media brand under Media Chinese International Limited.

[5] Trade name to be approved by NMPA.

II. FINANCIAL REVIEW

Overview

The following discussion is based on, and should be read in conjunction with, the financial statements and the notes included elsewhere in this Annual Report.

Revenue

During the Reporting Period, our revenue consisted of (i) revenue from our license and collaboration agreements (see "Our License and Collaboration Arrangements" above in this Annual Report for details); (ii) revenue from the research and development services; and (iii) revenue from sales of pharmaceutical products. The following table sets forth the components of our revenue in absolute amounts for the period indicated:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Revenue from license and collaboration agreements	**1,863,071**	1,531,699
Revenue from provision of research and development service	**18,276**	8,794
Revenue from sales of pharmaceutical products	**51,698**	–
	1,933,045	1,540,493

The Group's revenue for the year ended December 31, 2024 was RMB1,933.05 million, representing an increase of 25.5% compared to RMB1,540.5 million for the year ended December 31, 2023. The increase is mainly attributable to (i) the achievement of various R&D milestones in 2024; and (ii) the commencement of sales of pharmaceutical products in 2024.

Cost of Sales

During the Reporting Period, our cost of sales was primarily related to the R&D activities we conducted in accordance with our license and collaboration agreements, and the R&D services we provided to Kelun Group and other third parties. Our cost of sales primarily consisted of (i) trial and testing expenses, primarily in relation to the engagement of CROs, clinical trial sites, principal investigators and other service providers; (ii) employee salaries and benefits for R&D staff; and (iii) others, including COGS of pharmaceutical products, tax and surcharge, costs of raw materials and other consumables, depreciation and amortization expenses in connection with the machinery and equipment used, and office expenses and other miscellaneous expenses.

The following table sets forth a breakdown of our cost of sales in absolute amounts for the period indicated.

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Staff costs	**95,098**	107,778
Trial and testing expenses	**493,053**	469,846
Project cooperation expenses	**–**	92,726
Others	**71,237**	110,958
Total	**659,388**	781,308

The Group's cost of sales for the year ended December 31, 2024 was RMB659.39 million, representing a decrease of 15.6% compared to RMB781.3 million for the year ended December 31, 2023. The decrease is mainly because we did not incur project cooperation expenses and stamp taxes in 2024.

Gross Profit and Gross Profit Margin

Gross profit represents revenue less cost of sales. Gross profit margin represents gross profit as a percentage of revenue. As a result of the aforementioned factors, the gross profit of the Group increased by 67.8% from RMB759.2 million for the year ended December 31, 2023 to RMB1,273.7 million for the year ended December 31, 2024.

Our gross profit margin is calculated as gross profit divided by revenue. The gross profit margin of the Group increased from 49.3% for the year ended December 31, 2023 to 65.9% for the year ended December 31, 2024.

Other Net Income/Expenses

During the Reporting Period, our other net income or expenses primarily consisted of (i) interest income from bank deposits; (ii) net foreign exchange gains or losses which primarily reflected the increased or decreased value of assets or liabilities denominated in foreign currencies we hold resulting from fluctuations in exchange rate; (iii) net realized and unrealized gain on financial assets measured at fair value through profit or loss (FVPL); (iv) government grants, mainly representing government subsidies from state and local government authorities in relation to our R&D activities and construction of our R&D and manufacturing facilities, which were one-off in nature and may vary from period to period; (v) interest income from financial assets measured at amortized cost; (vi) net gains or losses on disposal of property, plant and equipment; and (vii) others.

The Group's other net income or expenses for the year ended December 31, 2024 was RMB139.8 million, representing an increase of RMB50.0 million compared to RMB89.8 million for the year ended December 31, 2023, mainly due to an increase in government subsidies.

Administrative Expenses

During the Reporting Period, our administrative expenses primarily consisted of (i) staff costs, representing employee salaries and benefits, including the grant of restricted share units, for our administrative personnel; (ii) office and travel expenses in relation to our general operations; (iii) consulting service fees paid to agents, independent financial advisor and other professional service providers in the ordinary course of our business; and (iv) others, including depreciation and amortization expenses mainly associated with our office and equipment for administrative purposes, maintenance and repair expenses for office and equipment, recruitment expenses, and other miscellaneous expenses.

The following table sets forth a breakdown of our administrative expenses in absolute amounts for the periods indicated.

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Staff costs	**124,987**	117,982
Consulting service fee	**7,446**	6,730
Office and travel expenses	**9,192**	9,323
Listing expenses	**–**	27,346
Others	**21,685**	20,496
Total	**163,310**	181,877

The Group's administrative expenses for the year ended December 31, 2024 was RMB163.3 million, representing a decrease of 10% compared to RMB181.9 million for the year ended December 31, 2023. The decrease was primarily attributable to the absence of listing expenses in 2024.

Selling and Distribution Expenses

During the Reporting Period, our selling and distribution expenses primarily consisted of (i) costs of staff salaries and benefits associated with sales and marketing activities; (ii) conference and marketing expenses related to business activities, and administrative expenses; and (iii) other expenses, such as transportation expenses etc.

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Staff costs	**91,807**	17,258
Conference, marketing and administrative expenses	**84,863**	1,541
Others	**6,047**	735
Total	**182,717**	19,534

The Group's selling and distribution expenses for the year ended December 31, 2024 was RMB182.7 million, compared to RMB19.5 million for the year ended December 31, 2023. Such expenses are primarily attributable to (i) the recruitment of staff into our commercialization team and (ii) pre-launch and post-launch marketing activities for our product sac-TMT, as we are expanding our commercialization team and conducting marketing activities for our commercialization needs.

Research and Development Expenses

During the Reporting Period, our research and development expenses primarily consisted of (i) trial and testing expenses, primarily in relation to the engagement of CROs, clinical trial sites, principal investigators and other service providers; (ii) staff costs, representing employee salaries and benefits, including the grant of restricted share units, for our R&D personnel; (iii) raw materials costs in relation to research and development of our drug candidates; and (iv) others, such as depreciation, amortization and short-term lease expenses, utilities, maintenance and repair costs, and expenses incurred for the application and maintenance of intellectual property rights in relation to our R&D activities.

The following table sets forth a breakdown of our research and development expenses in absolute amounts for the periods indicated.

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Staff costs	**390,898**	316,917
Trial and testing expenses	**531,817**	527,306
Raw materials	**155,742**	73,618
Others	**127,677**	113,125
Total	**1,206,134**	1,030,966

The Group's R&D expenses for the year ended December 31, 2024 was RMB1,206.1 million, representing an increase of 17.0% compared to RMB1,031.0 million for the year ended December 31, 2023, mainly due to (i) an increase in staff costs; (ii) an increase in raw materials. Such increases were primarily due to the increased investments in the on-going R&D projects of the Group.

Finance Costs

During the Reporting Period, our finance costs primarily consisted of (i) interest expenses on lease liabilities and (ii) interest expenses on discounting of bills payable.

The Group's finance costs for the year ended December 31, 2024 was RMB3.8 million, representing a decrease of 95.5% compared to RMB84.3 million for the year ended December 31, 2023. The decrease in finance costs was primarily because, following the completion of the debt-to-equity conversion and initial public offering of the Company and the repayment of bank loans by the Company in 2023, the Company did not incur any interest expenses on the borrowings from Kelun Pharmaceutical, financial instruments issued to investors (representing the Shares issued to Series A Investors and Series B Investors) and bank loans in 2024.

Income Tax

During the Reporting Period, our income tax consisted of current tax and withholding tax. For the year ended December 31, 2023 and 2024, we recorded income tax of RMB106.4 million and RMB124.2 million, respectively.

PRC

Effective from January 1, 2008, the PRC statutory income tax rate is 25% under the enterprise income tax laws. Our subsidiaries in the PRC are subject to PRC income tax at 25% unless otherwise specified.

According to the enterprise income tax laws and its relevant regulations, entities that qualified as High and New Technology Enterprise are entitled to a preferential income tax rate of 15%. The Company obtained its certificate of high-technology enterprise on October 16, 2023 and is entitled to preferential income tax of 15% from 2023 to 2025.

United States

Pursuant to U.S. income tax laws and regulations and the Agreement between the Government of the People's Republic of China and the United States of America for Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《中華人民共和國政府和美利堅合眾國政府關於對所得避免雙重徵稅和防止偷漏稅的協定》), we are subject to a 10% U.S. federal withholding tax, applied to certain payments made to us pursuant to the respective license and collaboration agreements.

Hong Kong

The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year. There were no assessable profits generating from the subsidiary incorporated in Hong Kong of the Group during the year ended December 31, 2024.

Profit/Loss for the period

As a result of the foregoing, our loss for the Reporting Period decreased by 53.5% from RMB574.1 million for the year ended December 31, 2023 to RMB266.8 million for the year ended December 31, 2024.

The Group also uses adjusted loss for the year calculated by deducting equity-settled share-based payment from loss for the year as an additional financial measure which is not required by or presented in accordance with the IFRS. This non-IFRS measure has limitations as an analytical tool and may not be comparable to a similarly titled measure presented by other companies. However, the Group believes that this non-IFRS measure is a reflection of its normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance and thus provides useful and meaningful information to the Shareholders and the investing public.

Capital Management

As part of our cash management policy, we believe that we can make better use of our cash by utilizing wealth management products to better utilize our idle own funds without interfering with our business operations or capital expenditures. To monitor and control the investment risks associated with our financial assets measured at FVPL and financial assets measured at amortized cost, we have adopted a comprehensive set of internal policies and guidelines to manage our investment in financial assets measured at FVPL and financial assets measured at amortized cost. We make investment decisions based on our estimated capital requirements and our annual budget, taking into account the duration, expected returns and risks of the wealth management product.

Liquidity and Capital Resources

On May 8, 2024, the Company entered into a placing agreement with the Placing Agents, pursuant to which the Placing Agents conditionally agreed to procure the placing of, as agent of the Company, or failing which to purchase itself, 3,648,600 H Shares to multiple placees at the placing price of HK$150.00 per Share. Completion of the Placing took place on May 16, 2024. 3,648,600 H Shares were successfully placed by the Placing Agents to multiple placees at the placing price pursuant to the terms and conditions of the placing agreement. The net proceeds from the Placing amounted to approximately HK$541.4 million.

On May 8, 2024, the Company entered into a subscription agreement with Kelun Pharmaceutical (as subscriber), pursuant to which Kelun Pharmaceutical conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue a total of 4,423,870 Domestic Shares at the subscription price of RMB136.21 per Share, equivalent to HK$150.00 per Share, which is the same as the placing price of the Placing. The independent Shareholders approved the Subscription at the 2023 annual general meeting of the Company on June 20, 2024. The Subscription was completed on December 17, 2024. The net proceeds from the Subscription is approximately RMB601.4 million.

During the Reporting Period, our cash and cash equivalents consisted of cash at bank, net of restricted bank deposits. We had cash and cash equivalents of RMB1,528.8 million and RMB1,336.5 million as at December 31, 2023 and December 31, 2024, respectively. The decrease in our cash and cash equivalents primarily reflected our investment on financial assets

As at December 31, 2023 and December 31, 2024, the balance of our financial assets measured at FVPL was RMB633.7 million and RMB1,448.3 million, respectively. As at December 31, 2023 and December 31, 2024, the balance of our financial assets measured at amortized cost was RMB325.9 million and RMB284.0 million, respectively. Such increase was primarily because of the acquisition of wealth management products by the Company.

Net Cash Used in/Generated from Operating Activities

Our primary uses of cash during the Reporting Period were to fund our research and development activities, the construction of our research and development and manufacturing facilities, and purchase of equipment, machinery and intangible assets. We used net cash of RMB429.8 million in operating activities for the year ended December 31, 2024, compared to the net cash of RMB59.6 million generated from operating activities for the year ended December 31, 2023. The decrease in cash was primarily because of the increased investments in the on-going R&D projects of the Group and less payments received from MSD pursuant to our collaboration. During the Reporting Period, we financed our operations primarily through payments received in accordance with our license and collaboration agreements and proceeds from the Placing and the Subscription.

Borrowings and Gearing Ratio

During the Reporting Period, the Company did not have any borrowings.

The gearing ratio is calculated by using interest-bearing borrowings and lease liabilities less cash and cash equivalents, divided by total equity and multiplied by 100%. As at December 31, 2023 and December 31, 2024, the Group had more cash and cash equivalents than interest-bearing borrowings and lease liabilities and thus, gearing ratio is not applicable.

Net Current Assets

The Group's net current assets, as at December 31, 2024 were RMB2,683.0 million, representing an increase of 58.1% compared to RMB1,697.5 million as at December 31, 2023 primarily because of the net proceeds from the Placing and the Subscription and milestone payments received from MSD pursuant to our collaboration.

Currency Risk

We are exposed to currency risk primarily through sales and purchases which give rise to cash and cash equivalents and amounts due to related parties that are denominated in a foreign currency, i.e., a currency other than the functional currency of the operations to which the transactions related. The currencies giving rise to this risk is primarily U.S. dollars. Any significant exchange rate fluctuations of U.S. dollars against RMB may have a financial impact on us. Our management monitors our foreign currency risk exposure and will review and adjust our hedging measures in accordance with our needs.

Pledge of Shares

We do not have any pledging of shares by our Controlling Shareholders.

Significant Investments, Material Acquisitions and Disposals

As at December 31, 2024, we did not hold any significant investments. For the Reporting Period, we did not have material acquisitions or disposals of subsidiaries, associates and joint ventures.

Capital Expenditure

For the year ended December 31, 2024, the Group's total capital expenditure amounted to approximately RMB81.1 million, which was mainly used in purchasing R&D instruments and equipment and factory construction.

Charge on Assets

As at December 31, 2024, there was no charge on assets of the Group.

Contingent Liabilities

As at December 31, 2024, we did not have any contingent liabilities.

Employees and Remuneration Policies

As at December 31, 2024, we had 1,837 employees in total.

We enter into individual employment contracts with our employees covering matters such as salaries, bonuses, employee benefits, workplace safety, confidentiality obligations, work product assignment clause and grounds for termination. The remuneration package of our employees includes salary and bonus, which are generally determined by their qualifications, performance review, and seniority. We also offer share incentives and promotion opportunities to motivate our employees.

Future Investment Plans and Expected Funding

As of the date of this Annual Report, we are strategically pursuing investment and/or acquisition opportunities to drive our long-term growth, and will make further announcements in accordance with the Listing Rules, where applicable, if any investments and acquisition opportunities materialize.

III. PROSPECTS

In 2025, we continue to deepen the reform of our R&D innovation. Focusing on our strengths, we strive to increase efficiency, strengthen external cooperation, benchmark with the highest industry standards, enhance scientific decision-making capability, and maintain and expand our leading advantage in key technology areas such as pioneering projects and ADCs. Having established a product market-oriented mindset and facing unmet clinical needs, we have been developing innovative drugs with differentiated advantages and potential for internationalization in a targeted manner. Leveraging the application of big data and artificial intelligence, we have been strengthening our research capabilities on biology/small molecule and translational medicine to increase the success rate of innovative drug R&D. We will also enhance international cooperation on innovative drugs, accelerate cultivation of new competitive advantages and integrate into the innovative global drug network at a higher level to realize the value of innovative drugs in a broader space.

Specifically, we intend to pursue the following development strategies: (i) advancing our differentiated pipelines targeting indications with significant medical needs; (ii) innovating on optimized payload-linker strategies, novel DC designs and structures, and expanded application to non-oncology diseases; (iii) enhancing our end-to-end drug development capabilities and advancing towards commercialization; (iv) expanding global footprints and strategic partnerships to maximize the value of our pipelines; and (v) optimizing our operation system to become a leading global biopharmaceutical company.

(i) Advancing our differentiated pipelines targeting indications with significant medical needs

In 2025, our main goal is to advance our pipeline of over 10 clinical-stage drug candidates. We plan to accelerate the clinical development process of our clinical stage drug candidates. We expect to continue to strengthen the establishment of our ADC and novel DC pipelines, promote the joint management of projects under collaboration with our partners and receive further milestone payments.

Guided by our indication-oriented approach, we will continue to advance our clinical-stage and preclinical oncology assets to target cancer indications with high prevalence and medical needs, notably BC, NSCLC, GI cancers and gynecological tumors. We will also continue to build and expand our differentiated non-oncology drug portfolio to target indications with significant disease burden and medical needs including autoimmune and metabolic diseases, leveraging our competitive ADC, biologics and small-molecule technology platforms.

(ii) Innovating on optimized payload-linker strategies, novel DC designs and structures, and expanded application to non-oncology diseases

We are establishing novel DC designs to further advance our OptiDCTM portfolio via a multi-pronged strategy, including:

Further replacement of chemo-based cancer therapies.

- Developing ADCs targeting novel targets and target combinations, such as (i) biparatopic antibodies that target different, non-overlapping binding sites on a single antigen to improve efficacy by promoting cellular uptake of an ADC; (ii) bsAbs that target two different antigens co-expressed on the same cancer cells to improve binding specificity toward cancer cells and reduce off-tumor toxicity; and (iii) TAA-IO bsAbs to enhance anti-tumor effect by simultaneously targeting TAA on tumor cells and IO antigen.

- Expanding payloads beyond common cytotoxic agents. In addition to new topoisomerase and tubulin inhibitors with optimized drug-like properties, DNA-damaging reagents and other novel cytotoxic agents and their combinations (dual-payload ADCs) are developed to deal with drug resistance and suboptimal therapeutic index of current ADC-based therapies.

- Optimizing our conjugation technologies to enable precise control of the positioning and number of conjugated payloads including dual payloads. To match the needs of constructing ADCs with appropriate drug load and types, and conjugating sites, we have developed site-specific conjugating technologies that allow precise control of DAR value, and this is realized via a practical and cost-effective CMC process without complicated antibody engineering or modification.

Expansion into non-chemo-based cancer therapies.

- Developing novel DCs with diversified mechanisms of action other than cytotoxic mechanism, such as (i) RDCs that carry radioactive isotopes to cancer cells and represent a promising strategy to overcome drug resistance associated with traditional cytotoxin-based ADCs; (ii) iADCs that carry immune-modulators that stimulate innate and adaptive immune response to provide a robust and long-term anti-tumor effect; and (iii) DACs with targeted protein degraders that offer enhanced safety than cytotoxins by inducing specific protein degradation in tumor cells.

Exploration beyond cancer.

- In addition to ADCs for treating cancers, we are developing ADCs configured with various novel, non-cytotoxic payload strategies for non-oncology diseases, such as ADCs with GR modulators as payloads to treat autoimmune diseases.

(iii) Enhancing our end-to-end drug development capabilities and advancing towards commercialization

R&D. In addition to expanding our drug portfolio, we are dedicated to optimizing our R&D platforms and developing novel technologies to support the R&D of next-generation drugs. We continue to enhance our R&D capabilities by bringing in experienced professionals from around the world. In addition, we are paying close attention to AI-enabled drug discovery and plan to continue introducing AI into several R&D processes to further improve R&D efficiency, including novel target validation, drug discovery, synthesis pathway generation, prediction of drug properties and indication selection, and so on.

Manufacturing and Quality Management. We will continue to expand our cGMP facilities to support commercialization needs. Going forward, we will continue to enhance our manufacturing capabilities, through expanding our in-house capacity or through collaborating with industry-recognized contract manufacturing organizations. Meanwhile, we strive to upgrade and improve our comprehensive quality management system, benchmarking against the highest international standards adopted by pharmaceutical multinational corporations, to ensure patient safety and regulatory compliance.

Commercialization. We have received marketing authorization for sac-TMT (佳泰莱®), tagitanlimab (科泰莱®) and Cetuximab N01 (达泰莱®) and have commenced their commercialization. Based on the expected approval timeline of each late-stage project in our pipeline, and subject to regulatory communications and marketing approval, we expect to launch our Core Product trastuzumab botidotin (舒泰莱®[13]) in the China market and file an NDA for A400 in 2025. We have set up a fully-fledged commercialization team to prepare and implement the marketing and commercialization of our strategic products and have established a departmental structure within the Company, consisting of various departments such as Marketing, Commercial and Marketing Access, Medical Affairs, Sales, and Strategic Planning and Commercial Excellence. We will continue to refine our commercialization strategies for each late-stage drug candidate, first prioritizing therapeutic areas with medical needs in China, such as BC, NSCLC and GI cancers, while offering synergistic treatment options enabled by our diverse pipeline to optimize patient outcome. Globally, we will continue to pursue a flexible strategy to capture the commercial value in major international markets, through forging synergistic license and collaboration opportunities worldwide.

(iv) Expanding global footprints and strategic partnerships to maximize the value of our pipelines

Following the success of our existing license and collaboration agreements, we are actively exploring new partnership opportunities globally. We take a two-pronged business development approach to drive both our near– and long-term growth: for clinical-stage assets, we focus on forging partnerships with multinational corporations and leading domestic companies to accelerate our development timelines and maximize the commercial value of our pipeline; for early-stage assets and drug discovery, we seek co-development opportunities that enable us to explore new therapeutic areas and cutting-edge modalities and augment our technology platforms. Meanwhile, we are closely monitoring global opportunities to in-license new drug candidates and innovative technologies that could bring strategic synergies to our pipeline and technology platforms. We will consider whether to retain the Greater China commercial rights of, or fully out-license, our assets as we evaluate opportunities on a case by case basis. We are also committed to enhancing our collaborations with key opinion leaders, top hospitals and academic institutions, in China and globally, to ensure our timely access to cutting-edge research and support our existing and future pipeline.

(v) Optimizing our operation system to become a leading global biopharmaceutical company

We are continuously reviewing and optimizing our internal procedures, particularly our R&D management process, to enhance operational efficiency and support our growth as a fully-fledged biopharmaceutical company. We also aim to attract and recruit outstanding scientific, marketing and managerial personnel to join our talent pool, in order to maintain our competitiveness in a rapidly evolving industry.

Meanwhile, we are actively seeking opportunities to expand our global footprint and raise international brand awareness. As our business continues to grow, we will adhere to our mission to address major medical needs in China and globally, and to bring world-class treatments, and a healthier and happier life, to all patients.

[13] Trade name to be approved by NMPA.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Chairman of the Board and non-executive Director

Mr. LIU Gexin (劉革新), aged 74, was appointed as a Director and the chairman of the Board in November 2016 and March 2022, respectively. He was redesignated as our non-executive Director on February 15, 2023. He is mainly responsible for overseeing the management and strategic development of the Group.

Mr. Liu is the founder of Kelun Pharmaceutical and has served as the chairman of Kelun Pharmaceutical since its establishment. From November 2020 to October 2022, he served as a director of Kelun Research Institute. In addition, Mr. Liu currently has also held positions in a number of subsidiaries of Kelun Group, including (i) the secretary of the Party committee and chairman of Sichuan Kelun Industry Group Co., Ltd. (四川科倫實業集團有限公司); (ii) the chairman of Chengdu Qingshan Likang Pharmaceutical Co., Ltd. (成都青山利康藥業有限公司); (iii) the chairman of Yili Chuanning Biotechnology Co., Ltd. (伊犁川寧生物技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301301); and (iv) a director of Chengdu Huaxi Clinical Research Co., Ltd. (成都華西臨床研究中心有限公司); and (v) the chairman of Zhejiang Kelun Everyoung Health Industry Co., Ltd. (浙江科倫永年大健康產業股份有限公司).

Mr. Liu obtained his master's degree in cardiovascular pharmacology from Chongqing Medical College (重慶醫學院) (currently known as Chongqing Medical University (重慶醫科大學)) in China in June 1984. Mr. Liu also obtained his another master's degree in political economics from Southwest Normal University (西南師範大學) (currently known as Southwest University (西南大學)) in China in July 2003. Mr. Liu has received a series of awards and recognition, including (i) the National Model Worker (全國勞動模範) by The State Council, PRC (中華人民共和國國務院) in May 2005; (ii) the honorary title of "Outstanding Communist Party Member in Earthquake Relief" (抗震救災優秀共產黨員) by Sichuan Provincial Committee of the CPC and Chengdu Municipal Committee in 2008; (iii) an "Outstanding Builder of Socialism with Chinese Characteristics" (優秀中國特色社會主義建設者) by the United Front Work Department of the CPC Central Committee, the Ministry of Industry and Information Technology, the Ministry of Human Resources and Social Security, the State Administration for Industry and Commerce and the All-China Federation of Industry and Commerce in 2009; (iv) the "Medal in Commemoration of the 70th Anniversary of the People's Republic of China" (慶祝中華人民共和國成立70週年紀念章) by the CPC Central Committee, the State Council and the Central Military Commission in 2019; (v) a member of the Party Committee of the Economic and Information Technology Industry Committee of the CPC Sichuan Province (中共四川省經濟和信息化行業委員會) in April 2023; and (vi) a deputy director of the Standardisation Technical Committee of the China National Health Association (中國民族衛生協會標準化技術委員會) in November 2024. Mr. LIU Gexin is the father of Mr. LIU Sichuan, a non-executive Director.

Executive Director

Dr. GE Junyou (葛均友), aged 53, was appointed as a Director in February 2022. He was redesignated as our executive Director on February 15, 2023. Dr. Ge was appointed as the Chief Operation Officer of the Company in February 2021 and the general manager of the Company in March 2022. He is mainly responsible for overall corporate and business strategies of our Group and making key business and operational decisions of our Group. Dr. Ge has also served as a director and the Chief Executive Officer of KLUS PHARMA in US since December 2021, an executive director and manager of Sichuan Konas since November 2021, a director of the National Engineering Research Center for Biotargeted Drug (生物靶向藥物國家工程研究中心) since April 2022, executive director and manager of Sichuan Kelun-Biotech Targeted Biologics Engineering Research Center Co., Ltd. (四川科倫博泰生物靶向藥物工程研究中心有限公司) since March 2023, director and general manager of Kelun-Biotech (Hong Kong) Co. Ltd. since October 2023 and a director of Kelun Pharmaceutical since May 2024.

Dr. Ge has been engaged in the R&D of innovative drugs, manufacturing and quality control, and corporate management in the pharmaceutical industry at home and abroad for about 30 years. The companies he has worked for include Shanghai Yan'an Pharmaceutical Factory (上海延安製藥廠), Boehringer Ingelheim (勃林格殷格翰), Zhejiang Hisun (浙江海正藥業 600267.SH) and Ratiopharm GmbH. Dr. Ge joined Kelun Pharmaceutical in June 2007 and served as a deputy general manager from July 2009 to February 2021, where he was mainly responsible for leading the quality management of Kelun Group. As a top cGMP expert in China, he participated in the revision, drafting, and review of the new Chinese GMP regulations, related guidelines and guiding principles, and co-authored five Professional Publications on GMP.

Dr. Ge obtained his bachelor's degree in pharmacy from Shanghai Medical School (上海醫科大學) (currently known as Shanghai Medical College Fudan University (復旦大學上海醫學院)) in China in July 1994. He obtained his master's degree in pharmaceutical engineering from East China University of Science and Technology (華東理工大學) in November 2008. He also obtained his doctoral degree in Biology and Medicine from Fudan University (復旦大學) in January 2017.

Dr. Ge is currently a standing committee member of the Sichuan Association for Science and Technology, a visiting professor at the Institute of Executive Development of NMPA, an expert reviewer of science and technology projects for the Ministry of Science and Technology of the People's Republic of China, a member of the Peer Review Expert Panel for the Hong Kong Innovation and Technology Commission, a Council Member of China Center for International Economic Exchanges, a member of the Pharmaceutical Inspection Quality Management Professional Committee of Chinese Pharmaceutical Association, a member of Antitumor Pharmaceuticals Professional Committee of Chinese Pharmaceutical Association, Vice President of the China Quality Association for Pharmaceuticals, and a director of the Hong Kong Association of Overseas-Returned Scholars, etc.

Non-executive Directors

Mr. LIU Sichuan (劉思川), aged 41, was appointed as a Director in November 2016. He was redesignated as our non-executive Director on February 15, 2023. He is mainly responsible for overseeing the management and strategic development of the Group.

Mr. Liu joined Kelun Pharmaceutical and served as the assistant of chairman in 2007. He has been serving as a director of Kelun Pharmaceutical since May 2009 and general manager of Kelun Pharmaceutical since September 2015. Currently he has also held positions in a number of subsidiaries of Kelun Group, including (i) a director of Chengdu Qingshan Likang Pharmaceutical Co., Ltd. (成都青山利康藥業有限公司) since June 2012; (ii) a director of Sichuan Kelun Industry Group Co., Ltd. (四川科倫實業集團有限公司) since September 2016; (iii) a manager and executive director of Chengdu Kelun Chuaicai Enterprise Management Co., Ltd (成都科倫川智企業管理有限公司) since May 2020; (iv) a director of Yili Chuanning Biotechnology Co., Ltd. (伊犁川寧生物技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301301), since June 2020; (v) a manager and executive director of Chengdu Kelun Jingchuan Technology Co., Ltd. (成都科倫晶川科技有限公司) since November 2021; (vi) a manager and executive director of Chengdu Kelun Chuancai Enterprise Management Co., Ltd. (成都科倫川才企業管理有限公司) since December 2021; and (vii) a director of China Resources Kelun (Sichuan) Medicine Limited (華潤科倫醫藥(四川)有限公司) since September 2023.

Mr. Liu obtained his master's degree in international business from the University of Leeds in the United Kingdom in August 2007. Mr. Liu has received a series of awards and recognition, including (i) the "May Day Labour Medal of Hunan Province" (湖南省五一勞動獎章) awarded in 2014; (ii) the "Title of Outstanding Entrepreneur in Hunan Province" ("湖南省優秀企業家稱號") issued by Hunan Provincial Committee of the CPC and the People's Government of Sichuan Province (中共湖南省委、湖南省人民政府) on January 2018; (iii) the "National Advanced Individual in Fighting the COVID-19" ("全國抗擊新冠肺炎疫情先進個人") issued by CPC Central Committee, The State Council, PRC and the Military Commission of the CPC Central Committee (黨中央、國務院、中央軍委) in September 2020; (iv) the "4th Outstanding Non-Public Economic Contributor of Business in Socialism with Chinese Characteristics in Hunan Province" (第四屆湖南省非公有制經濟人士優秀中國特色社會主義事業建設者) awarded in 2021; and (v) the title of "the 4th Outstanding Contributor to the Development of Socialism with Chinese Characteristics in Sichuan Province" (第四屆四川省優秀中國特色社會主義事業建設者) awarded in 2023. Mr. LIU Sichuan is the son of Mr. LIU Gexin, the chairman of the Board and non-executive Director.

Mr. LAI Degui (賴德貴), aged 54, was appointed as a Director in June 2024. He is mainly responsible for overseeing the management and strategic development of the Group.

Mr. Lai has served as (i) a deputy general manager and financial director of Kelun Pharmaceutical since October 2014; (ii) a supervisor of Chengdu Kelun Chuanzhi Enterprise Management Co., Ltd. (成都科倫川智企業管理有限公司) since May 2020; (iii) an executive director of Zhejiang Keyun IOT Technology Co., Ltd. (浙江科運物聯科技有限公司) since December 2020; (iv) an executive director and general manager of Shanxi Keyun IOT Technology Co., Ltd. (山西科運物聯科技有限公司) since May 2021; and (v) an executive director and general manager of Sichuan Kezhi IOT Technology Co., Ltd. (四川科志物聯科技有限公司) since October 2021; (vi) an executive director (not any more since June 2024) and general manager of Sichuan Keyuntong Technology Co., Ltd.(四川科運通科技有限公司) since June 2023; (vii) an executive director (not any more since June 2024) and general manager Sichuan Keyuntong Logistics Co., Ltd. (四川科運通物流有限公司) since June 2023; and (viii) the director of Zhejiang Kelun Everyoung Health Industry Co., Ltd. (浙江科倫永年大健康產業股份有限公司) since November 2024.

Mr. Lai received a diploma of accounting from Southwestern University of Finance and Economics (西南財經大學) through on-the-job learning in January 2013, and received a Master's degree in business management from Tsinghua University (清華大學) in June 2023.

Mr. FENG Hao (馮昊), aged 45, was appointed as a Director in February 2021. He was redesignated as our non-executive Director on February 15, 2023. He is mainly responsible for overseeing the management and strategic development of the Group.

Mr. Feng has been serving as a deputy general manager and secretary of board of directors of Kelun Pharmaceutical since April 2014. He served as a director of Zhejiang Kelun Everyoung Health Industry Co., Ltd. (浙江科倫永年大健康產業股份有限公司) since November 2024, and a manager of Zhejiang Kelun Everyoung Health Industry Co., Ltd. (浙江科倫永年大健康產業股份有限公司) from November 2024 to March 2025.

Mr. Feng successively served as a tutor at the School of Economics at Huazhong University of Science and Technology (華中科技大學), an analyst at the Actuarial Division of Taiping Life Insurance Company Limited (太平人壽保險有限公司), an actuarial advisory consultant at Watson Wyatt Consultancy (Shanghai) Ltd. (上海華信惠悅(諮詢)有限責任公司), a senior manager at the investment banking division of Ping An Securities Limited (平安證券有限責任公司) and a business director at the investment banking division of Sinolink Securities Co. Ltd (國金證券股份有限公司).

Mr. Feng obtained his master's degree in financial mathematics from Heriot-Watt University in the United Kingdom in November 2005. Mr. Feng has received a series of awards and recognition including the 2022 and 2023 5A Rating for Duty Performance of Board Secretary of Listed Companies (2022及2023上市公司董事會秘書履職5A評級) by China Association for Public Companies (中國上市公司協會) on December 12, 2022 and December 6, 2023, respectively.

Mr. ZENG Xuebo (曾學波), aged 40, was appointed as a Director in July 2022. He was redesignated as our non-executive Director on February 15, 2023. He is mainly responsible for overseeing the management and strategic development of the Group.

Formerly he served as a manager and was then promoted as a director of Shenzhen Zhongyi Yingtai Venture Capital Co., Ltd. (深圳中逸盈泰創業投資有限公司). From June 2015 to July 2016, he served as a deputy director of Shenzhen Investment Holdings Donghai Investment Co., Ltd. (深圳投控東海投資有限公司). From August 2016 to October 2020, he served as a director and was then promoted as a vice president of Aiqi Venture Capital Management (Shenzhen) Co., Ltd. (愛奇創業投資管理(深圳)有限公司). He has served as a vice president of Zhuhai Hexie Zhuorui Private Equity Fund Management Co., Ltd. (珠海和諧卓睿私募基金管理有限公司) (formerly "Hexie Zhuorui (Zhuhai) Investment Management Co., Ltd. (和諧卓睿(珠海)投資管理有限公司)") from November 2020 to February 2024 and was then promoted as a managing director since March 2024. From January 2022 to September 2023, he served as a director of Hang Zhou Sciwind Biosciences Co., Ltd. (杭州先為達生物科技有限公司).

Currently he also holds positions in various companies, including (i) a director of Shandong Bestcomm Pharmaceutical Company Limited (山東百諾醫藥股份有限公司), since January 2018; (ii) a director of Shanghai Model Organisms Center, Inc. (上海南方模式生物科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688265), since September 2022; (iii) a director of Chiral Quest (Suzhou) Co., Ltd. (凱瑞斯德生化(蘇州)有限公司), since December 2022; (iv) a director of Jiangxi Longlife Bio-pharmaceutical Co., Ltd. (江西隆萊生物製藥有限公司), since February 2023; (v) a director of Suzhou Pengxu Pharmatech Co., Ltd. (蘇州鵬旭醫藥科技有限公司), since February 2023; (vi) an independent director of CASI Pharmaceuticals, Inc., a company listed on NASDAQ (stock code: CASI), since March 2023; (vii) a director of Zhejiang Ablaze Health Technology Co., Ltd (浙江艾比奧健康科技有限公司), since March 2023; and (viii) a director of ZenCore (Cayman) Limited, since November 2023; (ix) a non-executive director of Chengdu Pukangweixin Biotechnology Technology Co., Ltd. (成都普康唯新生物科技有限公司), since May 2024; and(x) a non-executive Director of Sunshine Lake Pharma Co., Ltd. (廣東東陽光藥業股份有限公司), since December 2024.

Mr. Zeng obtained his bachelor's degree in pharmacy from Qinghai Minzu University (青海民族大學) in China in July 2009.

Mr. LI Dongfang (李東方), aged 38, was appointed as a Director in February 2022. He was redesignated as our non-executive Director on February 15, 2023. He is mainly responsible for overseeing the management and strategic development of the Group.

From August 2011 to March 2015, Mr. Li served as an analyst of Goldman Sachs (Asia) L.L.C. He has been serving as an executive director of SDIC Investment Management Co., Ltd. (國投招商投資管理有限公司) since August 2015, where he is responsible for equity investment, a director of EpimAb Biotherapeutics Inc. since June 2016; a director of Suzhou Ribo Life Science Co., Ltd. (蘇州瑞博生物技術股份有限公司) since October 2018; a director of Zylox-Tonbridge Medical Technology Co., Ltd. (歸創通橋醫療科技股份有限公司), a company listed on Stock Exchange (stock code: 2190), since May 2022; a director of Hainan Simcere Zaiming Pharmaceutical Co., Ltd. (海南先聲再明醫藥股份有限公司) since July 2024.

Mr. Li obtained his bachelor's degree and master's degree in electronic commerce and finance from University of International Business and Economics (對外經濟貿易大學) in China in July 2009 and July 2011, respectively. He has been a Chartered Financial Analyst since June 2015.

Independent Non-executive Directors

Dr. ZHENG Qiang (鄭強), aged 64, was appointed as an independent non-executive Director on February 15, 2023 with effect from July 2023. He is mainly responsible for supervising and providing independent advice on the operation and management of our Group.

Dr. Zheng joined the Peking University (北京大學) in 2005, and served as a professor and doctoral supervisor in industrial engineering and management in Peking University (北京大學) until his retirement on January 27, 2024.

Dr. Zheng obtained his bachelor's degree in physics from Peking University (北京大學) in China in July 1983. Dr. Zheng obtained his master's degree in physics from Graduate School of Chinese Academy of Sciences (中國科學院研究生院) (currently known as University of Chinese Academy of Sciences (中國科學院大學) in China in August 1986. He also obtained his doctoral degree in physics from Temple University in the United States in June 1989.

Dr. TU Wenwei (涂文偉), aged 59, as appointed as an independent non-executive Director on February 15, 2023 with effect from July 2023. He is mainly responsible for supervising and providing independent advice on the operation and management of our Group.

Dr. Tu successively served as a lecturer and attending doctor at the department of paediatrics of Children's Hospital, Chongqing Medical University (重慶醫科大學附屬兒童醫院) and a postdoctoral researcher fellow in the department of pediatrics at the Stanford University School of Medicine in the United States before 2006. Dr. Tu has served as a professor in the department of paediatrics & adolescent medicine, Li Ka Shing Faculty of Medicine at The University of Hong Kong (the "HKU") since June 2015. Dr. Tu also held various positions, such as the assistant dean of the Li Ka Shing Faculty of Medicine since October 2011 and an associate professor since June 2009 at the department of paediatrics & adolescent medicine since joining HKU in 2006.

Dr. Tu obtained his bachelor's and master's degrees in medicine sciences from Chongqing Medical University (重慶醫科大學) in the PRC in July 1989 and December 1992, respectively. He obtained his doctoral degree in philosophy from HKU in December 1999. Dr. Tu has received a series of awards including several Prize of Science and Technology Progress (科技進步獎). He was also recognized as a Changjiang scholar chair professor in pediatrics (長江學者講座教授(兒科)) by Ministry of Education of PRC (中華人民共和國教育部) in April 2016.

Dr. JIN Jinping (金錦萍), aged 53, was appointed as an independent non-executive Director on February 15, 2023 with effect from July 2023. She is mainly responsible for supervising and providing independent advice on the operation and management of our Group.

Dr. Jin serves as an associate professor in the Law School, Peking University (北京大學). She has been serving as an independent director of China Automotive Engineering Research Institute Co., Ltd. (中國汽車工程研究院股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601965), since January 2020, and an independent non-executive Director of Horizon Construction Development Limited (宏信建設發展有限公司), a company listed on the Stock Exchange (stock code: 9930), since May 2021. Dr. Jin served as an independent director of Beijing WKW Automotive Parts Co., Ltd. (北京威卡威汽車零部件股份有限公司), a company listed on the main board of the Shenzhen Stock Exchange (stock code: 002662) from January 2014 to May 2020, and an independent director of Beijing Oriental Jicheng Co., Ltd. (北京東方中科集成科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002819) from July 2018 to June 2024.

Dr. Jin obtained a bachelor's degree in economic law from Peking University (北京大學) in the PRC in July 1995, a master's degree in civil and commercial law from Peking University in July 2001, and a doctorate degree in civil and commercial law from Peking University in June 2004. Dr. Jin obtained a lawyer qualification granted by the Ministry of Justice of the PRC in June 1997 and higher education teacher qualification granted by the Beijing Municipal Education Commission in December 2008. Dr. Jin has served as a director of the China Red Cross Foundation since September 2016.

Dr. LI Yuedong (李越冬), aged 48, was appointed as an independent non-executive Director on February 15, 2023 with effect from July 2023. She is mainly responsible for supervising and providing independent advice on the operation and management of our Group.

Dr. Li joined the Southwestern University of Finance and Economics (西南財經大學) in 2004 and she has been serving as a doctoral supervisor in Auditing in Southwestern University of Finance and Economics (西南財經大學) since January 2022. She has been serving as (i) an independent director of Chengdu Sino Microelectronics Technology Co., Ltd. (成都華微電子科技股份有限公司), a company listed on the Shanghai Stock Exchange in January 2024 (stock code: 688709), since September 2021; (ii) an independent director of Ya'an Baitu High Tech Materials Co., Ltd. (雅安百圖高新材料股份有限公司) since September 2022; (iii) an independent director of Chengdu Zhimingda Electronics Co., Ltd. (成都智明達電子股份有限公司), a company listed on Shanghai Stock Exchange (stock code: 688636), since November 2022; (iv) an independent director of Chengdu Shengbang Seals Co., Ltd. (成都盛幫密封件股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301233), since November 2022; (v) an external supervisor of Sichuan Beichuan Rural Commercial Bank Co., Ltd. (四川北川農村商業銀行股份有限公司) since December 2023; and (vi) an independent non-executive director of Honghua Group Limited (宏華集團有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 196) since June 2024. In addition, Dr. Li also served as (i) an independent director of Kelun Pharmaceutical from June 2015 to June 2021; (ii) an independent director of Chengdu Hi-Tech Development Co., Ltd. (成都高新發展股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000628) from June 2015 to June 2022; (iii) an independent director of Sichuan Fengsheng Paper Technology Co., Ltd. (四川鳳生紙業科技股份有限公司) from December 2019 to December 2022; and (iv) an independent director of Sichuan Neautus Traditional Chinese Medicine Co., Ltd. (四川新荷花中藥飲片股份有限公司) from January 2020 to February 2023; (v) an independent director of Chengdu Leejun Industrial Co., Ltd. (成都利君實業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002651) from July 2021 to May 2024.

Dr. Li obtained her bachelor's degree in economics from Chongqing Business College (重慶商學院) (currently known as Chongqing Technology and Business University (重慶工商大學) in China in July 2000. Dr. Li obtained her master's degree in accountancy from Georgia College & State University in the United States in May 2004. She also obtained her doctoral degree in business administration from Southwestern University of Finance and Economics (西南財經大學) in China in January 2011, completed the joint post-doctoral program between the National Audit Office of China (中國審計署) and Peking University in 2015 and served as a research fellow of the Institute of Chartered Accountants in England and Wales (ICAEW) in 2021. Dr. Li was appointed as an external doctoral supervisor for the DBA at Lyon Business School, France, in July 2022 and was certified as a public accountant by the Guam Board of Accountancy, the United States, in August 2015. She also participated numerous times in United Nations audit projects of the National Audit Office of China and completed audit training course in the United Nations in June 2020. Dr. Li has received a series of awards and recognition. She was recognized as an internationalized high-end accounting talent (國際化高端會計人才) by Ministry of Finance of the PRC (中國財政部) in December 2021.

SUPERVISORS

Ms. LIAO Yihong (廖益虹), aged 46, was appointed as a Supervisor in February 2022. She is mainly responsible for supervising the performance of duties by Directors and senior management.

Ms. Liao served as: (i) the chief director of audit of Kelun Pharmaceutical from December 2014 to April 2022, and was promoted as a deputy general manager of Kelun Pharmaceutical in April 2022; (ii) the supervisor of Chengdu Kelun Chuancai Enterprise Management Co., Ltd. (成都科倫川才企業管理有限公司) since December 2021; (iii) the director and chairwoman of the board of Sichuan Kelun Doosan Biotechnology Co., Ltd. (四川科倫鬥山生物技術有限公司) since February 2023; and (iv) the chairwoman of the supervisory committee of Zhejiang Kelun Everyoung Health Industry Co., Ltd. (浙江科倫永年大健康產業股份有限公司) since November 2024.

From August 2002 to September 2006, Ms. Liao served as a senior auditor in Shenzhen branch of PricewaterhouseCoopers Zhongtian Certified Public Accountants (special general partnership) (普華永道中天會計師事務所(特殊普通合夥)). From September 2006 to November 2014, she served as an audit manager in the Chengdu branch of KPMG Consulting (China) Co., Ltd. (畢馬威企業諮詢(中國)有限公司).

Ms. Liao obtained her bachelor's degree in accounting from Guangdong University of Foreign Studies (廣東外語外貿大學) in China in June 2002. She obtained her master's degree in accounting from Tsinghua University (清華大學) through on-the-job learning in China in June 2021.

Dr. SONG Hongmei (宋宏梅), aged 43, was appointed as a Supervisor in March 2021. She is mainly responsible for supervising the performance of duties by Directors and senior management. Dr. Song joined our Group in May 2019 and has served as our vice president of R&D.

From November 2012 to December 2014, Dr. Song successively served as a team leader of biological R&D and an assistant director of biology at HitGen Inc. (成都先導藥物開發有限公司), where she was mainly responsible for hit screening and activity evaluation, and project and team management. From January 2015 to November 2017, she successively served as a project manager and a vice minister of pharmacology department of Kelun Research Institute. From December 2017 to May 2019, she served as the head of innovation center of Kelun Research Institute. She served as a supervisor of Sichuan Kelun-Biotech Targeted Biologics Engineering Research Center Co., Ltd. since March 2023.

Dr. Song obtained her bachelor's degree in bioscience from Sichuan Agricultural University (四川農業大學) in China in June 2005. She obtained her master's degree in biochemistry and molecular biology from Sichuan University (四川大學) in China in June 2010. She obtained her doctoral degree in biomedical engineering from Sichuan University (四川大學) in China in December 2012.

Ms. YANG Qiuyan (楊秋豔), aged 41, joined our Company as the head of production management department in August 2017 and was appointed as a Supervisor in March 2022. She is mainly responsible for supervising the performance of duties by Directors and senior management.

She served as a project manager of the microbiology research team and a deputy minister of biopharmaceuticals of Kelun Research Institute from July 2010 to June 2013 and from June 2013 to August 2017, respectively. She has been the deputy director of the production center of the Company from January 2024.

Ms. Yang obtained her bachelor's and master's degree in biological engineering and biochemical engineering from Sichuan University (四川大學) in China in July 2007 and June 2010, respectively.

Dr. QING Yan (卿　燕), aged 42, joined our Company as a vice president of the clinical research center in January 2021 and was appointed as a Supervisor in March 2022. She is mainly responsible for supervising the performance of duties by Directors and senior management.

From November 2012 to December 2020, she was a director of the medical information center of Kelun Research Institute, where she was mainly responsible for innovative small molecules, imitation projects, pipeline construction.

Dr. Qing obtained her bachelor's and master's in clinical medicine from Tongji Medical College of Huazhong University of Science and Technology (華中科技大學同濟醫學院) in China in June 2007 and June 2009, respectively. Dr. Qing obtained her doctoral degree in occupational hygiene and environmental hygiene (direction of toxicology) from Tongji Medical College of Huazhong University of Science and Technology (華中科技大學同濟醫學院) in China in June 2012.

SENIOR MANAGEMENT

Dr. GE Junyou (葛均友), aged 53, is our executive Director and general manager. For details of his biography, please refer to the sub-section headed "Executive Director" in this report.

Mr. FENG Yi (馮　毅), aged 61, was appointed as our deputy general manager and chief strategy officer in March 2021. He joined our Group as a senior vice president in December 2020. He is mainly responsible for the management of strategic planning of R&D and clinical development of our Group.

Mr. Feng formerly served as an assistant of the director of Center of Drug Evaluation, NMPA (國家藥品監督管理局藥品審評中心). From February 2014 to December 2015, he served as a senior consultant at China Office of Covington & Burling Law Firm (美國科文頓柏靈律師事務所中國代表處), where he was mainly responsible for drug regulations. From January 2016 to August 2018, he served as the president of Greater China of Fountain Pharmaceuticals Co., Ltd. (方恩醫藥有限公司) (currently known as Clinchoice Inc. (昆翎醫藥)), where he was mainly responsible for leading and managing company. From November 2018 to November 2020, he served as senior vice dean and chief strategy officer of Kelun Research Institute.

Mr. Feng obtained his bachelor's degree in aviation medicine from The Fourth Military Medical University of the Chinese People's Liberation Army (中國人民解放軍第四軍醫大學) in China in July 1987. He obtained his master's degree in radio medicine from Chinese People's Liberation Army Academy of Military Medical Sciences (中國人民解放軍軍事醫學科學院) in China in July 1996. He was recognized as the model staff (工作標兵) by Center for Drug Evaluation, Ministry of Health, PRC (中華人民衛生部藥品審評中心) in January 2001.

Dr. ZHANG Yiwei (張一偉), aged 70, was appointed as our deputy general manager in March 2022. He joined our Group in January 2018 as the director of quality management, and was promoted to senior director in March 2020. He is mainly responsible for the management of manufacturing, quality analysis and management of our Group.

From October 1990 to August 1991, Dr. Zhang was a visiting scientist of Department of Pure and Applied Biology, The University of Leeds. From August 1995 to May 2007, he served as a postdoctoral fellow and associate researcher of Department of Pathology, Albert Einstein College of Medicine. From June 2007 to October 2008, he served as a quality control scientist of ImClone System, Inc., a company focusing on biopharmaceuticals, where he was mainly responsible for quality control of biomacromolecule drugs. From November 2008 to December 2017, he served as a senior scientist of Eli Lilly and Company, a pharmaceutical company listed on the New York Stock Exchange (stock code: LLY), where he was mainly responsible for quality control and technology development of biomacromolecule drugs.

Dr. Zhang obtained his bachelor' degree in medicine from Chongqing Medical College (重慶醫學院) (currently known as Chongqing Medical University (重慶醫科大學)) in China in July 1984. He obtained his doctoral degree in theoretical and applied biology from University of Leeds in the United Kingdom in October 1995. Dr. Zhang was awarded the first prize of academy of science and technology (院科技壹等獎) by Sichuan Academy of Medical Sciences, PRC (中國四川省醫學科學院) in December 1989 and the third prize of Sichuan Science and Technology Progress Award in 1989 (1989年度四川省科學技術進步獎三等獎) by the People' Government of Sichuan Province (四川省人民政府) in April 1990.

Dr. TAN Xiangyang (譚向陽), aged 63, was appointed as our deputy general manager and chief scientific officer of biologics' research and development (now chief scientific officer of large molecule) in July 2021. He is mainly responsible for the management of preclinical research and business development of our Group.

From June 1990 to December 1992, he served as a researcher of Wuhan Institute of Biological Products, Ministry of Health (衛生部武漢生物製品研究所). From July 1995 to June 1996, he served as a postdoctoral researcher of Harvard Medical School. From January 1998 to January 2008, he served as a principal scientist of Wyeth, LLC. From January 2008 to January 2009, he served as a principal scientist of Pfizer Inc., a company listed on the New York Stock Exchange (stock code: PFE). From February 2009 to November 2015, he served as a principal scientist of Biogen Inc., a company listed on the NASDAQ (stock code: BIIB). From January 2016 to July 2017, he served as a department head of Apbro Corporation, a company listed on the NASDAQ (stock code: ABP). From July 2017 to May 2019, he served as a vice president of Harbour BioMed Shanghai Co., Led. (和鉑醫藥(上海)有限責任公司), a subsidiary of HBM Holdings Limited (和鉑醫藥控股有限公司), a company listed on the Stock Exchange (stock code: 02142). From August 2019 to February 2021, he worked in 4B Technologies (Suzhou) Co., Ltd. (福貝生物科技(蘇州)公司) with his last position as a vice president of the R&D department. From March 2021 to July 2021, he served as a senior vice president of Duality Biologics (Suzhou) Co., Ltd. (映恩生物製藥(蘇州)有限公司), where he was mainly responsible for formulation and implementation of the technology platform for preclinical innovative drug.

Dr. Tan obtained his bachelor's degree in clinical medicine from Harbin Medical University (哈爾濱醫科大學) in China in August 1983. He obtained his master's degree in microbiology and immunology from Wuhan Institute of Biological Products (衛生部武漢生物製品研究所) in China in December 1988. He obtained his doctoral degree in cell and molecular biology from Manchester Metropolitan University in the United Kingdom in November 2007.

Dr. YU Wensheng (俞文勝), aged 58, joined our Company in August 2024, and was appointed as our deputy general manager and chief scientific officer of small molecule in December 2024. He is mainly responsible for the R&D and management of small molecule R&D center of our Company.

From July 1992 to July 1997, Dr. Yu did research work at Chengdu Institute of Biology, Chinese Academy of Science. Afterwards, he entered into pharmaceutical industry for the R&D and management of innovative drug. From August 2001 to April 2021, he successively served as the Senior Scientist, Associate Principal Scientist, Principal Scientist (Director) and Asian head in medicinal chemistry at Merck & Co. USA. From May 2021 to June 2024, he served as the deputy general manager and chemistry VP at Shanghai Hansoh Biomedical Technology Company Limited (上海翰森生物医药科技有限公司), a wholly-owned subsidiary of Hansoh Pharmaceutical Group Company Limited, a company listed on the Stock Exchange (stock code: 3692).

Dr. Yu obtained his bachelor's degree in chemistry from Lanzhou University (蘭州大學) in June 1989. He obtained his master's degree in phytochemistry from the Chengdu Institute of Biology, Chinese Academy of Science (中國科學院成都生物研究所) in June 1992. He obtained his doctoral degree in medicinal chemistry from the University of Iowa in USA in July 2001.

Dr. JIN Xiaoping (金小平), aged 49, was appointed as our deputy general manager and chief medical officer in September 2021. He is mainly responsible for the management of clinical development of our Group.

From July 2005 to June 2014, he served as the staff biostatistician of a pharmaceutical company Daiichi Sankyo Inc. (第一三共株式會社) and participated in the clinical studies of new oncological medicine indications. He then served as the scientific director of pharmaceutical company AstraZeneca Biopharmaceutical Company, a company listed on the London Stock Exchange (stock code: AZN), OMX Nordic Exchange (currently known as NASDAQ OMX Group) (stock code: AZN) and New York Stock Exchange (stock code: AZN) from June 2014 to April 2017, and was responsible for setting clinical trial strategies to identify indications, designing clinical trials, managing clinical trials and analyzing relevant clinical data. He joined the group of Akeso, Inc. ("Akeso"), a company listed on the Stock Exchange (stock code: 09926) as a vice president and the head of clinical development in May 2017 and was mainly responsible for clinical science and development; he was further promoted as senior vice president in 2020 and responsible for clinical studies and development strategies of the pipeline, where he built the clinical team for innovative drugs, and left Akeso in August 2021.

Dr. Jin obtained his bachelor's degree in chemistry from Nanjing University (南京大學) in China in July 1997. He obtained his master's degree in statistics in Washington State University in the United States in August 2001. He obtained his doctoral degree in biostatistics from School of Public Health, University of Minnesota in the United States in June 2005.

Mr. ZHOU Zejian (周 澤 劍), aged 43, was appointed as the chief financial officer of our Company and the secretary of the Board in August 2022. He is mainly responsible for the management of finance, capital market and securities affairs of our Group. From February 2022 to June 2022, he served as a non-executive Director of our Company, which was designated by IDG Capital, a Pre-IPO investor of our Company.

Mr. Zhou has been engaged in investing, investing bank, capital market and medical industry for nearly 20 years. Prior to joining the Company, he worked in IDG Capital, Goldman Sachs (China) Securities Company Limited (高盛(中國)證券有限責任公司), China International Capital Corporation Limited (中國國際金融股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601995) and the Stock Exchange (stock code: 03908), and J.P. Morgan First Capital Securities Co., Ltd. (第一創業摩根大通證券有限責任公司).

Mr. Zhou obtained his master's degree in finance and bachelor's degree in financial management from Renmin University of China (中國人民大學).

Mr. DING Nanchao (丁南超), aged 39, joined our Company in November 2024, and was appointed as our deputy general manager and chief marketing officer in December 2024. He is mainly responsible for the management of sales, marketing, medical affairs and business operations of our Company.

From July 2008 to November 2024, Mr. Ding successively served as the regional sales assistant, manager and deputy director of Sales Management Department and sales director of New Drug Sales Department at Kelun Pharmaceutical. He also served as the deputy general manager in Kelun Pharmaceutical since 2020, and was in charge of new drug marketing segment, Health Strategy Development & Research Department and Business Development Department, etc..

Mr. Ding obtained his bachelor's degree in chinese materia medica from Southwest Jiaotong University (西南交通大學) in July 2008.

Mr. CHEN Wei (陳巍), aged 50, joined our Company in June 2023, and was appointed as our deputy general manager in December 2024. He is mainly responsible for commercial and marketing access.

From December 1999 to February 2006, Mr. Chen served as the business manager of southwest region at Xi'an Janssen Pharmaceutical Limited (西安楊森製藥有限公司). From March 2006 to May 2011, he served as senior regional business manager of west region at Sanofi Aventis Pharmaceutical Co., Ltd. (賽諾菲安萬特製藥有限公司). From June 2011 to May 2020, he served as the west region senior director of channel and terminal access in Bayer Healthcare Company Limited (拜耳醫藥保健有限公司). From June 2020 to May 2023, he served as the deputy general manager in Shanghai Junshi Biosciences Co., Ltd. (上海君實生物醫藥科技股份有限公司), a company listed on the Stock Exchange (stock code: 1877).

Mr. Chen obtained his MBA degree from Shanghai Fudan University (上海復旦大學) in June 2016.

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.

PRINCIPAL ACTIVITIES

During the Reporting Period, the Group was principally engaged in the research and development, manufacturing and commercialization of novel drugs. There was no significant change in the nature of the Group's principal activities during the Reporting Period and up to the date of this Annual Report.

Particulars of the Company's principal subsidiaries as at December 31, 2024 are set out in Note 13 to the Consolidated Financial Statements.

BUSINESS REVIEW

A review of the Group's business during the Reporting Period, which includes an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the Reporting Period, an indication of likely future developments in the Group's business, and a discussion of the principal risks and uncertainties faced by the Group, can be found in the section headed "Management Discussion and Analysis" of this Annual Report and sub-section headed "Principal Risks and Uncertainties" in this report. The review and discussion form part of this report.

RESULTS AND DIVIDEND

Details of the results of the Group for the Reporting Period 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 178 to 240 of this Annual Report.

The Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2024.

FINANCIAL SUMMARY

The Company's Shares were listed on the Stock Exchange on July 11, 2023. A summary of the published results and of the assets, liabilities and equity of the Group for the last four financial years is set out on page 241 of this Annual Report. This summary does not form part of the Consolidated Financial Statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environmental protection and conducts annual review on environmental, social and governance-related risks and matters relating to the reporting and performance thereof. The Group has not noted any material non-compliance 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 108 to 172 of this Annual Report, which has been prepared in accordance with Rule 13.91 and the Environmental, Social and Governance Reporting Guide contained in Appendix C2 to the Listing Rules.

PRINCIPAL RISKS AND UNCERTAINTIES

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

- Our business and prospects depend substantially on the success of our drug candidates. If we are unable to successfully complete clinical development, obtain regulatory approvals or achieve commercialization for our drug candidates, or if we experience significant delays or cost overruns in doing any of the foregoing, our business and prospects could be materially and adversely affected.

- We may face intense competition and rapid technological change and the possibility that our competitors may develop therapies that are similar, more advanced, or more effective than ours, which may adversely affect our financial condition and our ability to successfully commercialize our drug candidates.

- Clinical drug development 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.

- We have incurred significant net losses since inception. We anticipate that we will continue to incur net losses and may fail to achieve or maintain profitability in the future.

- We may need to obtain substantial additional financing to fund our operations and expansion, and if we fail to do so, we may be unable to complete the development and commercialization of our drug candidates.

- We have entered into license and collaboration agreements with third parties in the development of our drug candidates, and may seek additional license and collaboration opportunities in the future, and we may not realize the benefits of such partnerships as expected.

- Our rights to develop and commercialize our drug candidates are subject, in part, to the terms and conditions of licenses granted to us by others.

- If we are unable to obtain and maintain adequate patent and other intellectual property protection for our drug candidates throughout the world, 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 commercialize our drug candidates may be adversely affected.

- All material aspects of the research, development, manufacturing and commercialization of biopharmaceutical products are heavily regulated. Any failure to comply with relevant laws, regulations and industry standards or any adverse actions by the 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, the FDA and other comparable regulatory authorities are time-consuming and uncertain. If we are unable to obtain without undue delay any regulatory approvals for our drug candidates in our targeted markets, our business may be subject to actual or perceived harm.

- The future commercial success of our drug candidates will depend on the degree of their market acceptance among physicians, patients and others in the medical community.

- Our future success depends in part on our ability to retain our senior management, scientific employees and other qualified personnel.

DIRECTORS

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

Chairman of the Board and Non-executive Director

Mr. LIU Gexin (劉革新) *(Chairman)*

Executive Director

Dr. GE Junyou (葛均友)
Dr. WANG Jingyi (王晶翼) (resigned on May 31, 2024)

Non-executive Directors

Mr. LIU Sichuan (劉思川)
Mr. LAI Degui (賴德貴) (appointed on June 20, 2024)
Mr. FENG Hao (馮昊)
Mr. ZENG Xuebo (曾學波)
Mr. LI Dongfang (李東方)

Independent Non-executive Directors

Dr. ZHENG Qiang (鄭強)
Dr. TU Wenwei (涂文偉)
Dr. JIN Jinping (金錦萍)
Dr. LI Yuedong (李越冬)

SUPERVISORY COMMITTEE

During the Reporting Period and up the Latest Practicable Date, the Company has the following Supervisors:

Ms. LIAO Yihong (廖益虹)
Dr. SONG Hongmei (宋宏梅)
Ms. YANG Qiuyan (楊秋艷)
Dr. QING Yan (卿燕)
Mr. LAI Degui (賴德貴) (resigned on May 31, 2024)
Mr. WAN Peng (萬鵬) (resigned on May 31, 2024)

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors, Supervisors and senior management of the Group are set out on pages 41 to 51 in the section headed "Directors, Supervisors and Senior Management" of this Annual Report. Save as disclosed in this Annual Report, the Directors, Supervisors and senior management of our Group do not have financial, business, family or other material/relevant relationships with one another.

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 pursuant to Rule 3.13 of the Listing Rules. The Company considers that, as at the date of this Annual Report, all of the independent non-executive Directors are independent.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Pursuant to Rule 3.25 of the Listing Rules and the CG Code, the Company has established the Remuneration Committee to formulate remuneration policies. The remuneration of the Directors, Supervisors and senior management is determined and recommended based on their experience, qualification, position and seniority. The Directors, Supervisors and senior management are eligible participants of the applicable share incentive plans.

Details of the remuneration of the Directors, Supervisors, and the five highest paid individuals are set out in Notes 7 and 8 to the Consolidated Financial Statements of this Annual Report.

None of the Directors or Supervisors have waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office, and no consideration was paid by the Group to any third parties for making available Directors' services.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in the Companies Ordinance) has been in force during the year ended December 31, 2024 and up to the Latest Practicable Date for the benefit of the Directors and Supervisors.

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

Save as disclosed under the sub-sections headed "Connected Transactions" and "Continuing Connected Transactions" in this report, no Director or Supervisor 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.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed under the sub-section headed "Connected Transactions" and "Continuing Connected Transactions" in this report, none of the Controlling Shareholders have or had a material interest in any contract of significance, whether for the provision of services or otherwise, to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Period.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into or subsisted during the Reporting Period.

DIRECTORS' AND SUPERVISORS' RIGHT TO PURCHASE SHARES OR DEBENTURES

As at the end of the Reporting Period, other than the Pre-IPO Employee Incentive Scheme, none of the Directors, Supervisors or their respective spouses or minor children under the age of 18 years were granted with rights, or had exercised any such rights, to acquire benefits by means of purchasing Shares or debentures of the Company. No member of the Group was a party to any arrangements to enable the Directors, Supervisors or their respective spouses or minor children under the age of 18 years to acquire such rights from any other body corporates.

During the Reporting Period, the Company did not grant any rights to acquire benefits by means of the acquisition of Shares or debentures of the Company to any Directors or Supervisors or their respective spouses or minor children under 18, and none of them has exercised such rights.

NON-COMPETITION UNDERTAKING

Each of Kelun Pharmaceutical and Mr. LIU Gexin (each a Controlling Shareholder) has entered into a deed of non-competition with the Company.

Pursuant to Kelun Pharmaceutical's deed of non-competition, the Remaining Kelun Group has confirmed and undertaken that, among others, it is not directly or indirectly engaged in, and during the period of Kelun Pharmaceutical being a Controlling Shareholder will not directly or indirectly participate in, any business which is the same or similar to, or constitutes direct or indirect competition with, the principal business or principal products of our Group, and it shall procure other enterprises, organizations or institutions controlled by it to comply with Kelun Pharmaceutical's deed of non-competition.

Pursuant to Mr. LIU Gexin's deed of non-competition, Mr. LIU Gexin has confirmed and undertaken that, among others, the enterprises, organizations or institutions controlled by him will not directly or indirectly engage in, and during the period of being a Controlling Shareholder will not directly or indirectly participate in, any business which is the same or similar to, or constitutes direct or indirect competition with, the principal business or principal products of our Group, and he will procure other enterprises, organizations or institutions controlled by him to comply with his deed of non-competition.

The Company has received from Kelun Pharmaceutical and Mr. LIU Gexin a confirmation of their compliance with their respective deed of non-competition during the Reporting Period. The independent non-executive Directors have also reviewed Kelun Pharmaceutical and Mr. LIU Gexin's compliance with the Deed of Non-Competition for the Reporting Period.

DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESSES

During the Reporting Period, none of the Directors and Supervisors or their respective close associates (as defined in the Listing Rules) has 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.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2024, the interests or short positions of the Directors, Supervisors and chief executives of the Company 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) (the "Associated Corporations") which 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 or short positions which any such Directors, Supervisors and chief executive(s) of the Company are taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Interest in the Shares of the Company

Name of Director, Supervisor or chief executive	Position	Nature of Interest	Number and types of Shares held[1]	Approximate percentage of shareholding in the relevant class of Shares[1] (%)	Approximate percentage of shareholding in the total issued Shares[1] (%)
LIU Gexin	Chairman of the Board and non-executive Director	Interest in controlled corporation [2]	71,345,543 H Shares (L) [2]	54.28	31.39
		Interest in controlled corporation [3]	83,201,712 Unlisted Shares (L) [3]	86.82	36.61
GE Junyou	Executive Director and general manager	Other [4]	675,000 H Shares (L) [4]	0.51	0.30
		Other [4]	1,575,000 Unlisted Shares (L) [4]	1.64	0.69
LAI Degui	Non-executive Director	Other [5]	139,500 H Shares (L) [5]	0.11	0.06
		Other [5]	325,500 Unlisted Shares (L) [5]	0.34	0.14
FENG Hao	Non-executive Director	Other [6]	139,500 H Shares (L) [6]	0.11	0.06
		Other [6]	325,000 Unlisted Shares (L) [6]	0.34	0.14
LIAO Yihong	Chairperson of the Supervisory Committee and Supervisor	Other [7]	51,000 H Shares (L) [7]	0.04	0.02
		Other [7]	119,000 Unlisted Shares (L) [7]	0.12	0.05
SONG Hongmei	Supervisor	Other [8]	138,000 H Shares (L) [8]	0.10	0.06
		Other [8]	322,000 Unlisted Shares (L) [8]	0.34	0.14
YANG Qiuyan	Supervisor	Other [9]	96,000 H Shares (L) [9]	0.07	0.04
		Other [9]	224,000 Unlisted Shares (L) [9]	0.23	0.10
QING Yan	Supervisor	Other [10]	120,000 H Shares (L) [10]	0.09	0.05
		Other [10]	280,000 Unlisted Shares (L) [10]	0.29	0.12

Notes:

(1) As at December 31, 2024, the Company had a total of 227,267,969 issued Shares, consisting of (i) 95,837,186 Unlisted Shares, comprising 91,194,996 Domestic Shares and 4,642,190 Unlisted Foreign Shares, and (ii) 131,430,783 H Shares.

(2) Mr. LIU Gexin is deemed as the actual controller of Sichuan Kelun Pharmaceutical Co., Ltd. ("Kelun Pharmaceutical"). Kelun Pharmaceutical is interested in a total of 71,345,543 H Shares, comprising (i) 57,777,843 H Shares directly held as beneficial owner; (ii) 4,567,700 H Shares held by Kelun International Development Co., Limited ("Kelun International"), a wholly-owned subsidiary of Kelun Pharmaceutical and (iii) 9,000,000 H Shares held by the four Employee Incentive Platforms, the general partner of which is Chengdu Kelun Jingchuan Technology Co., Ltd. ("Kelun Jingchuan"), a wholly-owned subsidiary of Kelun Pharmaceutical.

(3) Mr. LIU Gexin is deemed as the actual controller of Kelun Pharmaceutical. Kelun Pharmaceutical is interested in a total of 83,201,712 Unlisted Shares, comprising (i) 62,201,712 Unlisted Shares directly held as beneficial owner and (ii) 21,000,000 Unlisted Shares held by the four Employee Incentive Platforms, the general partner of which is Kelun Jingchuan, a wholly-owned subsidiary of Kelun Pharmaceutical.

(4) Dr. GE Junyou has been granted share awards under the Pre-IPO Employee Incentive Scheme held by Chengdu Kelun Huicai Enterprise Management Center Limited Partnership (成都科倫匯才企業管理中心(有限合夥)) ("Kelun Huicai") and Chengdu Kelun Huizhi Enterprise Management Center Limited Partnership (成都科倫匯智企業管理中心(有限合夥)) ("Kelun Huizhi"), two of the Employee Incentive Platforms. Kelun Huicai held a total of 2,250,000 H Shares and 5,250,000 Unlisted Shares. Dr. GE Junyou held 28.00% partnership interest in Kelun Huicai, corresponding to 630,000 H Shares and 1,470,000 Unlisted Shares. Kelun Huizhi held a total of 2,250,000 H Shares and 5,250,000 Unlisted Shares. Dr. GE Junyou held 2.00% partnership interest in Kelun Huizhi, corresponding to 45,000 H Shares and 105,000 Unlisted Shares.

(5) Mr. LAI Degui has been granted share awards under the Pre-IPO Employee Incentive Scheme held by Kelun Huicai, one of the Employee Incentive Platforms. Kelun Huicai held a total of 2,250,000 H Shares and 5,250,000 Unlisted Shares. Mr. LAI Degui held 6.20% partnership interest in Kelun Huicai, corresponding to 139,500 H Shares and 325,500 Unlisted Shares.

(6) Mr. FENG Hao has been granted share awards under the Pre-IPO Employee Incentive Scheme held by Kelun Huicai, one of the Employee Incentive Platforms. Kelun Huicai held a total of 2,250,000 H Shares and 5,250,000 Unlisted Shares. Mr. FENG Hao held 6.20% partnership interest in Kelun Huicai, corresponding to 139,500 H Shares and 325,500 Unlisted Shares.

(7) Ms. LIAO Yihong has been granted share awards under the Pre-IPO Employee Incentive Scheme held by Kelun Huicai, one of the Employee Incentive Platforms. Kelun Huicai held a total of 2,250,000 H Shares and 5,250,000 Unlisted Shares. Ms. LIAO Yihong held 2.27% partnership interest in Kelun Huicai, corresponding to 51,000 H Shares and 119,000 Unlisted Shares.

(8) Dr. SONG Hongmei has been granted share awards under the Pre-IPO Employee Incentive Scheme held by Kelun Huizhi, one of the Employee Incentive Platforms. Kelun Huizhi held a total of 2,250,000 H Shares and 5,250,000 Unlisted Shares. Dr. SONG Hongmei held 6.13% partnership interest in Kelun Huizhi, corresponding to 138,000 H Shares and 322,000 Unlisted Shares.

(9) Ms. YANG Qiuyan has been granted share awards under the Pre-IPO Employee Incentive Scheme held by Chengdu Kelun Huineng Enterprise Management Center Limited Partnership (成都科倫匯能企業管理中心(有限合夥)) ("Kelun Huineng"), one of the Employee Incentive Platforms. Kelun Huineng held a total of 2,250,000 H Shares and 5,250,000 Unlisted Shares. Ms. YANG Qiuyan held 4.27% partnership interest in Kelun Huineng, corresponding to 96,000 H Shares and 224,000 Unlisted Shares.

(10) Dr. QING Yan has been granted share awards under the Pre-IPO Employee Incentive Scheme held by Kelun Huicai, one of the Employee Incentive Platforms. Kelun Huicai held a total of 2,250,000 H Shares and 5,250,000 Unlisted Shares. Dr. QING Yan held 5.33% partnership interest in Kelun Huicai, corresponding to 120,000 H Shares and 280,000 Unlisted Shares.

(L) Long position.

(b) Interest in the shares of Associated Corporations

Name of associated corporation	Name of Director, Supervisor or chief executive	Position	Nature of Interest	Number of shares held in the associated corporation	Approximate percentage of shareholding in the total issued share capital of the associated corporation (%)
Kelun Pharmaceutical [2]	LIU Gexin	Chairman of the Board and non-executive Director	Beneficial owner	379,128,280 (L)	23.67 [1]
	GE Junyou	Executive Director and general manager	Beneficial owner	295,000 (L)	0.02 [1]
	LIU Sichuan	Non-executive Director	Beneficial owner	8,346,286 (L)	0.52 [1]
	LAI Degui	Non-executive Director	Beneficial owner	446,699 (L)	0.03 [1]
	FENG Hao	Non-executive Director	Beneficial owner	431,534 (L)	0.03 [1]
	LIAO Yihong	Chairperson of the Supervisory Committee and Supervisor	Beneficial owner	121,667 (L)	0.01 [1]
Zhejiang Keyun [3]	LAI Degui	Non-executive Director	Beneficial owner	2,000,000 (L)	10.00 [5]
			Interest in controlled corporation [4]	3,200,000 (L) [4]	16.00 [5]
	FENG Hao	Non-executive Director	Beneficial owner	2,000,000 (L) [4]	10.00 [5]
			Interest in controlled corporation [4]	3,200,000 (L) [4]	16.00 [5]

Notes:

(1) As at December 31, 2024, Kelun Pharmaceutical had a total of 1,601,497,373 issued shares.

(2) Kelun Pharmaceutical is the holding company of the Company and therefore an associated corporation of the Company.

(3) Zhejiang Keyun IOT Technology Co., Ltd. (浙江科運物聯科技有限公司) ("Zhejiang Keyun") is a subsidiary of Kelun Pharmaceutical and therefore an associated corporation of the Company.

(4) Each of Lishui Keyun Yaotong Logistics Technology Limited Partnership (麗水市科運耀通物流科技合夥企業(有限合夥)) ("Keyun Yaotong") and Lishui Keyun Rentong Logistics Technology Limited Partnership (麗水市科運仁通物流科技合夥企業(有限合夥)) ("Keyun Rentong") held RMB1,600,000 registered capital of Zhejiang Keyun. Mr. LAI Degui and Mr. FENG Hao each held 50% partnership interest in each of Keyun Yaotong and Keyun Rentong and is therefore deemed to be interested in the registered capital of Zhejiang Keyun held by Keyun Yaotong and Keyun Rentong.

(5) As of December 31, 2024, Zhejiang Keyun had a total of RMB20,000,000 registered capital.

(L) Long position.

Save as disclosed above, as at December 31, 2024, none of the Directors, Supervisors and chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

To the best knowledge of the Company based on public information, as at December 31, 2024, the interests or short positions of the following persons (other than the Directors, Supervisors and chief executives of the Company) in the Shares or underlying Shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including interests or short positions which any such persons other than the Directors, Supervisors and chief executives of the Company are taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of Shareholder	Nature of Interest	Number and class of Shares held[1]	Approximate percentage of shareholding in the relevant class of Shares[1] (%)	Approximate percentage of shareholding in the total share capital of our Company[1] (%)
Kelun Pharmaceutical	Beneficial owner	57,777,843 H Shares (L)	43.96	25.42
	Interest in controlled corporations [2]	13,567,700 H Shares (L) [2]	10.32	5.97
	Beneficial owner [3]	62,201,712 Unlisted Shares (L) [3]	64.90	27.37
	Interest in controlled corporation [3]	21,000,000 Unlisted Shares (L) [3]	21.91	9.24
Kelun Jingchuan	Interest in controlled corporations [4]	9,000,000 H Shares (L) [4]	6.85	3.96
	Interest in controlled corporations [4]	21,000,000 Unlisted Shares (L) [4]	21.91	9.24
Kelun Huicai	Beneficial owner	5,250,000 Unlisted Shares (L)	5.48	2.31
Kelun Huide	Beneficial owner	5,250,000 Unlisted Shares (L)	5.48	2.31
Kelun Huineng	Beneficial owner	5,250,000 Unlisted Shares (L)	5.48	2.31
Kelun Huizhi	Beneficial owner	5,250,000 Unlisted Shares (L)	5.48	2.31
Merck & Co., Inc.[5]	Interest in controlled corporations [5]	13,443,693 H Shares (L)	10.23	5.92
Merck Sharp & Dohme LLC[5]	Beneficial owner	13,443,693 H Shares (L)	10.23	5.92

Notes:

(1) As at December 31, 2024, the Company had a total of 227,267,969 issued Shares, consisting of (i) 95,837,186 Unlisted Shares, comprising 91,194,996 Domestic Shares and 4,642,190 Unlisted Foreign Shares, and (ii) 131,430,783 H Shares.

(2) Kelun Pharmaceutical is interested in a total of 71,345,543 H Shares, comprising (i) 57,777,843 H Shares directly held as beneficial owner; (ii) 4,567,700 H Shares held by Kelun International, a wholly-owned subsidiary of Kelun Pharmaceutical and (iii) 9,000,000 H Shares held by the four Employee Incentive Platforms, the general partner of which is Kelun Jingchuan, a wholly-owned subsidiary of Kelun Pharmaceutical.

(3) Kelun Pharmaceutical is interested in a total of 83,201,712Unlisted Shares, comprising (i) 62,201,712 Unlisted Shares directly held as beneficial owner and (ii) 21,000,000 Unlisted Shares held by the four Employee Incentive Platforms, the general partner of which is Kelun Jingchuan, a wholly-owned subsidiary of Kelun Pharmaceutical.

(4) Kelun Jingchuan is the general partner of the four Employee Incentive Platforms, which in aggregate held 9,000,000 H Shares and 21,000,000 Unlisted Shares.

(5) Merck Sharp & Dohme LLC is a wholly-owned subsidiary of Merck & Co., Inc., a company listed on the New York Stock Exchange (stock code: MRK).

(L) Long position.

Save as disclosed above, as at December 31, 2024, no person (other than the Directors, Supervisor and chief executives of the Company as set out in the paragraph headed "Directors', Supervisors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and debentures of the Company and its Associated Corporations" in this report) had any interests or short positions in the Shares or underlying Shares of the Company which were required to be notified to the Company or the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

PRE-IPO EMPLOYEE INCENTIVE SCHEME

The Pre-IPO Employee Incentive Scheme was adopted and approved by resolutions in writing by the Board in 2016, and was further revised in May 2020, January 2023 and April 2023. The purpose of the Pre-IPO Employee Incentive Scheme is to provide equity incentives for core employees to attract and recruit skilled personnel, in order to fully mobilize the enthusiasm of core employees, ensure stability, motivation and long-term core R&D personnel's labor relationships and aligning core employees' interest with the long-term development of the Company. The Pre-IPO Employee Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it will not involve the grant of new options or awards by the Company after the Listing.

The Company has established four employee incentive platforms, namely Kelun Huicai, Kelun Huide, Kelun Huineng and Kelun Huizhi (the "Employee Incentive Platforms"), in the form of limited partnerships. As at December 31, 2024, the four Employee Incentive Platforms, in aggregate, held 30,000,000 Shares.

The following is a summary of the principal terms of the Pre-IPO Employee Incentive Scheme.

1. Summary of terms

(a) Purpose

For the purpose of quickly attracting and recruiting high-end talents, fully mobilizing the enthusiasm of our core employees, ensuring stability, motivation and long-term core R&D personnel's labor relationships, accelerating the development process of products candidates, encouraging core employees to work hard and aligning their interest with the long-term development of our Company, the Company provides equity incentives for core employees.

(b) Form of Scheme

Participants, as partners of the Employee Incentive Platforms which are in the form of limited partnerships, shall subscribe for the capital contribution of the limited partnership interest according to the amount approved by the equity incentive management committee (the "Equity Incentive Management Committee"), and make the corresponding payment in accordance with the arrangement of the Equity Incentive Management Committee, thereby indirectly holding the shares of the Company by virtue of their capacity as a limited partner of the relevant Employee Incentive Platform.

(c) Participants

The participants include the senior management, key technical personnel and other core employees, directors, supervisors or consultants of the Company, Sichuan Konas and KLUS PHARMA (the "Participants"). The Equity Incentive Management Committee shall determine or adjust the scope of Participants and the incentive shares after considering factors such as the employee's working years, on-boarding situations, annual appraisal performance, nature of the job, seniority, and sense of corporate identity.

(d) Total Number of Incentive Shares

Participants shall hold a total of 30,000,000 shares of the Company through the limited partnerships, which means that four limited partnerships serving as the Employee Incentive Platforms shall hold a total of 30,000,000 shares of the Company, corresponding to the capital of the Company of RMB30 million.

(e) Subscription Price of the Incentive Shares

The subscription price of the incentive shares is based on comprehensive consideration of factors and is determined by the Equity Incentive Management Committee according to the following principles:

The subscription price for the first batch of Participants to subscribe and pay for the incentive shares in 2017 is RMB1.00 per share, and the price for subsequent batches of Participants to subscribe and pay for the incentive shares is calculated as: RMB1.00*(1+6%*N) ("N" refers to the number of years, "N" is calculated by the calendar year in which such Participants were granted incentive shares for the first time less 2017).

(f) Payment of Incentive Share Price

Participants must subscribe for the incentive shares in cash, and should ensure that their source of funds is genuine and lawful.

The subscription period of the incentive shares shall be determined by the Equity Incentive Management Committee. Participants shall make the corresponding payment for incentive shares fully and timely. Participants who fail to pay or pay less than the corresponding price as stated in the notice of grant issued by the Equity Incentive Management Committee are deemed to give up the opportunity to subscribe for the incentive shares. The Equity Incentive Management Committee has the right to adjust or revoke the qualifications of Participants, and return the paid principal (without interest).

(g) Distribution Method of the Incentive Shares

(1) Original distribution: Based on the factors such as the current working years and previous performance, the Equity Incentive Management Committee will determine the scope of Participants and the number of the incentive shares. Unless approved by the Equity Incentive Management Committee, the cumulative incentive shares held by a single natural person through this method shall not exceed 0.5% of the total incentive shares. The employees who have obtained the original distribution shares are regarded as the first batch of Participants, and shall make the payment in installments and are deemed to have obtained the incentive shares at the establishment of the limited partnerships.

(2) Annual appraisal distribution: According to the annual appraisal by the Company and associated subsidiaries, the Equity Incentive Management Committee has the right to decide to add new Participants or increase the number of the incentive shares of existing Participants every year.

(3) Unless approved by the Equity Incentive Management Committee, the cumulative incentive shares held by a single natural person shall not exceed 1% of the total incentive shares subscribed through the original distribution and annual appraisal distribution.

(h) Distribution Procedures of the Incentive Shares

The Equity Incentive Management Committee is responsible for the distribution of the incentive shares. In general, the distribution procedures are as follows:

(1) The Equity Incentive Management Committee decides the specific conditions for eligible Participants, the allocation of the incentive shares among different internal departments and divisions, the preliminary grantee list and the number of shares proposed to be granted.

(2) The management of relevant departments of the Company and its subsidiaries is responsible for formulating departmental allocation plans, selecting the Participants from the lists, determining the number of incentive shares, and submitting the departmental allocation plans to the Equity Incentive Management Committee.

(3) The Equity Incentive Management Committee is responsible for making the final decisions about the selected Participants and number of the incentive shares to be granted to each selected Participants.

(4) The selected Participants shall sign relevant legal documents and pay the subscription price in accordance with the arrangement and instructions of the Equity Incentive Management Committee.

(i) Obligations of Participants

The main obligations of Participants are as follows:

(1) The incentive shares held by Participants shall be locked up for a period of 4 years from the effective date of the incentive shares grant agreement (the "Incentive Shares Grant Agreement"). During the 4-year lock-up period, Participants are not allowed to transfer the incentive shares to any third party, nor use the incentive shares for guarantee or repayment of debts. During the lockup period, if Participants rescind or terminate the labor or business relationship with the Company or its subsidiaries, Participants shall follow the relevant arrangements to cooperate with the executive partner to go through the relevant procedures for repurchasing their incentive shares. Participants shall voluntarily commit to continuing to hold the incentive shares for more than 1 year after the expiration of the lock-up period.

(2) Individual income tax arising from withdrawal, holding or transfer of the incentive shares, dividends or other activities shall be borne by Participants themselves.

(3) Participants are obliged to abide by other relevant administration measures formulated by Kelun Pharmaceutical and the Company at the general meetings, the meetings of board of directors and the meetings of the Equity Incentive Committee.

(j) Arrangements for Participants Resigning during the Lock-up Period

During the lock-up period, if Participants rescind or terminate the labor or service contracts with the Company or its subsidiaries, Participants shall transfer all their incentive shares to the executive partner or its designated third party according to the requirements of the executive partner. Such incentive shares transferred to the executive partner or the designated third party shall be used in accordance with the decision of the Equity Incentive Management Committee.

(k) Overall Repurchase of the Incentive Shares

For the incentive shares held by Participants, Kelun Pharmaceutical or its subsidiaries shall have the right to repurchase relevant incentive shares as a whole according to business needs. Overall repurchase can be done all in one time or in batches.

When conducting the overall repurchase, appropriate methods such as issuing shares to purchase assets, repurchasing in cash, or a combination of these two methods may be adopted. When necessary, an independent third-party financial consultant or valuer could be engaged to assess the fair valuation of the relevant incentive shares.

(l) Adjustment to the Pre-IPO Employee Incentive Scheme

When the number of Participants, fundraising methods and incentive methods may raise regulatory concern or affect the long-term development of the Company's overall interests, Kelun Pharmaceutical and the Company have the right to make corresponding adjustments to the effective documents of the Employee Incentive Scheme and other incentive management measures provided that such adjustments comply with the principles of fairness, justice, win-win and order.

(m) Equity Incentive Management Committee

The Equity Incentive Management Committee is responsible for the daily decision-making, management and execution of employee equity incentive matters. The Equity Incentive Management Committee is composed of five members, elected by and responsible to the Board. The Equity Incentive Management Committee is responsible for the following matters:

(1) handling specific matters such as the selection of Participants, determination of allocated shares, and payment arrangements for the incentive shares in line with the Board;

(2) daily management of agreements and documents;

(3) formulating and revising the rules of procedure of the Equity Incentive Management Committee; and

(4) other matters concerning the Equity Incentive Management Committee.

2. Incentive Shares Granted

As at December 31, 2024, awards corresponding to a total of 23,866,250 Shares, representing approximately 79.55% of the total Shares under the Pre-IPO Employee Incentive Scheme, have been granted to the Participants. Save as disclosed below, no awards have been granted to other connected persons of our Group.

Details of the incentive shares granted to the Directors, Supervisors and senior management under the Pre-IPO Employee Incentive Scheme are set out below:

Name	Position	Relevant Employee Incentive Platforms	Approximate partnership interests of the Employee Incentive Platforms	Approximate number of shares corresponding to awards held by the Employee Incentive Platforms	Approximate shareholding percentage corresponding to awards in the total number of shares in issue as at December 31, 2024
Dr. GE Junyou (葛均友)	Executive Director and general manager	Kelun Huicai	28.00%	2,100,000	0.92%
		Kelun Huizhi	2.00%	150,000	0.07%
Mr. LAI Degui (賴德貴)	Non-executive Director	Kelun Huicai	6.20%	465,000	0.20%
Mr. FENG Hao (馮昊)	Chairman of the Board of Supervisors and Supervisor	Kelun Huicai	6.20%	465,000	0.20%
Ms. LIAO Yihong (廖益虹)	Supervisor	Kelun Huicai	2.27%	170,000	0.07%
Dr. SONG Hongmei (宋宏梅)	Supervisor	Kelun Huizhi	6.13%	460,000	0.20%
Ms. YANG Qiuyan (楊秋艷)	Supervisor	Kelun Huineng	4.27%	320,000	0.14%
Dr. QING Yan (卿燕)	Supervisor	Kelun Huicai	5.33%	400,000	0.18%
Mr. FENG Yi (馮毅)	Deputy general manager, chief strategy officer and senior vice president	Kelun Huicai	16.40%	1,230,000	0.54%
Dr. ZHANG Yiwei (張一偉)	Deputy general manager	Kelun Huineng	4.67%	350,000	0.15%
Dr. TAN Xiangyang (譚向陽)	Deputy general manager and chief scientific officer	Kelun Huineng	4.67%	350,000	0.15%
Dr. JIN Xiaoping (金小平)	Deputy general manager and chief medical officer	Kelun Huicai	8.40%	630,000	0.28%
Mr. ZHOU Zejian (周澤劍)	Chief financial officer and joint company secretary	Kelun Huide	12.67%	950,000	0.42%
Mr. DING Nanchao (丁南超)	Deputy general manager and chief marketing officer	Kelun Huizhi	2.00%	150,000	0.07%
Mr. CHEN Wei (陳巍先生)	Deputy general manager	Kelun Huide	2.00%	150,000	0.07%

CONNECTED TRANSACTIONS

The following transactions constituted connected transactions of the Company under the Listing Rules during the Reporting Period:

Subscription of Domestic Shares under Specific Mandate

On May 8, 2024, the Company entered into a subscription agreement with Kelun Pharmaceutical (as subscriber), pursuant to which Kelun Pharmaceutical conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue a total of 4,423,870 Domestic Shares with a nominal value of RMB1.00 each at the subscription price of RMB136.21 per Share, which is the same as the placing price of the Placing. The independent Shareholders approved the Subscription at the 2023 annual general meeting of the Company on June 20, 2024. The Subscription was completed on December 17, 2024. The net proceeds from the Subscription amounted to approximately RMB601.4 million. Kelun Pharmaceutical is one of our Controlling Shareholders and a connected person of the Company.

The Subscription was undertaken to further enlarge the Shareholders' equity base of the Company, optimize the capital structure of the Company and support the healthy and sustainable development of the Company.

Purchase of Equipment

On June 28, 2024, the Company entered into an equipment purchase agreement with Kelun Precision, pursuant to which the Company as purchaser agreed to purchase and Kelun Precision as vendor agreed to sell the equipment (the "Equipment") (which comprises around 250 laboratory and desk equipment) at a consideration of RMB6,240,004.12. Kelun Precision is a wholly-owned subsidiary of Kelun Pharmaceutical, one of our Controlling Shareholders and a connected person of the Company.

The purchase involved a large quantity of laboratory and desk equipment to build upon its existing R&D capabilities and improve its day-to-day operational efficiency. The Equipment was suitable for the Group's R&D needs, was in good working condition, was compatible with the Group's existing R&D apparatus and could be used by the Group after installation without requiring material modification.

CONTINUING CONNECTED TRANSACTIONS

The following transactions constitute continuing connected transactions of the Company during the Reporting Period and are required to be disclosed in this annual report in accordance with Rule 14A.71 of the Listing Rules:

Continuing connected transaction	Date of signing the agreement	Commencement date of term of agreement	Connected person	Description and purpose of the transaction	Annual cap for the year ended December 31, 2024 RMB'000	Actual tax-included transaction value for the year ended December 31, 2024[1] RMB'000
Auxiliary R&D Services Framework Agreement (as amended and supplemented by a supplemental agreement dated August 19, 2024)	June 1, 2023	Listing Date	Kelun Pharmaceutical (including its subsidiaries other than our Group)	Procurement of auxiliary R&D services and/or purchases of auxiliary R&D equipment from Kelun Pharmaceutical (including its subsidiaries other than our Group)	19,000	17,334
				Provision of auxiliary R&D Services and/or sales of auxiliary R&D equipment from our Group	17,000	7,269
R&D-related Drugs and Consumables Framework Agreement	June 1, 2023	Listing Date	China Resources Kelun (Sichuan) Medicine Limited (華潤科倫醫藥(四川)有限公司) ("China Resources Kelun") (including its subsidiaries)[2]	Procurement of R&D-related drugs and consumables from China Resources Kelun	40,000	4,035
Licensing Agreement	January 12, 2017	January 12, 2017	Kelun Research Institute (including its subsidiaries)	Grant of exclusive license rights to us to globally promote and commercialise A167	Determined by a formula in accordance with the terms set out in the Licensing Agreement	0
Sales and Distribution Framework Agreement	October 31, 2024	October 31, 2024	China Resources Kelun[2]	Sales of certain commercialized products of the Company to China Resources Kelun	10,000	506

Notes:

(1) For the Sales and Distribution Framework Agreement, the transaction value is for the period commencing from the commencement date of the term of the relevant agreement to December 31, 2024.

(2) Formerly named Sichuan Kelun Medicine & Trade Group Co., Ltd. (四川科倫醫藥貿易集團有限公司).

The detailed terms of the continuing connected transactions are as follows:

Auxiliary R&D Services Framework Agreement

We have historically procured auxiliary R&D services and goods, which include process development and optimization, sample purification, crystallization screening, GMP batch release testing, packing material and releasing testing from Kelun Pharmaceutical and its subsidiaries, excluding our Group (the "Remaining Kelun Group"), and have provided auxiliary R&D services, which include preclinical animal studies (including toxicology, pharmacokinetics, pharmacodynamic and screening studies), clinical biostatistics, data management, quality control and clinical audit, and other supporting services, to the Remaining Kelun Group (collectively, the "Auxiliary R&D Services") from time to time in our ordinary and usual course of business. We intend to continue such procurement of services and goods and provision of services with the Remaining Kelun Group after the Listing. On June 1, 2023, our Company and Kelun Pharmaceutical (for itself and on behalf of the Remaining Kelun Group) entered into a framework agreement in relation to the procurement of the Auxiliary R&D Services (the "Auxiliary R&D Services Framework Agreement"), pursuant to which Kelun Pharmaceutical (for itself and on behalf of the Remaining Kelun Group) agreed to provide and procure the Auxiliary R&D Services to/from our Group. Kelun Pharmaceutical is one of our Controlling Shareholders and a connected person of the Company.

Taking into account the availability for sale of certain auxiliary R&D and other miscellaneous equipment and materials (the "Auxiliary R&D Equipment") by the Group and the Remaining Kelun Group from time to time, on August 19, 2024, the Company and Kelun Pharmaceutical (for itself and on behalf of the Remaining Kelun Group) entered into a supplemental agreement (the "Supplemental Agreement") to revise the service scope, pricing policy and, for the years ended December 31, 2024 and 2025, the annual caps under the Auxiliary R&D Services Framework Agreement, to include the sales and purchases of the Auxiliary R&D Equipment.

The term of the Auxiliary R&D Services Framework Agreement commenced from the Listing Date and will continue until December 31, 2025 (both days inclusive). Subject to compliance with Listing Rules and applicable laws and regulations, the Auxiliary R&D Services Framework Agreement may be renewed for a further term of three years from time to time, unless either party notifies the other party to the contrary with three months' written notice prior to the expiry of the agreement's term. Upon renewal of the Auxiliary R&D Services Framework Agreement, the parties may amend the terms of the agreement based on the then prevailing circumstances.

Pricing

In respect of the Auxiliary R&D Services, the services fees have been and will be based on cost-plus basis according to (i) the actual cost of provisions of such services (such as the labor cost and the cost of consumables used for providing the services); plus (ii) the agreed margin rates. The margin rates are determined through arm's length negotiation with reference to the range between the lower quartile and the upper quartile of the three-year weighted average cost-plus-margins of comparable companies offering similar services as stated in a transfer pricing analysis report prepared by an independent certified public accountant. Such margin rates may be changed from time to time and shall not be deemed to be the fixed rate for the transactions throughout the term of the Auxiliary R&D Services Framework Agreement.

In respect of the Auxiliary R&D Equipment, the prices of the purchase of the Auxiliary R&D Equipment by the Group from the Remaining Kelun Group will be determined with reference to:

(1) to the extent available to the Group, the book value of the Auxiliary R&D Equipment as recorded in the latest accounts of the Remaining Kelun Group;

(2) the prices of similar equipment and/or materials in comparable transactions conducted by the Group with independent third parties during the same period (if any), to ensure that price to be paid by the Company for the Auxiliary R&D Equipment to the Remaining Kelun Group will not be higher than the price paid by the Company in comparable transactions; and

(3) the recent market prices of comparable transactions, by making enquiries on market prices of similar materials and/or equipment with industry players and conducting researches on industry websites, and then compare the references with the prices quoted by Remaining Kelun Group to ensure that the price to be paid by the Company for the Auxiliary R&D Equipment to the Remaining Kelun Group will not be higher than the price offered by independent suppliers to the Company.

The prices of the sale of the Auxiliary R&D Equipment by the Group to the Remaining Kelun Group will be determined with reference to:

(1) the book value of the R&D equipment and/or materials as recorded in the latest accounts of the Group;

(2) the prices of similar equipment and/or materials in comparable transactions conducted by the Group with independent third parties during the same period (if any), to ensure that the price to be received by the Company for the Auxiliary R&D Equipment from the Remaining Kelun Group will not be lower than the price received by the Company in comparable transactions; and

(3) the recent market prices of comparable transactions, by making enquiries on market prices of similar materials and/or equipment with industry players and conducting researches on industry websites, to ensure that the price to be received by the Company for the Auxiliary R&D Equipment from the Remaining Kelun Group will not be lower than the price offered by independent third party purchasers to the Company (if any). To implement this policy, the management of the Company would solicit at least two other contemporaneous transactions with independent third parties for the materials or equipment in similar quantities for comparison.

The pricing policies have been followed when determining the price and terms of the transactions conducted during the year.

Annual caps and actual amount

The annual caps for the transactions contemplated under the Auxiliary R&D Services Framework Agreement, and the actual amounts paid or payable for the year ended December 31, 2024 are set out below:

	Annual cap for the year ended December 31,			Actual tax-included transaction value for the year ended December 31,
	2023 (RMB'000)	2024 (RMB'000)	2025 (RMB'000)	2024 (RMB'000)
Amounts payable by our Group to the Remaining Kelun Group in respect of the procurement of the Auxiliary R&D Services and/or purchases of Auxiliary R&D Equipment under the Auxiliary R&D Services Framework Agreement	22,000	19,000	17,000	17,334
Amounts payable by the Remaining Kelun Group to us in respect of the provision of the Auxiliary R&D Services and/or sales of Auxiliary R&D Equipment under the Auxiliary R&D Services Framework Agreement	16,000	17,000	18,000	7,269

R&D-related Drugs and Consumables Framework Agreement

We have historically procured R&D-related drugs and consumables (the "R&D-related Drugs and Consumables") from China Resources Kelun and its subsidiaries from time to time in our ordinary course of business. R&D-related Drugs and Consumables primarily include clinical comparator drugs which are used in clinical trials to compare the efficacy of an investigational drug to the efficacy of an existing treatment and medical consumables including protective equipment and laboratory supplies. We intend to continue such procurement with China Resources Kelun after the Listing for clinical trial. On June 1, 2023, our Company and China Resources Kelun entered into a framework agreement in relation to the procurement of the R&D-related Drugs and Consumables (the "R&D-related Drugs and Consumables Framework Agreement"), pursuant to which our Group agreed to purchase the R&D-related Drugs and Consumables from China Resources Kelun (for itself and on behalf of its subsidiaries, China Resources Kelun and its subsidiaries collectively referred to as "China Resources Kelun Group"). China Resources Kelun is an associate of Mr. LIU Sichuan, a Director of the Company. Therefore, China Resources Kelun is a connected person of the Company.

The term of the R&D-related Drugs and Consumables Framework Agreement commenced from the Listing Date and will continue until December 31, 2025 (both days inclusive). Subject to compliance with Listing Rules and applicable laws and regulations, the R&D-related Drugs and Consumables Framework Agreement may be renewed for a further term of three years from time to time, unless either party notifies the other party to the contrary with three months' written notice prior to the expiry of the agreement's term. Upon renewal of the R&Drelated Drugs and Consumables Framework Agreement, the parties may amend the terms of the agreement based on the then prevailing circumstances.

Pricing

The prices payable by us for procuring the R&D-related Drugs and Consumables have been and will be determined through arm's length negotiation primarily based on the production cost of the R&D-related Drugs and Consumables, the sales price to external third parties and our procurement volume, with reference to a number of factors applicable to all suppliers, including but not limited to the prevailing market price of the relevant drugs and consumables of same quality, specifications of the products, delivery capability, response time and the fees charged for historical transactions of similar nature. The pricing policies have been followed when determining the price and terms of the transactions conducted during the year.

Annual caps and actual amount

The annual caps for the transactions contemplated under the R&D-related Drugs and Consumables Framework Agreement, and the actual amounts paid or payable for the year ended December 31, 2024 are set out below:

	Annual cap for the year ended December 31,			Actual tax-included transaction value for the year ended December 31,
	2023 (RMB'000)	2024 (RMB'000)	2025 (RMB'000)	2024 (RMB'000)
Amounts payable by our Group to China Resources Kelun Group in respect of the procurement of the R&D-related Drugs and Consumables under the R&D-related Drugs and Consumables Framework	20,000	40,000	30,000	4,035

Licensing Agreement

Kelun Research Institute, a wholly-owned subsidiary of Kelun Pharmaceutical, as the licensor, and our Company, as the licensee, entered into a patent and technology license agreement in relation to A167 (the "Licensing Agreement") on January 12, 2017, pursuant to which Kelun Research Institute agreed to grant exclusive license rights to us to globally promote and commercialize A167 (the "Licensed Product"). Kelun Research Institute is a wholly-owned subsidiary of Kelun Pharmaceutical and a connected person of the Company.

In May 2017, Kelun Research Institute transferred the patent in relation to A167 (the "A167 Patent") to the Company at nil consideration, while retaining certain non-patent technologies. To reflect (i) the licensing of the non-parent technologies by Kelun Research Institute; and (ii) the economic interests of the transferred A167 Patent and its future commercialization value, the Company and Kelun Research Institute agreed to continue the Licensing Agreement.

Under the Licensing Agreement, we do not need to pay any upfront payment to Kelun Research Institute. However, we need to share with Kelun Research Institute the profit derived from the sale of the Licensed Product after its commercialization (the "Profit Sharing"). The Profit Sharing was determined after arms' length negotiations between our Group and the Kelun Research Institute with reference to various factors, including but not limited to the costs and risk of development of the Licensed Product, expected prospects of the development and commercialization of the Licensed Product and the reasons for and benefits of the transactions contemplated under the Licensing Agreement. The term of the Licensing Agreement commenced on the date of the agreement and continues to be in force and effect until the expiration date of the patent of the Licensed Product, being March 1, 2037.

Rule 14A.52 of the Listing Rules provides that the period for the agreement of a continuing connected transaction must not exceed three years except in special circumstances where the nature of the transaction requires a longer period. Our Directors are of the view that the nature of Licensing Agreement requires a longer period commencing from the date of the agreement and continue to be in force until the expiration date of the patent of the Licensed Product, being March 1, 2037, on the grounds that: (i) the Licensing Agreement allowed our Group and Kelun Research Institute to spread the risks and costs associated with the marketing and sales of the Licensed Product and to better deploy their respective resources and established capabilities to expeditiously establish an advantageous position in relevant markets. Imposing a restriction on the term of the Licensing Agreement for a period of three years would deviate from the market prevailing practice and be contrary to the business intention of the parties; (ii) such a long-term cooperation is in the interest of our Company and the Shareholders as a whole; and (iii) as confirmed by Frost & Sullivan, the term of the Licensing Agreement, which exceeds three years, is in line with the industry prevailing practice.

Pricing

The payment receivable by the Kelun Research Institute from us for Profit Sharing pursuant to the Licensing Agreement will be determined in accordance with the following formula:

Sales within the PRC

Amount receivable by Kelun Research Institute under Profit Sharing = net sales revenue[1] x percentage of the profit sharing ratio[2]

Sales outside the PRC

Amount receivable by Kelun Research Institute under Profit Sharing = net sales revenue[1] x 6%

Notes:

1. The net sales revenue refers to the revenue generated from the sales of products excluding packing and shipping fees, relevant tax, advertising fees and commercial discounts.

2. The profit sharing rate will be no more than 4% and will be determined based on the NDA filing status of the Licensed Product as compared to that of its competitors in the market.

Annual caps and actual amount

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 14A.53 of the Listing Rules so as to allow us to set the annual caps in relation to continuing connected transactions under the Licensing Agreement as the formula in accordance with the terms as set out in the Licensing Agreement. For details of the grounds for the waiver sought, please refer to the section headed "Connected Transactions – NON-EXEMPT CONTINUING CONNECTED TRANSACTION – Licensing Agreement – Caps on Future Transaction Amounts" in the Prospectus.

The waiver is for a term of three years ending on December 31, 2025. The Company will, after taking into account, among other things, the addressable market, the drug pricing and the historical transaction amount of the relevant products, re-assess whether a further waiver is required at the expiry of such initial term.

For the year ended December 31, 2024, the amount paid or payable by us to Kelun Research Institute in respect of the grant of exclusive license rights to us to globally promote and commercialize A167 under the Licensing Agreement as determined by the formula in accordance with the terms as set out in the Licensing Agreement was RMB0.

Sales and Distribution Framework Agreement

In light of the expected approval timeline of the Company's late-stage pipeline products and as part of the Company's ongoing pre-marketing and commercialization strategy, the Group has been identifying suitable distributors for sales of its products to end customers. On October 31, 2024, the Company entered into the sales and distribution framework agreement (the "Sales and Distribution Framework Agreement") with China Resources Kelun, pursuant to which the Company has agreed to sell certain commercialized products of the Company (the "Products") to China Resources Kelun, and China Resources Kelun (as a non-exclusive distributor in the PRC) has agreed to sell the same to downstream distributors and/or end customers from time to time. The transactions contemplated under the Sales and Distribution Framework Agreement will be conducted pursuant to an individual distribution agreement which complies with the terms of the Sales and Distribution Framework Agreement. China Resources Kelun is an associate of Mr. LIU Sichuan, a Director of the Company. Therefore, China Resources Kelun is a connected person of the Company.

Pricing

The distribution price of the Products will be negotiated on an arm's length basis between the Group and China Resources Kelun on normal commercial terms with reference to:

(1) the distribution and/or sale prices of the Products in comparable transactions conducted by the Group with independent third parties during the same period (if any);

(2) the distribution and/or sale prices of similar or comparable products made by similarly situated industry players and distributors. The Company will make enquiries regarding distribution prices with industry players and conduct research on industry websites, and then compare the references with the prices quoted by the Company;

(3) cost and expenses in relation to the Products; and

(4) applicable laws and policies with respect to the pricing, procurement and retailing of pharmaceutical products in the PRC.

The pricing policies have been followed when determining the price and terms of the transactions conducted during the year.

Annual caps and actual amount

The annual caps for the transactions contemplated under the Sales and Distribution Framework Agreement, and the actual amounts paid or payable for the year ended December 31, 2024 are set out below:

	Annual cap for the year ended December 31,		Actual tax-included transaction value for the year ended December 31, 2024
	2024 (RMB'000)	2025 (RMB'000)	(RMB'000)
Amounts payable by China Resources Kelun to our Group in respect of the sale of the Products under the Sales and Distribution Framework Agreement	10,000	15,000	506

Confirmation of the auditors

In accordance with Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditor has issued a letter to the Board confirming that in respect of the continuing connected transactions ended December 31, 2024:

i. nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors.

ii. for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group.

iii. nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

iv. with respect to the aggregate amount of each of the continuing connected transactions set out in the above list of continuing connected transactions, nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have exceeded the annual caps as set by the Company.

Confirmation of the independent non-executive Directors

The independent non-executive Directors had reviewed the above continuing connected transactions and confirmed that such transactions were entered into:

i. in the ordinary and usual course of the Group's business;

ii. on normal commercial terms or better to the Company; and

iii. in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Save as disclosed in the sub-section headed "Connected Transactions" and "Continuing Connected Transactions" in this report, during the Reporting Period, the Group did not enter into any other transactions which constituted connected transactions or continuing connected transactions that were subject to annual review and reporting requirements under Chapter 14A of the Listing Rules, and the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

None of the related party transactions disclosed in Note 28 to the Consolidated Financial Statements constitute connected transactions or continuing connected transactions which are required to be disclosed pursuant to Chapter 14A of the Listing Rules, except for the transactions disclosed in the sub-section headed "Connected Transactions" and "Continuing Connected Transactions" in this report, in respect of which the requirements in accordance with Chapter 14A of the Listing Rules have been complied with.

RETIREMENT BENEFITS SCHEME

The employees of the Group's subsidiaries in the PRC are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to this retirement benefits schemes is to make the specified contributions.

Details of the pension obligations of the Company are set out in Note 5(b) to the Consolidated Financial Statements in this report. During the Reporting Period, no forfeited contributions had been used by the Group to reduce the existing level of contributions.

SHARE CAPITAL

On May 8, 2024, the Company entered into a placing agreement with the Placing Agents, pursuant to which the Placing Agents conditionally agreed to procure the placing of, as agent of the Company, or failing which to purchase itself, 3,648,600 H Shares to multiple placees at the placing price of HK$150.00 per Share. The placing price represents a discount of approximately 6.83% to the closing price of HK$161.00 per H Share as quoted on the Stock Exchange on May 7, 2024, being the last trading day prior to the signing of the placing agreement. Completion of the Placing took place on May 16, 2024. 3,648,600 H Shares were successfully placed by the Placing Agents to not less than six placees who were individual, professional, institutional and/or other investors at the placing price pursuant to the terms and conditions of the placing agreement. The net proceeds from the Placing (after deducting all fees, costs and expenses incurred by the Company in connection with the Placing including placing commission and levies) amounted to approximately HK$541.4 million with the net price of HK$148.39 per H share.

On May 8, 2024, the Company entered into a subscription agreement with Kelun Pharmaceutical (as subscriber), pursuant to which Kelun Pharmaceutical conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue a total of 4,423,870 Domestic Shares at the subscription price of RMB136.21 per Share, equivalent to HK$150.00 per Share, which is the same as the placing price of the Placing. The subscription price represents a discount of approximately 6.83% to the closing price of HK$161.00 per Share as quoted on the Stock Exchange on May 7, 2024, being the last trading day prior to the signing of the subscription agreement. The independent Shareholders approved the Subscription at the 2023 annual general meeting of the Company on June 20, 2024. The Subscription was completed on December 17, 2024. The net proceeds from the Subscription (after deducting all fees, costs and expenses incurred by the Company in connection with the Subscription) amounted to approximately RMB601.4 million with the net price of RMB135.94 per Share.

The Placing and the Subscription were undertaken to further enlarge the Shareholders' equity base of the Company, optimize the capital structure of the Company and support the healthy and sustainable development of the Company. For more details of the Placing and the Subscription, please refer to the Company's announcements dated May 8, 2024, May 16, 2024, November 22, 2024 and December 18, 2024, and the Company's circular dated May 21, 2024.

The Company received a filing notice dated August 23, 2024 issued by the CSRC in respect of the implementation of the H Share Full Circulation for an aggregate of 1,157,778 Domestic Shares and Unlisted Foreign Shares (the "Conversion H Shares"), and the Company received approval from the Stock Exchange for the listing of and the permission to deal in the Conversion H Shares on September 3, 2024. The conversion of the Conversion H Shares was completed on September 17, 2024 and the listing of the Conversion H Shares on the Stock Exchange commenced on September 19, 2024. For more related details, please refer to the Company's announcement dated September 17, 2024.

Details of the movements in share capital of the Company during the Reporting Period are set out in Note 25(c) to the Consolidated Financial Statements in this report.

DISTRIBUTABLE RESERVES

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

USE OF NET PROCEEDS FROM GLOBAL OFFERING AND OVER-ALLOTMENT OPTION

The Company received net proceeds of approximately HK$1,258.9 million from the Listing. On August 8, 2023, the Company also received net proceeds of approximately HK$196 million from the full exercise of the Over-allotment Option. The total net proceeds amounted to approximately HK$1,454.9 million. The aforementioned net proceeds amounts were arrived at after deducting the underwriting commissions and other estimated expenses payable by the Company in connection with the full exercise of the Over-allotment Option.

The Company has utilized, and expects to utilize, the net proceeds from the Global Offering and the full exercise of the Over-allotment Option in accordance with the intended uses previously disclosed in the Prospectus (following pro rata adjustment based on the actual net proceeds received). For further details, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus. As at the end of the Reporting Period, the Group has used the net proceeds from the Global Offering and the full exercise of the Over-allotment Option as follows:

Intended use of net proceeds	**Allocation of net proceeds** RMB in million	**Percentage of total net proceeds**	**Net proceeds utilized as at December 31, 2023** RMB in million	**Net proceeds unutilized as at December 31, 2023** RMB in million	**Net Proceeds utilized as at the end of the Reporting Period** RMB in million	**Net Proceeds unutilized as at the end of the Reporting Period** RMB in million	**Expected time of full utilisation**
(1) Research, development and commercialization of our Core Products, namely, SKB264 and A166	600.9	45%	297.9	303.0	600.9	0	Year 2024
(2) Research, development and commercialization of our other key products, including A140, A167, A400 and A223	400.6	30%	220.1	180.5	376.8	23.8	Year 2025
(3) Continued development of our technology platforms, advance our other existing pipeline assets and develop new drug candidates	160.2	12%	70.5	89.7	130.2	30.0	Year 2025
(4) Funding the expansion of our manufacturing capabilities and quality control system to support the anticipated commercialization of our late-stage assets	106.8	8%	96.2	10.6	99.7	7.1	Year 2025
(5) Working capital and general corporate purposes	66.9	5%	29.8	37.1	66.1	0.8	Year 2025
Total	1,335.4[1]	100%	714.5	620.9	1,273.7	61.7	

Note:

(1) Based on the RMB equivalent of aggregate net proceeds from the Global Offering and the full exercise of the Over-allotment Option.

USE OF NET PROCEEDS FROM THE PLACING

On May 16, 2024, the placing of 3,648,600 H Shares to multiple placees at the placing price of HK$150.00 per Share was completed. The net proceeds from the Placing amounted to approximately HK$541.4 million. For further details, please refer to the sub-section headed "Share Capital" in this report.

The Company has utilized, and expects to utilize, the net proceeds from the Placing in accordance with the intended uses previously disclosed in the announcements of the Company dated May 8, 2024 and May 16, 2024 (the "Placing and Subscription Announcements"). For further details, please refer to the Placing and Subscription Announcements.

As at the end of the Reporting Period, the Group has used the net proceeds from the Placing as follows:

Intended use of net proceeds	Allocation of net proceeds RMB in million	Percentage of total net proceeds	Net proceeds utilized as at the end of the Reporting Period RMB in million	Net proceeds unutilized as at the end of the Reporting Period RMB in million	Expected time of full utilization
(1) Research and development, clinical trials, registration filings, manufacturing and commercialization of:					
(a) our Core Products	172.1	35%	172.1	0	Year 2024
(b) our other products	172.1	35%	165.8	6.3	Year 2025
(2) Enhance our internal research and development technology capabilities, strengthen external collaboration, and expand our product pipeline portfolio	122.9	25%	36.9	86.0	Year 2025
(3) Working capital and general corporate purposes	24.6	5%	11.7	12.9	Year 2025
Total	491.6[1]	100%	386.4	105.2	

Note:

(1) Based on the RMB equivalent of net proceeds from the Placing.

USE OF NET PROCEEDS FROM THE SUBSCRIPTION

On December 17, 2024, the subscription of 4,423,870 Domestic Shares by Kelun Pharmaceutical at the subscription price of RMB136.21 per Share was completed. The net proceeds from the Subscription is approximately RMB601.4 million. For further details, please refer to the sub-section headed "Share Capital" in this report.

The Company has utilized, and expects to utilize, the net proceeds from the Subscription in accordance with the intended uses previously disclosed in the Placing and Subscription Announcements. For further details, please refer to the Placing and Subscription Announcements.

As at the end of the Reporting Period, the Group has used the net proceeds from the Subscription as follows:

Intended use of net proceeds	Allocation of net proceeds RMB in million	Percentage of total net proceeds	Net proceeds utilized as at the end of the Reporting Period RMB in million	Net proceeds unutilized as at the end of the Reporting Period RMB in million	Expected time of full utilization
(1) Research and development, clinical trials, registration filings, manufacturing and commercialization of:					
(a) our Core Products	210.5	35%	44.0	166.5	Year 2025
(b) our other products	210.5	35%	53.3	157.2	Year 2025
(2) Enhance our internal research and development technology capabilities, strengthen external collaboration, and expand our product pipeline portfolio	150.3	25%	19.7	130.6	Year 2025
(3) Working capital and general corporate purposes	30.1	5%	30.1	0	Year 2024
Total	601.4	100%	147.1	454.3	

SUFFICIENCY OF PUBLIC FLOAT

The Stock Exchange has granted the Company a waiver from strict compliance with Rule 8.08(1) of the Listing Rules, such that the minimum percentage of the Shares from time to time held by the public shall be the higher of (a) 20.88% and (b) such percentage of Shares of the enlarged issued share capital of the Company held by the public upon any exercise of the Over-allotment Option. Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirmed that the Company has maintained the aforementioned minimum public float required by the Stock Exchange since the Listing Date and up to the Latest Practicable Date.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save for the Placing and the Subscription (details of which may be found in the section headed "Share Capital" in this Annual Report), none of the Company or any of its subsidiaries has made any purchase, sale or redemption of the listed securities of the Company (including sale or transfer of treasury shares) during the year ended December 31, 2024.

The Company has not made any sales or transfer of treasury shares on the Stock Exchange during the year ended December 31, 2024. As at December 31, 2024, the Company did not hold any treasury shares.

CHANGE IN CONSTITUTIONAL DOCUMENTS

On January 15, 2024, June 20, 2024 and December 18, 2024, certain amendments to the articles of association of the Company came into effect to reflect the registered capital and share capital structure of the Company upon the full circulation of certain Domestic Shares and Unlisted Foreign Shares (the completion of which took place in November 2023), the completion of the Placing, the completion of the Subscription and the resignation of Supervisors. For further details, please refer to the Company's announcements dated December 20, 2023, May 8, 2024, May 31, 2024 and December 18, 2024, and the Company's circulars dated December 21, 2023, May 21, 2024 and May 31, 2024.

Save as disclosed above, there was no significant change to the constitutional documents of the Company for the year ended December 31, 2024.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

The holders of H Shares of the Company shall pay relevant tax and/or enjoy tax relief and exemption in accordance with the following provisions:

According to the relevant requirements of the Notice on relevant Tax Treatment for the Pilot Inter-connected Mechanism for Trading on the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2014]81號)》), the Notice on relevant Tax Treatment for the Pilot Inter-connected Mechanism for Trading on the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016]127號)》) and the Announcement on Continuing the Implementation of the Shanghai-Hong Kong, Shenzhen-Hong Kong Stock Connect and the Personal Income Tax Policies Related to Mutual Recognition of Funds between Mainland China and Hong Kong (Announcement No.23 of 2023 of the Ministry of Finance, the State Administration of Taxation and the CSRC) (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告(財政部稅務總局中國證監會公告2023年第23號)》) jointly published by the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission, for dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the Company shall withhold and pay individual income tax at the rate of 20%. As to the withholding tax having been paid abroad, an individual investor may file an application for tax credit with the competent tax authority of China Securities Depository and Clearing Corporation Limited with an effective credit document. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. Dividends received by domestic individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax. The Company will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

According to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and its implementation rules, dividends paid to individuals by PRC companies are generally subject to an individual income tax levied at a flat rate of 20%. For an individual who has no domicile in the PRC and is not resident in the territory of the PRC or who has no domicile in the PRC and has been resident in the territory of the PRC for less than 183 days cumulatively within a tax year, his/her receipt of dividends from a PRC company is normally subject to a PRC withholding tax of 20% unless specifically exempted or reduced by an applicable tax treaty and other tax laws and regulations.

Pursuant to the Notice of the State Administration of Taxation on Issues Concerning Withholding the Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to Holders of H Shares who are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897)(《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), a PRC resident enterprise, when distributing dividends for 2008 and for the years afterwards to holders of H Shares who are overseas non-resident enterprises, shall withhold the enterprise income tax at a flat rate of 10%. A non-PRC resident enterprise which is entitled to a preferential tax rate under an applicable tax treaty or arrangement may, directly or through its agent, apply to the competent tax authorities for a refund of the excess amount of tax withheld.

RELATIONSHIPS WITH THE GROUP'S CUSTOMERS AND SUPPLIERS

The Group values long standing relationships with its suppliers and customers. The Group aims at delivering high quality products to its customers and developing mutual trust and enhancing communication and commitment between the Group and its suppliers to maintain sustainable growth.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, revenue attributable to the Group's five largest customers and the largest customer accounted for 97.83% and 95.21%, respectively, of the Group's total revenue for the Reporting Period.

During the Reporting Period, purchases attributable to the Group's five largest suppliers and the largest supplier accounted for 7.93% and 25.71%, respectively, of the Group's total purchases for the Reporting Period.

Each of Kelun Pharmaceutical (a Controlling Shareholder) and Mr. LIU Gexin (Chairman of the Board and Non-executive Director, and a Controlling Shareholder) had an interest in the Group's five largest suppliers and customers for the Reporting Period.

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

COMPLIANCE WITH 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, the Group had complied 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 CG Code for, among other things, the disclosure of information and corporate governance. During the Reporting Period, none of the Group and the Directors, Supervisors and senior management of the Company were subject to any investigation initiated or administrative penalties imposed by the CSRC, banned from entering the market, identified as inappropriate candidates, publicly condemned by stock exchanges, subject to mandatory measures, transferred to judicial organs or held criminally responsible, and none were involved in any other litigation, arbitration or administrative proceedings which would have a material adverse impact on our business, financial condition or results of operations. Please refer to the section headed "Regulatory Overview" in the Prospectus for more details regarding the relevant laws and regulations which have a significant impact on our business operation.

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 continued studies by giving subsidy to recognized development courses. The Group also aims to provide competitive and attractive remuneration packages to retain its employees. The 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 Pre-IPO Employee Incentive Scheme. Details of the scheme is set out in the sub-section headed "Pre-IPO Employee Incentive Scheme" in this report.

CHARITABLE DONATIONS

During the Reporting Period, the Company did not make any charitable donations.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

CORPORATE GOVERNANCE

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

EQUITY-LINKED AGREEMENT

Save as disclosed in this report, no equity-linked agreement was entered into by the Company at any time during or subsisted at the end of the year ended December 31, 2024.

REVIEW BY AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Dr. LI Yuedong, Dr. TU Wenwei and Dr. JIN Jinping. The chairman of the Audit Committee is Dr. LI Yuedong who holds the appropriate qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee has reviewed the audited Consolidated Financial Statements for the year ended December 31, 2024 with the management and the auditors of the Company. The Audit Committee considered that the Consolidated Financial Statements 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.

INDEPENDENT AUDITORS

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

Since the Listing Date, the auditors of the Company have not changed. KPMG was appointed as the auditors of the Company for the year 2024 at the 2023 annual general meeting of the Company.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above and in this annual report, there were no other important events affecting the Company which occurred after December 31, 2024 and up to the date of this report of the Directors.

By order of the Board
Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd.
LIU Gexin
Chairman of the Board and Non-executive Director

Hong Kong, March 24, 2025

With the joint efforts of all Supervisors of the Company and in accordance with the laws and regulations such as the Company Law, and the provisions of the Articles of Association and the Rules of Procedure for the Supervisory Committee, in the spirit of being responsible to all Shareholders, the Supervisory Committee conscientiously performed the duties and powers conferred upon it by the relevant laws and regulations, actively and effectively carried out work, supervised the operation of the Company in accordance with the law and the performance of duties by the Directors and senior management of the Company, and safeguarded the legitimate rights and interests of the Company as well as its Shareholders.

The work of the Supervisory Committee in 2024 and the work plan for 2025 are hereby reported as follows:

I. WORK OF THE SUPERVISORY COMMITTEE IN 2024

(I) In 2024, the Supervisory Committee convened and held four meetings of the Supervisory Committee in accordance with the law. The notice, convening and voting procedures for the meetings were in compliance with the requirements of the Company Law and other laws and regulations as well as the Articles of Association and the Rules of Procedure for the Supervisory Committee. The Supervisory Committee considered and approved the following matters:

Session	Time of convening	Matter	Opinion
The sixth meeting of the third session of the Supervisory Committee	March 25, 2024	To consider the Company's 2023 annual results announcement and annual report, 2023 internal control self-evaluation report, 2023 Supervisory Committee work report, the Company's 2023 connected transactions and the list of connected persons of the Company	Considered and approved
The seventh meeting of the third session of the Supervisory Committee	May 31, 2024	To consider the election of Ms. LIAO Yihong (廖益虹) as the chairperson of the Supervisory Committee of the Company	Considered and approved
The eighth meeting of the third session of the Supervisory Committee	June 20, 2024	To consider the documents of domestic share issuance such as private placement memorandum	Considered and approved
The ninth meeting of the third session of the Supervisory Committee	August 19, 2024	To consider the relevant documents of the interim results for the half-year of 2024 and connected transactions for the half-year of 2024	Considered and approved

(II) The work of the Supervisory Committee mainly included but was not limited to:

1. attending general meetings to understand the operation of the general meetings;
2. attending the meetings of the Board of the Company on a non-voting basis as needed to understand the operation of the Board;
3. reviewing the financial condition of the Company;
4. reviewing the periodic reports of the Company prepared by the Board of the Company;
5. supervising the conduct of Directors and senior management of the Company in performing their duties to the Company.

II. OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2024

(I) Operation Compliance

The members of the Board and the senior management of the Company operated in strict compliance with the relevant provisions of the Company Law and the Articles of Association, diligently and responsibly performed their duties by following a scientific and reasonable decision-making process, and earnestly implemented each resolution of the general meetings, and no illegal acts or actions against the interests of the Company were found.

(II) Financial Position of the Company

The Supervisory Committee reviewed and agreed with the audited consolidated financial statements of the Company for the year ended December 31, 2024, and believed that the financial statements of the Company have given a fair and true view of the financial position and the operating results of the Company and its subsidiaries and are free of false representations, misleading statements and material omissions.

(III) Internal Control

Based on the relevant regulations of the Company Law and the Articles of Association as well as the actual situation of the Company, the Company has established a comprehensive internal control system, which covers the main aspects of the Company's operation and ensures full and effective implementation and supervision of the Company's internal control.

(IV) Integrity and Self-discipline

The Directors and senior management of the Company consciously and strictly regulated themselves to abide by the laws and regulations with honesty and self-discipline, and no illegal acts due to personal interests were found.

(V) Connected Transactions of the Company

Please refer to the "Report on General Condition of Connected Transactions for the Year of 2024" for details on the connected transactions of the Company during the Reporting Period.

(VI) External Guarantees of the Company

During the Reporting Period, the Company did not provide any external guarantees.

III. WORK PLAN FOR 2025

Due to adjustments in the corporate governance structure, the Company intends to abolish the Supervisory Committee in 2025, with the statutory duties of the Supervisory Committee to be exercised by the Audit Committee. The Company's Supervisory Committee will continue to properly perform its duties in accordance with laws and regulations, and the Company's rules and regulations before its dissolution.

By order of the Supervisory Committee
Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd.
LIAO Yihong
Chairman of the Supervisory Committee

March 24, 2025

CORPORATE GOVERNANCE REPORT

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the year ended December 31, 2024.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. During the year ended December 31, 2024, the Board was satisfied that the Company's culture is aligned with its purposes, values and strategies.

Since the Shares of the Company were listed on the Main Board of the Stock Exchange on July 11, 2023, the Company has adopted the principles and code provisions of the CG Code contained in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices since the Listing Date.

In the opinion of the Directors, throughout the year ended December 31, 2024, the Company has complied with all the applicable code provisions as set out in the CG Code.

The Company has also put in place certain recommended best practices as set out in the CG Code.

The Board will continue to review and monitor its code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors, the Supervisors and the Group's employees who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Upon specific enquiry, all Directors and Supervisors confirmed that they have complied with the Model Code for the year ended December 31, 2024. In addition, the Company is not aware of any non-compliance with the Model Code by the senior management of the Group for the year ended December 31, 2024.

BOARD OF DIRECTORS

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

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

Board Composition

The Board currently comprises eleven Directors, consisting of one executive Director, six non-executive Directors, and four independent non-executive Directors.

Executive Director

Dr. GE Junyou *(General Manager)*

Non-executive Directors

Mr. LIU Gexin *(Chairman of the Board)*
Mr. LIU Sichuan
Mr. LAI Degui
Mr. FENG Hao
Mr. ZENG Xuebo
Mr. LI Dongfang

Independent Non-executive Directors

Dr. ZHENG Qiang
Dr. TU Wenwei
Dr. JIN Jinping
Dr. LI Yuedong

The biographical information of the Directors is set out in the section headed "Directors, Supervisors and Senior Management" on pages 41 to 51 of this Annual Report. The relationships between the Directors are disclosed in the respective Director's biography under the section "Directors, Supervisors and Senior Management" of this Annual Report. Mr. LIU Gexin is the father of Mr. LIU Sichuan. Save as disclosed, there is no relationship (including financial, business, family or other material/relevant relationship(s)) between the Board members and in particular, between the Chairman and the General Manager.

Directors' Attendance Records

For the year ended December 31, 2024 the Company convened four regular Board meetings in each financial year at approximately quarterly intervals in accordance with code provision C.5.1 of the CG Code.

The attendance record of each Director at the Board meetings, Board Committee meetings and general meetings of the Company held for the year ended December 31, 2024 are set out in the table below:

	Attendance/Number of Meetings				
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting
Executive Directors					
Dr. GE Junyou	4/4	N/A	N/A	N/A	2/2
Dr. WANG Jingyi (resigned on May 31, 2024)	0/1	N/A	N/A	N/A	0/1
Non-executive Directors					
Mr. LIU Gexin	4/4	N/A	N/A	1/1	2/2
Mr. LIU Sichuan	2/4	N/A	0/1	N/A	2/2
Mr. LAI Degui (appointed on June 20, 2024)	3/3	N/A	N/A	N/A	0/0
Mr. FENG Hao	3/4	N/A	N/A	N/A	2/2
Mr. ZENG Xuebo	4/4	N/A	N/A	N/A	2/2
Mr. LI Dongfang	4/4	N/A	N/A	N/A	2/2
Independent non-executive Directors					
Dr. ZHENG Qiang	4/4	N/A	1/1	1/1	2/2
Dr. TU Wenwei	3/4	2/2	N/A	0/1	2/2
Dr. JIN Jinping	4/4	2/2	1/1	N/A	2/2
Dr. LI Yuedong	4/4	2/2	N/A	N/A	2/2

Note: During the year ended December 31, 2024:–

- The Board held four regular meetings and circulated written resolutions eight times.
- The Audit Committee held two regular meetings and circulated written resolutions once.
- The Remuneration Committee held one regular meeting and circulated written resolutions three times.
- The Nomination Committee held one regular meeting and circulated written resolutions three times.
- General meetings were convened twice on January 15, 2024 and June 20, 2024 respectively.

The attendance record of Dr. WANG Jingyi at the meeting by his alternate is set out below:

Name of alternate	Attendance/ Number of Board Meeting
Dr. GE Junyou	1/1

The attendance record of Mr. LIU Sichuan at the meetings by his alternate is set out below:

Name of alternate	Attendance/Number of Board Meeting	Attendance/Number of Remuneration Committee Meeting
Mr. LIU Gexin/Dr. ZHENG Qiang	2/2	1/1

The attendance record of Mr. FENG Hao at the meeting by his alternate is set out below:

Name of alternate	Attendance/Number of Board Meeting
Dr. GE Junyou	1/1

The attendance record of Dr. TU Wenwei at the meetings by his alternate is set out below:

Name of alternate	Attendance/Number of Board Meeting	Attendance/Number of Nomination Committee Meeting
Dr. ZHENG Qiang	1/1	1/1

For the year ended December 31, 2024, the chairman of the Board held one meeting with the independent non-executive Directors without the presence of other Directors.

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

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

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

The Directors should disclose to the Company details of other offices held by them in public companies or organizations and other significant commitments. The Board should regularly review the contribution required from each Director to perform his/her responsibilities to the Company, and whether he/she is spending sufficient time performing such responsibilities.

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

Chairman and General Manager

The positions of Chairman and General Manager (same role as the position of chief executive pursuant to the CG Code) are held by Mr. LIU Gexin and Dr. GE Junyou respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The General Manager focuses on the Company's business development and daily management and operations generally.

Independent Non-executive Directors

During the year ended December 31, 2024, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

Each independent non-executive Director should inform our Company as soon as possible if there is any change of circumstances which may affect his/her independence pursuant to Rule 3.13 of the Listing Rules. No such notification was received by the Company for the year ended December 31, 2024. The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

Board Independence Evaluation

The Company has established mechanisms in accordance with the code provision B.1.4 of the CG Code to ensure independent views and input are available to the Board, channels are in place through formal and informal means whereby independent non-executive Directors can express their independent views in an open and candid manner and exercise judgement to better safeguard Shareholders' interests as well as in a confidential manner, should circumstances require; these include dedicated meeting sessions with the Chairman and interaction with management and other Board members including the Chairman outside the boardroom. The Board includes a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which enables it effectively exercise independent judgment. External independent professional advice is available as and when required by individual Directors. The mechanism to ensure independent views and input are available to the Board is reviewed annually. The Nomination Committee has reviewed the mechanisms for obtaining independent views and opinions and confirmed that the mechanisms are operating effectively.

For the year ended December 31, 2024, the Board reviewed the implementation and effectiveness of the mechanism and the results were satisfactory.

Appointment and Re-election of Directors

Under the Articles of Association, the Directors shall be elected or replaced by a general meeting. Directors are appointed for a term of three years, subject to re-election upon expiry of the term.

The Company has entered into a service agreement or an appointment letter with each of the Directors (including non-executive Directors and independent non-executive Directors). Such service contracts and appointment letters are for a term commencing from the date of appointment to the expiry of the term of office of the current session of the Board.

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Continuous Professional Development of Directors

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

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

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

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

For the year ended December 31, 2024, the Company organized training sessions for all Directors. The training sessions covered a wide range of relevant topics including Directors' duties and responsibilities, corporate governance, continuing obligations and regulatory updates.

For the year ended December 31, 2024, all Directors have participated in appropriate training so as to deepen their understanding of the Listing Rules and other relevant laws and regulations. Mr. LAI Degui had obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 27 May 2024, and he has confirmed he understood his obligations as a director.

The training records of the Directors for the year ended December 31, 2024 are summarized as follows:

Directors	Type of Training *Note*
Executive Directors	
Dr. GE Junyou	A
Dr. WANG Jingyi (resigned on May 31, 2024)	A
Non-executive Directors	
Mr. LIU Gexin	A
Mr. LIU Sichuan	A
Mr. LAI Degui (appointed on June 20, 2024)	A
Mr. FENG Hao	A
Mr. ZENG Xuebo	A
Mr. LI Dongfang	A
Independent Non-executive Directors	
Dr. ZHENG Qiang	A
Dr. TU Wenwei	A
Dr. JIN Jinping	A
Dr. LI Yuedong	A

Note:

Type of Training

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

BOARD COMMITTEES

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

Audit Committee

The Audit Committee consists of three members, all of whom are independent non-executive Directors, namely Dr. LI Yuedong, Dr. TU Wenwei and Dr. JIN Jinping. Dr. LI Yuedong is the chairman of the Audit Committee.

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

For the year ended December 31, 2024, the Audit Committee met twice and one written resolution was approved by the Audit Committee, during which the Audit Committee mainly reviewed the proposals regarding the audit procedures for the year ended December 31, 2023 ("FY2023") and the review procedures for the six months ended June 30, 2024 ("2024 Interim Period") conducted by the independent auditor, along with their results; the Company's annual results announcement and annual report for FY2023, the interim results announcement and interim report of 2024 Interim Period, the appointment of the audit firm for the year 2024; the work reports on the Company's internal audit and risk management, the effectiveness of risk management and internal control systems, the update on the conflict of interest declarations, the connected transactions of the Company and their estimations, and the update on the list of connected persons.

For the year ended December 31, 2024, the Audit Committee also met the external auditor of the Company once without the presence of the management.

Remuneration Committee

The Remuneration Committee consists of three members, including one non-executive Director, namely Mr. LIU Sichuan, and two independent non-executive Directors, namely Dr. ZHENG Qiang, and Dr. JIN Jinping. Dr. ZHENG Qiang is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include making recommendations to the Board on the remuneration policy and structure for all Directors and senior management, making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, and establishing transparent procedures for developing such remuneration policy and structure.

For the year ended December 31, 2024, the Remuneration Committee met once and three written resolutions were approved by the Remuneration Committee, during which the Remuneration Committee mainly reviewed the proposals regarding the specific remuneration packages for the Company's Directors and supervisors for the year 2024, and the Company's remuneration policy.

The remuneration (excluding share-based payments) of the senior management (excluding Directors), whose biographical details are included in the section headed "Directors, Supervisors and Senior Management" of this Annual Report, during the year falls within the following bands:

Annual remuneration (RMB)	Number of Individuals
0 to 1,000,000	1
1,000,001 to 2,000,000	1
2,000,001 to 3,000,000	3
3,000,001 to 4,000,000	1
4,000,001 to 5,000,000	2
6,000,001 to 7,000,000	1

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

Nomination Committee

The Nomination Committee consists of three members, including one non-executive Director, namely Mr. LIU Gexin, and two independent non-executive Directors, namely Dr. ZHENG Qiang and Dr. TU Wenwei. Mr. LIU Gexin is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, reviewing the Board Diversity Policy and the Director Nomination Policy and assessing the independence of independent non-executive Directors.

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

In identifying and selecting suitable candidates for directorships, the Nomination Committee would extensively identify candidates for Directors within the Company and its controlling (investee) enterprises as well as in the labor market. It will gather information about the occupation, education background, job title, detailed information in relation to the work experience and all the part-time positions of the preliminary proposed candidates, and formulate written materials thereon. Then it will convene a committee meeting to conduct qualification review on the candidates in accordance with the requirements for Directors, and then submit to the Board its proposals and relevant information on the candidates for the new Directors.

For the year ended December 31, 2024, the Nomination Committee met once and three written resolutions were approved by the Nomination Committee, during which the Nomination Committee mainly reviewed the proposals regarding the independence of the Company's independent non-executive Directors, the structure and performance of the Board and the Board diversity policy, as well as the Company's nomination policy.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent.

Pursuant to the Board Diversity Policy, the Nomination Committee reviews annually the structure, size and composition of the Board and where appropriate, makes recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to talent, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. Meanwhile, the Company will consider the above factors based on its business model and its specific needs from time to time. All Board appointments will ultimately be based on meritocracy and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee will discuss and where necessary, agree on the measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. The Company aims to maintain an appropriate balance of diversity of perspectives of the Board that are relevant to the Company's business growth.

The Nomination Committee has conducted an annual review of the Board Diversity Policy to ensure its effectiveness. The review results are satisfactory. The Nomination Committee and the Board consider that the current composition of the Board is sufficiently diverse and has met the objectives set out in the Board Diversity Policy and provided the Company with a good balance of skills, experience and diversity of perspectives appropriate to the requirements of its business. The Board targeted to achieve and has achieved to have at least one female Director. In accordance with the new requirements under the CG Code effective on July 1, 2025, the Company has set an initial target of appointing at least one female Director in the Nomination Committee to take a step further ensuring diverse perspectives in reviewing the diversity of the Board.

Gender Diversity

The Company values gender diversity across all levels of the Group. Currently, the Board has two female Directors and nine male Directors, and the Company's general manager, representing its senior management, is male. The Board has achieved its target of having at least one female Director, and considers that the above current gender diversity in the Board is satisfactory. The Board will continue to embrace gender diversity when making future board appointments but no specific targets or timelines to further enhance gender diversity have been set as the Board is of the view that all aspects of diversity should be considered as a whole in the selection of candidates for directorship. The same approach to gender diversity at the Board level also applies to the Group's workforce, including its senior management. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this Annual Report:

	Female (Percentage (Number of staff))	**Male (Percentage (Number of staff))**
Board	18.2% (2)	81.8% (9)
Senior Management (excluding executive Directors)	0% (0)	100% (8)
Other employees	56.3% (1,030)	43.7% (798)
Overall workforce	55.9% (1,032)	44.1% (815)

We will implement policies to ensure gender diversity when recruiting staff to develop a pipeline of female senior management and potential successors to the Board. We will strive to enhance our female representation and achieve appropriate balance of gender diversity with reference to the stakeholders' expectation and international and local recommended best practices. Furthermore, we continue to embrace gender diversity aimed at identifying and training our female staff who display leadership and potential, with the goal of promoting them to the senior management or the Board. We do not consider it appropriate to set any specific gender target for its workforce as the Board is of the view that all aspects of diversity should be considered as a whole in the selection of candidates. As an equal opportunity employer, our Company also takes into account other relevant factors in its hiring decisions. We consider that the current gender ratio of the workforce of the Group, including the Board, is appropriate for its current business model and operational needs.

Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report on pages 108 to 172 of this Annual Report.

Director Nomination

Pursuant to the Articles of Association and the terms of reference of the Nomination Committee, the election and change of Directors shall be considered by the Shareholders at the general meetings.

Shareholders individually or jointly holding three percent or more of the Company's Shares with voting rights may directly nominate candidates for election as Directors by way of a proposed resolution in writing, but the number of persons nominated shall comply with the Articles of Association and shall not be greater than the number of Directors proposed to be elected. The proposed resolution shall be delivered to the Company at least 10 business days before the date of the relevant general meeting for consideration at the general meeting.

The Nomination Committee recommends candidates for directorship, taking into consideration the Board Diversity Policy and the candidates' specific qualifications (including whether the candidates can bring views, perspectives, skills, and experience to the Board, and whether the candidates can contribute to the diversity of the Board members). The Board will then shortlist the candidates for submission to the general meeting for consideration.

Save for the appointment of Mr. LAI Degui as a non-executive Director of the third session of the Board at the annual general meeting held on June 20, 2024 and the resignation of Dr. WANG Jingyi as an executive Director on May 31, 2024, for the year ended December 31, 2024, there was no other change in the composition of the Board.

The Nomination Committee will review the policy in relation to the nomination of Directors, as appropriate, to ensure its effectiveness.

Corporate Governance Functions

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

For the year ended December 31, 2024, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, compliance with the Model Code and the "Code for Securities Transactions by Relevant Employees", and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Board has also established a Risk Prevention and Control Leadership Group (風險防控領導小組), consisting of the General Manager and division heads, together with the Audit Committee, which assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and leasing, financial reporting, human resources and information technology.

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

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 the general market conditions and the regulatory environment of the Chinese and global biopharmaceuticals markets, our ability to develop, manufacture and commercialize our drug candidates, and our ability to compete with other biopharmaceutical companies. We also face various market risks. In particular, we are exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business.

We have adopted a comprehensive set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. 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 the Board. The Board supervises the implementation and reviews the effectiveness of our risk management policies at least once a year.

During the year ended December 31, 2024, to monitor the ongoing implementation of risk management policies and corporate governance measures, we have adopted, among other things, the following risk management measures:

- The Board has the responsibility to oversee and manage the overall risks associated with our business operations, including (i) reviewing and approving our risk management policy to ensure that it is consistent with our corporate objectives; (ii) reviewing and approving annual working plan and annual report of our corporate risk management; (iii) monitoring the most significant risks associated with our business operation and our management's handling of such risks; (iv) reviewing our corporate risk in the light of our corporate risk tolerance; and (v) monitoring and ensuring the appropriate application of our risk management framework across our Group.

- Our internal audit department, led by our Risk Prevention and Control Leadership Group, is responsible for (i) formulating our risk management policy and reviewing major risk management issues of our Company; (ii) formulating annual working plan and annual report of risk management; (iii) providing guidance on our risk management approach to the relevant departments in our Company and supervising the implementation of our risk management policy by the relevant departments; (iv) reviewing the relevant departments' reporting on key risks and providing feedback; and (v) education and training in relation to risk management.

- The relevant departments in our Company, including but not limited to the finance department, the legal department and the human resources department, are responsible for implementing our risk management policy and carrying out our day-to-day risk management practice. In order to formalize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments have and will continue to (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; (v) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework; and (vi) timely report to our internal audit department and Risk Prevention and Control Leadership Group upon the discovery of material risks.

We consider that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness annually. During the year ended December 31, 2024, we reviewed and enhanced our internal control system. Below is a summary of the internal control policies, measures and procedures we have implemented:–

- We have adopted various measures and procedures regarding each aspect of our business operation, such as related party transaction, risk management, protection of intellectual property, environmental protection and occupational health and safety. We provide periodic training about these measures and procedures to our employees as part of our employee training program. Our internal audit department conducts audit field work to monitor the implementation of our internal control policies, reports the weakness identified to our management and Audit Committee and follows up on the rectification actions.

- Our Directors (who are responsible for monitoring the corporate governance of our Group) with help from our legal advisers, will also periodically review our compliance status with all relevant laws and regulations.

- We have established the Audit Committee which (i) makes recommendations to our Directors on the appointment and removal of external auditors and (ii) reviews the financial statements and renders advice in respect of financial reporting as well as oversees internal control procedures of our Group.

- We have engaged First Shanghai Capital Limited as our compliance adviser to provide advice to our Directors and management team until the end of the first full fiscal year commencing after the Listing Date regarding matters relating to the Listing Rules. Our compliance adviser is expected to ensure our use of funding complies with the intended use of proceeds previously disclosed in the Prospectus, as well as to provide support and advice regarding requirements of relevant regulatory authorities in a timely fashion.

- We have engaged Zhong Lun Law Firm LLP as our PRC legal adviser to advise us on and keep us abreast with PRC laws and regulations. We will continue to arrange various trainings to be provided by external legal advisers 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 intend to maintain strict anti-corruption policies among our sales personnel and distributors in our future sales and marketing activities. We will also strive to ensure that our sales and marketing personnel comply with applicable promotion and advertising requirements in the future.

We will conduct periodic review of relevant laws and regulations and amend our internal policies to ensure compliance with the latest applicable laws and regulations.

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

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

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended December 31, 2024.

The internal audit department is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit department examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Company has in place the Anti-Corruption Policy and Anti-Fraud Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the internal audit department, legal department or the human resources department. All reported cases will be centralized and submitted to the Audit Committee, which is responsible for investigating the reported incidents and taking appropriate measures within their terms of reference. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

During the year ended December 31, 2024, there was one anti-corruption/anti-fraud training provided to all employees. Furthermore, all new staff are required to complete e-learning for anti-corruption and anti-fraud. There were no non-compliance cases in relation to bribery and corruption.

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

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, conducted an annual review of the risk management and internal control systems for the year ended December 31, 2024, which covered the financial, operational and compliance controls, the financial reporting and internal audit function and staff qualifications, experience and relevant resources. The Board endorsed the quality of the Company's internal audit and risk management work for the year 2024, approved the content of the self-assessment report on internal control, and confirmed the effectiveness of the Company's risk management and internal monitoring. The Company's risk management and internal control systems for the year 2024 have been considered effective and adequate, with anti-corruption and anti-fraud systems and procedures functioning well.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended December 31, 2024.

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

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 173 to 177 of this Annual Report.

AUDITOR'S REMUNERATION

The remuneration paid and payable to the external auditor of the Company in respect of audit services and non-audit services for the year ended December 31, 2024 is set out below:

Service Category	**Fees Paid/Payable RMB**
Audit Services	2,852,830
Non-audit Services	
– Assurance Report on Differences in Standards	226,415
– Tax Services	566,038
Total	3,645,283

COMPANY SECRETARY

For the year ended December 31, 2024, Mr. ZHOU Zejian and Ms. FUNG Wai Sum have served as the Company's joint company secretaries, of which Mr. Zhou is a full time employee of the Company and Ms. Fung is an external company secretary. Mr. Zhou is also our chief financial officer and has day-to-day knowledge of the Company's affairs. With effect from January 1, 2025, Ms. FUNG Wai Sum has resigned as the joint company secretary of the Company; and the Board has resolved to appoint Mr. CHUNG Ming Fai as the joint company secretary of the Company following the resignation of Ms. Fung. Mr. Chung is also an external company secretary.

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

For the year ended December 31, 2024, each of Mr. Zhou and Ms. Fung has taken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting

Shareholders who individually or jointly hold more than ten percent of the Shares of the Company shall have the right to propose to the Board to convene an extraordinary general meeting, and shall make such proposal to the Board in writing. The Board shall, in accordance with the provisions of laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association, give written feedback on approval or disapproval of the convening of an extraordinary general meeting within ten days after receiving the written request.

When the Board agrees to convene an extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Changes in the original proposal in the notice shall be subject to the approval of relevant Shareholders. Where the laws, administrative regulations, departmental rules, securities regulatory rules of the places where the Company's Shares are listed have any other provisions, such provisions shall prevail.

If the Board does not agree to hold the extraordinary general meeting or fails to give a reply within ten days after receipt of the request, Shareholders severally or jointly holding more than ten percent of the Shares of the Company shall be entitled to propose and request in writing to the Supervisory Committee to convene an extraordinary general meeting.

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

If the Supervisory Committee fails to give the notice of the general meeting within the specified time limit, it shall be deemed to have failed to convene or preside over the meeting, in which case, Shareholders who individually or collectively hold more than ten percent of the Shares of the Company for more than ninety consecutive days may summon and preside over the meeting themselves.

If the Supervisory Committee or the Shareholders decide to summon a general meeting on their own initiative, they shall notify the Board in writing and make a filing with the securities regulatory authority of the Company's place of registration and the Stock Exchange in accordance with the applicable regulations.

Where the Shareholders summon a general meeting, the shareholding of the summoning Shareholder prior to the resolution of the general meeting shall not be less than ten percent of the Shares with voting rights of the Company.

The Supervisory Committee or the summoning Shareholder shall submit the relevant supporting documents to the securities regulatory authority of the Company's place of registration and the Stock Exchange when giving notice of the Shareholders' general meeting and when announcing the resolutions of the Shareholders' general meeting, and in accordance with the applicable regulations.

Putting Forward Proposals at General Meetings

Shareholders individually or jointly holding more than three percent of Shares in the Company are entitled to make proposals at the general meeting.

Shareholders individually or jointly holding at least three percent of the Shares of the Company may submit extempore proposals in writing to the convener ten days prior to the date of such meeting. The convener shall issue a supplementary notice of the general meeting and make a public announcement of the contents of such extempore proposal within two days after receipt of the proposal, and submit such extempore proposal to the general meeting for consideration. The contents of such an extempore proposal shall fall within the scope of the functions and powers of the general meeting, and contain a clear topic and a specific resolution.

In the notice of the general meetings, the Board will provide the Shareholders with the matters and proposals submitted for consideration at the meeting as well as the contact information of the contact person(s) for the meeting. During the general meetings, Shareholders can raise questions or suggestions as to the matters and proposals submitted for consideration, and the Directors attending the meeting are responsible for explaining, recording and, if necessary, providing further details.

Putting Forward Enquiries to the Board

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

Contact Details

Shareholders should direct their questions about their shareholdings, if any, to the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Shareholders may make enquiries to the Board or the Company in relation to corporate governance or other matters by mail to the Company's headquarters (No. 666 Xinhua Avenue, Chengdu Cross-Strait Science and Technology Industrial Development Park, Wenjiang District, Chengdu, Sichuan Province, the PRC) or the Company's principal place of business in Hong Kong (Attention: Joint Company Secretary of Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd., 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong).

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company has adopted the Shareholders' Communication Policy, which aims to set out the approach of the Board to provide Shareholders of the Company and other stakeholders (including potential investors) information about the Company, in a fair and equal manner. In accordance with the Shareholders' Communication Policy, the Company endeavors to maintain an ongoing communication with Shareholders and in particular, through annual general meetings and other general meetings. At the forthcoming annual general meeting, our Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries.

The Company discloses information and publishes corporate communication to the public on the Stock Exchange's website in a timely manner in accordance with the Listing Rules and the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and does not contain any material omission, thereby enabling Shareholders, investors as well as the public to make rational and informed decisions. To promote effective communication, the Company maintains a website at https://kelun-biotech.com where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

Shareholders' Communication Policy

The Company has in place a Shareholders' Communication Policy. The policy aims at promoting effective communication with Shareholders and other stakeholders, encouraging Shareholders to engage actively with the Company and enabling Shareholders to exercise their rights as Shareholders effectively. We annually review the implementation and effectiveness of the Shareholders' Communication Policy (with communication channels). Following our review for the year ended December 31, 2024, we have concluded that the above policy provides sufficient opportunity and channels for ongoing communication between the Company (including the Board and management) and our Shareholders.

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

(a) General Meetings

Shareholders are encouraged to participate in general meetings, and if they are unable to attend, they may appoint proxies to attend and vote on their behalf at meetings.

The Company will make appropriate arrangements for general meetings to encourage Shareholders' participation.

The Company will review the procedures for general meetings from time to time to ensure its compliance with the provisions of the Articles of Association, the Listing Rules and the applicable laws of the PRC and to follow good corporate governance practices.

Board members, appropriate management executives and external auditor of the Company and such other persons as the Directors consider appropriate shall attend general meetings to answer questions from Shareholders.

The relevant circular and meeting materials will be despatched to the Shareholders in advance in accordance with the relevant provisions of the Listing Rules.

(b) Shareholders' Enquiries

Shareholders should direct their questions about their shareholdings, if any, to the Company's H Share Registrar in Hong Kong.

Shareholders and investors may at any time request for the Company's information to the extent such information is publicly available.

Shareholders may at any time direct enquiries (including any questions regarding the Shareholders' Communication Policy), request for the Company's information to the extent such information is publicly available, and provide comments and suggestions to the office of the Board. Such questions, requests and comments may be sent by mail to the Company's headquarters (No. 666 Xinhua Avenue, Chengdu Cross-Strait Science and Technology Industrial Development Park, Wenjiang District, Chengdu, Sichuan Province, PRC) or the Company's principal place of business in Hong Kong (Attention: Joint Company Secretary of Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd., 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong).

In order to facilitate timely and effective communication and exchange, Shareholders are encouraged to provide their contact details, in particular email addresses, to the Company's H Share Registrar in Hong Kong.

(c) Company's Website

A dedicated "Investor Relations" section is available on the Company's website. Information on the Company's website is updated on a regular basis.

Information published by the Company on the website of the Stock Exchange will also be posted on the Company's website immediately thereafter. Such information includes, but is not limited to, annual reports, interim reports, announcements, circulars, notices of general meetings and information required to be disclosed from time to time under the Listing Rules.

Press releases and publications published by the Company from time to time will also be available from the Company's website.

(d) Communication with the Capital Markets

The Company will launch various activities from time to time, such as briefing sessions, roadshows, media interviews and marketing activities for investors, to facilitate communication and exchange of views between the Company and Shareholders and investors.

The designated personnel of the Company shall comply with relevant rules and the disclosure policies of the Company regarding the disclosure obligations and provisions when contacting or communicating with investors, analysts, media or other relevant external parties.

Amendments to Constitutional Documents

Save as disclosed in the section headed "Change in Constitutional Documents" under the "Report of the Directors", there has been no other significant change to the Articles of Association during the year ended December 31, 2024 and up to the date of this Annual Report.

The Board has considered and approved on October 31, 2024 the resolutions on certain proposed amendments to the Articles of Association to reflect (a) the change in share capital structure of the Company resulting from the completion of the full circulation of certain domestic shares and unlisted foreign shares of the Company held by certain shareholders of the Company (as disclosed in the announcement of the Company dated September 17, 2024); and (b) the newly amended Company Law of the People's Republic of China (《中華人民共和國公司法》) which came into effect on July 1, 2024 after taking into account the actual conditions of the Company. Please refer to the announcement of the Company dated October 31, 2024 for more details. After the Reporting Period, the Board has considered and approved on January 28, 2025 the resolutions on certain proposed amendments to reflect the change in share capital structure of the Company which will result from the completion of the H share full circulation of certain domestic shares of the Company held by certain shareholders. Please refer to the announcement of the Company dated January 28, 2025 for more details. The aforesaid proposed amendments to the Articles of Association are subject to shareholders' approval at the next general meeting.

Dividend Policy

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REGARDING THIS REPORT

Report Introduction

This report is the 2024 Environmental, Social and Governance Report (hereinafter referred to as "this Report" or "ESG Report") issued by Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd. (hereinafter referred to as "Kelun-Biotech", the "company", or "we"), aiming to elaborate on the institutional construction and performance of the company in 2024 in environmental, social, and governance (hereinafter referred to as "ESG") aspects, and objectively disclose the management and achievements of the company in sustainable development, to respond to the expectations of stakeholders such as shareholders, employees, partners, and the public.

Scope and Boundary of the Report

This Report is an annual report, covering the work from January 1, 2024 to December 31, 2024 (hereinafter referred to as the "reporting period"), with some related information that may date back to the time before the reporting period. The policies and data provided in this Report involve Kelun-Biotech and its subsidiaries, with the scope consistent with that of the annual report.

Rationale for Report Preparation

This Report is prepared in accordance with Appendix C2 Environmental, Social and Governance Reporting Guide (hereinafter referred to as the "ESG Reporting Guide") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "SEHK" or the "Stock Exchange of Hong Kong").

The preparation of this Report follows the reporting principles of materiality, quantification, balance and consistency. In this Report, the company has disclosed the process of identifying significant ESG factors and, on this basis, measured and disclosed key performance indicators to present our work on aspects of ESG fairly and objectively.

Appendix II of this Report provides a detailed content index of the ESG Reporting Guide for the convenience of readers to look up for relevant information.

Data Source and Reliability Assurance

The information and data disclosed in this Report are sourced from the company's statistical reports and official documents, and have been reviewed by relevant departments. We undertake that this Report does not contain any false records or misleading statements, and we are responsible for the truthfulness, accuracy and completeness of its content. Unless specifically stated otherwise, the currency units mentioned in the report are in Chinese yuan. In case of any inconsistency with the financial report, the financial report shall prevail.

Confirmation and Approval

This Report was approved by the Board of Directors on March 24, 2025 upon confirmation by the management.

Access to this Report and Provision of Feedback

Readers can obtain the electronic version of this Report through the official website of the Stock Exchange of Hong Kong at www.hkexnews.hk or the company's official website at www.kelun-biotech.com. In case of any discrepancy between the Chinese and English versions of this Report, the Chinese version shall prevail. Should you have any advice or recommendations regarding the company's disclosure and performance in environmental, social and governance aspects, please contact us through the following ways.

Email: klbio_ir@kelun.com

Address: No. 666, Section 2, Xinhua Avenue, Wenjiang District, Chengdu

MESSAGE FROM THE MANAGEMENT

Kelun-Biotech is a biopharmaceutical company that focuses on innovative drug development, manufacturing and commercialization. Since its establishment in 2016, it has always considered "innovation-driven" as the most important development strategy of the enterprise, adhering to the corporate culture of "Dedicated to Human Health With A Caring Heart", and has been committed to addressing the medical needs of China and even the world.

The company consistently adheres to the philosophy of "Pursuing Scientific Truth and Upholding Ethical Goodness". Under three core platforms focusing on ADC, biologics, and small-molecule technologies, respectively, our products in development are represented by ADCs, covering two major areas of oncology and autoimmunity, forming a pipeline of more than 30 differentiated and clinically valuable assets. As of now, three independently developed products have been approved for marketing by the NMPA. The company actively upholds the concept of inclusive healthcare and assumes its social responsibility. We have fully completed the construction of the commercialization system and established a highly competitive commercialization team, actively exploring ways to effectively enhance drug accessibility, benefiting more patients.

Kelun-Biotech prioritizes quality and has established a mature R&D, production, and quality management system to ensure product quality. The company always prioritizes product quality and patient safety in its business operations and development. We work closely with our partners to fully establish a quality responsibility community across the entire supply chain, striving to strictly control quality at every stage, providing patients with safe and effective innovative pharmaceutical products, and taking concrete actions to uphold our commitment to safeguarding life and health.

While developing business, Kelun-Biotech gradually integrates the concept of sustainable development into its daily operations and management, comprehensively exploring the convergence of corporate and social values. The company continuously enhances its compliance and risk management capabilities, assumes corporate integrity responsibilities, and regards them as the cornerstone of the company's stable development. Through a three-tier ESG governance structure of the Board of Directors – ESG Working Group – various functional departments, the company has comprehensively promoted and implemented ESG management, achieving positive progress.

We adhere to the core value of "focusing on the strivers", fully protect employee rights, place great emphasis on employee development, strive to ensure employee safety, and provide employees with a comprehensive welfare system, clear career development paths, and a healthy and safe working environment, striving to achieve co-creation and sharing with employees. We actively carry out school-enterprise cooperation projects, continuously improve welfare protection, and take multiple measures to attract and retain high-quality talents, which ensures the company's sustainable development.

As a responsible enterprise citizen, we contribute to the realization of a healthy China by leveraging our attributes as a pharmaceutical company. The company upholds the mentality of open cooperation, actively participates in the industry to co-establish internationalization and in-depth cooperation to jointly promote the development of the global pharmaceutical industry and create more value for human health.

Looking forward to the future, the company will fulfill its commitments to all sectors of society with sustainable development. We persist in an innovation-driven approach. We look forward to continuously providing domestic and foreign patients with clinically significant and cost-effective innovative drugs, meeting unmet clinical needs worldwide, and contributing to the health development of human society.

Executive Director and General Manager of Kelun-Biotech
GE Junyou

CORPORATE AWARDS AND HONORS

National Engineering Research Center for Biotargeted Drug

National Development and Reform Commission

High-tech enterprises

Science & Technology Department of Sichuan Province, Sichuan Provincial Finance Department, Sichuan Provincial Tax Service, State Taxation Administration

China Pharmaceutical New Elite Innovation Power Award

China National Pharmaceutical Industry Information Center

ADC Pioneer Enterprise

TONACEA

Sichuan Province Biomacromolecule Drug Innovation Consortium

Kelun-Biotech, China Pharmaceutical University, Sichuan Provincial People's Hospital, the Affiliated Hospital of North Sichuan Medical College, etc.

2024 Excellence in ESG Governance Performance Award

Ming Pao

OUR ESG METHOD

Statement of Board of Directors

Kelun-Biotech places great emphasis on the deep integration of ESG management philosophy with the company's development strategy. The Board of Directors, as the highest responsibility and decision-making body for the company's ESG governance, coordinates and oversees all ESG management activities of the company, assuming ultimate responsibility.

The Board of Directors integrates ESG factors into decision-making and daily operations, aligning with its own development strategy and the expectations of various stakeholders, continuously enhancing the company's risk resistance and growth resilience. During the reporting period, the Board of Directors reviewed and optimized the identification and evaluation results of material issues, clarified the focus of ESG governance work, improved the ESG governance system, and actively took measures to address potential ESG risks and impacts, positioning ESG governance as an important guarantee for the company's long-term stable development.

The Board of Directors gains effective understanding of the external ESG development trends and stakeholders' concerns about the company's ESG performance by hearing regular reports from the ESG Working Group and conducting day-to-day enquiries with it, and reviews and approves the annual ESG report, ESG development strategy of the company and ESG goals which have a significant impact on the company's business. Kelun-Biotech maintains active communication with stakeholders, responds to ESG-related needs and expectations, and continuously enhances the company's ESG governance level, thus ensuring the sustainable development of the company's business.

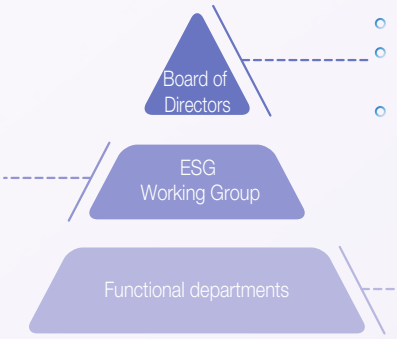
ESG Governance Structure

Kelun-Biotech has constructed a three-tier governance structure consisting of the Board of Directors, ESG Working Group and ESG Executive Body. Among them, the Board of Directors is the highest authority and decision-making body for ESG management and information disclosure, responsible for guiding and supervising the company's ESG development; the ESG Working Group is led by the company's General Manager as the leader, leading the heads of relevant departments in conducting ESG management work. By establishing and continuously improving the ESG governance structure, the company comprehensively enhances its ESG responsibility performance capability, providing assurance for the company's sustainable development.

ESG Governance Structure System of Kelun-Biotech

Management body

- Formulate strategies, objectives, annual work plans, and medium to long-term plans
- Improve the ESG management system and measures, and guide information disclosure work
- Supervise the progress of target achievement and the development of key work
- Identify and assess ESG risks and opportunities, and formulate countermeasures
- Identify important ESG issues and priorities, and maintain continuous communication with stakeholders
- Report regularly to the Board of Directors



The highest responsibility and decision-making body

Review and approve the company's ESG-related matters:

- Development directions, strategies and objectives
- Governance structure and important ESG systems
- Public disclosure of ESG reports and significant information
- Response plan for ESG risk and major negative events

Executive body

- Formulate management indicators and implement the annual work plan
- Establish and improve ESG special management system
- Identify and assess ESG risks and opportunities, and implement response and management measures
- Respond to the ESG needs of stakeholders
- Assist in ESG reporting and daily information disclosure, participate in the company's ESG publicity and training
- Report regularly to the ESG Working Group

Stakeholder Communication

Kelun-Biotech attaches great importance to the expectations and feedback of stakeholders. To promote two-way communication with stakeholders, the company has established diverse communication channels, maintaining close interaction with stakeholders through offline formats such as roadshows and visits, as well as online platforms like the company's official website, reports and public account media.

Communication with Kelun-Biotech Stakeholders

Stakeholders	Important Topics of Primary Concern	Main Communication Channels
Shareholders and investors	Addressing climate change R&D innovation Product safety and quality of service Compliant operation Risk management	General meeting of shareholders Company website Information disclosure Non-deal roadshow On-site investigation
Customers	R&D innovation Product safety and quality of service Data and information security	Product identification and information disclosure Customer complaint channel Customer satisfaction survey

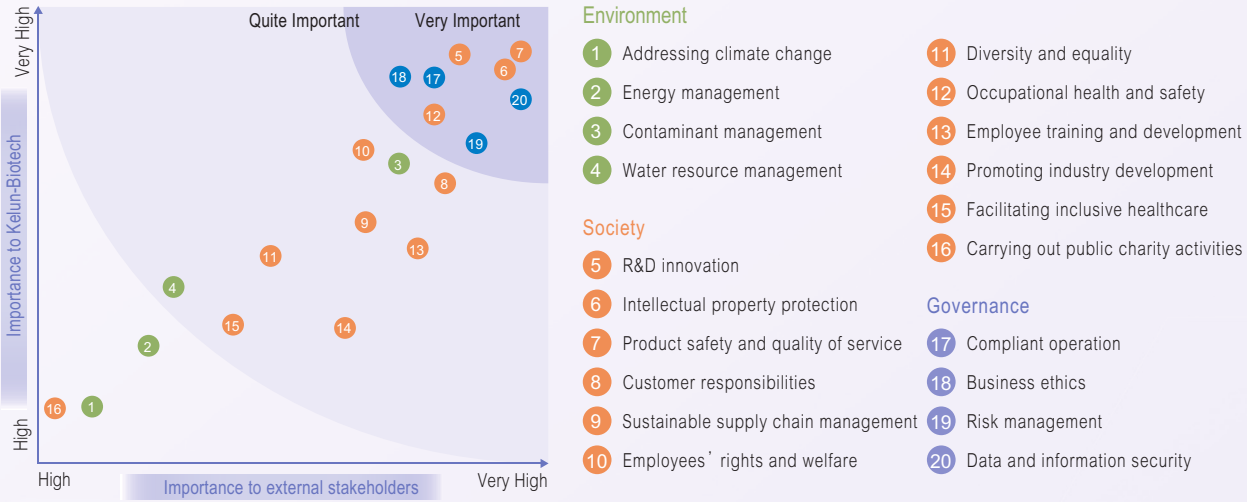
Stakeholders	Important Topics of Primary Concern	Main Communication Channels
 Employees	Employee rights and welfare Diversity and equality Occupational health and safety Employee training and development Business ethics	Comment Box Employee satisfaction survey Employee communication meeting Employee training activities Trade union activities
 Suppliers	R&D innovation Intellectual property protection Sustainable supply chain management Business ethics Risk management	Bidding activities Supplier review Supplier communication and training
 Partners (non-supplier)	R&D innovation Intellectual property protection Product safety and quality of service Promoting industry development Compliant operation Risk management Data and information security	Strategic cooperation Daily communications Industry forum
 Government and regulatory agencies	Addressing climate change Energy management Contaminant management Water resource management R&D innovation Product safety and quality of service Compliant operation	On-site visits Regular communication Disclosure of information
 Communities and the public	Contaminant management Product safety and quality of service Occupational health and safety Facilitating inclusive healthcare Carrying out public charity activities Compliant operation	Community advice and suggestions Social public welfare activities News media WeChat public account

Identification and Determination of Important Topics

Kelun-Biotech identifies and determines the ESG-related important topics that reflect the impact on the environment, society and governance in its business activities by integrating national macro policies, the current status of industry disclosure, its own development strategy and expectations of stakeholders.

Determination Process for Important Topics

We have identified a total of 20 ESG topics with significant impact, including 8 very important topics. In 2024, after review by the company's Board of Directors and management, the substantive assessment results remained consistent with last year.



Matrix of ESG-related Substantive Topics of Kelun-Biotech

1. EXCELLENCE IN GOVERNANCE AND FACILITATING ORDERLY MANAGEMENT

1.1. Compliance and Business Ethics

Kelun-Biotech upholds the compliant operation philosophy of integrity and law-abiding, strictly regulates the company's business conduct, actively practices business ethics, and fully ensures the legality and compliance of its operations.

Compliant Operation

The company follows laws and regulations such as the Basic Norms for Internal Control of Enterprises. It has established and improved systems such as the Internal Audit System, Connection Transactions Management System and Management System for Conflicts of Interests, to prevent and control company risks and ensure the compliance of business activities. At the same time, the company has specifically established an audit committee under the Board of Directors to guide and supervise the internal audit department in conducting regular compliance reviews, ensuring the professionalism and rigor of all review tasks.

The company conducts an internal control self-inspection annually, comprehensively covering all levels of the company and focusing on the review of key areas such as organizational structure, corporate governance, information disclosure, fund management and information system management. In 2024, the company conducted 2 procurement audits, 1 engineering settlement audit, 12 information security inspections and 4 payment inspections.

Case: Organizing compliance training to enhance employees' compliance awareness

The company actively organized diversified compliance training to enhance employees' compliance awareness. In 2024, at the director level, the company invited professionals to conduct training on the theme of compliant operation for directors, covering areas such as conflicts of interest and duties, management responsibilities, insider trading, etc., to help directors enhance their compliance management capabilities and better fulfill their duties. At the employee level, the company held the "2024 Compliance Season" series of activities, covering various aspects such as compliance system training and confidentiality training. Through this series of activities, the company helped all employees to deeply understand compliance requirements, effectively enhanced employees' compliance awareness, created a good compliance culture atmosphere, and laid a solid foundation for the company's stable development.

Anti-corruption

The company strictly abides by the requirements of the Company Law of the People's Republic of China and other relevant laws and regulations, and further revised the Anti-corruption System and Anti-fraud System in 2024 to regulate various business activities of the company, establish a business philosophy of integrity and law-abiding, and make every effort to prevent actions that harm the interests of the company, shareholders and employees.

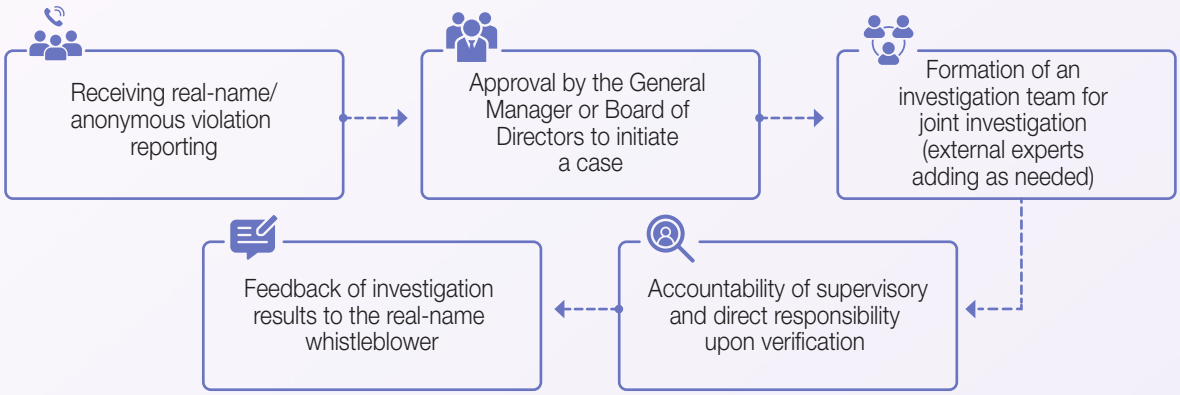
The company maintains a "zero tolerance" attitude towards violations of business ethics. We have established real-name or anonymous violation reporting channels such as telephone, email, and letters for employees and all sectors of society, and strictly kept the information of the whistleblowers confidential. Once the reported case is verified to be true, or if there is any retaliatory action against the whistleblower, the company will pursue legal responsibilities of the relevant personnel according to the law in order to maintain a sound business order and corporate environment.

Reporting Channels of Kelun-Biotech

Reporting hotline: 028-82053800

Reporting email: btswshenji@kelun.com

Violation Reporting Management Process of Kelun-Biotech



The company places great emphasis on integrity building and actively takes multiple measures to ensure compliant operation. The company requires all employees to sign the Compliance/Integrity Commitment Letter, achieving a 100% signing rate. The company has also added a supplementary agreement with anti-commercial bribery clauses to the labor contract, further strengthening anti-corruption constraints on employees, achieving a signing rate of 100%.

In order to foster a clean and honest working environment, the company conducts anti-corruption and anti-fraud training for all employees, covering regular employees, contract employees and interns. In 2024, the company's employee coverage rate for anti-corruption related training reached 100%. During the reporting period, there were no corruption lawsuits related to the issuer or employees.

Anti-Corruption Training Series of Kelun-Biotech

Intellectual Property Protection

Intellectual property protection is the lifeline of innovation. Kelun-Biotech deeply understands the importance of protecting innovation achievements for its own development. In accordance with the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China and other laws and regulations, it has formulated the Management Measures for Intellectual Property to continuously improve the intellectual property protection system. The company has obtained the Intellectual Property Management System Certification and successfully passed the annual audit.

Intellectual Property Protection Management System of Kelun-Biotech

Application for intellectual property
- Determine overseas and domestic patent layout strategies to establish a tight patent portfolio
- Achieve three-dimensional protection of intellectual property rights from aspects such as patents, trademarks and trade secrets

Intellectual property maintenance
- Establish a monitoring mechanism for information such as patents and trademarks
- Regularly monitor the progress, deadlines and status of applications to ensure the normal operation of intellectual property rights throughout its full life cycle

Intellectual property risk management
- Standardize the free implementation process of innovative projects, and investigate internal and external patent risks before project initiation and at critical R&D milestones
- Establish a third-party infringement response mechanism and improve the prevention and response measures for infringement
- Require all employees to sign the Commercial Secrets Confidentiality Agreement

Construction of talent team
- Set up an intellectual property department and allocate professional intellectual property personnel
- Keep up with domestic and international intellectual property developments and trends, and regularly conduct intellectual property business training

知识产权管理体系认证证书

兹证明

四川科伦博泰生物医药股份有限公司

知识产权管理体系符合标准：GB/T29490-2013

通过认证范围：

中规认证

中规（北京）认证有限公司

Certificate of Intellectual Property Management System Certification of Kelun-Biotech

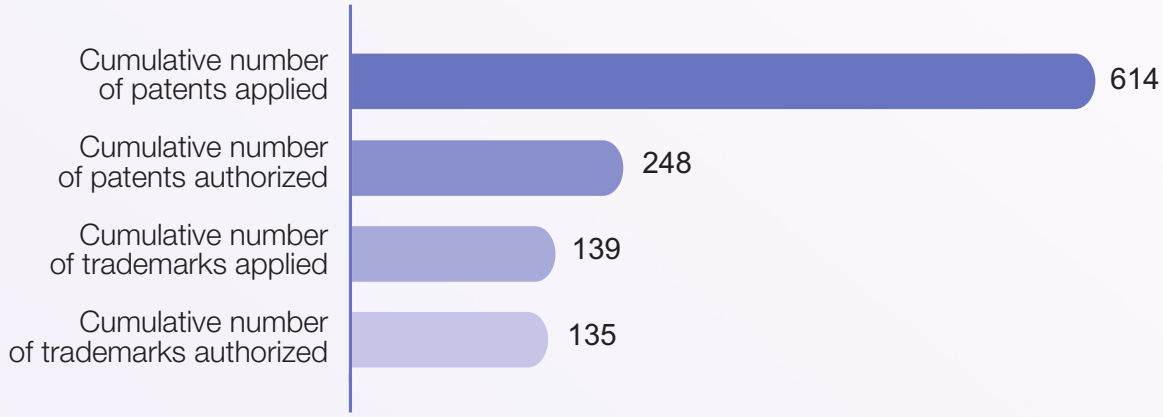
Case: Conducting intellectual property special training

In April 2024, the company invited external experts to conduct a training session titled “Matters Related to Biologics Patent Layout” for the biologics R&D team and the intellectual property department team, with a total of 20 participants. During the training, experts introduced the overall patent layout of some marketed biologics drugs in conjunction with their R&D and marketing processes, and elaborated on the considerations for patent application strategies. This training deepened the biologics R&D team’s emphasis on intellectual property and understanding of patent layout strategies, further enhancing the company’s intellectual property management level.

The company benchmarks international advanced experience, upholds higher quality and efficiency standards, and conducts intellectual property work around the company’s products and pipelines. In terms of incentive mechanisms, the company implements reasonable and effective intellectual property incentive measures to stimulate employees’ enthusiasm for innovation; in team building, it strengthens the construction of intellectual property teams and continuously enhances the professional quality of the team.

As of the end of 2024, the company has made significant achievements in patent and trademark applications and authorizations; the cumulative number of patents granted increased by 64 compared to last year, and there were no lawsuits related to intellectual property during the reporting period.

Intellectual Property-related Performance of Kelun-Biotech in 2024



1.2. Risk Management

Kelun-Biotech has formulated the Risk Management Measures in accordance with the Company Law of the People's Republic of China, the Basic Norms for Internal Control of Enterprise, and other laws and regulations, integrating risk management into all aspects of company operations, establishing and improving the risk prevention and control system, and effectively enhancing the company's risk response capabilities.

Organizational Structure and Responsibilities of Risk Management of Kelun-Biotech

Board of Directors	Highest decision-making body ○ Review and approve goals, strategies, systems and system construction plans ○ Review and approve annual work plan and report ○ Review and approve major risk response plans, etc.
Risk Prevention and Control Leading Group	Leadership ○ Formulate risk management objectives and strategies ○ Review the system, process and system-building program ○ Review annual work plans and major risk response plans, etc.
Internal Audit Department	Management, executing body ○ Draft systems and processes, work plans, annual work reports, and major risk management solutions ○ Conduct oversight, inspection and effectiveness assessment ○ Organize educational training and publicity work, etc.
Functional departments	Risk management lead ○ Conduct daily maintenance and management ○ Identify, assess, and develop risk control solutions for business operations ○ Carry out special risk prevention and control work, and study the major risk management mechanisms of this department, etc.

For the normalized risks and potential emergency risks faced by the company's operations, we have clearly stipulated the prevention and response processes in the Risk Management Measures, and effectively carried out various tasks such as risk prevention and control, hidden danger investigation and normal management, so as to ensure the normal operation of the company's business.

Risk Prevention and Response of Kelun-Biotech

Risk Assessment	Risk Response	Emergency Risk Handling
○ The responsible entity identifies, analyzes, and evaluates risks in the company's important business management and processes ○ Use qualitative and quantitative standards to assess the likelihood and impact of risks ○ When assessing multiple risks, prioritize them to determine the risks that require key attention and limited control	○ Develop and implement risk resolution solutions based on assessment results, keeping risks within the company's acceptable range ○ For major risks, in addition to taking corresponding measures to control, avoid and resolve them, a record form must also be filled out and submitted to the risk prevention and control leadership group and the internal audit department	○ Establish a sensitive and efficient emergency risk response mechanism, and report immediately to the corresponding level of responsible person when a risk occurs ○ For major emergency risks, a risk handling team should be established immediately, develop a risk handling plan and carry out handling actions immediately ○ After the risk handling is completed, promptly form a summary report and propose rectification suggestions to prevent the risk from occurring again

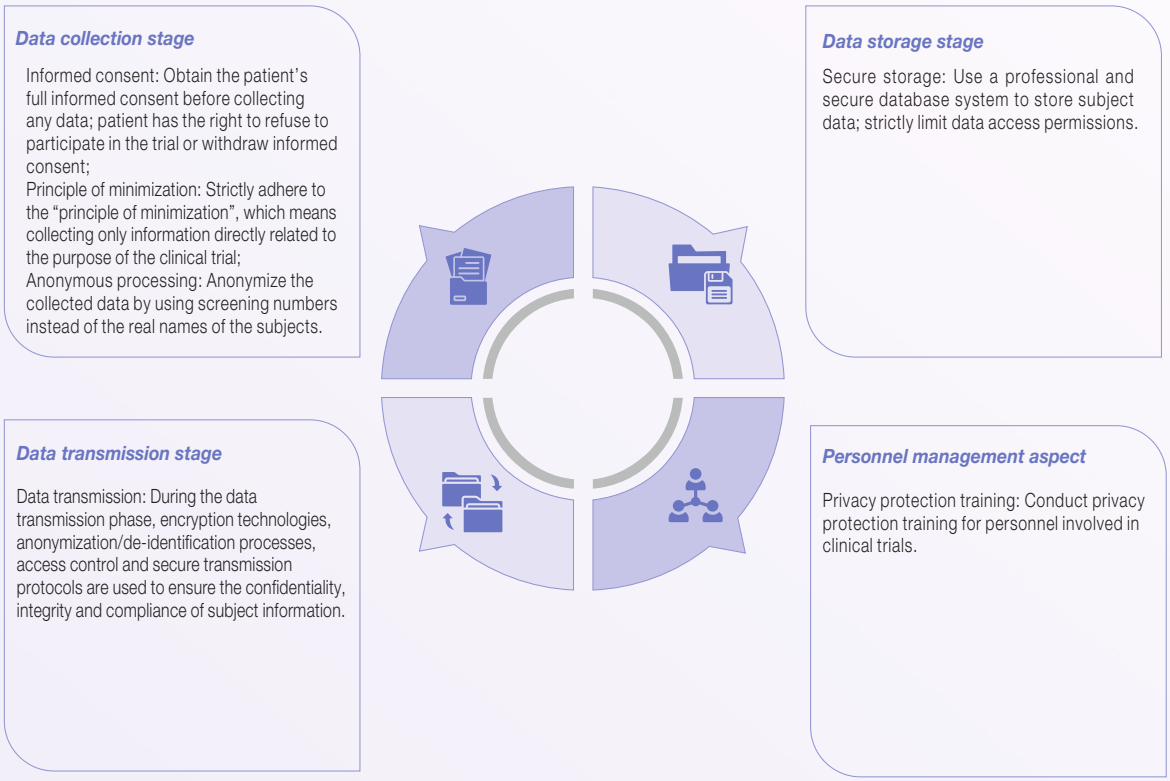
1.3. Information Security and Privacy Protection

Kelun-Biotech places high importance on information security and patient privacy protection, actively implementing protective measures at multiple key levels.

In terms of information system security assurance, the company strictly adheres to relevant laws and regulations, formulates and implements comprehensive information security management regulations, and establishes a multi-dimensional defense mechanism encompassing "perimeter protection-access control-data encryption", which includes basic security protection, cyber security and cloud security. We pay special attention to the establishment of information systems, authorization and access control, data protection, etc., and strictly guarantee the security of network infrastructure and data assets. In 2024, the company engaged an independent third-party security assessment agency to conduct security testing and vulnerability scanning on the online business system, formulate an improvement plan and complete optimization. We organized two mandatory information security training sessions for all employees throughout the year, covering 100% of the staff.

In terms of patient privacy protection, the company strictly complies with the regulations of the Good Clinical Practice (GCP), the Declaration of Helsinki (the World Medical Association) and the Personal Information Protection Law of the People's Republic of China, and has formulated the Subject Personal Information and Privacy Protection policy. Strict personal information protection measures are implemented throughout the entire process of conducting clinical projects to ensure that patient privacy is not leaked.

Protection Measures for Personal Information and Privacy of Subjects at Kelun-Biotech



During the reporting period, the company did not experience any violations related to information security or data breaches, nor were there any verified complaints of privacy infringement against subjects.

2. EXCELLENCE IN QUALITY AND SERVICE FOR SAFETY OF THE PUBLIC

2.1. Research and Development Innovation

As one of the pioneers and leading developers of ADCs, Kelun-Biotech consistently regards the research and development of innovative drugs and the enhancement of human health as its corporate mission. The company has established a comprehensive research and development innovation system, possessing three independently developed technology platforms, namely the ADC platform OptiDC™, the biologics platform and the small molecule platform.

In the field of ADC, Kelun-Biotech is one of the first biopharmaceutical companies in China, and one of the few globally, to establish an integrated ADC development platform. The ADC platform OptiDC™ is supported by three capability pillars: in-depth knowledge of biological targets and diseases, tested and verified ADC design and development know-how, and a toolbox of core ADC components. With the ADC core components toolbox, the company is able to design customized ADCs optimized for different biological targets to meet the medical needs of various indications. The biologics platform consists of the antibody discovery platform, antibody evaluation platform, antibody engineering platform and engineered cell line platform, providing high-quality monoclonal antibodies, bispecific antibodies and ADC drugs for the company's biologics innovative drug pipeline. The small molecule platform covers the process from target validation, molecular design and screening, druggability evaluation, pharmaceutical development to clinical translation, and has independently completed the research and development of multiple innovative small molecule drugs, with the research and development quality recognized by international peers.

The company's research and development pipeline targets the world's most common or hardest-to-treat tumors, such as BC, NSCLC, GI cancers (including GC and CRC), gynecological tumors (including CC, EC and OC), as well as non-tumor diseases and conditions affecting a large and underserved patient population. In November 2024, the company's ADC Sacituzumab Tirumotecan (sac-TMT, also known as SKB264/MK-2870) (佳泰莱®), targeting human TROP2 for the treatment of second-line and above triple-negative breast cancer, was approved for marketing in China by the NMPA. This is not only the first domestically produced TROP2 ADC approved for marketing in China, but also the first domestically produced ADC to receive full marketing approval in China. In December 2024, the company's innovative humanized monoclonal antibody targeting PD-L1, Tagolimab (also known as A167) (科泰莱®), for the treatment of patients with recurrent or metastatic nasopharyngeal carcinoma who have failed two or more prior lines of chemotherapy, was approved for marketing by the NMPA. In January 2025, Tagolimab's second indication, in combination with cisplatin and gemcitabine for first-line treatment of recurrent or metastatic NPC patients, was approved for marketing by the NMPA. This marks the world's first PD-L1 monoclonal antibody approved for marketing for first-line treatment of nasopharyngeal cancer. In February 2025, the company's self-developed recombinant EGFR human/murine chimeric monoclonal antibody Cetuximab N01 injection (also known as A140) (达泰莱®) for first-line treatment of RAS wild-type mCRC received approval for marketing from the NMPA. The company has currently established a robust pipeline comprising over 10 clinical-stage candidate drugs, among which three projects have been approved for production and one project is at the NDA stage.

The company's strong R&D innovation capability is inseparable from a high-level R&D team and continuously increasing R&D investment. By the end of 2024, the company has 942 R&D personnel (full-time employees). In 2024, the company's R&D costs reached RMB1,206,134,000, representing an increase of 16.99% compared to the previous year and accounting for 62.40% of the operating income.

2.2. Quality Responsibility

As an enterprise focused on the R&D, production and commercialization of innovative drugs, Kelun-Biotech has always prioritized product quality and patient safety in its operations and development. The company adheres to the quality policy of "Strictly controlling drug quality as the foundation, ensuring drug safety and efficacy as the core, continuously improving with a benevolent heart, and dedicating to the health and well-being of the public". It closely collaborates with partners to fully establish a quality responsibility community throughout the entire supply chain, striving to strictly control quality at every stage, providing patients with safe and effective innovative pharmaceutical products, and fulfilling its commitment to safeguarding life and health through concrete actions.

Product quality management

Quality management system

The company adheres to the principle of "Quality by Design", and establishes a whole product lifecycle quality management system covering all stages of R&D, production and commercialization by strictly following the series of GxP and guidelines of the ICH in China, EU and the United States. In 2024, the company further improved its R&D, clinical research and production quality management systems. The R&D quality continuously enhanced the document system and strengthened the audit management of external partners. The production quality focused on systematically organizing the institutional documents in areas such as material management systems, contract manufacturing management and post-marketing management, optimizing a total of 22 institutional documents. All commercial-scale production facilities of the company in operation have 100% passed the compliance inspection of the GMP.

The quality of the company's products has received widespread recognition from relevant parties. In 2024, the company underwent six inspections by national and provincial drug regulatory authorities, as well as one client audit, all of which were successfully passed without any major deficiencies found. Among them, the ADC product production line successfully passed the GMP compliance inspection by the national drug regulatory authority, strongly demonstrating the company's robust capability in quality control of ADC product manufacturing.

In terms of setting and managing quality objectives, the company has established a multi-level quality objective indicator system, further raising the quality objective requirements compared to the year 2023. For example, the company has raised the occurrence rate of repeated deviations, as well as the timely completion/closure rates of quality objective standards such as changes, deviations, CAPA. In the meantime, the company has incorporated quality indicators as veto and deduction items into the performance assessment criteria for all employees to enhance the emphasis on quality management and to ensure that product quality consistently remains at a high standard level.

Product quality control

During the product development process, the company formulates the QTPP based on the principle of "Quality by Design", clearly defining the quality attributes of desired product. Subsequently, we determine the critical quality attributes based on data assessment from pharmaceutical, nonclinical and clinical studies, and used risk control tools to identify material attributes (CMA) and process parameters affecting CQA. The product quality control strategy is gradually determined and implemented through process study, characterization and validation, and the control strategy is continuously optimized and updated as the study process progresses to ensure product quality.

In the product manufacturing process, the company implements comprehensive quality control and management. Relying on the comprehensive and technologically advanced quality control laboratory, the company carries out the release testing of raw materials, intermediate products and products, in-process control, validation, stability studies, and monitoring related to utility systems and environment to ensure the safety and quality control of released products at all stages. For critical testing instruments, the company adopts a one-in-use, one-in-reserve configuration to ensure the continuous and stable conduct of inspection work.

Based on the ICH Q9 quality risk management principles, the company has implemented a comprehensive upgrade of the cross-contamination prevention system. In terms of quality risk management and pollution control, the company has conducted a systematic risk assessment of pollution and cross-contamination control and formulated corresponding measures, which specifically include refining the co-line management strategies for projects in the R&D and production stages; clarifying the methods for cleaning method development/confirmation/verification, risk assessment, and standard establishment strategies; improving the workshop cleaning verification process and forming verification reports to comprehensively enhance the level of quality risk management and effectively control pollution risks.

Quality training and culture promotion

In order to effectively enhance the quality awareness and capabilities of all employees, the company conducted induction training including corporate culture, GxP regulations, post documents and practices for new employees in research and development, production, quality and other related positions. The company also develops training plans annually in accordance with regulatory requirements, conducts training on regulatory regulations, new guidance documents, post skills, etc., and carries on examinations in the form of written assessments, oral questions and answers after training to ensure that employees fully master the training content.

In 2024, the company organized a total of 12 GMP company-level training sessions, covering topics such as bio safety-related knowledge, hygiene and microbiology-related knowledge, Good Manufacturing Practice and its appendices. In addition, the company actively conducted inter-departmental job rotation learning, such as personnel from the quality department rotating to the formulation workshop for learning, followed by knowledge-sharing training after the rotation. A total of 25 such activities have been conducted. The company also places great emphasis on building the quality management capabilities of its management personnel, conducting 14 training sessions for middle and lower-level managers, effectively enhancing their quality awareness and professional knowledge. The company conducted 3,896 GMP training sessions of various types throughout the year, achieving a 100% employee training coverage rate.

Case: Conducting the "Quality and Safety Compliance Season" activity to enhance quality management level

From May to August 2024, the company conducted the "Quality and Safety Compliance Season" series of activities. The activities are mainly carried out in areas such as quality management training (including legal and regulatory training, sharing of departmental typical quality incidents, legal and regulatory knowledge competitions), compliance self-inspection (including self-checks, organizing quality analysis meetings, repeated deviation analysis), and quality improvement activities (including collection of rationalization suggestions, establishment of change assessment templates). Through the implementation of a series of activities, the existing issues in management processes were continuously improved, effectively enhancing employees' quality awareness. The total number of participants in the activities exceeded 500 people.

Case: Establishing a QC activity group to implement quality improvement measures

The company encourages employees to proactively identify quality issues and propose improvement measures. From April to December 2024, the company formed QC activity groups, conducting a total of 18 thematic subject research projects, with an additional 57 projects registered and planned for implementation. Employees identified 75 quality improvement points through brainstorming, process sorting and data analysis, and have implemented 12 quality improvement measures through inter-batch variability investigation, experimental exploration and system integration, continuously enhancing product quality.

Clinical Quality Management

As a clinical trial sponsor, the company is firmly committed to safeguarding the rights and safety of the subjects. The company strictly adheres to the Good Clinical Practice for Drug Clinical Trials, the Declaration of Helsinki (the World Medical Association), the Management Measures for Drug Registration and other laws and regulations. It has established a comprehensive system of clinical trial quality management documents, such as the Quality Risk Management for Clinical Trials and the Corrective and Preventive Action Management Procedures, covering all key aspects of the clinical trial process. In addition, the company conducted special internal audits to check the implementation of clinical-related system documents, ensuring the effective implementation of various management requirements.

The company conducts clinical quality management in the form of a "project management system", equipping each clinical project with a project management team and organizing relevant training for team members to enhance the compliance management awareness of clinical quality management personnel, ensuring the smooth progress of the projects. In 2024, the company conducted a total of nine training sessions on regulatory guidelines related to clinical trials, covering topics such as GCP, guidelines for the preservation of essential documents for drug clinical trials, the Personal Information Protection Law, and ethical review methods for life sciences and medical research involving humans, with over 500 participants. Meanwhile, the company conducted targeted training for newly hired clinical quality management staff. The coverage rate of clinical quality management staff training reached 100%.

The company requires each project to formulate a quality control plan and an audit plan, and to implement quality control and audit work at the project site according to the planned milestones. The company also purchases Drug Clinical Trial Insurance for each subject participating in the clinical trial, fully ensuring the health and rights of the subjects, as well as the scientific, truthful and reliable nature of the trial data and results.

Animal Welfare

Laboratory animals play an indispensable supporting role in pharmaceutical research and development and life sciences research. The company places great importance on societal concerns regarding animal welfare and has established the IACUC to review experimental protocols, committing to the responsible use of animals. In 2024, the company further revised the Animal Management and Use Committee Charter and introduced a third-party individual with a background in animal experimentation qualifications to become a member of the IACUC, ensuring that the company's animal experimentation activities are subject to not only rigorous internal review but also effective supervision by external professionals.

The company respects the contributions made by laboratory animals to research, complies with the requirements of laws and regulations such as the Guidelines for the Protection and Use of Laboratory Animals, and has formulated and strictly implemented internal policies such as Procedures for Establishing Humane Endpoints for Laboratory Animals and Accuracy Control of Drug Administration in Animals to ensure that the use of animals meets ethical standards.

In the practice of scientific research, the company adheres to the 3R principles[1], implementing laboratory animal welfare throughout all stages including breeding, transportation, experimental design, experimental process and post-experiment disposal. The company has established a fully functional laboratory animal management system, which includes two major functional modules: "Ethical Review" and "Animal Welfare Ethical Inspection". In 2024, the company completed a total of 81 reviews of animal use plans and 42 animal welfare ethical inspections. In order to alleviate the pain of laboratory animals, the company procured small animal respiratory anesthesia machines, achieving painless blood collection from mice. This equipment features safe anesthesia, good efficacy, quick recovery and minimal side effects. The company also actively replaced the old IVC, adding 300 cage positions, reducing the density of animals per cage, and providing a more comfortable living environment for laboratory animals.

[1] The 3R principles of animal experimentation refer to Replacement, using other methods to replace animal experiments; Reduction, reducing the number of animals used in each experiment; and Refinement, improving conditions, treating animals well and enhancing animal welfare.

The company also conducts training for employees involved in animal experiments to ensure each study is efficient and accurate, minimizing animal discomfort. In 2024, the company conducted a total of 5 training sessions related to animal welfare, covering topics such as the five basic principles of animal welfare, humane endpoint review guidelines, pain management in laboratory animals and selection of animal anesthesia methods, with a total of 68 participants.

Pharmacovigilance

The company places great importance on drug safety and strictly adheres to laws and regulations such as the Drug Administration Law of the People's Republic of China, the Measures for the Administration of Reporting and Monitoring Adverse Drug Reactions, and the Good Pharmacovigilance Practices in its operations. In 2024, the company introduced 30 new pharmacovigilance-related management systems and revised 12, continuously improving the pharmacovigilance system and conducting full life-cycle drug safety management for products.

Pharmacovigilance Management Measures of Kelun-Biotech

Clinical phase

- Conduct regular signal detection, signal validation and assessment on the company's active products under research, and formulate risk control measures to ensure the safety of participants; collect adverse reactions caused by medication in the clinical trial protocol. If they meet the criteria for SAE, promptly implement emergency measures and include the results in the clinical trial analysis;

- Establish a systematic pre-marketing pharmacovigilance system for the collection, processing and submission of individual case reports, and conduct pharmacovigilance training and assessment for relevant personnel; establish quality targets for key pre-marketing pharmacovigilance activities and conduct monthly statistics on the quality attainment rate.

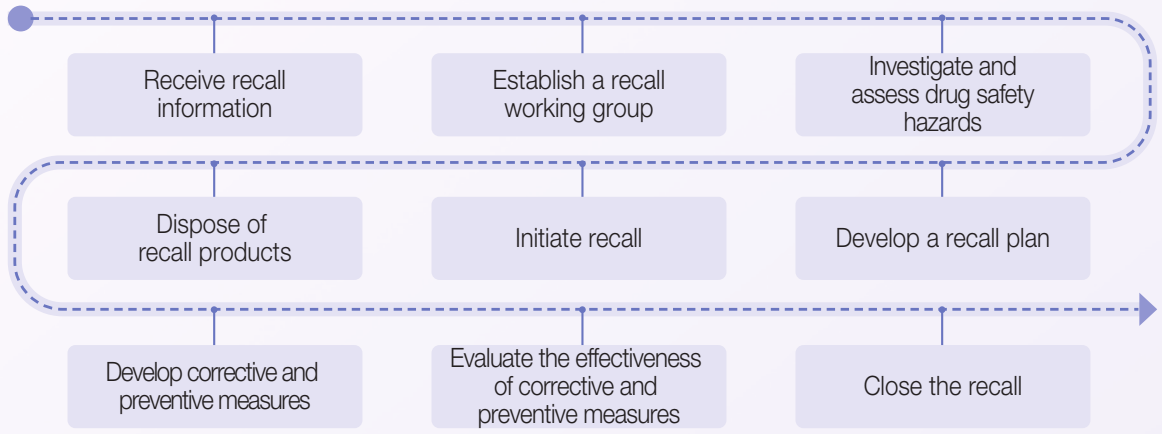
Post-marketing phase

- Set up public email, 400 hotline, official website and other feedback channels to receive information on patients' medication usage and adverse reactions; introduce the professional post-marketing pharmacovigilance database eSafety system; establish quality targets for key post-marketing pharmacovigilance activities and conduct monthly statistics on the quality attainment rate.

Product Recall

The company has established the Product Recall Management Process, stipulating the conditions for product recall, the handling process of product recall and the methods of product recall disposal, so as to facilitate thorough investigation, comprehensive assessment and timely recall of pharmaceuticals that may have quality issues or other safety hazards. In 2024, the company successfully conducted periodic simulated recall exercises, proving the effectiveness of the recall management process.

Product Recall Management Process of Kelun-Biotech



During the reporting period, the company did not have any product recalls due to safety and health reasons.

Handling of Customer Complaints

The company attaches great importance to customer feedback, it has formulated management systems such as the Customer Complaint Handling Procedures, and established a comprehensive customer complaint handling process to ensure timely and effective feedback on customer opinions.

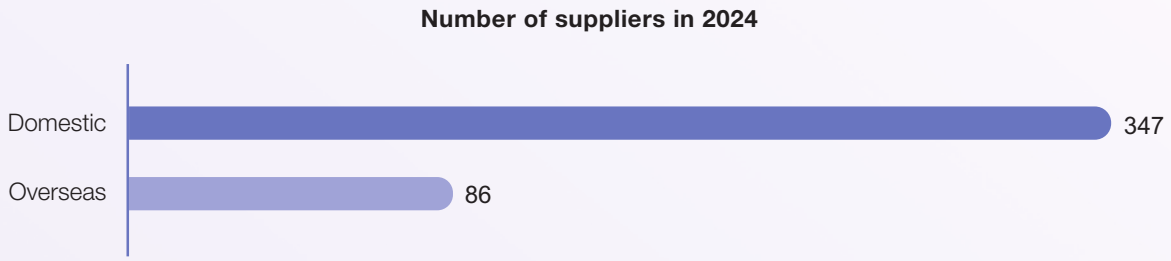
Customer Complaint Handling Process of Kelun-Biotech

During the reporting period, the company received a total of 5 complaints regarding products and services, with a complaint resolution rate of 100%.

2.3. Supply Chain Management

A responsible, efficient and green supply chain is crucial for enterprise development. Kelun-Biotech continues to improve its supply chain management system, strengthens communication and interaction with suppliers and partners, and strives to build an efficient and sustainable supply chain, aiming to achieve mutual benefit and win-win with partners.

The types of commodities procured by the company primarily include: raw materials and consumables for drug development and production; equipment and devices serving production activities. As of the end of the reporting period, the company had a total of 433 suppliers, distributed in the following regions:



Supplier Quality Management

The company has established internal regulations such as Management Procedures for Procurement and Supply, Supplier Management Procedures and Audit Management Procedures, which clearly stipulate the supplier selection process and supplier conduct standards. Through qualification verification, audit supervision and assessment evaluation measures, we continuously strengthen the full lifecycle management of suppliers to ensure that the quality of goods provided by suppliers meets compliance and corporate requirements.

To optimize supply assurance and deepen supplier communication, the company has established an objective, quantitative and scientific supplier assessment mechanism, conducting regular and ad-hoc assessments and evaluations of suppliers. Each year, the company conducts performance scoring of major suppliers, which account for approximately 80% of the total purchase amount in terms of product quality, delivery schedule assurance, price level, service quality, payment method and invoice compliance. Based on the scoring results, a Supplier Performance Evaluation and Feedback report is issued, requiring suppliers to make targeted improvements and continuously track the progress of these improvements. In 2024, the company conducted assessments on 80 major suppliers, with excellence and good rates exceeding 98%.

The company also regularly engages in communication with suppliers and provides training to help improve the quality level of suppliers. In 2024, the company held a total of six supplier quality enhancement meetings focusing on themes such as pharmaceutical excipients, laboratory animals, rubber stoppers, filtration technology, customized materials and solvents.

Supplier Compliance Management

The company requires employees to adhere to the Purchasing Code of Conduct and the Anti-Corruption System when conducting purchasing activities, and to complete and sign the Employee Confirmation at least once a year to ensure that there are no violations of commercial ethics during the procurement process.

For suppliers, the company requires them to sign the Sunshine Agreement, strictly complying with all anti-corruption and anti-commercial bribery laws and regulations, declaring that no bribery or other illegal activities shall occur during the cooperation process. In 2024, all suppliers conducting business with the company have signed the Sunshine Agreement.

The company has continuously strengthened supplier compliance management and conducted compliance reviews for suppliers in different segments:

Clinical segment:

Send the Letter on the Requirement for Conducting Compliance Self-Inspection to various suppliers in the clinical segment, requiring them to conduct self-inspections for any illegal or non-compliant behavior in their cooperation with Kelun-Biotech. In 2024, the company sent letters to a total of 122 suppliers and received 121 responses. Upon review, no violations of compliance requirements were identified.

Non-clinical segment:

New suppliers are required to fill out the Survey Questionnaire for Supplier Compliance to understand the compliance management situation of suppliers. The questionnaire content includes the establishment of the supplier compliance department, formulation of anti-corruption and anti-bribery, confidentiality and whistleblowing policies, etc., which can effectively assess the company's compliance risk management capabilities. In 2024, 35 new suppliers filled out the Survey Questionnaire for Supplier Compliance.

Sustainable Supply Chain

The company focuses on the performance of suppliers in environmental and social aspects. When registering suppliers, the company investigates whether the suppliers have passed the ISO 14001 environmental management system certification, ISO 45001 occupational health and safety management system certification, or other relevant certifications. We encourage and expect suppliers to establish and improve their internal management systems to enhance the sustainability level of the supply chain.

Number of suppliers of Kelun-Biotech that have passed environmental and social related certifications

53 Certified by ISO 14001	36 Certified by ISO 45001 or equivalent
2 Certified by FSC	1 Certified by IECQ Hazardous Substance Process Management

Within the company, material classification management is implemented through special management of risk materials, stockpiling of commonly used materials, safety stock, rolling stockpiling and material standardization to optimize inventory management, ensuring smooth production and research and development. At the same time, the company collaborates with suppliers to jointly plan inventory and production schedules, establishing a closer cooperative relationship to effectively address supply risks. In addition, the company actively promotes the localization of suppliers and sets up local material inventories to ensure supply efficiency and stability.

Case: Practicing green procurement

The company prefers to choose larger product packaging or recyclable and reusable packaging forms in procurement. We have replaced the cardboard boxes used for packaging 5L chemical reagents for R&D with plastic crates to increase the number of times the packaging can be reused; changed the packaging of dichloromethane and ethyl acetate from 25kg small barrels to 250L large iron barrels, and furthered to larger 1,000L packaging. By implementing control from the source, we effectively reduced waste emissions.

Case: Developing green logistics

The company supports the development of green logistics by upgrading transportation tools. We use two new energy electric vehicles to replace traditional transportation methods for distributing various materials within the plant, achieving 100% transportation coverage within the plant. The large-capacity new energy electric vehicles not only improved transportation efficiency but also effectively reduced greenhouse gas emissions, promoting the company's green operations and sustainable development.

2.4. Responsible Marketing

Kelun-Biotech strictly adheres to responsible marketing principles when conducting marketing activities, promoting and advertising company products in a manner that complies with business ethics and regulatory requirements, and resolutely eliminates any form of false advertising.

The company follows the laws and regulations such as the Advertising Law of the People's Republic of China, the Property Law of the People's Republic of China and the Consumer Protection Law of the People's Republic of China, to formulate the Market Promotion Management Process, comprehensively standardizing market promotion activities from aspects such as planning, execution and promotional materials.

The company explicitly requires that promotional materials be applicable only to products with approved indications or post-marketing products, and the information contained must be clear, accurate, fair, objective and verified. The statements regarding product safety must adhere to the principles of fairness and balance and reflect the relevant evidence. If the material content involves clinical information, it is necessary to provide the minimum information regarding clinical research.

The company regularly conducts training for marketing employees, covering medical knowledge, product knowledge, processes and regulations, clearly conveying the company's policies and management requirements regarding responsible marketing to employees. In 2024, more than 1,000 person-time employees participated in the marketing training of the company.

3. DEDICATED TO CONTRIBUTION AND PROMOTING OUR ENTERPRISE VALUE

3.1. Win-win Industry Cooperation

Kelun-Biotech is well aware that the development of the pharmaceutical industry cannot be separated from the concerted efforts of peer companies and all sectors of society. To this end, the company actively establishes a long-term innovation platform and technology development cooperation mechanism, shaping high-quality industry cooperation models to make a positive contribution to the development of the pharmaceutical industry. Meanwhile, we actively participate in various academic exchange activities, continuously promoting technological innovation in the industry to create more value for patients.

Establishment of innovation platform

National Engineering Research Center for Biotargeted Drug: In response to the government's innovation strategy, the company, leveraging its advantages in innovative drug R&D, has taken the lead in establishing the National Engineering Research Center for Biotargeted Drug. In collaboration with 39 leading domestic research and clinical institutions including China Pharmaceutical University, Shanghai Institute of Materia Medica of the Chinese Academy of Sciences, Sichuan University and Southwest Medical University, as well as national high-level platforms such as the National Industrial Innovation Center of Precision Medicine and the National Engineering Research Center for Isotopes and Pharmaceuticals, a strategic alliance has been formed to advance industrial innovation. The innovative platform received approval from the National Development and Reform Commission in 2022. As of the end of the reporting period, the platform has been operating stably.

Sichuan Province Biomacromolecule Drug Innovation Consortium: In October 2024, the company, in collaboration with Sichuan Kelun Pharmaceutical Co., Ltd. (Kelun Pharmaceutical), China Pharmaceutical University, Shanghai Institute of Materia Medica of the Chinese Academy of Sciences, Sichuan Provincial People's Hospital, and the Affiliated Hospital of North Sichuan Medical College, among other innovative leading entities, jointly established the Sichuan Province Biomacromolecule Drug Innovation Consortium, which received approval from the Science & Technology Department of Sichuan Province. The innovation consortium focuses on the "R&D + Clinical + Manufacturing + Application" of biomacromolecules, conducting technological breakthroughs in the field of biomacromolecules, and is the only one in the biopharmaceutical sector. The company will fully leverage its leading technological advantages in the biopharmaceutical industry to provide strong technological support for the innovative and high-quality development of Sichuan's biopharmaceutical industry.

In addition, the company opens its technology platform to provide services for innovative drug R&D, pilot production and commercialization, accelerating the transfer and transformation of technological achievements and promoting industry development.

Strengthening strategic cooperation

The company actively establishes a mutually beneficial strategic cooperation system with enterprises at all upstream and downstream stages, conducting in-depth cooperation in areas such as technology research and development, market access and product launch, to accelerate resource integration and industrial innovation.

In December 2024, the company entered into a strategic cooperation agreement with Shanghai Pharmaceuticals Co., Ltd. Both parties will further integrate advantageous resources to explore more comprehensive and in-depth cooperation models in areas such as national market access and innovative financial payments, focusing on promoting the comprehensive cooperation of Sacituzumab Tirumotecan (sac-TMT, 佳泰莱®) to benefit a wide range of patients, fully leveraging the social and economic benefits of the cooperation between the two parties, and jointly promoting the development of the pharmaceutical industry.

Promoting industry innovation

The company maintains a robust academic exchange mechanism with experts and enterprises both domestically and internationally, actively participating in various academic conferences and forums such as the AACR, ASCO, ESMO, the 27th Chinese Clinical Oncology Conference and the 2024 CSCO Annual Meeting. The company shares the latest clinical research achievements in oncology, engages in high-quality exchanges with attendees, promotes innovative breakthroughs and brings gospel to more cancer patients.

Case: Participating in international academic conferences to share the latest achievements

In September 2024, the company shared and presented multiple clinical research results of TROP2 ADC Sacituzumab Tirumotecan at the ESMO annual meeting, including studies on cervical cancer, endometrial cancer and ovarian cancer, and engaged in in-depth exchanges with industry experts. As a TROP2 ADC product independently developed in our country, Sacituzumab Tirumotecan demonstrated impressive efficacy data in trials, with strong controllability of safety, showing great therapeutic potential and providing high-quality and accessible treatment options for patients worldwide.

3.2. Facilitating Inclusive Care

Kelun-Biotech regards promoting inclusive healthcare and safeguarding public health interests as an important responsibility of the company. The company regards the Board of Directors as the highest supervisory body for inclusive healthcare, actively collaborating with multiple parties to explore effective ways to enhance product accessibility in order to meet the medical needs of more patients.

The company has formulated and publicly released the Fair Pricing Statement, committing to conduct drug pricing based on the principles of value-oriented, tiered pricing and fair pricing; and pledging to continuously enhance drug accessibility, actively engage in drug access in developing countries and underdeveloped regions, participate in medical assistance and public welfare programs, and support for medical and health system development.

In 2024, the company actively implemented the concept of inclusive healthcare and immediately initiated the process for inclusion in Huimin Insurance across various provinces and cities nationwide following the marketing approval of sacituzumab tirumotecan (佳泰莱®). As of the end of the reporting period, the company deeply participated in and successfully gained access for the product to the Huimin Insurance projects in Zhuhai and Wuxi, and will participate in the Huimin Insurance project in Anhui Province at the beginning of 2025. During the project advancement process, the company actively coordinated with relevant local departments, submitted detailed product information, assurance plans and implementation schemes, striving to expedite the inclusion into the Huimin Insurance system, providing patients with effective, safe and accessible new treatment options, as well as alleviating the medical burden on residents.

The company has also actively engaged in patient assistance programs, collaborating with the Quzhou Medical Health and Community Development Foundation in Zhejiang Province to carry out the "佳泰莱® Patient Care Project". Eligible patients who submit applications can receive charitable drug donations from the company, effectively reducing their medical burden and enhancing their health protection level.

Kelun-Biotech launches the "佳泰莱® Patient Care Project"

Orphan drugs, as special medications for the prevention and treatment of rare diseases, hold significant importance. The main product of Kelun-Biotech, RET inhibitor A400, was granted orphan drug designation by FDA in 2023. This drug targets the treatment of RET fusion-positive solid tumors, bringing new hope for rare disease patient groups and meeting the urgent treatment needs of this special patient population.

3.3. Participating in Social Co-construction

Kelun-Biotech actively undertakes corporate social responsibility, pays close attention to the needs of the nation and operational locations, fully leverages its resources and advantages to serve society, and contributes to social development and community construction.

The company strengthens its investment in public welfare causes, encourages employees to participate in public welfare, and actively cultivates a culture of public welfare. In order to enhance donation transparency, the company formulated the Management System for External Donation, which clearly stipulates the key donation directions, donation principles, donation methods and management approval procedures. In 2024, the company's public welfare contributions totaled more than RMB800,000.

In 2024, the company put into use of the Chengdu Federation of Trade Unions Employee Inclusive Platform. The platform features a consumption assistance rural revitalization section, where all products and gift packages originate from the 832 poverty-stricken areas recognized by the state. This measure not only enhances employee welfare but also provides strong support for industrial development in impoverished areas, effectively promoting the process of poverty alleviation through consumption and contributing to the implementation of the rural revitalization strategy.

4. PEOPLE ORIENTED AND DEDICATED TO PROGRESS WITH OUR EMPLOYEES

4.1. Diversity, Equality and Inclusion

Kelun-Biotech is committed to creating a diverse, equitable and inclusive work environment, respecting the individual differences of each employee, and supporting employees with different backgrounds and industry experiences to realize their potential and achieve personal value at Kelun-Biotech.

Lawful employment

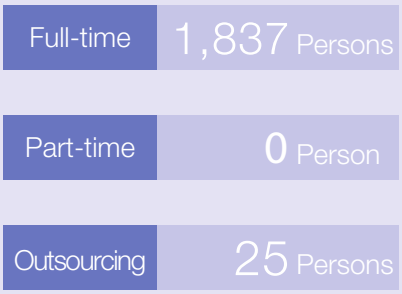
The company strictly adheres to the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and all relevant national laws and regulations within its operational scope, it has formulated the Recruitment Management System to regulate recruitment practices and reserve high-quality talent for the company's sustainable development. In 2024, the company introduced the Employee Diversification and Labor System and the Female Employee Labor Protection Management Regulations to further strengthen the protection of employees' legitimate rights and interests.

In the recruitment process, the company ensures that candidates are not unfairly treated due to various factors such as race, gender, nationality, religious beliefs, age, marital status, etc., and firmly implements equal pay for equal work for male and female employees. In addition, the company has clearly stipulated in its regulations that employees must meet the national legal working age, and the Human Resources Department conducts strict scrutiny of employee identity information during the employment contract signing stage. We strictly prohibit the employment of child labor and forced labor practices, and will punish the relevant personnel in strict compliance with related requirements once we identify such situation. In addition, the company fully guarantees the right of employees to collective negotiation.

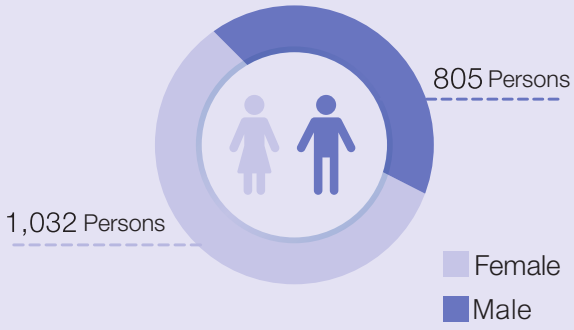
In 2024, the company did not have any incidents of employing child labor, forced labor, or discrimination. The rate of signing labor contracts by the company is 100%, the proportion of employees covered by collective negotiation agreements reaches 100%, and the proportion of employees in service who have joined the union is 100%.

Employment Performance of Kelun-Biotech in 2024

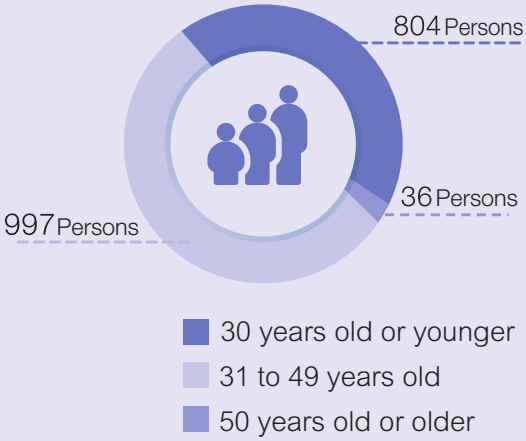
By type of employment



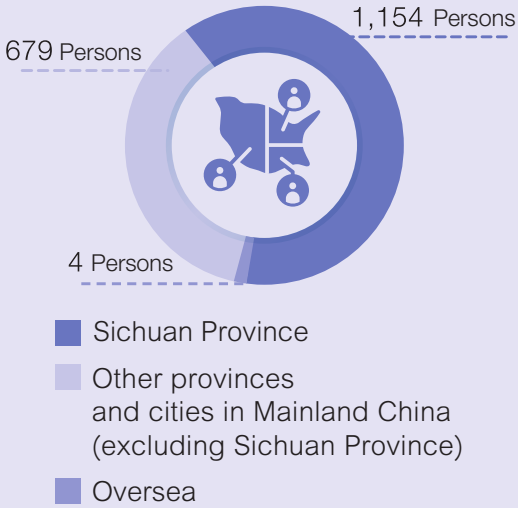
By gender (full-time employees)



By age (full-time employees)



By region (full-time employees)



Talent attraction and retention

Kelun-Biotech is well aware that talent is an important cornerstone of the company and also the core competitiveness driving high-quality development. We actively engage in school-enterprise cooperation projects, continuously improve welfare guarantees, and adopt multiple measures to attract and retain high-quality talents, ensuring the company's sustainable development.

School-enterprise cooperation

To cultivate outstanding pharmaceutical professionals with solid foundational theory, exceptional practical innovation capabilities, and high professional quality, Kelun Pharmaceutical has joined hands with the West China School of Pharmacy, Sichuan University to establish the "Kelun Class", providing customized corporate training and professional practice opportunities for undergraduates and postgraduates. As one of the practice bases for the "Kelun Class" project, Kelun-Biotech has assisted in completing seven undergraduate training programs and two postgraduate training plans by the end of 2024.

In June 2024, students from the seventh undergraduate session and the second postgraduate session of "Kelun Class" visited Kelun-Biotech. The company led the students on a tour of the enterprise and invited the core scientific research force to conduct a special lecture on "Global ADC Drug R&D/Transaction Trends and Biotech's Innovative Internationalization". The lecture shared global drug demand and R&D trends, introduced significant innovative achievements of Kelun-Biotech, and answered students' questions about the development of the pharmaceutical industry and personal career planning.

"Kelun Class" students visit Kelun-Biotech

Attracting overseas talents

With the steady advancement of Kelun-Biotech's drug research and development and commercialization layout, the company extensively recruits outstanding global talents, striving to build a high-level, diversified talent team with a composite background. We actively respond to the incentive policy for high-end and urgently-needed overseas talents in Sichuan Province by organizing eligible overseas talents to apply for recognition. In 2024, a total of seven overseas talents from the company applied for the High-end and Urgently-needed Overseas Talent Incentive Recognition in Sichuan Province, which will further assist the company in attracting and retaining outstanding overseas talents, injecting new impetus into innovative development.

4.2. Employee Rights and Welfare

Kelun-Biotech is committed to providing employees with a competitive remuneration and benefits system, continuously enhancing employee well-being through comprehensive and diverse humanistic care and a wide range of employee activities, and promoting a harmonious corporate culture both internally and externally.

Employee Compensation and Benefits

Compensation System

The company, in accordance with the Labor Law of the People's Republic of China and other laws and regulations, has established a Compensation Management System that consists of a compensation structure made up of basic salary, variable salary, and various benefits, and continuously improved its compensation mechanism to adapt to company development and market changes.

The company adheres to the principle of paying labor remuneration based on contribution and performance, creating a healthy competitive mechanism, ensuring that our compensation level is appropriate for the company's development stage and profitability. Combined with various incentive measures such as equity incentive, the salary of employees has a strong competitiveness in the industry, so as to achieve the purpose of effectively attracting, retaining and motivating key talents, enhancing the company's core competitiveness.

Welfare System

The company has established a comprehensive welfare management system aimed at providing all employees (including regular employees, contract employees, interns, etc.) with all-encompassing welfare guarantees, creating a warm working environment, and continuously enhancing employees' sense of happiness and belonging. The company attaches great importance to the mental health of employees and added the mental health assessment item for employees in 2024, which is included in the annual regular health check-up.

Employee Welfare System of Kelun-Biotech

Statutory Benefits	Care Welfare
Five social insurance and one housing fund	Traditional holiday welfare
Various paid leave entitlements stipulated by law	Housing, dining, and transportation subsidies provided by the company
	Employee canteen
	Employee dormitories and shuttle services for commuting
	Employee commercial insurance

Case: Launching the Employee Benefits Platform to meet diverse welfare needs

To address the growing and diverse welfare needs of employees, the company actively explored innovative solutions in 2024. After conducting in-depth market research, the company successfully launched the Employee Benefits Platform. Leveraging advanced Internet technology and extensive resource integration, the platform aggregates a wide range of high-quality welfare resources, covering daily necessities, cultural and entertainment products, fresh food and more. It fully enables personalized customization and precise delivery of employee benefits. The successful launch and operation of the Employee Benefits Platform have significantly enhanced employee satisfaction with the company's welfare offerings.

Employee Care

Kelun-Biotech places great emphasis on safeguarding the rights and interests of female employees during special physiological stages, and fully implements relevant labor forbidden regulations to ensure that female employees enjoy their lawful rights during menstruation, pregnancy, and lactation. We have established priority seating for pregnant women on all shuttle buses to ensure the safety and convenience of commuting for pregnant employees. At the same time, we have established comfortable and well-equipped nursing rooms to provide a private and convenient space for breastfeeding female employees. In 2024, the company further optimized its management measures by introducing flexible attendance intervals for female employees, allowing for a 30-minute flexibility in start and end times, to better support female employees in balancing their work and personal lives.

Kelun-Biotech's Nursing Rooms

Employee Communication

The company places great importance on communication and interaction with employees and has established multiple channels to facilitate effective dialogue, including the General Manager's mailbox, HR department mailbox, a platform for collecting rationalization proposals, and employee satisfaction surveys.

The company insists on conducting regular employee satisfaction surveys annually. In 2024, the employee satisfaction survey covered five areas: management, environment, career development, job responsibilities and compensation and benefits. The survey results indicated an employee engagement rate of 97% and an overall satisfaction rate of 93%, reflecting a high level of overall employee satisfaction.

To guide and encourage employees to exhibit a sense of ownership, and to put forward innovative suggestions and improvement ideas that are conducive to enhancing the quality of business operations and management capabilities, the company has formulated the Management System for Rationalization Proposal Activities and organized the collection of rationalization suggestions. The company encourages employee feedback through institutionalized reward measures, maximizes the exploration of employee innovation potential, and effectively promotes the development of the company's production and operations. In 2024, the company received a total of 250 rationalization proposals from employees regarding improvements in corporate management, processes optimization, and work efficiency enhancement. After evaluation, the company adopted 160 of these proposals.

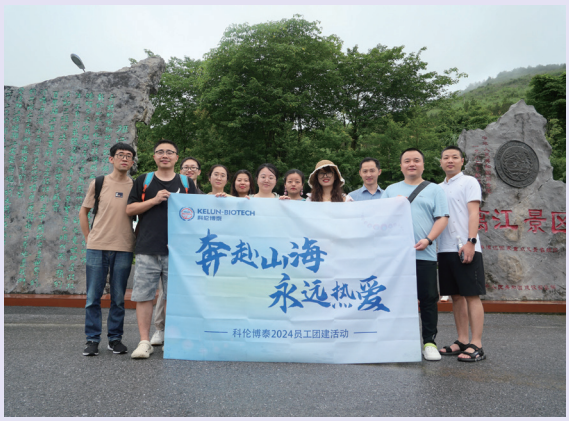
In addition, the company launched a "Safety Initiative" rationalization proposal campaign, focusing on collecting suggestions related to traffic safety, R&D safety, and production safety. A total of 71 proposals were received during this event, of which 38 were ultimately adopted, providing strong support for the company's safety production management.

Colorful Workplace

The company establishes staff unions, regularly holds or organizes employees to participate in a variety of team-building activities such as cycling, basketball, badminton and table tennis to create a green, humanistic and comfortable working and living environment, encouraging employees to fully showcase themselves outside of work, enhance colleague friendships, and increase the well-being of employees.

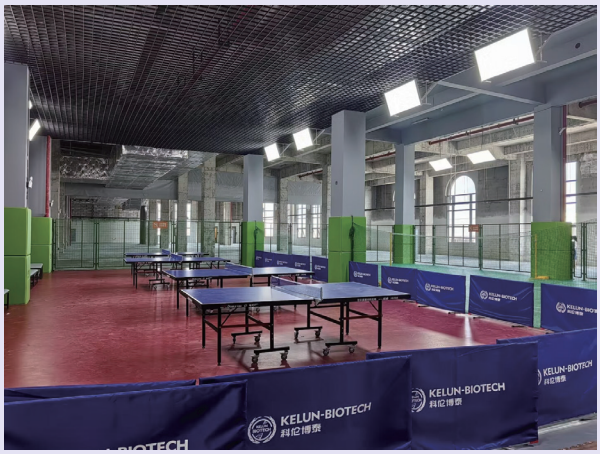
Case: Organizing paid group travel for employees to enhance their work experience

In 2024, the company provided employees with over one year of service the opportunity to participate in paid group travel. Tourism destinations included multiple tourist attractions such as Guilin, Sanya, Xishuangbanna and Qingdao. These group travels allowed employees to relax and unwind while experiencing the magnificent landscapes of our motherland. These activities also fostered stronger interactions and engagement among employees, significantly enhancing their sense of happiness and belonging.



Case: Optimizing and upgrading activity facilities to meet diverse employee needs

In 2024, the company developed a 400-square-meter modern activity space tailored for employees. The sports area is equipped with professional and comprehensive facilities, including designated standard courts for table tennis and badminton, as well as a fully equipped fitness area to cater to employees' diverse exercise needs. Beyond the sports facilities, the space also features a cozy and comfortable leisure area for social interaction. This multifunctional venue provides employees with an integrated space for fitness, recreation and engagement.



4.3. Employee Training and Development

Kelun-Biotech places great emphasis on talent development and cultivation, providing employees with various career development pathways and establishing a comprehensive training system.

Career Development

To meet the development needs of employees and build a sustainable talent team, the company has formulated a Promotion Management System applicable to all employees, creating promotion channels for various function sequences, and providing employees with a broad space for career development.

Function Sequences of Kelun-Biotech

Sequence	Applicable Personnel
Management sequence (Management, abbreviated as Class M)	Management sequence (Management, abbreviated as Class M) Applicable to those with team management functions, who lead the team to achieve business goals through the management of personnel and the use of resources.
Support sequence (Support, abbreviated as Class S)	Applicable to those engaged in professional work in support functions such as administration, audit, legal affairs, finance, human resources, procurement, and warehousing.
R&D sequence (Research, abbreviated as Class R)	Applicable to those engaged in research and development and related work throughout the R&D process (including but not limited to project initiation, registration, project management, intellectual property, etc.).
Production sequence (Production, abbreviated as Class P)	Applicable to those engaged in production and work directly related to production support (including but not limited to production quality assurance, equipment maintenance support).

The company continuously improves the employee assessment and promotion system, combines the actual situation of each department to formulate "Position Descriptions", clarifies the individual career development paths of employees, and plays a positive role in the selection, appointment and retention of core talents. In 2024, the company comprehensively conducted a full-staff assessment with a coverage rate of 100%. 449 employees achieved career advancement through assessment during the reporting period.

The company respects the career development wishes of employees and has established an internal job transfer mechanism that allows employees to apply for other positions within the company, and fully taps into employee potential. The company fully considers the job requirements and employee preferences to arrange internal interviews for employees with job transfer needs. Employees can be reassigned internally upon passing the assessment. During the reporting period, the company provided internal transfer opportunities to 149 employees, representing a 5.7-fold increase compared to last year, effectively enhancing the organization's flexibility.

In addition, the company actively assists employees in the evaluation for professional title promotions. In 2024, a total of 23 employees were approved for junior titles, 21 for intermediate titles, and 2 for associate senior titles.

Employee Training

The company has formulated a Training Management System that requires the HR department to take the lead in organizing each department to jointly develop an annual training plan, and to conduct full tracking and supervision of the implementation of training. By establishing a diverse and flexible training mechanism, the company has provided an effective platform for employees to enhance themselves. In 2024, the company introduced the "Internal Trainer Management and Incentive Program" to strengthen the construction of its internal trainer system, establish exemplary role models, and promote the healthy development of its talent development system.

Case: Enhancing frontline managers' leadership skills

In 2024, the company launched a pilot Team Leader Training Program within its production division to strengthen the management capabilities of frontline managers. The training was divided into "specialized" and "general" modules. The specialized training commenced in April 2024 and lasted for six months, covering professional courses in production, quality and equipment, on-site and safety management etc. The general training course system included management capabilities, corporate culture and management systems etc. By the end of 2024, the company had conducted training sessions on corporate culture and management systems. A total of 61 employees participated in the Team Leader Training Program.

In 2024, the company conducted 2,507 training sessions, with a total of 93,675 participants, a total learning time of 115,220 hours, a 100% employee coverage rate, and an average training duration of 81.43 hours.

4.4. Occupational Health and Safety

Safety is the lifeline of a company's stability, health and sustainable development. Kelun-Biotech regards the protection of employee health and safety as a top priority in its production and operational activities. The company has established a comprehensive safety management system to ensure its long-term stable development.

Safe Production

Safe Production Management System

In the area of safe production management, the company strictly follows laws and regulations such as the Safe Production Law of the People's Republic of China and the Occupational Disease Prevention and Control Law of the People's Republic of China, and has formulated safety management systems such as the Safe Production Responsibility System, Management System for Factory Safety, Management System for Monitoring and Evaluation of Occupational Disease Hazards and Management Procedure for Occupational Health Promotion and Education, clarifying safety responsibilities at all levels, and standardizing safety management requirements for factories, workshops, facilities, special operations, etc., providing employees with a safe and effective working environment.

The company establishes a Safety Production Committee. The main responsible person of the enterprise is the first responsible person for safe production, and the person in charge of each department is the first responsible person for safe production of the department. In accordance with the principle of "three management and three musts" for safe production, i.e., "the industry managers must manage safety, the business managers must manage safety, and the producers and operators must manage safety". The safety management work is carried out from three levels of the company, department and team, and the person in charge at each level is the first responsible person.

In 2024, the company successfully passed the external audit of the ISO 45001 Occupational Health and Safety Management System certification, with the certification covering 100% of the company's production sites. During the reporting period, the company's investment in occupational health and safety reached RMB490,000.


ZTC
中泰认证

职业健康安全管理体系认证证书

四川科伦博泰生物医药股份有限公司

建立的职业健康安全管理体系符合标准

GB/T 45001-2020 idt ISO 45001:2018

中泰联合认证有限公司

ISO 45001 Occupational Health and Safety Management System Certificate of Kelun-Biotech

Safety Production Objectives and Performance

The company always adheres to the principle of "safety first, prevention foremost, and comprehensive management", and has set an annual goal of zero major and particularly major accidents, as well as specific objectives such as the 100% employee safety production education and training rate, 100% rectification rate of safety hazards, and 100% signing rate of EHS target responsibility agreements. In 2024, the company achieved various safety objectives, with no safety accidents occurring within the year.

Hidden Risk Screening and Fire Safety

The company has established a dual preventive mechanism, forming relevant management systems and clarifying the process of risk classification management and management of hidden hazards. It organizes workshops of all departments to use tools such as the LEC and JHA, conducts comprehensive risk assessment of existing post production operations, production equipment, etc., and supplements control measures for high-risk items to reduce their risk degree.

Furthermore, the company combines the post and equipment risk card in the double system and the daily hidden danger investigation record table to form a mechanism of "three-in-one tables", which is posted or hung at the post site to conduct daily investigation and confirmation of the risk points and danger sources of the post. If potential accidents are discovered, the relevant responsible departments must promptly formulate corrective measures and implement them in a timely manner to ensure that the production process complies with safety and environmental protection requirements, and to enforce the Management System for EHS Accident Investigation and Accountability in the event of accidents.

Case: Conducting fire safety emergency evacuation drill

In November 2024, to enhance employees' awareness and ability to respond to emergency evacuations, the company organized the 2024 annual comprehensive emergency evacuation drill, with a total of 1,153 employees from various departments participating. In addition to evacuation drill, the company set up three practical experience zones on site: fire extinguisher operation, fire hydrant target practice, and a fire escape experience room, to enhance employees' emergency response capabilities in the event of a fire incident.

Safety Management of Contractors

The company is revising the "Contractor Safety Management System" to further clarify the processes related to contractor safety management, including contractor selection, safety agreements, site entry management, work preparation, construction safety, assessment and evaluation, as well as the responsibilities of departments involved in contractor safety management and corresponding procedural requirements. Through comprehensive process standardization management, the company aims to reduce the occurrence of safety accidents after contractors begin work on-site.

In addition, the company places significant emphasis on providing safety training for contractors and has uploaded six contractor construction management-related topics, including site entry safety, hot work safety and on-site supervisor training, to the online learning center. Each course includes both course learning modules and post-course assessments. As of the end of 2024, a total of 40 contractor workers participated in the site entry safety training and successfully passed the assessment.

Safety Culture Promotion

The company regularly organizes various safety-related training activities for different functional departments, including internal safety training and outsourced professional skills training. In 2024, a total of 29 safety training sessions were conducted, with an attendance of 7,461 participants and a cumulative total of 8,356 learning hours, averaging 4.9 hours per person.

Case: Launching the "Quality, Safety and Compliance Season" themed campaign to strengthen safety awareness

From May to August 2024, the company organized the "Quality, Safety and Compliance Season" campaign under the themes of "Compliance, Qualification and Synergy—Strengthening Safety and Quality as the Cornerstone" & "Everyone Speaks of Safety, Everyone Masters Emergency Response – Ensuring Unobstructed Life-Saving Passage". In addition to company-wide thematic promotions, 35 departments carried out department-level safety campaigns, with a total of 3,598 participants in safety education and training sessions during the campaign period.

The company also carried out various safety-themed activities, such as Behavior-Based Safety (BBS) observations to enforce the safety supervision responsibilities of managers, with a total of 127 observations covering 291 individuals. Furthermore, through the "Case-based Law Awareness" safety initiative, various departments conducted a total of 79 accident case training sessions to enhance employees' safety responsibility awareness and continuously improve the company's safety management level.

Occupational Health

Occupational Health Safeguards

The company has developed the Instruction Manual for Use of Labor Protective Products to guide the standard selection and use of labor protective articles for post employees, and has invited personnel from 3M to conduct training of mask and face shield fit testing in the factory area to enhance personnel's awareness of occupational protection.

At the same time, due to the particularity of Kelun-Biotech products, the company has taken a series of stringent measures, including determination of OEL, OEB, qualitative risk assessment of the whole process, use of closed equipment and systems, provision of labor insurance products and training, compliance with waste disposal, and development of special emergency disposal plans, etc., to continuously optimize engineering protection. The company also invites the third-party institutions to conduct tightness testing to strictly ensure the health and safety of employees.

Occupational Health Objectives and Performance

The company has set an annual goal of zero occupational disease hazard accident, and through occupational health examinations, labor protection equipment allocation, detection of occupational hazards at the workplace, and emergency drills, it works to prevent, control, and eliminate occupational hazards to protect employee health.

In 2024, a total of 494 people at the company participated in occupational health examinations, with 0 reported cases of occupational disease diagnosis. Furthermore, the compliance rate of annual occupational health hazard detection of the company reached 100%, effectively safeguarding employees' occupational health.

5. FOCUS ON ECOLOGY – CREATE A GREEN FUTURE

5.1. Responding to Climate Change

In the production and operating activities, Kelun-Biotech upholds the concept of green development, formulates the "Climate Policy of Kelun-Biotech", strictly controls the company's greenhouse gas emissions, and advocates the participation of stakeholders to contribute to the fight against climate change.

Climate Governance

The company integrates climate-related matters into its existing ESG management mechanism and carries out climate-related practices from a top-down approach. The Board of Directors regularly reviews climate-related policies and performance to ensure the effective execution and oversight of climate-related policies and initiatives. Under the guidance of the Board of Directors, the ESG Working Group gradually formulates and refines climate-related strategic objectives, while overseeing and reviewing the implementation and execution of climate change response actions. Each functional department specifically implements climate-related policies and actions.

Risk and Opportunity Assessment

The company systematically identifies and comprehensively assesses potential risks and opportunities of climate change, and develops response measures for major risks to effectively prevent and respond to the impact of climate change on the company.

Climate-Related Risks in Kelun-Biotech

Type	Climate-related risks	Risk examples	Potential impact	Response measures
Physical risk	Acute risk	Increased severity of extreme weather events such as typhoons and floods	○ Damage to property and assets, including buildings, infrastructure, engineering and testing equipment ○ Suppliers may fail to complete deliveries in a timely manner, resulting in business interruption ○ Negative impact on labor safety, management and planning	Establish an enhanced emergency management scheme for extreme weather Reduce the use of energy-extensive equipment
	Chronic risk	Sea level rise	○ Damage to the facilities of the supply chain enterprises ○ Increased infrastructure costs in supply chain enterprises	
		Average temperature rise	○ Increased energy consumption and operating costs	
Transition Risk	Policy and legal risks	Existing requirements and regulations	○ Fine, business loss, business closure ○ In order to cater to the increasingly stringent policies, the company's costs have increased	Track relevant regulations and policies annually and compile greenhouse gas emissions data in order to respond in a timely manner when requested
	Technical risks	Transition cost of low carbon emission technology	○ Costs related to green technology research and development ○ Increased operating costs	Make mitigation and regulation of climate change as one of the priorities of relevant business departments and EHS departments
	Market risk	Change in customer behavior	○ Customers pay more attention to the carbon footprint of the supply chain, and demand to achieve the goal of carbon emission reduction in the supply chain ○ Order losses and reduced revenue due to insufficient disclosure of carbon neutralization targets and data	
		Uncertain market demand	○ Climate change leads to new diseases, and demand for drugs and other pharmaceutical products may increase	Make climate change a priority issue and communicate with stakeholders through channels such as ESG reports
		Increased raw material costs	○ Decreased quantity and quality of raw materials. Decrease in quantity leads to higher raw material costs, further increasing enterprise operating costs	
	Reputation risk	Increasing stakeholder concerns about negative feedback	○ Corporate stakeholders, including investors and customers, are increasingly concerned about sustainable development and climate change, and inadequate disclosure of corporate information will damage the company's reputation	

Climate-related Opportunities in Kelun-Biotech

Climate-related opportunities		Potential impact
Resource efficiency	Reduce energy use	○ Reduce the operating cost and enhance the company reputation
	Reduce the use of water resources	○ Reduce the operating cost of enterprises
Products and services	Shifting in customer preferences	○ Formulate environmental management strategy according to customer strategy and demand to enhance competitive advantage ○ As global climate change intensifies, customers are increasingly inclined to use environmentally friendly products/services

Greenhouse Gas Emission Reduction Targets

5% reduction in ranges 1 and 2 greenhouse gas emission density in 2030, with 2023 as the baseline

Greenhouse Gas Emission Reduction Actions

The company implements the low-carbon concept, creates the low-carbon economy, and is committed to reducing the adverse impact of the company's operations on the environment. We continue to strengthen energy management and reduce energy waste while adopting environmentally friendly equipment and more advanced technologies to improve energy utilization efficiency. The company also actively explores the introduction and use of renewable energy to reduce greenhouse gas emissions.

The company also offsets part of its carbon emissions by purchasing green certificates. In 2024, the company purchased 4,900 green electricity certificates through the Beijing Power Exchange Center, corresponding to 4,900 megawatt-hours of renewable energy generation.


绿色电力证书交易凭证
GREEN ELECTRICITY CERTIFICATE TRANSACTION VOUCHERS
购买方
单位/个人：四川科伦博泰生物医药股份有限公司
购买绿证数量：4900个
4900兆瓦时
生产方
项目名称：万山电力中卫市中宁县余丁沙窝梁200MWp光伏等
项目代码：WPC20076405210O1L
项目类型：太阳能发电
项目所在地：宁夏回族自治区中卫市中宁县
电量生产日期：2023年12月
交易平台：北京电力交易中心

Kelun-Biotech Green Electricity Certificate Purchase Record

Greenhouse Gas Emission Performance of Kelun-Biotech

Total greenhouse gas emitted in 2024

21,106.72 tons (CO_2 equivalence)
(2023: 19,903.34 tons (CO_2 equivalence))

Scope 1 greenhouse gas emitted in 2024

6,366.60 tons (CO_2 equivalence)
(2023: 6,335.07 tons (CO_2 equivalence))

Scope 2 greenhouse gas emitted in 2024

14,740.12 tons (CO_2 equivalence)
(2023: 13,568.27 tons (CO_2 equivalence))

Density of greenhouse gas emitted in 2024[2]

43.07 tons (CO_2 equivalence)/person
(2023: 45.65 tons (CO_2 equivalence)/person)

Case: Organizing the "Earth Hour" lights-off awareness campaign

In March 2024, the company actively participated in the "Earth Hour" campaign in response to the call from the World Wildlife Fund (WWF). The company conducted comprehensive promotions among employees by posting posters, displaying messages on electronic screens, and issuing announcements to encourage employees to join the lights-off initiative from 20:30 to 21:30 on March 23, whether at home or in office areas. Employees were also encouraged to share "Earth Hour" messages on social media to invite friends and family to participate, contributing to addressing global climate change.

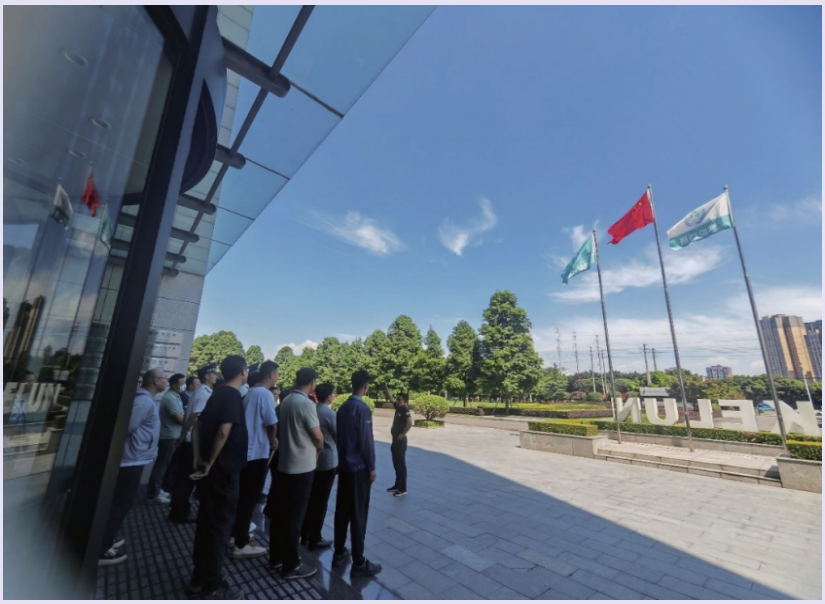
Climate-related emergency management

In response to the increasing frequency of climate-related natural disasters, the company has established the "Special Emergency Response Plan for Natural Disasters" and the "Flood Prevention and Control Emergency Plan", among other systems, and regularly conducts emergency drills to safeguard employees' health and safety as well as protect corporate assets.

[2] The density unit takes the annual average number of R&D and production core personnel as the denominator, with an average annual number of 490 R&D and production core personnel in 2024.

Case: Conducting earthquake evacuation and flood prevention and control emergency drills

In March 2024, the company organized the 2024 Earthquake Natural Disaster Emergency Evacuation Drill, with over 1,000 employees participating. In July of the same year, the company conducted the 2024 Flood Prevention and Control Emergency Drill, with more than 40 employees involved.



5.2. Environmental Management System

Kelun-Biotech strictly adheres to 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, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, as well as other laws and regulations, and formulates environmental-related systems such as the Management Procedure for Environmental Protection and the Management System for Waste Collection and Waste Storage, to ensure the smooth progress of the company's environmental protection work.

The company adheres to the principle of "prevention first, combined with control and treatment", establishes detailed management methods for pollutants such as wastewater, exhaust gas, solid waste, and noise generated during the operation process, clarifies the responsibilities of the EHS department in charge of the company's environmental management, and sets up a reward and punishment mechanism. In response to potential pollution accidents, the company has developed a comprehensive Emergency Response Plan for Environmental Pollution Accidents to effectively improve the management level in dealing with emergencies.

Basic Principles of Environmental Protection Management Procedures of Kelun-Biotech

- The director of the EHS department of the company is responsible for environmental protection work and reporting directly to the responsible persons of the company;
- Focus on the prevention and control of "three wastes" pollution, ensuring the funding, equipment, materials, and manpower for the "three wastes" treatment and comprehensive utilization projects;
- Establish regular inspection, maintenance, and post-maintenance acceptance procedures for environmental protection facilities and equipment;
- The company must include environmental protection work as one of the technical and economic indicators for assessment and evaluation;
- Anyone who violates the procedures and causes an accident must be held accountable according to the degree of hazard of the accident.

In 2024, the company successfully passed the external audit of the ISO 14001 Environmental Management System certification, with the certification covering 100% of the company's production sites.


中泰认证

环境管理体系认证证书

四川科伦博泰生物医药股份有限公司

GB/T 24001-2016 idt ISO 14001:2015

中泰联合认证有限公司

ISO 14001 Environmental Management System certification of Kelun-Biotech

5.3. Resource Management

Kelun-Biotech attaches great importance to energy and water resource management, continuously improving its resource management system and enhancing resource utilization efficiency.

Energy Saving

Energy Management System

In accordance with the Law of the People's Republic of China on Energy Saving and other laws and regulations, the company sets the Equipment & Power Engineering Department as the Energy Management Department, formulates the "Energy Inspection System" to ensure the effective implementation of energy management. In 2024, the company successfully passed the external audit of the ISO 50001Energy Management System certification, with the certification covering 100% of the company's production sites.

ISO 50001 Energy Management System Certification of Kelun-Biotech

Energy management measures

From three aspects – enhancing the energy-saving level of facilities and systems, refining energy-saving management procedures and implementing energy-saving measures-the company continuously improves energy use efficiency in R&D and production operations, and promotes the realization of low-carbon management objectives.

Energy Management Measures for Kelun-Biotech

Enhancing the Energy-saving Level of Facilities and Systems

1. The design and construction process of the plant strictly complies with the requirements of green buildings. The heat preservation (winter)/cold preservation (summer) performance of the building is improved through material and structural upgrading to reduce energy consumption.
2. Establish the operation facilities, equipment automation and frequency conversion control system, adjust the energy load level flexibly and improve the energy utilization efficiency.
3. Establish an annual comprehensive energy consumption analysis mechanism, and adopt advanced energy-saving technologies (such as HVAC heat pipe control) to reform high-energy consuming equipment to achieve the goal of energy saving and consumption reduction.

Refined Management Procedure for Energy Saving

1. Carry out energy saving and consumption reduction patrol work and implement monthly inspection and assessment, and timely correct and rectify problems such as continuous light.
2. Each department conducts energy inspection at least once a month, and the energy management department carries out irregular repeated or spot checks to timely feedback and rectify problems and archive files.
3. Carry out diversified energy-saving publicity and education to employees.

Implement Energy-saving Measures

1. Advanced energy-saving schemes in the industry were employed in the new construction and reconstruction projects and energy-saving materials, etc. were used.
2. Lighting system modification, including replacement of LED lamps, use of sound-controlled lamps in public areas, etc.

In 2024, the company focused on optimizing the operation of refrigeration units and implementing refined management of the steam system to further reduce energy consumption. For the refrigeration units, the company adopted a combination of “variable frequency technology + temperature sensors + temperature control system” to adjust the operation of the variable frequency fan and valve switching according to the high and low-temperature set points, achieving optimal energy efficiency for the refrigeration units. For example, a 280-kilowatt refrigeration unit can save up to 65,000 kilowatt-hours of electricity annually. In addition, according to the differences in steam usage requirements, the company separated the air conditioning humidification steam system from the pure steam system used in the production process, resulting in savings in steam energy consumption and testing costs, with an annual cost saving of approximately RMB62,500.

Energy Management Objectives and Progress

With 2023 as the baseline,

5% reduction of power consumption density in 2030

With 2023 as the baseline,

5% reduction of natural gas consumption density in 2030

Energy Performance of Kelun-Biotech[3]

Quantity of purchased power consumed in 2024	Density of purchased power consumed in 2024	Quantity of diesel consumed in 2024[4]
25,846,255 kilowatt hours (2023: 23,791,455 kilowatt hours)	**52,747.46** kilowatt hours/person (2023: 54,567.56 kilowatt hours/person)	**0** liter (2023: 1,293 liters)

Density of diesel consumed in 2024	Quantity of natural gas consumed in 2024	Density of natural gas consumed in 2024
0 liter/person (2023: 2.97 liters/person)	**3,216,061** cubic meters (2023: 3,198,447 cubic meters)	**6,563.39** cubic meters/person (2023: 7,335.89 cubic meters/person)

Water Conservation

Water Resource Management System

Based on the Management Procedure for Environmental Protection, the company continuously improves water resources management. As a company in the pharmaceutical industry, we focus on the development and utilization of water cycle technology in high water consumption links such as process water and process cooling water, and increase water reuse efforts, with an annual recovery of condensate water reaching 1,000 cubic meters.

We also actively engage in production process optimization to achieve reduction in water resource usage at the source. In 2024, the company optimized the CIP for production equipment in the purification workshop. Under the condition that the interval between two production batches does not exceed 7 days, the CIP process before the next batch of production is eliminated, saving approximately 130 tons of water per cleaning cycle.

3 The density unit takes the annual average number of R&D and production core personnel as the denominator, with an average annual number of 490 R&D and production core personnel in 2024.

4 The quantity of diesel consumed by the company in 2023 was for self-purchased diesel power generation, while there was no self-purchased diesel consumption for power generation in 2024, and diesel for vehicles was not included in the scope of production and operation of Kelun-Biotech as it was under the management of Kelun Research Institute.

Water Resources Management Objectives and Progress

With 2023 as the baseline,

10% reduction
in water density in 2030

Water Resource Management Performance of Kelun-Biotech

Usage of tap water in 2024	Usage of circulating water in 2024	Water density in 2024[5]
354,959 cubic meters (2023: 302,765 cubic meters)	**34,560,000** cubic meters (2023: 34,560,000 cubic meters)	**724.41** cubic meters/person (2023: 694.42 cubic meters/person)

5.4. Emission Management

Kelun-Biotech continues to strengthen its pollution prevention efforts, focusing on reducing emissions of pollutants such as exhaust gases, wastewater and solid waste, to minimize the negative environmental impact of its operations.

Air Pollutant Emission

The company strictly implements the requirements of the "Comprehensive Emission Standards of Air Pollutants" and "Emission Standards for Air Pollutants in Pharmaceutical Industry" to ensure compliance with emission standards for all types of air pollutants. Our company has installed high efficiency filtration systems in the production workshops, and the exhaust gas was treated and discharged by a combination of technologies including spray washing, activated carbon adsorption and photooxidation treatment.

The company pays great attention to the daily operation management, maintenance, and inspection of the waste gas treatment facilities, and regularly contacts the qualified environmental monitoring units to carry out external monitoring of waste gas. The 2024 waste gas emission monitoring results of Kelun-Biotech meet the national emission standards, and the concentration of treated waste gas pollutants is far below the standard emission limits.

Case: Strengthening online monitoring of exhaust gas emissions to reduce pollutant concentration

In 2024, the company installed two sets of online exhaust gas monitoring devices for the gas boilers, in order to promote refined operation of gas boilers to reduce nitrogen oxide emissions from the boiler exhaust gases. These devices can monitor parameters such as flue gas temperature, humidity, flow rate, and nitrogen oxide concentration in real time, further reducing the emission concentrations while ensuring that the boiler exhaust emissions meet the required standards.

5 The density unit takes the annual average number of R&D and production core personnel as the denominator, with an average annual number of 490 R&D and production core personnel in 2024.

Air Pollutant Emission Performance of Kelun-Biotech

Total exhaust gas emission in 2024	Nitrogen oxides in 2024
24,405.50 10,000 cubic meters (2023: 39,948.85 10,000 cubic meters)	**0.84** tons (2023: 0.78 tons)
Volatile organic pollutants in 2024	**Particulate matter in 2024**
0.96 tons (2023: 0.81 tons)	**0.29** tons (2023: 1.24 tons)

Wastewater Discharge

Through recirculating water renovation, the company reduces the amount of waste water produced in the production process, and strictly enforces the requirements of the discharge agreement signed with the park sewage treatment plant. After pretreatment process, the production wastewater and the experimental wastewater enter the sewage treatment station in the plant area together with the domestic sewage, and discharge into the park sewage treatment plant after reaching the standard.

Case: Implementing automation upgrades at the sewage treatment station to enhance operational stability

In response to the low level of automation control at the sewage treatment plant, the company implemented an automation upgrade for the facilities and equipment of the sewage treatment plant in 2024. This upgrade enabled fully automated and configurable unmanned operation for functions such as water inflow, aeration, backwashing and emergency response. On such basis, remote network connectivity was established, allowing employees to perform the aforementioned operations via a mobile app. Following the upgrade, the company significantly reduced employee labor intensity while effectively enhancing the operational stability of the sewage treatment station.

Water Pollutant Emission Performance of Kelun-Biotech

Total wastewater discharged in 2024	COD discharged in 2024
107,370.06 tons (2023: 102,003 tons)	**4.32** tons (2023: 5.15 tons)

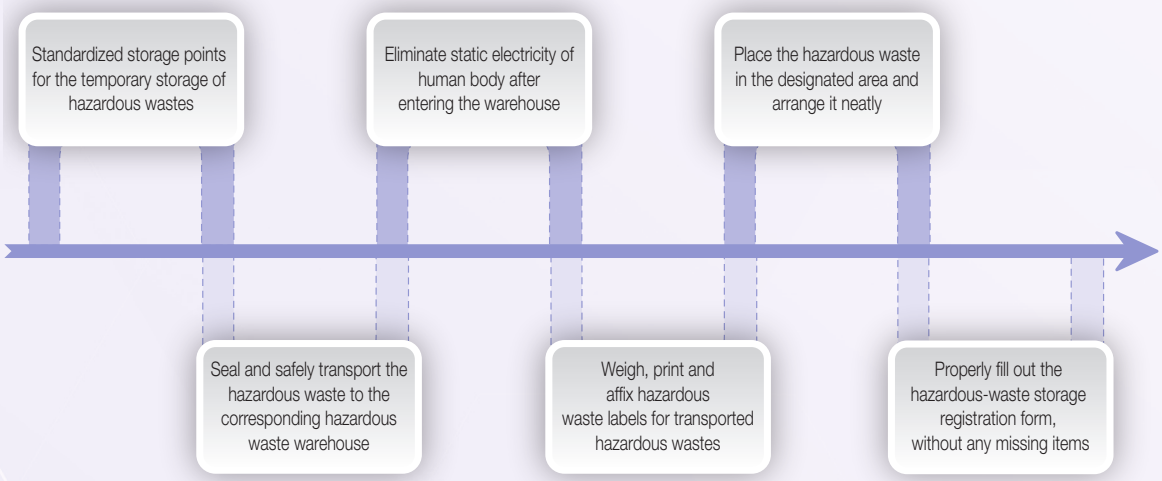
Waste Management

The company strictly follows relevant laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, and formulates the Management System for Waste Collection and Waste Storage that specifies the full process management requirements for the collection, storage, transportation, and disposal of general and hazardous waste, reducing the impact on the environment.

The company attaches importance to the standardized disposal of wastes, and timely clears and transports harmless wastes through the sanitation department and waste recycling company. The company strictly prohibits the act of mixing general wastes and hazardous wastes, and has made clear regulations on the collection and storage of hazardous wastes, assigning dedicated personnel to be responsible for the on-site management of the storage warehouse, and conducting regular training on the standardized management of hazardous wastes to ensure that the collection, storage and transfer of hazardous wastes strictly follow the relevant procedures.

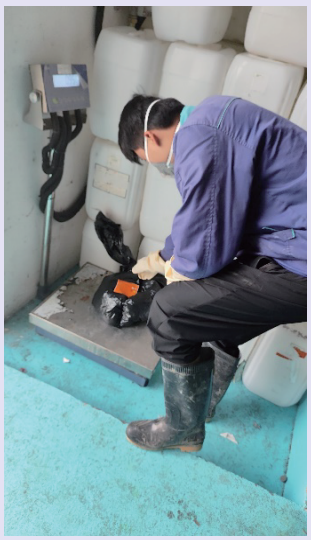
In 2024, the company responded to the call by installing a full set of Internet of Things (IoT) equipment, including electronic weighbridges, electronic label generation devices and video surveillance, in its hazardous waste warehouse. The system was connected to the Sichuan Province Solid Waste Comprehensive Management Platform to achieve full-process online management and control of hazardous waste.

Hazardous Waste Transfer Process of Kelun-Biotech



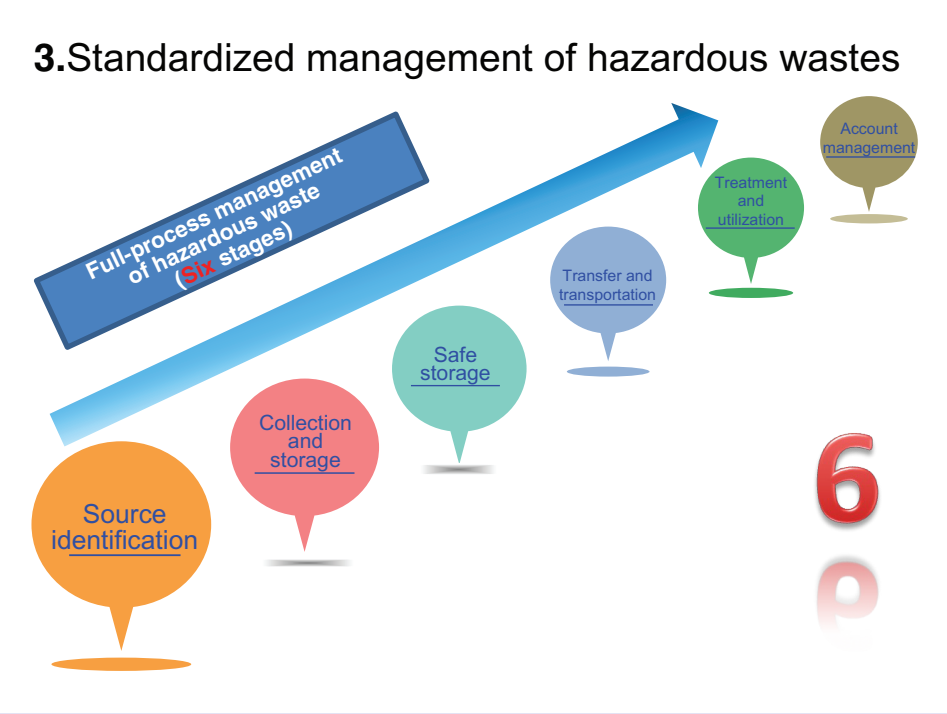
Case: Hazardous-waste-leakage emergency drill

In August 2024, to further enhance the safe use and management in the storage, collection, and disposal processes of hazardous waste, and to earnestly implement the safety policy of “Safety First, Prevention Foremost, and Comprehensive Control”, the EHS department of the company organized emergency drills for employees responsible for the transportation of hazardous wastes, focusing on hazardous waste response. Through practical exercises, the effectiveness and operability of the company’s emergency response to sudden hazardous waste incidents are verified, enhancing the emergency response team’s ability to respond and handle emergencies when accidents occur.



Case: Standardized management training for hazardous wastes

In August 2024, the company conducted standardized management training for 746 employees from departments that generate hazardous wastes. Through the explanations of professionals, participants gained an in-depth understanding of the generation, collection, storage, and ledger management of hazardous waste, improving their ability to manage hazardous waste, strengthening their environmental protection and safety awareness, and effectively preventing and controlling the harm that hazardous waste might pose to human health and the environment. The participating employees underwent a written assessment after completing the training and all passed.



Waste Management Objectives

With 2023 as the baseline,

5% reduction of hazardous waste production density in 2030

Waste Management Performance of Kelun-Biotech[6]

Quantity of hazardous wastes generated in 2024

402.41 tons
(2023: 239.47 tons)

Density of hazardous wastes generated in 2024

0.82 tons/person
(2023: 0.55 tons/person)

Quantity of non-hazardous wastes generated in 2024

933.5 tons
(2023: 676.01 tons/person)

Density of non-hazardous wastes generated in 2024

1.91 tons/person
(2023: 1.55 tons/person)

Total recovery of non-hazardous wastes in 2024

10.41 tons
(2023: 8.28 tons)

[6] The density unit takes the annual average number of R&D and production core personnel as the denominator, with an average annual number of 490 R&D and production core personnel in 2024.

APPENDIX I: ESG KEY PERFORMANCE TABLE

Category	Indicator	Unit	2023	2024
Performance statistics at environmental level				
Atmospheric pollutants	Total exhaust emitted	10,000 cubic meters	39,948.85	24,405.50
	Nitrogen oxides	Ton	0.78	0.84
	Volatile organic pollutants	Ton	0.81	0.96
	Particulate matter	Ton	1.24	0.29
Wastewater	Total wastewater discharged	Ton	102,003	107,370.06
	COD discharged	Ton	5.15	4.32
Greenhouse gases	Total greenhouse gas emitted	Ton (CO_2 equivalence)	19,903.34	21,106.72
	Scope 1 greenhouse gas emitted	Ton (CO_2 equivalence)	6,335.07	6,366.60
	Scope 2 greenhouse gas emitted	Ton (CO_2 equivalence)	13,568.27	14,740.12
	Density of greenhouse gas emitted	Ton (CO_2 equivalence)/person	45.65	43.07
Wastes	Quantity of hazardous wastes generated	Ton	239.47	402.41
	Density of hazardous wastes generated	Ton/person	0.55	0.82
	Quantity of non-hazardous wastes generated	Ton	676.01	933.50
	Density of non-hazardous wastes generated	Ton/person	1.55	1.91
	Total recovery of non-hazardous wastes	Ton	8.28	10.41
Energy	Quantity of purchased power consumed	Kilowatt hour	23,791,455	25,846,255
	Density of purchased power consumed	Kilowatt hours/person	54,567.56	52,747.46
	Quantity of diesel consumed[7]	Liter	1,293	0
	Density of diesel consumed	Liter/person	2.97	0
	Quantity of natural gas consumed	Cubic meter	3,198,447	3,216,061
	Density of natural gas consumed	Cubic meter/person	7,335.89	6,563.39
Water resources	Quantity of tap water	Cubic meter	302,765	35,0561
	Quantity of circulating water	Cubic meter	34,560,000	34,560,000
	Water density	Cubic meter/person	694.42	724.41
Packaging materials[8]	Total quantity of materials	Ton	23.70	25.22

[7] The quantity of diesel consumed by the company in 2023 was for self-purchased diesel power generation, while there was no self-purchased diesel consumption for power generation in 2024, and diesel for vehicles was not included in the scope of production and operation of Kelun-Biotech as it was under the management of Kelun Research Institute.

[8] Due to changes in statistical standards, the packaging material consumption in 2023 has been revised to 23.70 tons.

Category	Indicator		Unit	2023	2024
Performance statistics at social level					
Employees	By type of employment	Full-time	Person	1,415	1,837
		Part-time	Person	62	0
		Outsourcing	Person	24	25
	By gender (Full-time employees)	Male	Person	563	805
		Female	Person	852	1,032
	By age (Full-time employees)	30 years old or younger	Person	701	804
		31 to 49 years old	Person	679	997
		50 years of age or older	Person	35	36
	By region (Full-time employees)	Sichuan Province	Person	1,104	1,154
		Other provinces and cities in China (other than Sichuan Province)	Person	307	679
		Overseas	Person	4	4
Employee turnover rate[9]	By gender (Full-time employees)	Male	%	16.22	8.47
		Female	%	15.06	8.44
	By age (Full-time employees)	30 years old or younger	%	16.86	8.96
		31 to 49 years old	%	14.48	7.53
		50 years of age or older	%	8.82	23.53
	By region (Full-time employees)	Sichuan Province	%	15.1	8.06
		Other provinces and cities in China (other than Sichuan Province)	%	16.9	9.12
		Overseas	%	0	0
Employee health and safety	Number of deaths due to work in 2022		Person	0	0
	Number of deaths due to work in 2023		Person	0	0
	Number of deaths due to work in 2024		Person	0	0
	Percentage of deaths due to work in 2022		%	0	0
	Percentage of deaths due to work in 2023		%	0	0
	Percentage of deaths due to work in 2024		%	0	0
	Number of working days lost due to work injury		Day	0	93

[9] Turnover rate = Number of resigned employees under each category/Total number of employees under each category *100%

Category	Indicator		Unit	2023	2024
Proportion of employees trained	All employees		%	100	100
	By gender	Male	%	100	100
		Female	%	100	100
	By employee category	General staff	%	100	100
		Middle management	%	100	100
		Senior management	%	100	100
Average duration of training	All employees		Hours/person	81.43	53.57
	By gender	Male	Hours/person	81.37	54.91
		Female	Hours/person	81.47	53.53
	By employee category	General staff	Hours/person	81.53	56.38
		Middle management	Hours/person	80.31	18.89
		Senior management	Hours/person	81.71	20.63
Supplier	By region	Domestic	Nr.	293	347
		Overseas	Nr.	105	86
Products and customer service[10]	Percentage of products sold subject to recalls for safety and health reasons		%	–	0
	Number of complaints received about products and services		Case	–	5
	Complaint handling rate about products and services		%	–	100
	Total number of violations related to health and safety, labelling and customer privacy of products and services provided		Case	0	0
Intellectual property protection	Cumulative number of patents applied		Nr.	504	614
	Cumulative number of patents authorized		Nr.	184	139
	Cumulative number of trademarks applied		Nr.	138	248
	Cumulative number of trademarks authorized		Nr.	133	135
Anti-corruption	Cases of embezzlement litigation closed		Nr.	0	0
Anti-corruption training	By employee category	General staff	Attendance	2,691	1,796
		Middle management	Attendance	840	125
		Senior management	Attendance	42	10

[10] Due to the lack of product launches in 2023, the three indicators, namely the percentage of products sold subject to recalls for safety and health reasons, the number of complaints received about products and services, and the complaint handling rate about products and services were not applicable.

APPENDIX II: CONTENT INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE OF THE STOCK EXCHANGE OF HONG KONG

Aspect	Disclosure Requirements	Report Index
A1	Emissions: General disclosure Regarding emissions of waste gases and greenhouse gases, pollution discharge into water and land, and the generation of hazardous and non–hazardous wastes: (a) Policy; and (b) compliance with relevant laws and regulations having a significant impact on the issuer. Note: Emissions of waste gases include nitrogen oxides, sulfur oxides, and other pollutants regulated by national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride. Hazardous waste refers to that defined by national regulations.	5.4. Emission Management
KPI A1.1	Types of emissions and relevant emission data.	5.4. Emission Management
KPI A1.2	Direct (Scope 1) and indirect energy-related (Scope 2) greenhouse gas emission quantity (calculated in tons) and (if applicable) density (calculated per unit of production per facility).	5.1. Responding to Climate Change
KPI A1.3	The total quantity of hazardous waste generated (calculated in tons) and (if applicable) density (calculated per unit of production per facility).	5.4. Emission Management
KPI A1.4	The total quantity of non-hazardous waste generated (calculated in tons) and (if applicable) density (calculated per unit of production per facility).	5.4. Emission Management
KPI A1.5	Describe the emission reduction targets set and the steps taken to achieve these targets.	5.1. Responding to Climate Change 5.4. Emission Management
KPI 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
KPI A	Describe the methods for handling hazardous and non-hazardous waste, and describe the waste reduction targets set and the steps taken to achieve these targets.	5.4. Emission Management
A2	Resource use: General disclosure Policies for the effective use of resources (including energy, water, and other raw materials). Note: Resources may be used for production, storage, transportation, buildings, electronic equipment, etc.	5.3. Resource Management
KPI A2.1	Total direct and/or indirect energy-related consumption quantity (calculated in thousands of kilowatt-hours) and density (calculated per unit of production per facility) (by type).	5.3. Resource Management

Aspect	Disclosure Requirements	Report Index
KPI A2.2	Total water consumption quantity and density (calculated per unit of production per facility).	5.3. Resource Management
KPI A2.3	Describe the energy efficiency targets set and the steps taken to achieve these targets.	5.3. Resource Management
KPI A2.4	Describe any potential issues with obtaining suitable water sources, as well as the water efficiency targets set and the steps taken to achieve these targets.	5.3. Resource Management
KPI A2.5	The total quantity of packaging materials used for finished products (calculated in tons) and (if applicable) the quantity per production unit.	Appendix I: ESG Key Performance Table
A3	Environment and natural resources: General disclosure Policies to reduce the issuer's significant impact on the environment and natural resources.	5.3. Resource Management
KPI A3.1	Describe the significant impacts of business activities on the environment and natural resources, and the actions taken to manage these impacts.	5.3. Resource Management
B1	Employment: General disclosure Regarding compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination, and other treatment and benefits: (a) Policy; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	4.1. Diversity, Equality and Inclusion
KPI B1.1	The total number of employees by gender, employment type (such as full–time or part-time), age, and region.	4.1. Diversity, Equality and Inclusion
KPI B1.2	Employee turnover rates by gender, age, and region.	Appendix I: ESG Key Performance Table

Aspect	Disclosure Requirements	Report Index
B2	Health and safety: General disclosure Regarding the provision of a safe working environment and the protection of employees from occupational hazards: (a) Policy; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	4.4. Occupational Health and Safety
KPI B2.1	The number and rate of fatalities due to work-related accidents in the past three years (including the reporting year).	Appendix I: ESG Key Performance Table
KPI B2.2	Number of working days lost due to work injury.	Appendix I: ESG Key Performance Table
KPI B2.3	Describe the occupational health and safety measures adopted, and the related implementation and monitoring methods.	4.4. Occupational Health and Safety
B3	Development and training: General disclosure Policies on enhancing employees knowledge and skills to perform their job responsibilities. Describe training activities. Note: Training refers to vocational training, which may include courses paid for by the employer, both internal and external.	4.3. Employee Training and Development
KPI B3.1	The percentage of trained employees by gender and employee category (such as senior management, middle management, etc.).	Appendix I: ESG Key Performance Table
KPI B3.2	The average number of training hours completed per employee, broken down by gender and employee category.	Appendix I: ESG Key Performance Table
B4	Labor code: General disclosure Regarding the prevention of child labor or forced labor: (a) Policy; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	4.1. Diversity, Equality and Inclusion
KPI B4.1	Describe measures to review recruitment practices to avoid child labor and forced labor.	4.1. Diversity, Equality and Inclusion
KPI B4.2	Describe the steps taken to eliminate the situation when violations are discovered.	4.1. Diversity, Equality and Inclusion

Aspect	Disclosure Requirements	Report Index
B5	Supply chain management: General disclosure Policies for managing environmental and social risks in the supply chain.	2.3. Supply Chain Management
KPI B5.1	Number of suppliers by region.	2.3. Supply Chain Management
KPI B5.2	Describe the practices for hiring suppliers, the number of suppliers to whom these practices are applied, and the related implementation and monitoring methods.	2.3. Supply Chain Management
KPI B5.3	Describe the practices for identifying environmental and social risks at each stage of the supply chain, and the related implementation and monitoring methods.	2.3. Supply Chain Management
KPI B5.4	Describe the practices for encouraging the use of environmentally friendly products and services when selecting suppliers, and the related implementation and monitoring methods.	2.3. Supply Chain Management
B6	Product responsibility: Regarding the health and safety of the products and services provided, advertising, labeling and privacy issues, and remedial measures: (a) Policy; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	2.2. Quality Responsibility
KPI B6.1	The percentage of total sold or delivered products that need to be recalled for safety and health reasons.	Appendix I: ESG Key Performance Table
KPI B6.2	The number of complaints received about products and services and the response methods.	2.2. Quality Responsibility
KPI B6.3	Describe the practices related to maintaining and protecting intellectual property rights.	1.1. Compliance and Business Ethics
KPI B6.4	Describe the quality verification process and product recovery procedure.	2.2. Quality Responsibility
KPI B6.5	Describe the consumer data protection and privacy policies, and the related implementation and monitoring methods.	1.3. Information Security and Privacy Protection

Aspect	Disclosure Requirements	Report Index
B7	Anti-corruption: General disclosure Regarding the prevention of bribery, extortion, fraud, and money laundering: (a) Policy; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	1.1. Compliance and Business Ethics
KPI B7.1	The number and outcomes of corruption lawsuits filed and concluded against the issuer or its employees during the reporting period.	1.1. Compliance and Business Ethics
KPI B7.2	Describe the preventive measures and reporting procedures, and the related implementation and monitoring methods.	1.1. Compliance and Business Ethics
KPI B7.3	Describe the anti-corruption training provided to directors and employees.	1.1. Compliance and Business Ethics
B8	Community investment: Policies related to engaging with the community to understand the needs of the communities where operations are located and to ensure that business activities consider community interests.	3.3. Participation in Social Co-construction
KPI B8.1	Focused areas of contribution (such as education, environmental matters, labor needs, health, culture, sports).	3.2. Facilitating Inclusive Healthcare 3.3. Participation in Social Co-construction
KPI B8.2	Resources utilized in the focus areas (such as money or time).	3.3. Participation in Social Co-construction

APPENDIX III: GLOSSARY OF PROFESSIONAL TERMS

Abbreviation	Definition
AACR	American Association for Cancer Research
ADC	Antibody-Drug Conjugates
ASCO	American Society of Clinical Oncology
BBS	Behavior-Based Safety
BC	Breast Cancer
CAPA	Corrective Action and Preventive Action
CC	Cervical Cancer
CIP	Clean In Place
COD	Chemical Oxygen Demand
CQA	Critical Quality Attribute
CRC	Colorectal Cancer
CSCO	Chinese Society of Clinical Oncology
EC	Endometrial Cancer
EHS	Environment, Health, and Safety
ESG	Environmental, Social, and Governance
ESMO	European Society for Medical Oncology
FDA	Food and Drug Administration
FSC	Forest Stewardship Council
GC	Gastric Cancer
GCP	Good Clinical Practice
GI	Gastrointestinal
GMP	Good Manufacturing Practice
GxP	Good “x” Practice
IACUC	Institutional Animal Care and Use Committee

Abbreviation	Definition
ICH	The International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use
IECQ	International Electrotechnical Commission Quality Assessment System for Electronic Components
IVC	Individual Ventilated Cage
JHA	Job Hazard Analysis
LEC	Likelihood, Exposure, Consequence
LED	Light Emitting Diode
LIMS	Laboratory Information Management System
NDA	New Drug Application
NMPA	National Medical Products Administration
NPC	Nasopharyngeal Carcinoma
NSCLC	Non-Small Cell Lung Cancer
OC	Ovarian Cancer
OEB	Occupational Exposure Band
OEL	Occupational Exposure Limit
QC	Quality Control
QTPP	Quality Target Product Profile
SAE	Serious Adverse Event
TROP2	Trophoblast Cell Surface Antigen 2
WWF	World Wildlife Fund

Independent auditor's report to the shareholders of
Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of 四川科倫博泰生物醫藥股份有限公司 (Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd., the "Company") and its subsidiaries (together, the "Group") set out on pages 178 to 240, which comprises the consolidated statement of financial position as at December 31, 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 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 Standard Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTER

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

Recognition and measurement of research and development expenses

Refer to note 5(c) to the consolidated financial statements and the accounting policies on page 208.

The Key Audit Matter	How the matter was addressed in our audit
The Group incurred research and development ("R&D") expenses of RMB1,206,134,000 for R&D activities for the year ended December 31, 2024, mainly consisting of staff costs, trial and testing expenses and raw materials. We identified the recognition and measurement of R&D expenses as a key audit matter because of the significant amount incurred during the year and the inherent risk of R&D expenses not accurately recognized in the appropriate financial reporting period.	Our audit procedures to assess the recognition and measurement of R&D expenses included the following: • Obtaining an understanding of and testing the design and implementation and the operating effectiveness of the key internal controls related to the Group's R&D recognition and measurement process; • Evaluating the allocation and accrual of R&D related staff costs to the relevant R&D projects by checking to the labour contracts of relevant staffs, monthly payroll list and working time records maintained by the R&D department on a sample basis; • Inspecting contract application form, key terms set out in the R&D related trial and testing contracts and the completion status reports from the service providers, on a sample basis, to assess whether trial and testing expenses were recorded based on the respective contract terms or completion status and whether these expenses were allocated to the R&D projects appropriately; • Obtaining external confirmations from trial and testing expense suppliers, on a sample basis, to confirm the trial and testing expenses incurred for the year ended December 31, 2024; For the unreturned confirmations, comparing the trial and testing expenses recorded for the year to the R&D related trial and testing contracts and the completion status reports from the service providers;

Recognition and measurement of research and development expenses	
Refer to note 5(c) to the consolidated financial statements and the accounting policies on page 208.	
The Key Audit Matter	**How the matter was addressed in our audit**
	• Inspecting, on a sample basis, raw materials delivery notes, invoices, materials application forms to assess whether these costs were recorded accurately and allocated to the relevant R&D projects appropriately; and • Evaluating whether the R&D expenses were included in the appropriate period by comparing R&D expenses recorded before and after the balance sheet date, on a sample basis, to relevant underlying documents such as materials application forms, invoices and completion status reports from the service providers.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

The directors 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. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

As part of an audit in accordance with HKSAs, we exercise professional 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 activities within the group as a basis for forming to express an opinion on the group consolidated financial statements. We are responsible for the direction, supervision and review performance 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in this independent auditor's report is Frankie C.Y. Lai.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
March 24, 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended December 31, 2024

(Expressed in Renminbi ("RMB"))

	Note	2024 RMB'000	2023 RMB'000
Revenue	3	**1,933,045**	1,540,493
Cost of sales		**(659,388)**	(781,308)
Gross profit		**1,273,657**	759,185
Other net income	4	**139,755**	89,809
Selling and distribution expenses		**(182,717)**	(19,534)
Administrative expenses		**(163,310)**	(181,877)
Research and development expenses		**(1,206,134)**	(1,030,966)
Loss from operations		**(138,749)**	(383,383)
Finance costs	5(a)	**(3,796)**	(84,309)
Loss before taxation	5	**(142,545)**	(467,692)
Income tax	6(a)	**(124,221)**	(106,442)
Loss for the year attributable to equity shareholders of the Company		**(266,766)**	(574,134)
Loss per share	10		
Basic and diluted		**(1.20)**	(2.84)

The notes on pages 185 to 240 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended December 31, 2024
(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Loss for the year		**(266,766)**	(574,134)
Other comprehensive income for the year (after tax)	9		
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**3,537**	4,793
Other comprehensive income for the year		**3,537**	4,793
Total comprehensive income for the year attributable to equity shareholders of the Company		**(263,229)**	(569,341)

The notes on pages 185 to 240 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in RMB)

	Note	As at December 31, 2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	11	**594,822**	607,783
Right-of-use assets	12	**163,283**	84,950
Intangible assets		**2,579**	1,336
Other non-current assets	15	**14,512**	8,199
		775,196	702,268
Current assets			
Inventories	16	**110,506**	63,032
Trade and other receivables	18	**303,728**	214,761
Amounts due from related parties	28(d)	**2,921**	1,352
Financial assets measured at fair value through profit or loss ("FVPL")	14(a)	**1,448,319**	633,705
Financial assets measured at amortized cost	14(b)	**283,979**	325,870
Restricted deposits	19(a)	**6,850**	39,993
Cash and cash equivalents	19(a)	**1,336,503**	1,528,774
		3,492,806	2,807,487
Current liabilities			
Trade and other payables	20	**446,832**	523,477
Amounts due to related parties	28(d)	**8,792**	21,429
Contract liabilities	17	**312,375**	510,692
Lease liabilities	21	**41,842**	54,406
		809,841	1,110,004
Net current assets		**2,682,965**	1,697,483
Total assets less current liabilities		**3,458,161**	2,399,751

The notes on pages 185 to 240 form part of these financial statements.

	Note	As at December 31, 2024 RMB'000	2023 RMB'000
Non-current liabilities			
Lease liabilities	21	**84,905**	5,513
Deferred income	22	**64,595**	64,741
		149,500	70,254
NET ASSETS		**3,308,661**	2,329,497
CAPITAL AND RESERVES			
Share capital	25(c)	**227,268**	219,196
Reserves		**3,081,393**	2,110,301
TOTAL EQUITY		**3,308,661**	2,329,497

Approved and authorized for issue by board of directors on March 24, 2025.

Ge Junyou
Executive Director

Zhou Zejian
Chief Financial Officer

The notes on pages 185 to 240 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2024

(Expressed in RMB)

	Note	Share capital RMB'000	Capital reserves RMB'000	Exchange reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at January 1, 2023		107,370	147,877	749	(3,482,182)	(3,226,186)
Changes in equity for 2023						
Loss for the year		–	–	–	(574,134)	(574,134)
Exchange differences on translation of financial statements of an overseas subsidiary		–	–	4,793	–	4,793
Total comprehensive income		–	–	4,793	(574,134)	(569,341)
Issuance of new shares	25(c)	59,937	2,598,744	–	–	2,658,681
Issuance of ordinary shares by initial public offering and over-allotment, net of issuing costs	25(c)	25,813	1,336,861	–	–	1,362,674
Issuance of shares with preferential rights to investors		26,076	1,297,399	–	–	1,323,475
Recognition of financial liabilities recognized for preferential rights issued to investors		–	(1,323,475)	–	–	(1,323,475)
Reclassification of financial liabilities recognized for preferential rights issued to investors to equity		–	1,980,323	–	–	1,980,323
Equity-settled share-based payment	23(b)	–	123,346	–	–	123,346
Balance at December 31, 2023		219,196	6,161,075	5,542	(4,056,316)	2,329,497

The notes on pages 185 to 240 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2024

(Expressed in RMB)

	Note	Share capital RMB'000	Capital reserves RMB'000	Exchange reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at January 1, 2024		219,196	6,161,075	5,542	(4,056,316)	2,329,497
Changes in equity for 2024						
Loss for the year		–	–	–	(266,766)	(266,766)
Exchange differences on translation of financial statements of an overseas subsidiary		–	–	3,537	–	3,537
Total comprehensive income		–	–	3,537	(266,766)	(263,229)
Issuance of new shares	25(c)	8,072	1,086,036	–	–	1,094,108
Equity-settled share-based payment	23(b)	–	148,285	–	–	148,285
Balance at December 31, 2024		227,268	7,395,396	9,079	(4,323,082)	3,308,661

The notes on pages 185 to 240 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended December 31, 2024

(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Operating activities			
Net cash (used in)/generated from operating activities	19(b)	**(429,770)**	59,559
Investing activities			
Payment for the purchase of property, plant and equipment		**(77,460)**	(80,982)
Proceeds from disposal of property, plant and equipment		**30**	5
Payment for intangible assets		**(3,659)**	(1,268)
Payment for investment in financial assets measured at FVPL	26(e)	**(3,210,000)**	(2,060,000)
Proceeds from redemption of financial assets measured at FVPL	26(e)	**2,416,933**	1,436,828
Payment for investment in financial assets measured at amortized cost		**(103,102)**	(320,000)
Proceeds from disposals of financial assets measured at amortized cost		**155,253**	–
Net cash used in investing activities		**(822,005)**	(1,025,417)
Financing activities			
Repayment of bank loans	19(c)	**–**	(100,000)
Repayment of other borrowings from Sichuan Kelun Pharmaceutical Co.,Ltd. ("Kelun Pharmaceutical")	28(c)	**–**	(294,040)
Proceeds from issuance of new shares	25(c)	**1,094,108**	158,681
Proceeds from issuance of shares with preferential rights		**–**	1,323,475
Issuance of ordinary shares by initial public offering and over-allotment, net of issuing costs		**–**	1,370,939
Interest paid	19(c)	**–**	(563)
Capital element of lease rentals paid	19(c)	**(54,601)**	(66,762)
Interest element of lease rentals paid	19(c)	**(2,288)**	(9,449)
Net cash generated from financing activities		**1,037,219**	2,382,281
Net (decrease)/increase in cash and cash equivalents		**(214,556)**	1,416,423
Cash and cash equivalents at January 1	19(a)	**1,528,774**	92,960
Effect of foreign exchange rate changes		**22,285**	19,391
Cash and cash equivalents at December 31	19(a)	**1,336,503**	1,528,774

The notes on pages 185 to 240 form part of these financial statements.

1 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Material accounting policies adopted by the Company and its subsidiaries (together referred to as the "Group") are disclosed below.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended December 31, 2024 comprise the Group.

Items included in these consolidated financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity ("functional currency").

RMB, the United States dollars ("USD") and Hong Kong dollars ("HKD") are the functional currencies for the Company and Company's subsidiaries established in Mainland China, the United States and Hong Kong.

The consolidated financial statements are presented in RMB, rounded to nearest thousands, which is the presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that financial assets measured at fair value through profit or loss are stated at fair value as explained in note 1(e).

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

1 MATERIAL ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

(c) Changes in accounting policies

The IASB has issued the following amendments to IFRS Accounting Standards that are first effective for the current accounting period of the Group:

- Amendments to IAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* ("2020 amendments") and amendments to IAS 1, *Presentation of financial statements – Non-current liabilities with covenants* ("2022 amendments")

- Amendments to IFRS 16, *Leases – Lease liability in a sale and leaseback*

- Amendments to IAS 7, *Statement of cash flows and IFRS 7, Financial instruments: disclosures – Supplier finance arrangements*

None of these amendments had a material effect on how the Group's results and financial position for the current or prior year have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(i)), unless it is classified as held for sale (or included in a disposal group that is classified as held for sale).

1 MATERIAL ACCOUNTING POLICIES (continued)

(e) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 26(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 1(s)(ii)), foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

- fair value through other comprehensive income (FVOCI) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognized in profit or loss and computed in the same manner as if the financial asset was measured at amortized cost. The difference between the fair value and the amortized cost is recognized in other comprehensive income (OCI). When the investment is derecognized, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

- fair value through profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the equity investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in OCI.

1 MATERIAL ACCOUNTING POLICIES (continued)

(e) Other investments in securities (continued)

(ii) Equity investments (continued)

Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income (see note 1(s)(iv)).

(f) Property, plant and equipment

Property, plant and equipment are stated at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses (see note 1(i)(ii)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

– Buildings	25 years
– Machinery and equipment	10 years
– Furniture, fixtures and others	3 – 5 years
– Vehicles	5 – 8 years
– Leasehold improvements	3 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Construction in progress is stated at cost less impairment losses (see note 1(i)(ii)). Cost comprises the purchase costs of the asset and the related construction and installation costs.

Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use and depreciation will be provided at the appropriate rates in accordance with the depreciation polices specified above.

No depreciation is provided in respect of construction in progress.

1 MATERIAL ACCOUNTING POLICIES (continued)

(g) Intangible assets (other than goodwill)

Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognized in profit or loss as incurred. Capitalized development expenditure is subsequently measured at cost less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including software, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses (see note 1(i)(ii)).

Expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognized in profit or loss.

The estimate useful lives for the current and comparative periods are as follows:

– Software	2 years

Amortization methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalize the lease on a lease-by-lease basis. If not capitalized, the associated lease payments are recognized in profit or loss on a systematic basis over the lease term.

1 MATERIAL ACCOUNTING POLICIES (continued)

(h) Leased assets (continued)

As a lessee (continued)

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is recognized using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and are charged to profit or loss as incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 1(i)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses ("ECL"s) on:

– financial assets measured at amortized cost (including cash and cash equivalents, trade receivables and other receivables);

1 MATERIAL ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

– fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

1 MATERIAL ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

– the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or

– the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognized in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position (see note 1(e)(i)).

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

1 MATERIAL ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and other contact costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

1 MATERIAL ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(ii) Impairment of other non-current assets (continued)

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(j) Inventories and other contract costs

(i) Inventories

Inventories are measured at the lower of cost and net realizable value as follows:

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalized as inventory (see note 1(j)(i)), property, plant and equipment (see note 1(f)) or intangible assets (see note 1(g)).

Incremental costs of obtaining a contract, e.g. sales commissions, are capitalized if the costs relate to revenue which will be recognized in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalized if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalized as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalized contract costs are stated at cost less accumulated amortization and impairment losses. Amortization of capitalized contract costs is recognized in profit or loss when the revenue to which the asset relates is recognized (see note 1(s)(i)).

1 MATERIAL ACCOUNTING POLICIES (continued)

(k) Contract assets and contract liabilities

A contract asset is recognized when the Group recognizes revenue (see note 1(q)(i)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see note 1(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see note 1(l)).

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see note 1(q)(i)). A contract liability is also recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such latter cases, a corresponding receivable is also recognized (see note 1(l)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(s)(ii)).

(l) Trade and other receivables

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

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortized cost (see note 1(i)(i)).

Prepayments of the Group represent upfront cash payments made to contract research organizations ("CROs"), hospitals and suppliers for equipment.

Prepayments to CROs and hospitals, which are organizations that provide support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis, will be subsequently recorded as research and development expenses in accordance with the applicable performance requirements within one year or less and therefore are all classified as current assets.

Prepayments for equipment which are due for transfer to property, plant and equipment and therefore are classified as non-current assets.

1 MATERIAL ACCOUNTING POLICIES (continued)

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, property pre-sale proceeds held by solicitors that are held for meeting short-term cash commitments, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs (see note 1(i)(i)).

(n) Trade and other payables

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(o) Shares issued

Shares issued are classified as equity if they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Group's equity instruments. Discretionary dividends thereon are recognized as equity distributions on approval by the Company's shareholders.

A financial liability is recognized if the Group has the obligation to redeem any equity instruments issued on a specific date or at the option of the shareholders (including the options that are only exercisable in case of occurrence of certain contingent triggering events). The liability is recognized and measured at the present value of the exercise price.

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with note 1(v).

(q) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as related service is provided.

1 MATERIAL ACCOUNTING POLICIES (continued)

(q) Employee benefits (continued)

(ii) Share-based payments

For those shares granted before the initial public offering ("IPO"), the fair value of shares at grant date is measured with reference to the price per share in the latest equity financing transaction, taking into account the terms and conditions upon which the share-based payment awards were granted. For those shares granted after the IPO, the fair value of shares at grant date is measured with reference to the closing share marketing price of that day. The amount is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service conditions at the vesting date.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring.

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

1 MATERIAL ACCOUNTING POLICIES (continued)

(r) Income tax (continued)

- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development.

The Group recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services.

1 MATERIAL ACCOUNTING POLICIES (continued)

(s) Revenue and other income (continued)

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

(a) Revenue from license and collaboration agreements

The Group grants licenses of its intellectual property (the "License") to its customers. The consideration for the License comprises a fixed element (the upfront payment) and variable elements (including but not limited to development milestones and sales-based royalties). The upfront fees are recognized as revenue when customers obtain rights to access the technology. Development milestone payments are included in the transaction price and recognized as revenue throughout the license period when it is highly probable that there will not be a subsequent reversal of a significant amount of revenue. Sales-based royalties are not included in the transaction price until customers make the sales.

(b) Revenue from provision of research and development services

Research and development services are comprised of performance obligations which are capable of being distinct. Accordingly, the transaction price is allocated based on the relative stand-alone selling prices of the services.

For the research and development services that i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or iii) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date, the Group concluded that such services can be identified as a performance obligation satisfied over time. The Group use input methods to recognize revenue on the basis of the Group's inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

Otherwise, revenue is recognized at a point in time when the customers accept and can benefit from such service.

(c) Revenue from sales of pharmaceutical products

For the sale of pharmaceutical products, revenue is recognized at the point in time when control of the goods has been transferred, being when the goods have been delivered to the customer's specific location. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. A receivable is recognized by the Group when the goods are delivered to the customer. The normal credit term is 60 days upon delivery. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

1 MATERIAL ACCOUNTING POLICIES (continued)

(s) Revenue and other income (continued)

(i) Revenue from contracts with customers (continued)

(c) Revenue from sales of pharmaceutical products (continued)

The Group offers retrospective volume rebates to certain major customers when certain criteria has been reached and offers rights of return upon customer acceptance occasionally. Such rights of return and volume rebates give rise to variable consideration. The Group uses an expected value approach to estimate variable consideration based on the Group's current and future performance expectations and all information that is reasonably available. This estimated amount is included in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. At the time of sale of pharmaceutical products, the Group recognizes revenue after taking into account adjustment to transaction price arising from returns and rebates as mentioned above.

(ii) Interest income

Interest income is recognized using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(iii) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognized in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(iv) Dividends

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

1 MATERIAL ACCOUNTING POLICIES (continued)

(t) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognized in OCI:

– an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss).

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognized, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(u) Research and development expenses

Research and development expenses comprise all expenses that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure on development activities is capitalized if the process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development.

1 MATERIAL ACCOUNTING POLICIES (continued)

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(w) Related parties

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities 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.

(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).

(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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1 MATERIAL ACCOUNTING POLICIES (continued)

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgments and estimations used in preparation of the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Note 26 contains information about the assumptions and their risk factors relating to financial instruments. Other key sources of significant estimation uncertainty are as follows:

(a) Research and development expenses

Development expenses incurred on the Group's pipelines are capitalized 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, 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 expenses which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the research and development projects and determine the criteria met for capitalization. During the reporting period, the Group's development expenditures incurred did not meet these capitalization principles for any products and were expensed as incurred.

(b) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognized and measured based on the expected manner of realization or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognized and hence the net profit in future years.

2 ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(c) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual values. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expenses to be recorded during the reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expenses for future periods are adjusted if there are significant changes from previous estimates.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the research and development, manufacturing and commercialization of novel drugs in oncology, immunology and other therapeutic areas.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Revenue from license and collaboration agreements	**1,863,071**	1,531,699
Revenue from provision of research and development service	**18,276**	8,794
Revenue from sales of pharmaceutical products	**51,698**	–
	1,933,045	1,540,493

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Disaggregated by timing of revenue recognition		
Point in time	**1,107,697**	814,568
Over time	**825,348**	725,925
	1,933,045	1,540,493

3 REVENUE AND SEGMENT REPORTING (continued)

(a) Revenue (continued)

(i) Disaggregation of revenue (continued)

The Group's customer base includes one customer with whom transactions have exceeded 10% of the Group's revenues. In 2024, revenues from this customer amounted to approximately RMB1,840,391,000 (2023: RMB1,528,222,000). Details of concentrations of credit risk arising from this customer is set out in note 26(a).

(ii) Revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting date.

As at December 31, 2024, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB1,744,036,000 (2023: RMB2,479,312,000), which is expected to occur over the next 12 to 45 months (2023: next 12 to 57 months).

The above amount does not include any amounts of milestone bonuses that the Group may earn in the future by meeting the conditions set out in the Group's existing contracts with customers, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those bonuses.

(b) Segment reporting

(i) Segment information

The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group's chief operating decision maker is the chief executive officer of the Group who reviews the Group's consolidated results of operations in assessing performance of and making decisions about allocations to this segment.

Accordingly, no reportable segment information is presented.

(ii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, right-of-use assets, intangible assets and other non-current assets ("specified non-current assets"). The geographical location of customers is based on the location at which the customers are registered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, right-of-use assets and the location of the operation to which they are allocated, in the case of intangible assets and other non-current assets.

3 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(ii) Geographic information (continued)

Revenues from external customers

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
The PRC (Place of domicile)	**92,654**	7,544
The USA	**1,840,391**	1,528,222
Other countries	**–**	4,727
	1,933,045	1,540,493

Non-current assets

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
The PRC	**775,041**	701,931
The USA	**155**	337
	775,196	702,268

4 OTHER NET INCOME

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Interest income from bank deposits	**23,917**	39,316
Interest income on financial assets measured at amortised cost	**10,260**	5,870
Net foreign exchange gains	**17,791**	16,085
Government grants (note)	**67,102**	20,578
Net loss on disposal of property, plant and equipment	**(146)**	(1,488)
Net realized and unrealized gain on financial assets measured at FVPL (note 26(e))	**21,547**	10,533
Others	**(716)**	(1,085)
	139,755	89,809

Note: The government grants mainly represent subsidies received from government authorities for the purpose of compensation for expenditure arising from research activities and clinical trials, awards for new drug development and capital expenditure incurred on certain projects. There are no unfulfilled conditions or contingencies relating to these government grants.

5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Interest expenses on lease liabilities	**2,288**	3,941
Interest expenses on bills payable	**1,508**	–
Interest expenses on bank loans	**–**	563
Interest expenses on other borrowings from Kelun Pharmaceutical	**–**	3,253
Interest expenses on financial instruments issued to investors	**–**	76,827
	3,796	84,584
Less: interest expenses capitalized into construction in progress	**–**	(275)
	3,796	84,309

(b) Staff costs

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Salaries, wages, bonuses and other benefits	**557,754**	425,828
Contributions to defined contribution retirement plan	**22,329**	17,567
Equity-settled share-based payment expenses (note 23(b))	**148,285**	123,346
	728,368	566,741

Staff costs includes remuneration of directors, supervisors and senior management (note 7 and note 28(a)).

Pursuant to the relevant labour rules and regulations in the PRC, the Company and its subsidiaries in the PRC participate in defined contribution retirement benefit schemes (the "Schemes") organized by the local government authorities whereby the Company and its subsidiaries in the PRC are required to make contributions to the Schemes based on certain percentages of the eligible employee's salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees.

The Group has no other material obligation for payment of other retirement benefits beyond the above contributions.

5 LOSS BEFORE TAXATION (continued)

(c) Other items

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Amortization cost of intangible assets	**2,416**	3,111
Depreciation charge		
– property, plant and equipment (note 11)	**45,874**	30,805
– right-of-use assets (note 12)	**43,096**	41,160
Auditors' remuneration		
– audit services	**2,400**	2,240
– other services	**1,245**	4,060
Listing expenses	**–**	27,346
Research and development expenses*	**1,206,134**	1,030,966
Cost of inventories recognized as an expense#:		
– Cost of sales	**39,561**	38,477
– Research and development expenses	**153,856**	108,740

* Research and development expenses includes RMB597,513,000 (2023: RMB470,509,000) relating to staff costs, cost of inventories and depreciation and amortization expenses, which are also included in the respective total amounts disclosed separately above or in the note 5(b) for each of these types of expenses.

\# Cost of inventories includes RMB27,398,000 (2023: RMB19,172,000) relating to staff costs and depreciation and amortization expenses, which are also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Current tax		
Provision for the year		
– The PRC Corporate Income Tax	**–**	–
– United States Withholding Tax	**124,221**	106,442
	124,221	106,442

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

(a) Taxation in the consolidated statement of profit or loss represents: (continued)

(i) PRC Corporate Income Tax

Effective from January 1, 2008, the PRC statutory income tax rate is 25% under the PRC Corporate Income Tax Law. The Group's subsidiaries in the PRC are subject to PRC income tax at 25% unless otherwise specified.

According to the PRC Corporate Income Tax Law and its relevant regulations, entities that qualified as high-technology enterprise are entitled to a preferential income tax rate of 15%. The Company obtained its certificate of high-technology enterprise on October 16, 2023 and is entitled to preferential income tax of 15% from 2023 to 2025.

(ii) Hong Kong Profit Tax

The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year. There were no assessable profits generating from the subsidiary incorporated in Hong Kong of the Group during the year ended December 31, 2024.

(iii) United States Withholding Tax

Pursuant to US Income Tax laws and regulations and the agreement between the government of the People's Republic of China and the USA for avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (中華人民共和國政府和美利堅合眾國政府關於對所得避免雙重徵稅和防止偷漏稅的協定), a 10% US federal withholding tax is charged on royalties paid pursuant to license and collaboration agreements entered between the Company and a US company.

(b) Reconciliation between tax expense and accounting loss at applicable tax rates

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Loss before taxation	**(142,545)**	(467,692)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the countries concerned	**(34,910)**	(116,456)
Effect of preferential income tax rates	**12,807**	45,505
Tax effect of non-deductible expenses	**756**	102
Tax effect of unused tax losses not recognized	**21,347**	59,325
Tax effect of interest expenses arising from financial instrument issued to investors	**–**	11,524
Withholding tax	**124,221**	106,442
Actual tax expense	**124,221**	106,442

7 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and supervisors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Year ended December 31, 2024					
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Share-based payments RMB'000 (Note)	Total RMB'000
Executive Directors						
Mr. Ge Junyou (葛均友)	–	5,347	960	75	18,137	24,519
Mr. Wang Jingyi (王晶翼) (resigned in June 2024)	–	1,652	317	58	–	2,027
Non-executive Directors						
Mr. Liu Gexin (劉革新)	–	–	–	–	–	–
Mr. Liu Sichuan (劉思川)	–	–	–	–	–	–
Mr. Lai Degui (賴德貴) (appointed in June 2024)	–	–	–	–	1,783	1,783
Mr. Feng Hao (馮昊)	–	–	–	–	2,633	2,633
Mr. Zeng Xuebo (曾學波)	–	–	–	–	–	–
Mr. Li Dongfang (李東方)	–	–	–	–	–	–
Independent Non-executive Directors						
Mr. Zheng Qiang (鄭強)	300	–	–	–	–	300
Mr. Tu Wenwei (涂文偉)	300	–	–	–	–	300
Ms. Jin Jinping (金錦萍)	300	–	–	–	–	300
Ms. Li Yuedong (李越冬)	300	–	–	–	–	300
Supervisors						
Ms. Liao Yihong (廖益虹)	–	–	–	–	2,145	2,145
Ms. Song Hongmei (宋宏梅)	–	1,802	482	45	396	2,725
Ms. Yang Qiuyan (楊秋豔)	–	1,057	300	9	715	2,081
Ms. Qing Yan (卿燕)	–	1,783	491	45	736	3,055
Mr. Lai Degui (賴德貴) (resigned in May 2024)	–	–	–	–	850	850
Mr. Wan Peng (萬鵬) (resigned in May 2024)	–	–	–	–	–	–
	1,200	11,641	2,550	232	27,395	43,018

7 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

	Year ended December 31, 2023					
	Directors' fees	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Share-based payments RMB'000 (Note)	Total RMB'000
Executive Directors						
Mr. Ge Junyou (葛均友)	–	2,563	960	42	14,353	17,918
Mr. Wang Jingyi (王晶翼)	–	2,484	–	148	–	2,632
Non-executive Directors						
Mr. Liu Gexin (劉革新)	–	–	–	–	–	–
Mr. Liu Sichuan (劉思川)	–	–	–	–	–	–
Mr. Feng Hao (馮昊)	–	–	–	–	1,456	1,456
Mr. Zeng Xuebo (曾學波)	–	–	–	–	–	–
Mr. Li Dongfang (李東方)	–	–	–	–	–	–
Independent Non-executive Directors						
Mr. Zheng Qiang (鄭強) (appointed in February 2023)	142	–	–	–	–	142
Mr. Tu Wenwei (涂文偉) (appointed in February 2023)	142	–	–	–	–	142
Ms. Jin Jinping (金錦萍) (appointed in February 2023)	142	–	–	–	–	142
Ms. Li Yuedong (李越冬) (appointed in February 2023)	142	–	–	–	–	142
Supervisors						
Ms. Liao Yihong (廖益虹)	–	–	–	–	1,870	1,870
Ms. Song Hongmei (宋宏梅)	–	1,559	1,141	8	206	2,914
Ms. Yang Qiuyan (楊秋豔)	–	929	406	8	760	2,103
Ms. Qing Yan (卿燕)	–	1,479	660	8	792	2,939
Mr. Lai Degui (賴德貴)	–	–	–	–	1,456	1,456
Mr. Wan Peng (萬鵬)	–	–	–	–	–	–
	568	9,014	3,167	214	20,893	33,856

Note: These represent the estimated value of restricted share units granted to the directors and supervisors under the Company's restricted share unit scheme. The value of these restricted share units is measured according to the Group's accounting policies for share-based payment transactions as set out in note 1(q)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting. The details of share-based payment, including the principal terms and number of options granted, are disclosed in note 23.

7 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

During the years ended December 31, 2023 and 2024, no emoluments was paid by the Group to the directors, supervisors or any of the five highest paid individuals set out in note 8 below as an inducement to join or upon joining the Group or as compensation for loss of office. No director or supervisor has waived for agreed to waive any emoluments during the year.

During the years ended December 31, 2023 and 2024, Mr. Liu Gexin, Mr. Liu Sichuan and Mr. Wan Peng were not paid directly by the Group but received emoluments from the Group's holding company, in respect of their services to the larger group which includes the Group. No apportionment has been made as the qualifying services provided by them to the Group are incidental to their responsibilities to the larger group.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2023: one) is a director whose emoluments is disclosed in note 7. The aggregate emoluments in respect of the other four (2023: four) individuals are as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Salaries and other emoluments	**20,291**	12,357
Discretionary bonuses	**4,602**	4,997
Share-based payments	**51,747**	28,444
Retirement scheme contributions	**292**	510
	76,932	46,308

The emoluments of the above individuals with the highest emoluments are within the following bands:

	Year ended December 31,	
	2024	2023
	Number of Individuals	Number of Individuals
HKD8,000,001 – HKD8,500,000	**1**	1
HKD12,500,001 – HKD13,000,000	**1**	1
HKD14,500,001 – HKD15,000,000	**–**	1
HKD15,500,001 – HKD16,000,000	**–**	1
HKD16,000,001 – HKD16,500,000	**1**	–
HKD20,000,001 – HKD20,500,000	**1**	–

9 OTHER COMPREHENSIVE INCOME

	Year ended December 31,					
	2024			2023		
	Before-tax amount RMB'000	Tax expense RMB'000	Net-of-tax amount RMB'000	Before-tax amount RMB'000	Tax expense RMB'000	Net-of-tax amount RMB'000
Exchange differences on translation of financial statements of overseas subsidiaries	3,537	–	3,537	4,793	–	4,793

10 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the year attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue during the year, calculated as follows.

(i) Loss attributable to ordinary equity shareholders of the Company used in basic loss per share calculation:

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Loss for the year attributable to ordinary equity shareholders	(266,766)	(574,134)
Allocation of loss for the year attributable to financial instruments issued to investors	–	51,925
Loss for the year attributable to ordinary equity shareholders of the Company for the purpose of basic loss per share	(266,766)	(522,209)

(ii) *Weighted average number of shares*

	Year ended December 31,	
	2024	2023
Issued ordinary shares at January 1	219,195,499	107,369,609
Effect of issuance of new shares	2,452,086	94,518,344
Effect of the financial instruments issued to investors	–	(18,258,773)
Weighted average number of ordinary shares at December 31	221,647,585	183,629,180

10 LOSS PER SHARE (continued)

(b) Diluted loss per share

The Group had no potentially dilutive ordinary shares in issue during the year ended December 31, 2024.

As the Group incurred losses for the year ended December 31, 2023, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the year ended December 31, 2023 was the same as basic loss per share.

11 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amount

	Buildings RMB'000	Machinery and equipment RMB'000	Furniture, fixtures and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At January 1, 2023	–	174,653	46,902	13,669	348,586	583,810
Purchases	–	18,369	3,629	–	89,289	111,287
Transfer from construction in progress	294,400	22,711	–	778	(317,889)	–
Exchange adjustments	–	–	3	7	–	10
Disposals	–	(3,654)	(352)	–	–	(4,006)
At December 31, 2023 and January 1, 2024	**294,400**	**212,079**	**50,182**	**14,454**	**119,986**	**691,101**
Purchases	**–**	**20,932**	**4,372**	**–**	**8,502**	**33,806**
Transfer from construction in progress	**–**	**38,367**	**–**	**2,013**	**(40,380)**	**–**
Exchange adjustments	**–**	**–**	**3**	**3**	**–**	**6**
Disposals	**–**	**(1,304)**	**(126)**	**–**	**–**	**(1,430)**
Others	**(304)**	**–**	**–**	**–**	**–**	**(304)**
At December 31, 2024	**294,096**	**270,074**	**54,431**	**16,470**	**88,108**	**723,179**

	Buildings RMB'000	Machinery and equipment RMB'000	Furniture, fixtures and others RMB'000	Leasehold improvement RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation						
At January 1, 2023	–	(43,950)	(7,253)	(2,258)	–	(53,461)
Charge for the year	(925)	(20,280)	(5,183)	(4,417)	–	(30,805)
Exchange adjustments	–	–	(3)	(7)	–	(10)
Disposals	–	698	260	–	–	958
At December 31, 2023 and January 1, 2024	**(925)**	**(63,532)**	**(12,179)**	**(6,682)**	**–**	**(83,318)**
Charge for the year	**(11,237)**	**(24,059)**	**(5,096)**	**(5,482)**	**–**	**(45,874)**
Exchange adjustments	**–**	**–**	**(3)**	**(3)**	**–**	**(6)**
Disposals	**–**	**725**	**116**	**–**	**–**	**841**
At December 31, 2024	**(12,162)**	**(86,866)**	**(17,162)**	**(12,167)**	**–**	**(128,357)**
Net book value:						
At December 31, 2024	**281,934**	**183,208**	**37,269**	**4,303**	**88,108**	**594,822**
At December 31, 2023	293,475	148,547	38,003	7,772	119,986	607,783

12 RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Land use rights RMB'000	Properties leased for own use RMB'000	Machinery and equipment leased for own use RMB'000	Total RMB'000
Cost:				
At January 1, 2023	43,660	21,400	96,893	161,953
Additions	–	8,625	–	8,625
Exchange adjustments	–	13	–	13
At December 31, 2023 and January 1, 2024	**43,660**	**30,038**	**96,893**	**170,591**
Additions	**–**	**25,666**	**95,760**	**121,426**
Disposals	**–**	**(20,390)**	**(96,894)**	**(117,284)**
Exchange adjustments	**–**	**9**	**–**	**9**
At December 31, 2024	**43,660**	**35,323**	**95,759**	**174,742**
Accumulated depreciation				
At January 1, 2023	(5,043)	(7,137)	(32,298)	(44,478)
Charge for the year	(875)	(7,987)	(32,298)	(41,160)
Exchange adjustments	–	(3)	–	(3)
At December 31, 2023 and January 1, 2024	**(5,918)**	**(15,127)**	**(64,596)**	**(85,641)**
Charge for the year	**(875)**	**(9,923)**	**(32,298)**	**(43,096)**
Disposals	**–**	**20,390**	**96,894**	**117,284**
Exchange adjustments	**–**	**(6)**	**–**	**(6)**
At December 31, 2024	**(6,793)**	**(4,666)**	**–**	**(11,459)**
Net book value:				
At December 31, 2024	**36,867**	**30,657**	**95,759**	**163,283**
At December 31, 2023	37,742	14,911	32,297	84,950

12 RIGHT-OF-USE ASSETS (continued)

The analysis of expense items in relation to leases recognized in the Group's profit or loss is as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Land use rights, carried at depreciated cost	**875**	875
Properties leased for own use, carried at depreciated cost	**9,923**	7,987
Machinery and equipment leased for own use, carried at depreciated cost	**32,298**	32,298
	43,096	41,160
Interest expenses on lease liabilities (note 5(a))	**2,288**	3,941
Expense relating to short-term leases	**1,524**	543

None of the leases includes variable lease payments.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 19(d) and 21, respectively.

13 INVESTMENT IN SUBSIDIARIES

The following list contains subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Company name	Place and date of incorporation/establishment	Particulars of issued and paid up capital	Effective interest rate held by the Group As at December 31, 2023	**2024**	Principal activities
Sichuan Konas Pharmaceutical Co., Ltd. 四川科納斯製藥有限公司 (note i)	Chinese Mainland/ September 30, 2016	RMB4,000,000/RMB nil	100%	**100%**	Research and development
KLUS PHARMA INC.	The USA/October 31,2014	USD100/USD100	100%	**100%**	Research and development
Sichuan Kelun-Biotech Targeted Biologics Engineering Research Center Co., Ltd. 四川科倫博泰生物靶向藥物工程研究中心有限公司 (note i)	Chinese Mainland/ March 30, 2023	RMB100,000,000/RMB nil	100%	**100%**	Research and development
Kelun-Biotech (Hong Kong) Co., Limited	Hong Kong/ October 27, 2023	HKD1,000,000/ 1,000,000 shares	100%	**100%**	Business development

Notes:

(i). The official names of the entities are in Chinese. The English translation of the names is for reference only. The entity is a limited liability company under the law of the PRC.

All companies comprising the Group have adopted December 31 as their financial year end date.

14 OTHER INVESTMENTS

(a) Financial assets measured at FVPL

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Wealth management products issued by banks	**1,448,319**	633,705

As at December 31, 2023 and 2024, the balance of financial assets measured at FVPL represents wealth management product issued by the banks in the PRC with a floating return which will be paid together with the principal on the maturity date.

The analysis on the fair value measurement of the above financial assets is disclosed in note 26(e).

(b) Financial assets measured at amortized cost

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Certificates of deposit	**283,979**	325,870

The Group purchases certificates of deposit from the bank with the terms that the Group could sell them to others after six months from initial acquisition day. The annual interest rates of these deposits are fixed and ranged from 3.05% to 3.25% per annum. As the Group manages the above financial products with the objective of the collection of contractual cash flows, it was recognized as financial assets measured at amortized cost in the consolidated financial statements.

15 OTHER NON-CURRENT ASSETS

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Prepayments for property, plant and equipment	**14,512**	8,199

16 INVENTORIES

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Raw materials	**78,655**	57,922
Low-value consumables	**5,000**	5,110
Work in progress	**24,848**	–
Finished goods	**2,003**	–
	110,506	63,032

17 CONTRACT LIABILITIES

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Receipts in advance	**312,375**	510,692

The Group receives upfront payments before the provision of research and development service, and this will give rise to contract liabilities at the start of a contract, until the revenue recognized from provision of research and development service exceeds the amount of the upfront payments. The amount of the upfront payments was negotiated on a case-by-case basis with the respective customers.

Movements in contract liabilities

	2024	2023
	RMB'000	RMB'000
Balance at January 1	**510,692**	163,976
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	**(510,692)**	(163,578)
Increase in contract liabilities as a result of receipts in advance	**312,375**	510,294
Balance at December 31	**312,375**	510,692

All of contract liabilities are expected to be recognized as income within one year.

18 TRADE AND OTHER RECEIVABLES

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Trade receivables	**57,842**	–
Other receivables	**12,083**	16,294
Value Added Tax ("VAT") recoverable	**171,243**	106,802
Prepaid Tax	**2,085**	35,648
Prepayments	**60,475**	56,017
	303,728	214,761

As of the end of the reporting periods, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date, is as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Within 3 months	**57,842**	–

19 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

		Year ended December 31,	
		2024	2023
		RMB'000	RMB'000
Cash at bank		**1,343,353**	1,568,767
Less: restricted bank deposits	(i)	**(6,850)**	(39,993)
Cash and cash equivalents in the consolidated statement of financial position		**1,336,503**	1,528,774

(i) Restricted bank deposits are pledged deposits for issuance of bills payable with the maturity date within six months. The pledged deposits will be released upon the settlement of relevant bills payable.

19 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(b) Reconciliation of loss before taxation to cash (used in)/generated from operations:

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Loss before taxation		**(142,545)**	(467,692)
Adjustments for:			
Depreciation of property, plant and equipment	5(c)	**45,874**	30,805
Depreciation of right-of-use assets	5(c)	**43,096**	41,160
Amortization of intangible assets	5(c)	**2,416**	3,111
Finance costs	5(a)	**3,796**	84,309
Net loss on disposal of property, plant and equipment	4	**146**	1,488
Interest income on financial assets measured at amortised cost	4	**(10,260)**	(5,870)
Net realized and unrealized gain on financial assets measured at FVPL	4	**(21,547)**	(10,533)
Equity-settled share-based payment expenses	5(b)	**148,285**	123,346
Net foreign exchange gains	4	**(17,791)**	(16,085)
Changes in working capital:			
Increase in inventories		**(47,474)**	(10,396)
Increase in trade and other receivables		**(88,967)**	(124,367)
(Increase)/decrease in amounts due from related parties		**(1,637)**	15,129
Decrease/(increase) in restricted bank deposits		**33,143**	(13,732)
(Decrease)/increase in trade and other payables		**(50,518)**	252,620
(Decrease)/increase in deferred income		**(146)**	54,063
Decrease in amounts due to related parties		**(3,103)**	(138,070)
(Decrease)/increase in contract liabilities		**(322,538)**	240,273
Net cash (used in)/generated from operating activities		**(429,770)**	59,559

19 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank loans RMB'000	Other borrowings from Kelun Pharmaceutical RMB'000	Financial instruments issued to investors RMB'000	Lease liabilities RMB'000 (note 21)	Total RMB'000
At January 1, 2023	100,000	2,790,787	580,021	123,556	3,594,364
Changes from financing cash flows:					
Repayment of bank loans	(100,000)	–	–	–	(100,000)
Repayment of other borrowings from Kelun Pharmaceutical	–	(294,040)	–	–	(294,040)
Proceeds from financial instruments issued to investors	–	–	1,323,475	–	1,323,475
Capital element of lease rentals paid	–	–	–	(66,762)	(66,762)
Interest element of lease rentals paid	–	–	–	(9,449)	(9,449)
Interest paid	(563)	–	–	–	(563)
Total changes from financing cash flows	(100,563)	(294,040)	1,323,475	(76,211)	852,661
Exchange adjustments	–	–	–	8	8
Other changes:					
Increase in lease liabilities from entering into new leases during the year	–	–	–	8,625	8,625
Interest expenses (note 5(a))	563	3,253	76,827	3,941	84,584
Reclassification of financial liabilities recognized for preferential rights issued to investors to equity	–	–	(1,980,323)	–	(1,980,323)
Decrease of debt-to-equity swap arrangement	–	(2,500,000)	–	–	(2,500,000)
Total other changes	563	(2,496,747)	(1,903,496)	12,566	(4,387,114)
At December 31, 2023	–	–	–	59,919	59,919

19 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(c) Reconciliation of liabilities arising from financing activities (continued)

	Bank loans RMB'000	Other borrowings from Kelun Pharmaceutical RMB'000	Financial instruments issued to investors RMB'000	Lease liabilities RMB'000 (note 21)	Total RMB'000
At January 1, 2024	–	–	–	59,919	59,919
Changes from financing cash flows:					
Capital element of lease rentals paid	–	–	–	(54,601)	(54,601)
Interest element of lease rentals paid	–	–	–	(2,288)	(2,288)
Total changes from financing cash flows	–	–	–	(56,889)	(56,889)
Exchange adjustments	–	–	–	3	3
Other changes:					
Increase in lease liabilities from entering into new leases during the year	–	–	–	121,426	121,426
Interest expenses (note 5(a))	–	–	–	2,288	2,288
Total other changes	–	–	–	123,714	123,714
At December 31, 2024	–	–	–	126,747	126,747

(d) Total cash outflow for leases

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Within operating cash flows	**1,524**	397
Within financing cash flows	**56,889**	76,211
	58,413	76,608

20 TRADE AND OTHER PAYABLES

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Trade payables	**246,687**	315,501
Other payables	**2,539**	3,029
Bills payable	**35,810**	67,449
Accrued payroll and benefits	**156,341**	133,773
Other taxes payable	**5,455**	3,725
	446,832	523,477

As of the end of the reporting periods, the ageing analysis of trade payables and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Within 1 year	**214,208**	365,199
1 to 2 years	**53,439**	16,798
2 to 3 years	**13,993**	349
More than 3 years	**857**	604
	282,497	382,950

21 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of each year:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Within 1 year	**41,842**	54,406
After 1 year but within 2 years	**42,745**	3,221
After 2 years but within 5 years	**42,160**	2,292
	84,905	5,513
	126,747	59,919

22 DEFERRED INCOME

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Government grants	**64,595**	64,741

Deferred income of the Group mainly represents government grants received for the construction of property, plant and equipment, which would be recognized as "other net income" on a straight-line basis over the expected useful lives of the relevant assets.

23 EQUITY SETTLED SHARE-BASED TRANSACTIONS

Restricted Share Unit Scheme

Pursuant to a written shareholders' resolution of the Company passed on May 29, 2020, a Restricted Share Unit ("RSU") Scheme ("the Scheme") was adopted for purpose of providing incentives to eligible employees of the Group. The RSUs would be granted to eligible employees of the Group through four companies, which act as the share-based payment vehicles, at a discounted price. Subject to grantees' service to the Group through the applicable vesting date, the RSUs shall vest after 4 years from the date of grant. If employments of the grantees are terminated before the RSUs become vested, the unvested RSUs shall be repurchased at the purchase price paid by the grantees when the RSUs were granted plus reasonable interest. Each RSU entitles the holder to own one ordinary share of the Company. Under the Scheme, the maximum number of RSUs granted shall not exceed 30,000,000 units (equivalent to 30,000,000 ordinary shares of the Company).

The Group granted 21,319,000 RSUs to certain directors and employees of the Group at a discounted price ranging from RMB1 to RMB1.18 per unit on August 24, 2020 (the Grant Date 2020), the date on which employees accepted the terms and conditions of the RSUs offered by the Group.

The Group granted 5,290,000 RSUs to certain directors and employees of the Group at a discounted price of RMB1.30 per unit on December 30, 2022 (the Grant Date 2022), the date on which employees accepted the terms and conditions of the RSUs offered by the Group.

The Group granted 410,000 RSUs, 4,310,000 RSUs and 1,650,000 RSUs to certain directors and employees of the Group at a discounted price of RMB1.36 per unit, RMB1.30 per unit and RMB1.36 per unit on February 15, 2023 (the Grant Date 2023 I), April 11, 2023 (the Grant Date 2023 II) and September 28, 2023 (the Grant Date 2023 III), respectively, the date on which employees accepted the terms and conditions of the RSUs offered by the Group.

The Group granted 305,000 RSUs, 90,000 RSUs, 300,000 RSUs and 150,000 RSUs to certain directors and employees of the Group at a discounted price of RMB1.42 per unit on March 30, 2024 (the Grant Date 2024 I), April 23, 2024 (the Grant Date 2024 II), September 30, 2024 (the Grant Date 2024 III) and December 6, 2024 (the Grant Date 2024 IV), respectively, the date on which employees accepted the terms and conditions of the RSUs offered by the Group.

23 EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

Fair value of RSUs

The fair value of services received in return for RSUs granted is measured by reference to the fair value of RSUs granted. The estimate of the fair value of RSUs granted at the Grant Date 2020, the Grant Date 2022, the Grant Date 2023 I and the Grant Date 2023 II were respectively RMB3 per unit, RMB51.7 per unit, RMB51.7 per unit and RMB51.7 per unit, which were determined with reference to the price per share in equity financing transaction with third parties of the Company close to the grant dates. The fair value of RSUs granted at the Grant Date 2023 III, the Grant Date 2024 I, the Grant Date 2024 II, the Grant Date 2024 III, the Grant Date 2024 IV were HKD78.00 per unit, HKD155.00 per unit, HKD147.80 per unit, HKD183.90 per unit and HKD184.20 per unit which were determined by the closing market share price of the grant date.

(a) Movements in the number of RSUs are as follows:

	Number of RSUs	
	2024	2023
At January 1	**23,591,250**	18,271,250
Granted during the year	**845,000**	6,370,000
Forfeited during the year	**(570,000)**	(1,050,000)
At December 31	**23,866,250**	23,591,250

(b) Equity-settled share-based payment expenses recognized in the consolidated statements of profit or loss during the year:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Research and development expenses	**66,953**	48,418
Cost of sales	**14,637**	21,107
Administrative expenses	**58,349**	49,753
Selling and distribution expenses	**8,346**	4,068
	148,285	123,346

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Balance at January 1	**(35,648)**	–
Withholding tax for the year	**124,221**	106,442
Withholding tax paid	**(90,658)**	(142,090)
Balance at December 31	**(2,085)**	(35,648)

(b) Deferred tax assets and liabilities not recognized:

In accordance with the accounting policy set out in note 1(p), the Group has not recognized deferred tax assets in respect of cumulative tax losses of RMB4,952,918,000 (2023: RMB4,816,190,000) as it is not probable that future taxable profits against which the losses can be utilized before expiries.

Pursuant to the relevant laws and regulations in PRC, Hong Kong and the US, the unrecognized tax losses at the end of each reporting period will expire in the following years:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
2023	**–**	794
2024	**4,527**	4,527
2026	**2,124**	2,124
2028	**917**	917
After 2028	**4,945,350**	4,807,828
	4,952,918	4,816,190

All the tax losses of the Company can be carried forward for a maximum period of ten years pursuant to Notice No.76 issued by the Ministry of Finance and the State Administration of Taxation of the PRC on July 11, 2018, since the Company obtained its certificate of the High Technology Enterprise on December 3, 2020 and October 16, 2023 respectively.

All the tax losses of the Group's PRC subsidiaries can be carried forward for a maximum period of five years.

All the tax losses of the Group's subsidiary in the USA can be carried forward for a maximum period of twenty years.

25 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of years are set out below:

	Note	Share capital RMB'000	Capital reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at January 1, 2023		107,370	59,215	(3,138,686)	(2,972,101)
Loss for the year		–	–	(561,492)	(561,492)
Issuance of new shares	25(c)	59,937	2,598,744	–	2,658,681
Issuance of ordinary shares by initial public offering and over-allotment, net of issuing costs	25(c)	25,813	1,336,861	–	1,362,674
Issuance of shares with preferential rights to investors		26,076	1,297,399	–	1,323,475
Recognition of financial liabilities recognized for preferential rights issued to investors		–	(1,323,475)	–	(1,323,475)
Reclassification of financial liabilities recognized for preferential rights issued to investors to equity		–	1,980,323	–	1,980,323
Equity-settled share-based payment	23(b)	–	123,346	–	123,346
Balance at December 31, 2023 and January 1, 2024		**219,196**	**6,072,413**	**(3,700,178)**	**2,591,431**
Changes in equity for 2024					
Loss for the year		**–**	**–**	**(252,293)**	**(252,293)**
Issuance of new shares	25(c)	**8,072**	**1,086,036**	**–**	**1,094,108**
Equity-settled share-based payment	23(b)	**–**	**148,285**	**–**	**148,285**
Balance at December 31, 2024		**227,268**	**7,306,734**	**(3,952,471)**	**3,581,531**

(b) Dividends

The directors of the Company did not propose the payment of any dividend during the year (2023:nil).

25 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Share capital

As at December 31, 2023 and 2024, the Company has 219,196 thousand shares and 227,268 thousand shares registered with par value of RMB1 for each share, respectively.

	2024		2023	
	No. of shares ('000)	**Amount RMB'000**	No. of shares ('000)	Amount RMB'000
Registered share capital				
At January 1	**219,196**	**219,196**	116,051	116,051
Issuance of new shares	**8,072**	**8,072**	51,256	51,256
Issuance of ordinary shares by initial public offering	**–**	**–**	25,813	25,813
Financial instrument issued to investors	**–**	**–**	26,076	26,076
At December 31	**227,268**	**227,268**	219,196	219,196

	2024		2023	
	No. of shares ('000)	**Amount RMB'000**	No. of shares ('000)	Amount RMB'000
Ordinary shares, issued and fully paid				
At January 1	**219,196**	**219,196**	107,370	107,370
Issuance of new shares	**8,072**	**8,072**	59,937	59,937
Issuance of ordinary shares by initial public offering	**–**	**–**	25,813	25,813
Financial instrument issued to investors	**–**	**–**	26,076	26,076
At December 31	**227,268**	**227,268**	219,196	219,196

	2024		2023	
	No. of shares ('000)	**Amount RMB'000**	No. of shares ('000)	Amount RMB'000
Representing				
H shares issued	**131,431**	**131,431**	126,625	126,625
Domestic shares issued	**91,195**	**91,195**	87,157	87,157
Unlisted foreign shares issued	**4,642**	**4,642**	5,414	5,414
Total ordinary shares issued and fully paid at December 31	**227,268**	**227,268**	219,196	219,196

25 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Share capital (continued)

Note:

(i) On May 16, 2024, the Company issued an aggregate of 3,649 thousand new H shares at an offering price of HK$150 per share pursuant to a placing agreement entered into by the Company and the placing agents (the "Placing").

The net proceeds (after deducting the commissions and expenses of RMB680 thousand) from the Placing amounted to approximately HK$541.4 million, of which RMB3,649 thousand was recorded in share capital and the remaining RMB489,066 thousand was recorded in capital reserves.

(ii) On September 17, 2024, the Company converted 385 thousand domestic shares and 772 thousand unlisted foreign shares into H shares.

(iii) On December 17, 2024, the Company issued an aggregate of 4,423 thousand domestic shares at an offering price of HK$150 per share pursuant to a subscription agreement entered into by the Company and its immediate parent company, Kelun Pharmaceutical (the "Subscription").

The net proceeds (after deducting the commissions and expenses of RMB1,184 thousand) from the Subscription amounted to approximately RMB601,393 thousand, of which RMB4,423 thousand was recorded in share capital and the remaining RMB596,970 thousand was recorded in capital reserves.

(d) Nature and purpose of reserves

(i) Capital reserves

The capital reserves comprise the following:

- the amount represents the difference between the consideration received and the par value of the issued shares of the Company;
- the amount related to merger reserves resulted from business combinations in 2020 involving entities under common control;
- the portion of the grant date fair value of unlocked RSUs granted to employees of the Group that has been recognized in accordance with the accounting policy adopted for share-based payments in note 1(q); and
- the amount of financial liabilities arising from financial instruments issued to investors.

(ii) Exchange reserves

The exchange reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operation with functional currency other than RMB. The reserves are dealt with in accordance with the accounting policies set out in note 1(t).

25 CAPITAL, RESERVES AND DIVIDENDS (continued)

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position and makes adjustments to the capital structure in light of changes in economic conditions.

The Group is not subject to externally imposed capital requirements on December 31, 2024.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks, which the Group considers to represent low credit risk.

The Group also expects that there is no significant credit risk associated with trade and other receivables and amounts due from related parties since the counterparties to these financial assets have no history of default.

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, nil (2023: nil), nil (2023: nil) and 26.92% (2023: nil) of the total trade receivables were due from the Group's largest customer, the second largest customer and five largest customers respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These take into account the customer's past payment history, financial position and other factors. Trade receivables are due within 60 days from the date of billing. Normally, the Group does not obtain collateral from customers.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

Trade receivables (continued)

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs.

As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. As the end of the year, the Group did not provide any loss allowance for trade receivables.

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	As at December 31, 2024 Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at December 31, 2024 RMB'000
Lease liabilities	47,753	46,686	44,141	–	138,580	126,747
Trade and other payables	446,818	–	–	–	446,818	446,818
Amounts due to related parties	8,806	–	–	–	8,806	8,806
	503,377	46,686	44,141	–	594,204	582,371

	As at December 31, 2023 Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at December 31, 2023 RMB'000
Lease liabilities	56,674	3,397	2,333	–	62,404	59,919
Trade and other payables	523,477	–	–	–	523,477	523,477
Amounts due to related parties	21,429	–	–	–	21,429	21,429
	601,580	3,397	2,333	–	607,310	604,825

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate time deposits, financial assets measured at amortized cost and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank deposits, restricted deposits and financial assets measured at FVPL.

(i) Exposure to interest rate risk

The following table details the Group's exposure at the end of each reporting period to interest rate risk.

	As at December 31, 2024		As at December 31, 2023	
	Interest rate	**RMB'000**	Interest rate	RMB'000
Fixed-rate instruments				
Cash and cash equivalents	**1.40%-1.80%**	**658,138**	2.50%-3.00%	1,189,133
Financial assets measured at amortized cost	**3.05%-3.25%**	**283,979**	3.05%-3.25%	325,870
Lease liabilities	**4.75%**	**(126,747)**	4.75%	(59,919)
		815,370		1,455,084
Variable-rate instruments				
Cash and cash equivalents	**0.0001%-1.15%**	**678,365**	0.0001%-2.35%	339,641
Restricted deposits	**0.05%-1.55%**	**6,850**	0.20%-1.90%	39,993
Financial assets measured at FVPL	**0.95%-3.25%**	**1,448,319**	0.95%-3.20%	633,705
		2,133,534		1,013,339

(ii) Sensitivity analysis

The sensitivity analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. If interest rates had been 100 basis points higher and all other risk variables remained constant, the Group's loss for the year ended December 31, 2024 and accumulated losses as at December 31, 2024 would decrease by RMB21,335,000 (2023: RMB10,133,000). If interest rates had been 100 basis points lower and all other risk variables remained constant, the Group's loss for the year ended December 31, 2024 and accumulated losses as at December 31, 2024 would increase by RMB21,335,000 (2023: RMB10,133,000).

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to cash and cash equivalents and amounts due to related parties that are denominated in a foreign currency, i.e., a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars and Hong Kong dollars. The Group manages this risk as follows:

(i) Exposure to currency risk

The following table details the Group's exposure at the end of each reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year-end date.

	As at December 31, 2024		As at December 31, 2023	
	USD	**HKD**	USD	HKD
Exposure to foreign currencies (expressed in RMB'000)				
Cash and cash equivalents	**3,553**	**199**	24,570	9,577
Amounts due to related parties	**(269,845)**	**–**	(234,386)	–
	(266,292)	**199**	(209,816)	9,577

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss for the year and accumulated losses as at December 31, 2024 that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	As at December 31, 2024		As at December 31, 2023	
	Increase/ (decrease) in foreign exchange rates	**(Increase)/ decrease on loss before tax and accumulated losses RMB'000**	Increase/ (decrease) in foreign exchange rates	(Increase)/ decrease on loss before tax and accumulated losses RMB'000
USD	**10%**	**(26,629)**	10%	(20,982)
	(10%)	**26,629**	(10%)	20,982
HKD	**10%**	**20**	10%	958
	(10%)	**(20)**	(10%)	(958)

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis (continued)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss for the year and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis during the reporting period.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

IFRS 13, *Fair value measurement* categorises fair value measurements into a three-level hierarchy. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: Fair value measured using Level 2 inputs i.e., observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The following table presents the Group's financial assets that are measured at fair value at the end of reporting period:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Level 3		
Financial assets measured at FVPL		
Wealth management products issued by banks	**1,448,319**	633,705

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs
Investment in wealth management products	Discount cash flow method	– Interest return rate

During the years ended December 31, 2023 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The movements during the reporting period in the balance of these Level 3 financial assets of the Group at fair value through profit or loss are as follows:

	2024	2023
	RMB'000	RMB'000
Financial assets measured at FVPL		
At January 1	**633,705**	–
Payment for purchases	**3,210,000**	2,060,000
Changes in fair value recognized in profit or loss during the year	**21,547**	10,533
Redemption	**(2,416,933)**	(1,436,828)
At December 31	**1,448,319**	633,705

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortized cost were not materially different from their fair values as at December 31, 2024 and 2023.

27 COMMITMENTS

Commitments outstanding at December 31, 2024 and 2023 not provided for in the financial statements were as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Contracted for construction in progress	**3,600**	18,642

28 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Short-term employee benefits	**44,315**	36,787
Contributions to defined contribution retirement plan	**568**	773
Share-based payments	**65,529**	51,305
	110,412	88,865

Total remuneration is included in "staff costs" (see note 5(b)).

(b) Identity of related parties

Name of party	Relationship with the Group
Mr. Liu GeXin (劉革新)	Ultimate controlling shareholder
Kelun Pharmaceutical (四川科倫藥業股份有限公司) together with its subsidiaries ("Kelun Group")	Immediate holding company
China Resources Kelun (Sichuan) Medicine Limited ("Kelun Medicine & Trade") (華潤科倫醫藥(四川)有限公司) together with its subsidiaries ("China Resources Kelun Group") (Previously known as "Sichuan Kelun Medcine & Trade Group Co., Ltd. (四川科倫醫藥貿易集團有限公司)")	An associate of Mr.Liu Sichuan, director of the Group
Sichuan Kelun Doosan Biotechnology Co., Ltd. ("Kelun Doosan") (四川科倫鬥山生物技術有限公司)	A joint venture of Kelun Pharmaceutical

28 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(c) Significant related party transactions

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Trade related:		
Provision of R&D services to:		
Kelun Group	**6,738**	7,389
Procurement of R&D services from:		
Kelun Group	**6,310**	2,000
Sales of low-value consumables to:		
Kelun Group	**107**	26
Sales of goods to:		
China Resources Kelun Group	**506**	–
Disposal of PPE to:		
Kelun Group	**367**	948
Procurement of goods from:		
Kelun Group	**11,024**	10,030
China Resources Kelun Group	**4,035**	5,255
	15,059	15,285
Procurement of PPE from:		
Kelun Group	**5,663**	533
China Resources Kelun Group	**359**	306
	6,022	839
Receiving other miscellaneous services from:		
Kelun Group	**17,524**	19,533
China Resources Kelun Group	**–**	211
	17,524	19,744
Non-trade related:		
Amounts repaid to:		
Kelun Group	**–**	294,040
Debt-to-equity swap with Kelun Pharmaceutical	**–**	2,500,000
Interest expense on borrowings to Kelun Group	**–**	3,253
Interest expense on lease liabilities to Kelun Group	**1,943**	3,799

28 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(d) Balances with related parties

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Amounts due from:		
–Trade Related:		
Kelun Group	**2,193**	1,248
Kelun Doosan	**157**	104
China Resources Kelun Group	**571**	–
	2,921	1,352
Amounts due to:		
–Trade Related:		
Kelun Group	**8,625**	21,268
Kelun Doosan	**114**	–
China Resources Kelun Group	**53**	161
	8,792	21,429
Lease liabilities due to:		
Kelun Group (note)	**118,369**	51,610

Note: On December 31, 2021, the Group entered into a property lease agreement and an equipment lease agreement ("2021 Lease Agreement") with Kelun Pharmaceutical, pursuant to which, Kelun Pharmaceutical agreed to lease certain properties and equipment to the Company for three years from January 1, 2022 and the annual lease fees totalled RMB42,882,000.

After the expiration of the 2021 Lease Agreement, the Group entered into a new property lease agreement and a new equipment lease agreement with Kelun Pharmaceutical, pursuant to which, Kelun Pharmaceutical agreed to lease certain properties and equipment to the Company for another three years from January 1, 2025 and the annual lease fees totalled RMB43,262,000.

29 COMPANY-LEVEL STATEMENTS OF FINANCIAL POSITION

	Note	As at December 31, 2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		**507,101**	528,058
Right-of-use assets		**144,175**	65,199
Intangible assets		**2,579**	1,336
Interests in subsidiaries	13	**522,472**	480,772
Amounts due from related parties		**131,060**	100,205
Other non-current assets		**14,312**	7,998
		1,321,699	1,183,568
Current assets			
Inventories		**110,506**	63,032
Trade and other receivables		**296,168**	209,338
Amounts due from related parties		**2,921**	1,352
Financial assets measured at FVPL		**1,448,319**	633,705
Financial assets measured at amortized cost		**283,979**	325,870
Restricted deposits		**6,850**	39,993
Cash and cash equivalents		**1,322,922**	1,526,413
		3,481,665	2,799,703
Current liabilities			
Trade and other payables		**436,967**	504,029
Amounts due to related parties		**284,298**	255,815
Contract liabilities		**312,375**	510,692
Lease liabilities		**41,693**	54,197
		1,075,333	1,324,733
Net current assets		**2,406,332**	1,474,970
Total assets less current liabilities		**3,728,031**	2,658,538
Non-current liabilities			
Lease liabilities		**84,905**	5,366
Deferred income		**61,595**	61,741
		146,500	67,107
NET ASSETS		**3,581,531**	2,591,431
CAPITAL AND RESERVES			
Share capital	25(c)	**227,268**	219,196
Reserves	25(d)	**3,354,263**	2,372,235
TOTAL EQUITY		**3,581,531**	2,591,431

Approved and authorized for issue by board of directors on March 24, 2025.

Ge Junyou
Executive Director

Zhou Zejian
Chief Financial Officer

(Expressed in RMB unless otherwise indicated)

30 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

On December 31, 2023 and 2024, the directors consider the immediate parent of the Group to be Kelun Pharmaceutical which is incorporated in the PRC and ultimate controlling party of the Group to be Mr. Liu Gexin. Kelun Pharmaceutical is listed on the Shenzhen Stock Exchange and produces financial statements available for public use.

31 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2024

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended December 31, 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*	January 1, 2025
Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	January 1, 2026
Annual improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
IFRS 18, *Presentation and disclosure in financial statements*	January 1, 2027
IFRS 19, *Subsidiaries without public accountability: disclosures*	January 1, 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

FINANCIAL SUMMARY

	For the year ended December 31,			
	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**1,933,045**	1,540,493	803,933	32,322
Cost of sales	**(659,388)**	(781,308)	(276,828)	(20,525)
Other net income/(expense)	**139,755**	89,809	(4,368)	34,843
Selling and distribution expenses	**(182,717)**	(19,534)	–	–
Administrative expenses	**(163,310)**	(181,877)	(95,303)	(96,174)
Research and development costs	**(1,206,134)**	(1,030,966)	(845,984)	(727,670)
Finance costs	**(3,796)**	(84,309)	(148,814)	(112,591)
Income tax	**(124,221)**	(106,442)	(48,735)	–
Loss for the year attributable to equity shareholders of the Company	**(266,766)**	(574,134)	(616,099)	(889,795)

	As at December 31,			
	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	**3,492,806**	2,807,487	332,316	298,341
Current liabilities	**(809,841)**	(1,110,004)	(4,167,361)	(3,444,914)
Net current assets/(liabilities)	**2,682,965**	1,697,483	(3,835,045)	(3,146,573)
Non-current assets	**775,196**	702,268	660,829	514,617
Non-current liabilities	**(149,500)**	(70,254)	(51,970)	(11,930)
Net assets/(liabilities)	**3,308,661**	2,329,497	(3,226,186)	(2,643,886)
Total Equities	**3,308,661**	2,329,497	(3,226,186)	(2,643,886)

DEFINITIONS

"AA"	alopecia areata, a common, distressing autoimmune disease in which immune cells in the body attack hair follicles, causing hair loss
"AACR"	American Association for Cancer Research
"ADC(s)"	antibody drug conjugate(s)
"ADCC"	antibody-dependent cell-mediated cytotoxicity
"AIDD"	AI-driven drug design
"Annual Results Announcement"	the annual results announcement for the year ended December 31, 2024 of the Company dated March 24, 2025
"Articles of Association"	the articles of association of the Company
"ASCO"	American Society of Clinical Oncology
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"BC"	breast cancer
"BICR"	blinded independent central review
"Board of Directors" or "Board"	our board of Directors
"bsAb(s)"	bispecific antibodies
"bsADC"	bispecific ADC(s)
"CC"	cervical cancer
"CDE"	Center for Drug Evaluation
"CG Code"	the "Corporate Governance Code" as contained in Appendix C1 to the Listing Rules
"cGMP"	current good manufacturing practice
"China" or "PRC"	the People's Republic of China, which for the purpose of this Annual Report and for geographical reference only and except where the context requires, excludes Hong Kong, Macau and Taiwan

"China Kelun Resources"	China Resources Kelun (Sichuan) Medicine Limited (華潤科倫醫藥(四川)有限公司) (former name: Sichuan Kelun Medicine & Trade Group Co. Ltd. (四川科倫醫藥貿易集團有限公司)), an associate of Mr. LIU Sichuan and a connected person to us
"CLDN18.2"	Claudin 18.2, a member of the Claudin protein family
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"CMC"	chemistry, manufacturing and controls, also commonly referred to as process development, which covers the various procedures used to assess the physical and chemical characteristics of drug products, and to ensure their quality and consistency during manufacturing
"Companies Ordinance"	the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (as amended from time to time)
"Company", "our Company", "the Company", "Kelun-Biotech", "we" or "us"	Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd. (四川科倫博泰生物醫藥股份有限公司), a joint stock company established in the PRC with limited liability on November 22, 2016 and the H Shares of which are listed on the Stock Exchange (stock code: 6990) and which includes its subsidiaries (from time to time) where the context so requires
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"continuing connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Kelun Pharmaceutical, Kelun International, the Employee Incentive Platforms and Mr. LIU Gexin
"COPD"	chronic obstructive pulmonary disease
"Core Products"	has the meaning ascribed thereto in Chapter 18A of the Listing Rules; for the purpose of this Annual Report, our Core Products refer to SKB264 and A166
"CRC"	colorectal cancer
"CRO"	contract research organization
"CSCO"	Chinese Society of Clinical Oncology

DEFINITIONS

"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"CRPC"	castration-resistant prostate cancer
"DAC(s)"	degrader-antibody conjugate(s)
"DAR"	drug-to-antibody ratio, the average number of drugs conjugated to the antibodies
"DC(s)"	drug conjugate(s)
"DCR"	disease control rate, the total proportion of patients who demonstrate a response to treatment, equal to the sum of complete responses (CR), partial responses (PR) and stable disease (SD)
"Director(s)"	the director(s) of the Company
"Domestic Share(s)"	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
"DoR"	duration of response
"EC"	endometrial carcinoma
"EGFR"	epidermal growth factor receptor
"Ellipses Pharma"	Ellipses Pharma Limited
"Employee Incentive Platforms"	Kelun Huicai, Kelun Huide, Kelun Huineng and Kelun Huizhi
"ESMO"	European Society for Medical Oncology
"ET"	endocrine therapy
"FAS"	full analysis set
"FDA"	the United States Food and Drug Administration
"FIC"	first-in-class
"first/second/third-line" or "1/2/3L"	the first/second/third line treatment

"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market, research and consulting company
"FXI/FXIα"	factor XI, a type of blood protein playing a role in aiding the blood to clot. Factor XIα, one of the enzymes of the coagulation cascade. FXI is the zymogen form of FXIα
"GC"	gastric cancer
"GEA"	gastroesophageal adenocarcinoma
"GEJ"	gastroesophageal junction
"GI"	gastrointestinal
"Global Offering"	the Hong Kong Public Offering and the International Offering (each as defined in the Prospectus)
"Greater China"	the PRC, Hong Kong, Macau and Taiwan
"Group", "our Group" or "the Group"	our Company and its subsidiaries
"GU"	genitourinary
"H Share(s)"	overseas listed foreign share(s) in the ordinary share capital of the Company with nominal value of RMB1.00 each, which are listed on the Stock Exchange
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"Harbour BioMed"	Harbour BioMed Therapeutics Limited, an indirect wholly owned subsidiary of HBM Holdings Limited (和鉑醫藥控股有限公司), a company listed on the Stock Exchange (stock code: 02142)
"HER2"	human epidermal growth factor receptor 2
"HK$" or "HKD"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"HNSCC"	head and neck squamous cell carcinoma
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HR"	hormone receptor
"iADC(s)"	immunostimulatory ADC(s)

DEFINITIONS

"IFRS"	International Financial Reporting Standards
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or the U.S.
"IRC"	independent review committee
"JAK1/2"	Janus kinase 1 or Janus kinase 2
"Kelun Group"	Kelun Pharmaceutical and all of its subsidiaries
"Kelun Huicai"	Chengdu Kelun Huicai Enterprise Management Center Limited Partnership (成都科倫匯才企業管理中心(有限合夥)), a limited partnership established in the PRC on August 26, 2016, of which Kelun Jingchuan is the sole general partner, one of our Employee Incentive Platforms
"Kelun Huide"	Chengdu Kelun Huide Enterprise Management Center Limited Partnership (成都科倫匯德企業管理中心(有限合夥)), a limited partnership established in the PRC on August 26, 2016, of which Kelun Jingchuan is the sole general partner, one of our Employee Incentive Platforms
"Kelun Huineng"	Chengdu Kelun Huineng Enterprise Management Center Limited Partnership (成都科倫匯能企業管理中心(有限合夥)), a limited partnership established in the PRC on August 26, 2016, of which Kelun Jingchuan is the sole general partner, one of our Employee Incentive Platforms
"Kelun Huizhi"	Chengdu Kelun Huizhi Enterprise Management Center Limited Partnership (成都科倫匯智企業管理中心(有限合夥)), a limited partnership established in the PRC on August 26, 2016, of which Kelun Jingchuan is the sole general partner, one of our Employee Incentive Platforms
"Kelun International"	Kelun International Development Co., Limited (科倫國際發展有限公司), a whollyowned subsidiary of Kelun Pharmaceutical incorporated in Hong Kong, one of our Controlling Shareholders upon Listing
"Kelun Jingchuan"	Chengdu Kelun Jingchuan Technology Co., Ltd. (成都科倫晶川科技有限公司), a limited liability company established under the laws of PRC on August 17, 2016 and is a wholly-owned subsidiary of Kelun Pharmaceutical
"Kelun Pharmaceutical"	Sichuan Kelun Pharmaceutical Co., Ltd. (四川科倫藥業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002422), one of our Controlling Shareholders
"Kelun Precision"	Chengdu Kelun Precision Biotechnology Co. (成都科倫精準生物科技有限公司), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of Kelun Pharmaceutical

"Kelun Research Institute"	Sichuan Kelun Pharmaceutical Research Institute Co., Ltd. (四川科倫藥物研究院有限公司), a limited liability company established under the laws of PRC on October 16, 1998 and a wholly-owned subsidiary of Kelun Pharmaceutical
"Key Products"	SKB315, SKB410/MK-3120, SKB518, tagitanlimab, Cetuximab N01 and A400/EP0031
"KLUS PHARMA"	KLUS PHARMA INC., a corporation with limited liability incorporated in the State of New Jersey, the United States on October 31, 2014 and a wholly-owned subsidiary of our Company
"Latest Practicable Date"	April 11, 2025, being the latest practicable date prior to the publication of this Annual Report for the purpose of ascertaining certain information contained herein
"LC"	lung cancer
"Listing"	the listing of our H Shares on the Stock Exchange on July 11, 2023
"Listing Date"	July 11, 2023
"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
"mAb(s)"	monoclonal antibody(ies)
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with Growth Enterprise Market of the Stock Exchange
"mCRC"	metastatic colorectal cancer
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 to the Listing Rules
"MSD"	Merck Sharp & Dohme LLC together with its affiliates
"MTC"	medullary thyroid cancer
"NDA"	new drug application

"NMPA"	the National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
"NPC"	nasopharyngeal cancer
"NSCLC"	non-small cell lung cancer
"OC"	ovarian cancer
"ORR"	objective response rate, the proportion of patients with a complete response or partial response to treatment
"OS" or "overall survival"	the length of time from either the date of diagnosis or the start of treatment for a disease that patients diagnosed with the disease are still alive, used in clinical trials as a measurement of a drug's effectiveness
"Over-Allotment Option"	the over-allotment option which had been granted by the Company to the relevant underwriters to allot and issue up to an aggregate of 3,366,900 additional H Shares, representing 15% of the offer shares initially available under the Global Offering
"pCR"	pathological complete response
"PD-1"	programmed cell death protein 1
"PD-L1"	PD-1 ligand 1
"PD-(L)1"	PD-1 or PD-L1
"PFS"	progression-free survival, the length of time during and after the treatment that a patient lives without the disease getting worse
"Placing"	the placing of 3,648,600 new H Shares by the Placing Agents on the terms and subject to the conditions of the placing agreement entered into between the Company and the Placing Agents on May 8, 2024
"Placing Agents"	Goldman Sachs (Asia) L.L.C., Citigroup Global Markets Limited and J.P. Morgan Securities (Asia Pacific) Limited
"PRC Company Law"	the Company Law of the People's Republic of China (中華人民共和國公司法)
"Pre-IPO Employee Incentive Scheme"	the pre-IPO employee incentive scheme of the Company approved and adopted by the Board in 2016, as amended from time to time

"Pre-IPO Investments"	the Series A Financing and Series B Financing as defined in the Prospectus
"Prospectus"	the prospectus issued by the Company dated June 29, 2023
"PROTAC"	proteolysis targeting chimera, a heterobifunctional small molecule composed of wo active domains and a linker, capable of removing specific unwanted proteins
"RAS"	rat sarcoma virus
"RDC(s)"	radionuclide drug conjugate(s)
"Remaining Kelun Group"	Kelun Pharmaceutical and its subsidiaries, excluding the Group
"Reporting Period"	the year ended December 31, 2024
"RET"	rearranged during transfection, a proto-oncogene, i.e., a gene that promotes cancer formation when altered by mutations or rearrangements. RET alterations have been reported to be a major oncogenic driver in about 2% of all cancers, most notably in NSCLC and MTC
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (as amended from time to time)
"Share(s)"	ordinary shares in the share capital of our Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of the Shares
"Sichuan Konas"	Sichuan Konas Pharmaceutical Co., Ltd. (四川科納斯製藥有限公司), a limited liability company established in the PRC on September 30, 2016 and a whollyowned subsidiary of our Company
"STING"	stimulator of interferon genes
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the subscription of 4,423,870 new Domestic Shares by Kelun Pharmaceutical (as subscriber) pursuant to the terms and conditions of the subscription agreement entered into between the Company and the Kelun Pharmaceutical on May 8, 2024

"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	member(s) of the supervisory committee of the Company
"TAA"	tumor-associated antigen, an antigen with elevated level on tumor cells and lower levels on normal cells
"TAA-IO bsAbs"	tumor-associated-immuno-oncology bispecific antibodies, a type of bispecific antibodies with dual targeting ability against a certain tumor-associated antigen on tumor cells and a certain immune-oncology antigen involved in antitumor immune response, such as an immune checkpoint protein
"TKI"	tyrosine kinase inhibitor
"TNBC"	triple-negative breast cancer
"TPC"	treatment of physician's choice
"TROP2"	human trophoblast cell-surface antigen 2, which is a transmembrane protein frequently over-expressed in many types of solid tumors
"TSLP"	thymic stromal lymphopoietin
"UC"	urothelial cancer
"Unlisted Foreign Share(s)"	unlisted ordinary Share(s) issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for in a currency other than RMB
"Unlisted Share(s)"	Domestic Share(s) and/or Unlisted Foreign Share(s)
"US" or "U.S." or "United States"	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
"Windward Bio"	Windward Bio AG
"%"	per cent