邁博藥業
MABPHARM LIMITED
迈博药业有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2181

2024 ANNUAL REPORT

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Wang Hao *(Chief Executive Officer)*
Mr. Li Yunfeng
Mr. Tao Jing
Dr. Hou Sheng
Dr. Qian Weizhu
(re-designated from a non-executive director on July 10, 2024)

Non-executive Directors

Mr. Jiao Shuge *(Chairman)*
Mr. Cen Jialin (appointed on July 10, 2024)

Independent Non-executive Directors

Mr. Guo Liangzhong
Dr. Zhang Yanyun
Mr. Leung, Louis Ho Ming
Dr. Tao Qian (appointed on July 10, 2024)

AUDIT COMMITTEE

Mr. Leung, Louis Ho Ming *(Chairman)*
Mr. Jiao Shuge
Mr. Guo Liangzhong

REMUNERATION COMMITTEE

Dr. Zhang Yanyun *(Chairman)*
Dr. Wang Hao
Mr. Guo Liangzhong

NOMINATION COMMITTEE

Mr. Guo Liangzhong *(Chairman)*
Mr. Tao Jing
Dr. Zhang Yanyun

JOINT COMPANY SECRETARIES

Mr. Li Yunfeng
Mr. Tsang Ho Yin

AUTHORIZED REPRESENTATIVES

Mr. Li Yunfeng
Mr. Tsang Ho Yin

REGISTERED OFFICE IN CAYMAN ISLANDS

Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

Block G79
Lujia Road East
Koutai Road West
China Medical City Taizhou
PRC
225300

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room A, 18/F, Hong Xiang Centre
83 Queen's Road East
Wanchai
Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

LEGAL ADVISORS

As to Hong Kong law

Cleary Gottlieb Steen & Hamilton (Hong Kong)
37/F Hysan Place
500 Hennessy Road
Causeway Bay
Hong Kong

As to PRC law

Shanghai Allbright (Shenzhen) Law Offices
23rd Floor, Tower 1
Excellence Century Centre
Fu Hua 3rd Road
Futian District Shenzhen
PRC

HONG KONG SHARE REGISTRAR

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

PRINCIPAL BANK

Shanghai Pudong Development Bank (Medical High-Tech Zone Branch)
1/F, Data Building, Taizhou Avenue
Medical High-Tech Zone
Taizhou, Jiangsu
PRC

STOCK CODE

2181

COMPANY WEBSITE

www.mabpharm.cn

Financial Highlights

	For the year ended December 31,		
	2024	2023	Change
	RMB'000	*RMB'000*	*(%)*
Revenue	**258,228**	87,161	196.3
Cost of sales	**(38,834)**	(11,923)	225.7
Gross profit	**219,394**	75,238	191.6
Other income	**7,991**	3,572	123.7
Other gains and losses	**(5,714)**	(1,366)	318.3
Selling and distribution expenses	**(151,566)**	(48,925)	209.8
Research and development expenses	**(75,212)**	(123,211)	(39.0)
Administrative expenses	**(110,409)**	(104,659)	5.5
Impairment losses on financial assets	**(1,879)**	(427)	340.0
Finance costs	**(10,552)**	(9,578)	10.2
Loss before tax	**(127,947)**	(209,356)	(38.9)
Income tax expense	**–**	–	–
Loss and total comprehensive expense for the year	**(127,947)**	(209,356)	(38.9)
Attributable to:			
Owners of the Company	**(127,947)**	(209,356)	(38.9)
	RMB	*RMB*	
Loss per share attributable to ordinary equity holders of the Company			
– Basic and diluted	**(0.03)**	(0.05)	–

	At December 31, 2024	At December 31, 2023	Change
	RMB'000	*RMB'000*	*(%)*
Non-current assets	**650,444**	692,767	(6.1)
Current assets	**365,774**	342,206	6.9
Current liabilities	**312,125**	316,191	(1.3)
Net current assets	**53,649**	26,015	106.2
Non-current liabilities	**615,159**	513,725	19.7
Net assets	**88,934**	205,057	(56.6)

Chairman's Statement

Dear Shareholders,

We are grateful for your unremitting supports extended to Mabpharm Limited ("**Mabpharm**") throughout the years! Your endorsement and support has provided the strongest momentum for the rapid growth and innovation of Mabpharm. With expectations from the Shareholders and the whole society, Mabpharm has achieved remarkable progress in 2024 as evidenced by the successful marketing and strong sales growth of CMAB009恩立妥®.

Mabpharm has long been dedicated to the research, development and industrialization of novel drugs and biosimilars for cancer and autoimmune diseases. Since the first marketing approval of CMAB008類停®, all three of the core new antibody drugs developed by us have successfully entered the market. Among them, CMAB009恩立妥® and CMAB007奧邁舒®, as exclusive products, were successfully included in the National Reimbursement Drug List through negotiations with the National Healthcare Security Administration. We have established a nationwide distribution network covering thousands of hospitals at all levels, primary healthcare institutions, and pharmacies across all provinces in China. In 2024, Mabpharm achieved rapid sales growth, delivering outstanding results with a remarkable 196.3% increase in revenue. The Company also made significant strides in global market expansion, conducting drug registration and marketing activities in over 30 countries and regions worldwide. In 2024, we successfully obtained GMP certification in the first PIC/S member country, and CMAB008類停® was approved for marketing in four countries, including Indonesia. Such accomplishments demonstrate international recognition of Mabpharm's product quality, technological innovation capabilities, and robust quality management systems.

In June 2024, CMAB009恩立妥® (cetuximab β injection), one of the Company's core products, was approved by the NMPA for first-line treatment of RAS/BRAF wild-type mCRC in combination with the FOLFIRI regimen. As the third drug approved for marketing within the Company and the first self-developed anti-EGFR monoclonal antibody drug with independent intellectual property rights approved in China for mCRC treatment, CMAB009恩立妥® will provide affordable and safer biological targeted therapy for a broad population of cancer patients in China. We believe that CMAB009恩立妥®, as an innovative self-developed antibody drug with proprietary intellectual property rights, will become a representative breakthrough in China's oncology field due to its outstanding efficacy and excellent safety profile.

Chairman's Statement

With years of deep expertise in biopharmaceutical R&D and innovation, we have mastered core technologies for large-scale antibody drug preparation and built a cutting-edge, integrated R&D, innovation, and industrialization platform. This foundation empowers us with robust capabilities in drug discovery, preclinical and clinical development, ensuring the successful commercialization of our pipeline – including CMAB807, CMAB015, and the wholly innovative CMAB017 – to drive sustained momentum for Mabpharm's growth. Our total bioreactor capacity has reached 40,000 liters, and by leveraging our solid infrastructure, advanced technology and stringent quality standards in antibody production, we possess large-scale, high-quality, and cost-efficient manufacturing capabilities. This positions us with an exceptional competitive edge in future healthcare reimbursement and group purchase negotiations. Building on China's leading-edge capabilities in antibody drug R&D and industrialization, we have actively expanded into CDMO services without compromising our internal product development. In 2024, the first CDMO product developed for a client was approved for market launch in China.

In the biopharmaceutical industry, China's fastest growing sector, government authorities have initiated constant medical reforms to optimize industry structure and guarantee national well-being, contributing to a significant enhancement in the efficiency of China's pharmaceutical market, and rapid increase in penetration in biological products market, especially antibody drugs representative of modern medical innovation. Innovative companies with more competitive advantages in innovation, quality and pricing will benefit a great deal. This trend will drive the development of the pharmaceutical market in China for a long time into the future. Riding on the trend of the overall pharmaceutical policy reform, we focus on niche markets such as tumor, allergic, respiratory, gastrointestinal and autoimmune diseases with tremendous unmet medical needs, make prior arrangements in respect of market blind spots, and launch comprehensive and flexible cooperation with national leading pharmaceutical businesses, in an effort to expedite the exponential growth of the sales of our products and give back to society.

The huge demands for antibody drugs in the global market, especially from the PIC/S member countries are under explosive growth. In light of the policy reform in China, the economies of scale of antibody drugs will greatly enhance the global competitiveness of Chinese antibody drugs. We will work closely with our overseas market partners to initiate new drug registration, research, development and sales in different countries and regions in a comprehensive and flexible manner under the Belt and Road initiative, with an aim to promote our products' global influence and accelerate their sales growth in the global market.

Global biopharmaceutical market has embraced an explosive stage of development. As China's pharmaceutical industry reform policy has been established, tremendous potential needs that were untapped upon in the past are transforming into real market demands. Our highly competitive biological new drugs are expected to be marketed in succession; and our innovation and commercialization team will continue to provide stable and efficient R&D pipeline and capacity guarantee. Relying on the significant advantages of our drugs in terms of quality and cost, we are well-positioned to capture opportunities presented in the policy reform and the significant increase in market penetration of biological new drugs, and satisfy the huge market demand with premium biological new drugs and ultimately benefit patients. Mabpharm is well-positioned to lead the current cycle of development of biopharmaceutical industry and achieve steady progress with our quality-prioritized strategy and innovation-driven initiative!

Mabpharm Limited
Jiao Shuge
Chairman of the Board

March 26, 2025

Corporate Profile

We are a leading biopharmaceutical company in China, focusing on the research, development and commercialization of new drugs and biosimilar for cancers and autoimmune diseases. We strive to bring to the market high quality and affordable innovative biologics through our efficient research and development ("**R&D**") system and low-cost pharmaceutical production capabilities, and develop differentiated therapeutic products by fully utilizing our extensive R&D experience. Our drug pipeline currently consists of 9 monoclonal antibody drugs and 1 strong antibody drug, 3 of which approved for marketing are our core products:

✓ **CMAB009恩立妥® (cetuximab β injection)**: CMAB009恩立妥® is a recombinant anti-EGFR chimeric monoclonal antibody which has been approved by the NMPA for marketing in June 2024 (Guo Yao Zhun Zi S20240025) for first-line therapy for RAS/BRAF wild-type mCRC in combination with the FOLFIRI regimen. CMAB009 was developed and prepared using a specific CHO expression process of the Company with an international PCT patent (PCT patent number: PCT/CN2016/070024), which has achieved significant therapeutic efficacy and clear safety advantage, and has been fully substantiated by the results of two completed clinical trials.

In August 2023, Taizhou Pharmaceutical has entered into a business cooperation agreement with Jiangsu Simcere Zaiming Pharmaceutical Co., Ltd.* (江蘇先聲再明醫藥有限公司) ("**Jiangsu Simcere Zaiming**"), a company with remarkable tumor drug sales capability and proven track record, pursuant to which Taizhou Pharmaceutical granted exclusive commercial rights in respect of CMAB009恩立妥® (including but not limited to sales management, marketing and promotion, formulation and adjustment of related strategies and the rights to obtain relevant benefits) in the Chinese Mainland. CMAB009恩立妥® is the third product of the Company approved for marketing, and is the first domestically produced anti-EGFR monoclonal antibody innovative drug with independent intellectual property for the first-line treatment of mCRC approved by the NMPA. CMAB009恩立妥® is also expected to expand its indications to pancreatic cancer, head and neck squamous cell carcinomas, cervical squamous cell carcinoma and other cancers, as its administration together with a variety of small molecule drugs has tremendous potential for research and development and application in various other indications such as non-small cell lung cancer. The Group is propelling the clinical and registration work of CMAB009恩立妥® targeting the aforesaid indications. For more details of the NMPA approval, please refer to the announcement of the Company dated June 25, 2024.

According to "2022 Cancer Incidence and Mortality in China" published by the National Cancer Center, colorectal cancer, also known as colon cancer, has significant incidence in China with approximately 500,000 new diagnosed cases per annum, ranking 2nd in terms of prevalence among malignant tumors. In relatively developed regions, the morbidity of colorectal cancer even exceeds that of hepatitis B. So far, patients with colorectal cancer in China are overly dependent on imported anti-EGFR antibodies, of which major products are often highly priced and may lead to severe hypersensitivity reactions among over 2% patient population as evidenced in clinical studies. Accordingly, the first page of drug instructions approved by China and the U.S. always bears a black box warning against severe adverse reactions. As the first independently developed anti-EGFR new antibody marketed in China in nearly two decades, CMAB009恩立妥® has remarkable clinical efficacy and has a better safety profile without black box warnings as compared with imported drugs carrying black box warnings indicating severe adverse reactions, and it has therefore received wide acclaim among doctors and patients. We delivered the first order of CMAB009恩立妥® and the products were administrated to its first batch of patients within the same month during which it was approved for marketing. Besides, we have established an efficient and extensive marketing network, and launched nearly 100 academic promotions with the support from nearly 1,000 top experts, involving hundreds of leading hospitals in 28 provinces. Meanwhile, to extend care to impoverished patients suffering from tumor, we joined hands with professional institutions to roll out charitable drug give-away activities across the nation. In November 2024, we conducted negotiations with the NHSA over the pricing of CMAB009恩立妥®, an exclusive innovative drug, allowing it to be successfully covered by the pharmaceuticals catalogue for reimbursement under the Medical Insurance, which has started to benefit a wide population of patients suffering from colorectal cancer in China.

✓ **CMAB007奧邁舒® (Omalizumab α for Injection)**: It was approved for marketing by the NMPA in May 2023 (Guo Yao Zhun Zi S20230030 for specification of 75mg/vial and Guo Yao Zhun Zi S20230031 for specification of 150mg/vial) for the treatment of patients diagnosed with IgE mediated asthma, which is the first domestic allergic asthma therapeutic antibody new drug in China approved by the NMPA. In August 2023, CMAB007奧邁舒® was also approved by the NMPA to launch clinical trials for indications relating to chronic spontaneous urticaria in adults and adolescents (aged 12 and above) who still show symptoms after treatment with H1 antihistamines. We have successfully initiated the phase III clinical trial of CMAB007奧邁舒® for treatment of urticaria. As an anti-IgE monoclonal antibody, CMAB007奧邁舒® is also expected to expand its indications to allergic diseases such as allergic rhinitis and food allergies. In the future, we will actively carry out various studies to rapidly expand the R&D and therapeutic applications of CMAB007奧邁舒® in multiple allergic disease areas.

In 2023, Taizhou Pharmaceutical entered into an exclusive commercialization cooperation agreement in relation to CMAB007奧邁舒® in China with Jiangxi Jemincare Pharmaceutical Co., Ltd.* (江西濟民可信醫藥有限公司) ("**Jemincare**"), a pharmaceutical company with remarkable market promotion capability and proven track record. CMAB007奧邁舒® was included as an exclusive product in the negotiation list under the Medical Insurance, and in the fourth quarter of 2023, it was successfully included in the pharmaceuticals catalogue under the Medical Insurance after negotiation. As of the date of this report, we have put up our CMAB007奧邁舒® for sale on all provincial pharmaceutical product procurement and GPO platforms across the Chinese Mainland, covering thousands of hospitals, primary medical institutions and pharmacies. We have implemented various academic activities involving nearly 1,000 leading medical experts for CMAB007奧邁舒®, an exclusive product included in the pharmaceuticals catalogue under the Medical Insurance. In the beginning of 2024, we launched data analysis and studies on the efficacy and safety of CMAB007奧邁舒® in the real world. A total of 18 projects have been successively established by the asthma scientific research fund for CMAB007奧邁舒® to study and broaden its evidence-based medicine information. CMAB007奧邁舒® shows a drastic growth in sales volume in 2024 by 2,125% year-on-year compared to 2023.

✓ **CMAB008類停® (infliximab for injection)**: It was approved for marketing by the NMPA in July 2021 (Guo Yao Zhun Zi S20210025) for the treatment of 1) ulcerative colitis in adults; 2) ankylosing spondylitis; 3) rheumatoid arthritis; 4) Crohn's disease in adults and pediatric patients aged above 6 years old; 5) fistula Crohn's disease; and 6) psoriasis. According to the regulations of the Medical Insurance, CMAB008類停® has also been automatically included in the Medical Insurance.

CMAB008類停® was approved for the treatment of six indications which have huge long-term unmet market demand (with more than 10 million patients in the PRC which is still growing). In March 2022, Taizhou Pharmaceutical entered into an exclusive promotion service agreement with Kexing Biopharm Co., Ltd.* (科興生物製藥股份有限公司) ("**Kexing Biopharm**"), a company listed on the Science and Technology Innovation Board of Shanghai Stock Exchange (stock code: 688136), pursuant to which Taizhou Pharmaceutical granted an exclusive licence to promote CMAB008類停® in the Chinese Mainland (excluding Hong Kong, Macau and Taiwan regions) to Kexing Biopharm. CMAB008類停® has been marketed on the procurement platform across all the provinces within China and extended its footprints to thousands of hospitals of different levels, primary medical institutions and pharmacies, posting an exponential growth in sales volume by 108% year-on-year compared to 2023. We also launched multifaceted brand building activities for CMAB008類停®, including nearly 100 market promotion activities and almost 1,000 special academic discussions on CMAB008類停® under the four major themes including "Care for Rheumatoid Arthritis". In addition to general indications, infliximab has been included in the tenth diagnosis and treatment plan of COVID-19 as a remedy, as well as the Expert Consensus on Diagnosis, Treatment and Prevention of COVID-19 among Children (Fifth Edition) for the treatment of multisystem inflammatory syndrome in children ("**MIS-C**"). We are also working with medical experts to explore the application of CMAB008類停® in systemic inflammatory response and cardiac injury after cardiac arrest.

Besides, for the benefit of low-income patients, we continued to conduct relief donation of CMAB008類停® to give back to society. With the progress in both academic fields and contributions to society, CMAB008類停® has secured remarkable market recognition, which set the solid foundation for its continued rapid growth in sales volume. The Company has also initiated cooperation with partners who have accumulated abundant overseas market resources over a long period of time to rapidly expand to overseas markets. At present, the Company has launched registration and market exploration in more than 30 countries and/or regions, completed GMP inspections in three countries, and has passed the GMP inspection certification in Brazil, a PIC/S member country. The new drug application of CMAB008類停® was also approved by the medical products regulatory authorities of Peru, Indonesia, Pakistan and Bangladesh. For further details, please refer to the announcements of the Company dated July 2, 2024, December 27, 2024 and January 2, 2025 respectively.

(All the above products are collectively referred to as "**Core Products**").

Among our other drug candidates, CMAB015 (secukinumab) possesses remarkable efficacy advantages in the treatment of autoimmune diseases such as psoriasis, and has become one of the most rapidly growing biological agents in the treatment of psoriasis in China. We have completed the phase I clinical trials for CMAB015 and launched the phase III clinical trials. CMAB807/CMAB807X (denosumab) has completed phase III clinical trials for osteoporosis, and has been under application and registration for full indication with reference to international precedents. The "strong antibody" new drug CMAB017 has obtained approval from the NMPA for clinical trial for the treatment of advanced solid tumors, including but not limited to colorectal cancer, head and neck squamous cell carcinomas and esophageal squamous cell carcinoma. Compared with marketed EGFR anti-body drugs, CMAB017 has better efficacy and is safer. We have also developed CMAB022 (ustekinumab), a biosimilar, which promises sound market prospect for the treatment of psoriasis, psoriatic arthritis and Crohn's disease, ulcerative colitis, etc.

We have strong in-house capabilities in pharmaceutical research, manufacturing, pre-clinical and clinical development. We promote the commercialization of drugs developed by us through business cooperation with leading domestic enterprises engaged in sales of pharmaceutical products. This approach enables us to capitalize on the economies of scale arising from the substantial sales channels and expert resources and experience of our business partners accumulated throughout the years in disease-specific fields, and to build up and enhance our own distinctive and efficient sales system with a focus on specific indications. We focus on the R&D of monoclonal antibodies. Our core R&D team members have more than 20 years of experience in this area, and have led three major projects under the "863" Program, also called the State High-Tech Development Plan, among other national-level scientific research projects.

We have five antibody drug production lines in operation in Taizhou. The construction of plants in our new R&D and industrial base in Taizhou has also been completed, and the Company's 7,500L new GMP production line has been under commissioning and trial production, process validation and GMP registration, bringing the aggregate scale of our cell reactor to reach 40,000 liters. The solid equipment, technology and quality foundation we have in the field of antibody drug preparation will enable us to possess an excellent competitive advantage in future Medical Insurance and centralized procurement negotiations. Leveraging the competitive advantages in the R&D and mass production capacity in anti-body drugs in the PRC, we also proactively engage in CDMO business without compromising our independent product R&D.

We believe that we are well positioned to seize China's substantial market opportunities, in particular those resulting from China's recent healthcare regulatory reforms, including new Medical Insurance measures. The primary focus of our R&D – monoclonal antibody drugs targeting cancers and autoimmune diseases – has substantial untapped clinical demand in China.

Further, during the rapid growth of the pharmaceutical market in China, the central procurement under the Medical Insurance that may be extended to cover biological drugs in the future and the increased effort in national negotiations of exclusive products on Medical Insurance will restructure the pharmaceutical market in China to a large extent. We will actively participate in the national medical reform with our advantages in terms of advanced technology, quality and cost, as well as aggressive and flexible product cooperation model, and capture the opportunities presented during the policy reform so as to capture the huge unmet market demand in China. We have also initiated our global market expansion, successfully passed the GMP inspection certification in PIC/S member countries, been approved for marketing in multiple overseas countries, and will further accelerate the registration and launching of our drugs in the international market.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Research and development of our drug candidates

Set out below is an overview of our drug candidates and their R&D statuses as of December 31, 2024:

Field	Target	Indication	Drug candidate code	Classification	Pre-clinical	Phase I	Phase II or Phase II/III	Phase III	Expected time to reach the next regulatory milestone	Anticipated completion of regulatory review	Commercial rights	Competitive marketed drugs
Cancer	EGFR	Colorectal Cancer	CMAB009 (INN name: Cetuximab β)	New Drug/ Core Product						Approved for marketing in June 2024	PRC and overseas (excluding Japan, North America and Europe)	Erbitux®
Respiratory Disease	IgE	Asthma	CMAB007 (INN name: Omalizumab α)	New Drug/ Core Product						Approved for marketing in May 2023	PRC and overseas (excluding Japan, North America and Europe)	Xolair®
		Urticaria	CMAB007 (INN name: Omalizumab α)	New Drug/ Core Product					Pending new drug marketing application submission (Quarter 3, 2026)	Quarter 4, 2027	PRC and overseas (excluding Japan, North America and Europe)	Xolair®

Field	Target	Indication	Drug candidate code	Classification	Pre-clinical	Phase I	Phase II or Phase II/III	Phase III	Expected time to reach the next regulatory milestone	Anticipated completion of regulatory review	Commercial rights	Competitive marketed drugs
Autoimmune Disease	TNF α	Rheumatoid Arthritis Ulcerative colitis in adults Ankylosing spondylitis Crohn's disease in adults and pediatric patients aged above 6 years old Fistula Crohn's disease Psoriasis	CMAB008 (INN name: Infliximab)	Biosimilar/ Core Product						Approved for marketing in July 2021	PRC and overseas (excluding Japan, North America and Europe)	Remicade®, Humira®, Enbrel®, Simponi®, Yisaipu®, Anbainuo®
Bone-related diseases	RANKL	Osteoporosis, tumor bone metastasis and giant-cell tumor of bone	CMAB807/ CMAB807X (INN name: Denosumab)	Biosimilar					Submitted new drug marketing application in January 2025	Quarter 2, 2026	Global	Prolia®, Boyoubei® (博優倍®), Lukexin® (魯可欣®), Mailishu (邁利舒®) XGEVA®
Cancer	PD1	Non-small cell lung cancer, hepatocellular carcinoma and squamous cell carcinoma of the head and neck	CMAB819 (INN name: Nivolumab)	Biosimilar					Phase III (Quarter 1, 2026)	Quarter 3, 2029	Global	Opdivo®, Keytruda®, Tyvyt®, JS001
Cancer	EGFR	Colorectal cancer, head and neck squamous cell carcinomas and esophageal squamous cell carcinoma	CMAB017	Innovative drug					Phase I (Quarter 1, 2025)	Quarter 2, 2030	Global	Vectibix®

Field	Target	Indication	Drug candidate code	Classification	Pre-clinical	Phase I	Phase II or Phase II/III	Phase III	Expected time to reach the next regulatory milestone	Anticipated completion of regulatory review	Commercial rights	Competitive marketed drugs
Autoimmune Disease	IL-17A	Plaque psoriasis, psoriatic arthritis and ankylosing spondylitis	CMAB015 (INN name: Secukinumab)	Biosimilar					Pending new drug marketing application submission (Quarter 3, 2026)	Quarter 4, 2027	Global	Cosentyx®
Inflammatory Diseases	IL-12 & IL-23	Psoriasis, psoriatic arthritis, Crohn's disease, ulcerative colitis	CMAB022 (INN name: Ustekinumab)	Biosimilar					Pending submission of clinical trial application (Quarter 2, 2026)	Quarter 4, 2030	Global	Stelara®
Allergic diseases such as asthma	TSLP	Severe asthma in adults and children aged above 12	CMAB023 (INN name: Tezepelumab)	Biosimilar					Pending submission of clinical trial application (Quarter 4, 2026)	Quarter 2, 2030	Global	TEZSPIRE®
Autoimmune Disease	IL-4Rα	Atopic dermatitis, asthma, chronic rhinosinusitis with nasal polyps, eosinophilic esophagitis, chronic obstructive pulmonary disease and prurigo nodularis	CMAB016 (INN name: Dupilumab)	Biosimilar					Pending submission of clinical trial application (Quarter 2, 2026)	Quarter 2, 2029	Global	Dupixent®

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules: We may not be able to ultimately develop and market our drug candidates (including Core Products) successfully.

Core Products

恩立妥® – CMAB009 (cetuximab β injection)

CMAB009 恩立妥® is a recombinant anti-EGFR chimeric monoclonal antibody for first-line therapy for mCRC in combination with the FOLFIRI regimen. CMAB009 was developed and prepared using a specific CHO expression process of the Company with an international PCT patent (PCT patent number: PCT/CN2016/070024), which has achieved significant therapeutic efficacy and clear safety advantage, and has been fully substantiated by the results of two completed clinical trials.

In August 2023, Taizhou Pharmaceutical has entered into a business cooperation agreement with Jiangsu Simcere Zaiming, a company with remarkable tumor drug sales capability and proven track record, pursuant to which Taizhou Pharmaceutical granted exclusive commercial rights in respect of CMAB009恩立妥® (including but not limited to sales management, marketing and promotion, formulation and adjustment of related strategies and the rights to obtain relevant benefits) in the Chinese Mainland.

In June 2024, CMAB009恩立妥® was approved by the NMPA for NDA as first-line therapy for mCRC in combination with the FOLFIRI regimen. CMAB009恩立妥® is the first domestically produced anti-EGFR monoclonal antibody innovative drug with independent intellectual property for the first-line treatment of mCRC approved by the NMPA. CMAB009恩立妥® is also expected to expand its indications to pancreatic cancer, head and neck squamous cell carcinomas, cervical squamous cell carcinoma and other cancers, as its administration together with a variety of small molecule drugs has tremendous potential for research and development and application in various other indications such as non-small cell lung cancer. The Group is propelling the clinical and registration work of CMAB009恩立妥® targeting the aforesaid indications. For more details of the NMPA approval, please refer to the announcement of the Company dated June 25, 2024.

According to "2022 Cancer Incidence and Mortality in China" published by the National Cancer Center, colorectal cancer, also known as colon cancer, has significant incidence in China with approximately 500,000 new diagnosed cases per annum, ranking 2nd in terms of prevalence among malignant tumors. In relatively developed regions, the morbidity of colorectal cancer even exceeds that of hepatitis B. So far, patients with colorectal cancer in China are overly dependent on imported anti-EGFR antibodies, of which major products are often highly priced and may lead to severe hypersensitivity reactions among over 2% patient population as evidenced in clinical studies. Accordingly, the first page of drug instructions approved by China and the U.S. always bears a black box warning against severe adverse reactions. As the first independently developed anti-EGFR new antibody marketed in China in nearly two decades, CMAB009恩立妥® has remarkable clinical efficacy and has a better safety profile without black box warnings as compared with imported drugs carrying black box warnings indicating severe adverse reactions, and it is therefore expected to receive wide acclaim among doctors and patients. We have completed the delivery for the first order of CMAB009 恩立妥®, which has been administered to its first batch of patients. Besides, we have also kicked off establishment of marketing network and an array of academic promotions. In November 2024, we conducted negotiations with the NHSA over the pricing of CMAB009恩立妥®, an exclusive innovative drug, allowing it to be successfully covered by the pharmaceuticals catalogue for reimbursement under the Medical Insurance, which has started to benefit a wide population of patients suffering from colorectal cancer in China. Given that treatment of colorectal cancer requires significant consumption of CMAB009恩立妥®, to reduce the burden of patients, we partnered up with China Zhongguancun Precision Medicine Science and Technology Foundation to launch the "Grateful Donation" charitable give-away activity targeting patients with financial difficulties, thus providing them with strong support.

奧邁舒® – CMAB007 (Omalizumab α for Injection)

CMAB007奧邁舒®, a recombinant humanized anti-IgE monoclonal antibody, is our new monoclonal antibody drug for treatment of patients diagnosed with IgE-mediated asthma. CMAB007奧邁舒® combines with free IgE to form an anti-IgE complex that inhibits the high affinity IgE receptor and thereby prevents the allergic response. The safety and efficacy of CMAB007奧邁舒® have been confirmed by the results of four clinical trials on a total of 824 subjects who have been administered CMAB007奧邁舒®, which were the largest clinical trials of mAb treating asthma in China. Based on our clinical trial results, CMAB007奧邁舒® can improve asthma patients' conditions with lower-dose inhaled corticosteroids and reduce the incidence of acute asthma attacks. CMAB007奧邁舒® is expected to expand its indications to chronic idiopathic urticarial, seasonal allergic rhinitis and food allergies in the future.

CMAB007奧邁舒® has been approved for marketing by the NMPA in May 2023 (Guo Yao Zhun Zi S20230030 for specification of 75mg/vial and Guo Yao Zhun Zi S20230031 for specification of 150mg/vial) for the treatment of patients diagnosed with IgE-mediated asthma, which is the first domestic allergic asthma therapeutic antibody new drug in China approved by the NMPA. For details regarding the approval of the NDA, please refer to the announcement of the Company dated May 23, 2023. CMAB007奧邁舒® was also approved by the NMPA in August 2023 to launch clinical trials for indications relating to chronic spontaneous urticaria in adults and adolescents (aged 12 and above) who still show symptoms after treatment with H1 antihistamines (acceptance number: CXSL2300377 for specification of 75mg/vial and acceptance number: CXSL2300378 for specification of 150mg/vial). We expect to file the NDA of CMAB007奧邁舒® for the treatment of chronic spontaneous urticaria with the NMPA in the third quarter of 2026, and expect to obtain NMPA approval for marketing in the fourth quarter of 2027.

In 2023, Taizhou Pharmaceutical entered into an exclusive commercialization cooperation agreement in relation to CMAB007奧邁舒® in China with Jemincare, pursuant to which Taizhou Pharmaceutical granted an exclusive promotion right in respect of CMAB007奧邁舒® in China (including the Chinese Mainland, Hong Kong, Macau and Taiwan) to Jemincare. Taizhou Pharmaceutical will continue to possess all the rights and interests in respect of CMAB007奧邁舒® in China (including the Chinese Mainland, Hong Kong, Macau and Taiwan) other than promotion rights. For details regarding the aforesaid transaction, please refer to the announcement of the Company dated April 13, 2023. In 2023, CMAB007奧邁舒® was included as an exclusive product in the negotiation list under the Medical Insurance, and in the fourth quarter of 2023, it was successfully included in the pharmaceuticals catalogue under the Medical Insurance after negotiation. We have put up our CMAB007奧邁舒® for sale on all provincial pharmaceutical product procurement and GPO platforms across the Chinese Mainland, covering thousands of hospitals, primary medical institutions and pharmacies. We have implemented various academic activities for CMAB007奧邁舒®, an exclusive product included in the pharmaceuticals catalogue under the Medical Insurance, since its marketing, including the high-end expert AB meetings and city lecture tours involving nearly 1,000 leading medical experts, and rolled out the 100-day action plan to establish 50 benchmark outlets, aspiring to expedite market development through rippling effect. In addition, we launched data analysis and studies on the efficacy and safety of CMAB007奧邁舒® in the real world in the beginning of 2024. Our dedicated scientific research fund set for the indication of asthma has undergone two phases, and a total of 18 projects won the bids for the study of indications including allergic asthma and treatment in combination with allergen specificity to study and broaden the evidence-based medicine information of CMAB007 奧邁舒®. During the Reporting Period, CMAB007奧邁舒® shows a drastic growth in sales volume by 2,125% year-on-year.

類停®– CMAB008 (infliximab for injection)

CMAB008類停®, is a recombinant anti-TNFα chimeric monoclonal antibody that was approved by the NMPA (Guo Yao Zhun Zi S20210025) on July 12, 2021 for the treatment of:

(i) ulcerative colitis in adults;

(ii) ankylosing spondylitis;

(iii) rheumatoid arthritis;

(iv) Crohn's disease in adults and pediatric patients aged above 6 years old;

(v) fistula Crohn's disease; and

(vi) psoriasis.

CMAB008類停® is the first China-made infliximab approved for marketing, which is a monoclonal antibody biosimilar independently developed by the Company and one of the core products of the Company. CMAB008類停® uses the CHO expression system, and is a monoclonal antibody targeting TNFα that specifically merges with TNFα and blocks the inflammatory cascade response caused by TNFα. The researches we have completed have shown that, compared to other anti-TNFα drugs on the market, CMAB008類停® has a stronger affinity for TNFα and a stronger glycosylation character, with rapid onset of effect, long-lasting efficacy, long dosing intervals and no hypersensitivity reactions. The results of our completed researches including, clinical trials, non-clinical comparative studies and pharmacological comparisons of CMAB008類停® have also shown that CMAB008類停® is identical to the original infliximab in terms of efficacy, safety, pharmacological profile and quality.

CMAB008類停® is the first infliximab launched in the domestic market following "Remicade", the original drug imported and sold by Xi'an Janssen Pharmaceutical Limited (西安楊森製藥有限公司). CMAB008類停® is approved for the treatment of six indications which have huge long-term unmet market demand with more than 10 million patients in the PRC which is still growing. During the past decade, following the inclusion in the Medical Insurance system and shift in habit towards adopting biological agents, the overall market share of infliximab witnessed a rapid increase, especially in the field of inflammatory bowel disease (IBD), for which infliximab has become the key biological agent for treatment due to its rapid onset of effect and obvious curative effect.

In March 2022, Taizhou Pharmaceutical entered into an exclusive promotion service agreement with Kexing Biopharm, pursuant to which Taizhou Pharmaceutical granted an exclusive licence to promote CMAB008類停® in the Chinese Mainland (excluding Hong Kong, Macau and Taiwan regions) to Kexing Biopharm.

During the Reporting Period, CMAB008類停® posted an exponential growth in sales volume by 108% year-on-year. We also launched thousands of specialized academic discussions on CMAB008類停®, including the "Care for Rheumatoid Arthritis", "Unremitting Efforts against Ankylosing Spondylitis" and "Love with 類停®" activities. In addition to general indications, infliximab has been included in the tenth diagnosis and treatment plan of COVID-19 as a remedy, as well as the Expert Consensus on Diagnosis, Treatment and Prevention of COVID-19 among Children (Fifth Edition) for the treatment of MIS-C. We are also working with medical experts to explore the application of CMAB008類停® in systemic inflammatory response and cardiac injury after cardiac arrest. The Company has launched registration and market exploration in more than 30 countries and/or regions, completed GMP inspections in three countries, and has passed the GMP inspection certification in Brazil, a PIC/S member country. The new drug application of CMAB008類停® was also approved by the medical products regulatory authorities of Peru, Indonesia, Pakistan and Bangladesh.

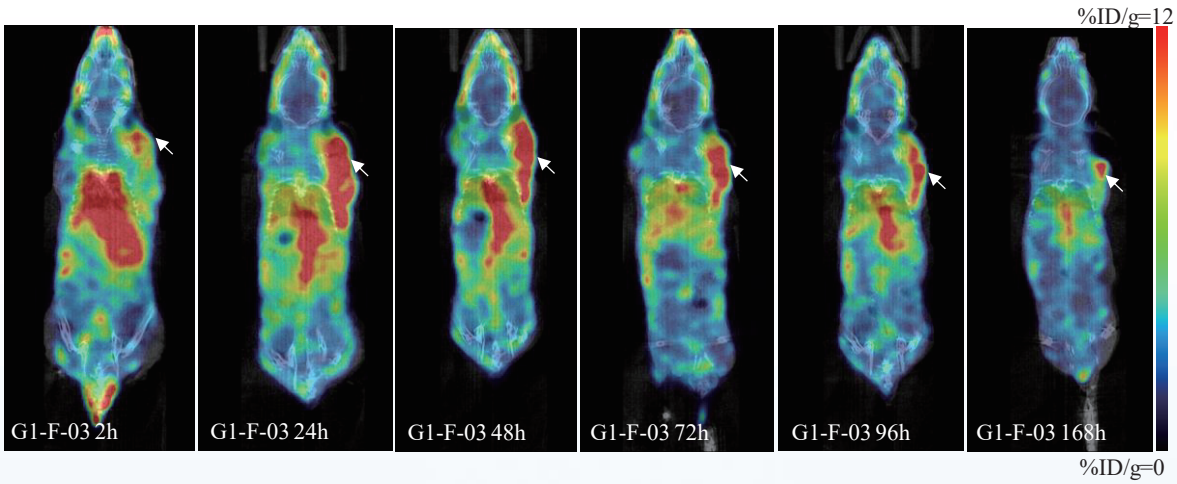
Other Product Candidates

CMAB807/CMAB807X (denosumab) is a human immunoglobulin G2 (IgG2) monoclonal antibody with affinity and specificity for human RANKL (receptor activator of nuclear factor kappa-B ligand), which is a transmembrane or soluble protein essential for the formation, function, and survival of osteoclasts, the cells responsible for bone resorption. CMAB807/CMAB807X prevents RANKL from activating its receptor, RANK, on the surface of osteoclasts and their precursors. Prevention of the RANKL/RANK interaction inhibits osteoclast formation, function, and survival, thereby decreasing bone resorption and increasing bone mass and strength in both cortical and trabecular bones.

The increased osteoclast activity stimulated by RANKL is the medium of bone pathology in solid tumor with bone metastasis. Similarly, giant cell tumor of bone is composed of stromal cells expressing RANKL and osteoclast-like giant cells expressing RANK receptor. RANK receptor signaling promotes osteolysis and tumor growth. CMAB807/CMAB807X prevents RANKL from activating osteoclasts, their precursors and receptor RANK on the surface of osteoclast-like giant cells.

CMAB807/CMAB807X has completed phase III clinical trials for osteoporosis and applied to the NMPA for NDA regarding full indication application. The NDA of CMAB807/CMAB807X had been accepted by NMPA in January 2025. We expect that CMAB807/CMAB807X will be approved by NMPA for marketing in the second quarter of 2026 for the indications of osteoporosis, tumor bone metastasis and giant cell tumor of bone.

CMAB017 (anti-EGFR probody) is an innovative probody drug. Regarding CMAB017, the design of blocking peptide is expected to significantly reduce adverse skin reactions, gastrointestinal mucosa, etc. The selection of human immunoglobulin G1 (IgG1) constant region can enhance the effect mediated by Fc fragment of antibody and thus improve the curative effect. CMAB017 is a biological class I new drug with better efficacy and safety than similar products available on the market, and it is expected that more new probody drugs will be developed by leveraging the research and development platform of CMAB017. CMAB017 is indicated for the treatment of advanced solid tumors, including but not limited to colorectal cancer, head and neck squamous cell carcinomas and esophageal squamous cell carcinoma. CMAB017 has been approved by the NMPA for clinical trials for the treatment of advanced solid tumors, including but not limited to colorectal cancer, head and neck squamous cell carcinomas and esophageal squamous cell carcinoma. Results of the completed experimental study on tissue distribution of tumor-bearing mice show that CMAB017 concentrates locally in tumor 24-72 hours after administration. We expect that CMAB017 may launch phase I clinical trials in the first quarter of 2025 and is expected to be approved by the NMPA for marketing in the second quarter of 2030.



CMAB015 (secukinumab) is a biosimilar candidate for secukinumab. Secukinumab is a fully humanized monoclonal IgG1 antibody. It mainly functions by selectively binding interleukin 17A (IL-17A), a key factor in the inflammatory pathway, and inhibiting it from binding with interleukin 17 (IL-17) receptor, so as to alleviate the inflammatory reaction. Its indications include moderate and severe plaque psoriasis, psoriatic arthritis and ankylosing spondylitis. Secukinumab demonstrated significant therapeutic effect. Overall, as an IL-17A inhibitor, secukinumab demonstrated efficacy and safety in moderate and severe psoriasis and other related indications, providing patients with new treatment options. CMAB015 targets IL-17A for treating plaque psoriasis, psoriatic arthritis and ankylosing spondylitis. Secukinumab is the most effective curer for psoriasis at present, which offers significant efficacy and guarantees much more stable condition after drug withdrawal compared with peers. CMAB015 has been approved by the NMPA for clinical trials of the treatment of plaque psoriasis, psoriatic arthritis and ankylosing spondylitis. We have completed the phase I clinical trial for CMAB015 and have initiated the phase III clinical trial. We expect to file NDA for CMAB015 in the third quarter of 2026 and expect that CMAB015 may be approved by the NMPA for marketing in the fourth quarter of 2027.

CMAB819 (nivolumab) is our biosimilar drug candidate. CMAB819 has been approved by the NMPA for clinical trial. The phase I clinical trials have been completed. We expect that CMAB819 may be approved by the NMPA for marketing in the third quarter of 2029. CMAB819 is indicated for the treatment of metastatic non-small cell lung cancer, hepatocellular carcinoma and head and neck squamous cell carcinomas.

CMAB022 is a candidate biosimilar product of stelara® (ustekinumab), targeting and binding interleukin-12 (IL-12) and interleukin-23 (IL-23). It inhibits these two proinflammatory cytokines by binding to the P40 subunit shared by IL-12 and IL-23 and preventing them from binding to the cell surface IL-12 receptor β1. IL-12 and IL-23 play a key role in immune-mediated inflammatory diseases. FDA approved its use for treatment of psoriasis, psoriatic arthritis, Crohn's disease and ulcerative colitis. According to the results of several large-scale randomized controlled trials conducted abroad (UNITI-1, UNITI-2 and IM-UNITI), ustekinumab has significant clinical remission and clinical response rate for patients with moderately to severely active Crohn's disease, as well as a high healing rate of intestinal mucosa. Not only can ustekinumab be used as an induction therapy, it can also be continued as a subcutaneous injection for maintenance therapy after a single intravenous injection, with good efficacy and safety during maintenance therapy. In addition, ustekinumab can also be used as a salvage therapy, and in the case of failure or intolerance of other biologics (e.g., anti-TNFα drugs), the use of ustekinumab can still achieve favourable results. CMAB022 has completed engineering cell construction, screening and laboratory scale process studies, and is undergoing pilot process scale-up. We expect to complete all preclinical studies and submit a clinical trial application in the second quarter of 2026; and obtain NMPA approval for marketing (for the psoriasis indication, and to apply for expansion to other approved indications) in the fourth quarter of 2030.

CMAB023 is an anti-TSLP IgG2-lambda monoclonal antibody, and a biosimilar drug candidate for TEZSPIRE (Tezepelumab). TSLP is a key epithelial cytokine in response to pro-inflammatory stimuli (such as lung allergens, viruses and other pathogens), which can be found at the top of multiple inflammatory cascades and will trigger excessive and sustained immune response to airway inflammation relating to severe asthma such as eosinophilia. Therefore, the early upstream activity of TSLP in the inflammatory cascade has been identified as a potential target in a wide range of asthma patients. Blocking TSLP can prevent immune cells from releasing pro-inflammatory cytokines, thus preventing asthma from deterioration and enhancing control over asthma. We have successfully developed CMAB023, which has completed cell line construction and is under process development. It is expected that CMAB023 will obtain marketing approval from the NMPA in the second quarter of 2030. As a broad-spectrum anti-allergic antibody drug, it covers broader scope of allergic patients, offers a better curative effect, and contributes significantly to mitigating the condition aggravation among patients with severe asthma.

CMAB016 is a candidate biosimilar product of Dupixent® (dupilumab) and a monoclonal antibody of the human immunoglobulin G4 (IgG4) subtype. CMAB016 targets and binds to the alpha subunit of the interleukin 4 (IL-4) receptor, blocking the signaling pathway of IL-4 and interleukin 13 (IL-13), and is approved by FDA for the treatment of atopic dermatitis, asthma, chronic rhinosinusitis with nasal polyps, eosinophilic esophagitis, chronic obstructive pulmonary disease (COPD) and prurigo nodularis. In the BOREAS and NOTUS trials: the incidence of acute exacerbations of moderate-to-severe COPD at week 52 was significantly reduced by 30% and 34%, respectively, in the dupilumab-treated group compared to the placebo group. Both trials demonstrated rapid and significant improvement in lung function with dupilumab compared to placebo, and the benefit was sustained through week 52. CMAB016 has completed engineering cell construction, screening and laboratory scale process studies, and we expect to complete all preclinical studies and file a clinical trial application in the second quarter of 2026; and obtain NMPA approval for marketing in the second quarter of 2029.

Research and development of new drug candidates

We have launched a series of follow-up R&D on new antibody drugs for the treatment of autoimmune diseases and/or tumor diseases. We expect to successfully complete the screening of several new antibody drugs, cell banking and even start pre-clinical animal experiments, thus further expand our product line and provide sufficient drug candidate pipeline expansion for our long-term development.

Research and development system

We have developed efficient R&D capabilities, broad and advanced preparation technologies, and low-cost drug production capabilities that will allow us to offer high quality and affordable innovative biopharmaceutical products to patients in China and other emerging markets. Within our product pipeline, CMAB008, CMAB007 and CMAB009 have been marketed and commercialized, while NDA has been filed for CMAB807/CMAB807X. We also own a number of patents for our core technologies, including antibody engineering and humanization technologies, efficient expression vector construction technologies, efficient clone screening technologies, as well as a proprietary R&D animal model. Our R&D activities are carried out by three core teams: basic R&D, clinical trials, and product preparation in compliance with GMP. The operations, design, and construction needs of these three core teams are supported by an assisting engineering team. Our R&D teams consist of professionals who have extensive industry experience in biologics R&D and have gained valuable work experience at global pharmaceutical companies. Employees in our R&D teams possess strong academic backgrounds from leading institutions in immunology, molecular biology, oncology or monoclonal antibody development.

DRUG CANDIDATES COMMERCIALIZATION AND PRODUCTION FACILITIES CONSTRUCTION

Existing production facilities

We have two production bases in Taizhou, one of which, i.e., the G79 production base, has a floor area of 30,000 square meters, and is equipped with (i) four 3×1,500L antibody bioreactor systems and related purification lines, (ii) an injection vial filling line capable of manufacturing four million units per annum and (iii) a pre-filled syringes production line capable of manufacturing one million units per annum. Our production facilities have successfully passed the GMP compliance inspection for CMAB008, CMAB007 and CMAB009 by the Jiangsu Provincial Drug Administration and have commenced commercial production, and one of our production lines has passed the GMP compliance inspection by Brazil, a PIC/S member and other overseas countries.

Our Xiangtai Road production base located on a parcel of industrial land of approximately 100,746 square meters in the Taizhou Hi-tech Zone accommodates (i) large-scale monoclonal antibody drug substance production lines with scale of each cell reactor reaching 7,500L and 18,000L, respectively, (ii) an injection vial production line capable of manufacturing 10 million units per annum and (iii) two drug product filling lines. The construction of the key process equipment in the original solution area of the first phase project of this production base has been completed, and such equipment has undergone trial production. The preparation area has also been officially put into use. It is expected that upon full operation, our cell reactor will reach a total capacity of 40,000 liters.

Marketing and distribution

Further, during the rapid growth of the pharmaceutical market in China, the central procurement under the Medical Insurance that may be extended to cover biological drugs in the future and the increased effort in national negotiations of exclusive products on Medical Insurance will restructure the pharmaceutical market in China to a large extent. We will actively participate in the national medical reform with our advantages in advanced technology, quality and cost, as well as the strong sales teams of our partners who possess profound experience in fields of specific diseases, and capture the opportunities presented during the policy reform so as to capture the huge unmet market demand in China. Besides, we have also started cooperating with partners with long-standing and profound resources in the overseas market to initiate the marketing registration process of CMAB008類停® in more than 30 countries and/or regions, completed GMP inspections in three countries, passed the GMP inspection certification of CMAB008 in Brazil, a PIC/S member country and obtained the marketing approval for CMAB008 from the drugs regulatory authorities in Peru, Indonesia, Pakistan and Bangladesh.

We sell our products to (i) distributors that sell our products to hospitals and (ii) direct-to-patient pharmacies and others. We have established our network of distributors in accordance with the national drug sales regulations. Our distribution model is consistent with industry practice and serves to ensure efficient coverage of our sales network while controlling our cost of distribution and account receivables. We intend to select sales providers and distributors according to their qualification, reputation, market coverage and sale experience. Sales service providers are expected to have long-term experience in prescription drug sales and a proven track record, while a distributor must maintain its business license and other requisite licenses and permits. A distributor must also maintain extensive hospital coverage in the designated region. A distributor must be capable of delivering our products to covered hospitals in a safe and timely manner. We plan to actively monitor the inventory levels of our distributors to increase the efficiency of our distribution network.

Quality assurance

We believe that an effective quality management system for our raw materials, equipment and finished products is critical to ensure the quality of our services and maintain our reputation and success. To ensure that our products and services consistently meet high industry standards and requirements, we have also established a company-level quality assurance department to inspect the quality of our products and services. It is also responsible for the approval, organization and coordination of quality control and quality assurance procedures within each subsidiary. Facilities and equipment are subject to inspection measures such as united registrar systems, factory acceptance testing, site acceptance testing, installation qualification, operator qualification, performance qualification, and regular maintenance throughout their entire life cycles. Our manufacturing business lines are inspected in accordance with the PRC national laboratory quality control standard and the GMP management requirements; our research and development business lines are also inspected in accordance with the GMP management requirements.

FUTURE AND OUTLOOK

We leverage our efficient sales system with a focus on niche markets to capture the opportunities presented in the pharmaceutical reform in China.

Under the implementation of the new Medical Insurance policy in recent years, the pharmaceutical market in China is undergoing significant market restructuring. Companies with more competitive advantages in quality and pricing have benefited greatly from the negotiations on Medical Insurance price between the National Healthcare Security Administration and regional healthcare security administrative bodies at all levels and negotiations in relation to central procurement for drugs covered under the Medical Insurance. As a result, the overall market penetration has increased significantly during the reformation. This trend will drive the development of the pharmaceutical market in China for a long time into the future. Riding on the trend of the overall pharmaceutical policy reform, we will join forces with our partners to build a sales team in China with high efficiency and academic promotion as its core strategy, focusing on niche markets, such as gastroenterology, respiratory, rheumatology and oncology, with an aim to promote our products and cultivate the practice of antibody drugs application. We will actively monitor, and participate in, the negotiations of Medical Insurance, especially focusing on capturing the huge potentials brought by the negotiations of central procurement for biological products under the Medical Insurance. Relying on the significant advantages of our drugs in terms of quality and cost, we will capture opportunities presented in the significant increase in market penetration caused by the policy reform, effectively satisfying the unmet market demand in China in respect of biological agents with high quality products and ultimately benefiting patients.

The antibody drugs development in overseas markets has shown a rapid increase resulting in a huge unmet global market demand for antibody drugs, especially for those with PIC/S members as the core. In light of the policy reform in China, the economies of scale of antibody drugs will greatly enhance the global competitiveness of Chinese antibody drugs. In view of this, we are collaborating closely with our overseas market expansion partners to initiate new drug registration and launching new drugs in different countries and regions in a comprehensive and flexible manner with multiple products, with an aim to promote our products' global presence and accelerate their growth in the global market.

Continue to advance the clinical research and commercialization of our drug candidates

Over the short-term, we intend to focus on market exploration and sales of CMAB008, CMAB007 and CMAB009, and completing clinical trials and the eventual commercialization of our current pipeline of other drug candidates, including, in particular, CMAB807/CMAB807X and CMAB015. To bring our products to market, we aim to reinforce our R&D teams, particularly the clinical medicine team, through the provision of regular professional training and pushing ahead with the clinical trials for product candidates. We are working with partners to build a sales team composed of professionals with extensive academic promotion experience and strong competence. Our goal is to generate stable revenue stream and profitability through cooperation with leading enterprises in China and cultivating our in-house sales team to enhance our commercialization capacity.

Continue to maintain investments in advanced technologies and product development

We believe R&D is the key element to support our future growth and our ability to maintain our competitiveness in a global biopharmaceutical market. We plan to upgrade the development of our integrated technological platforms from molecular design to commercialized production, and focus on the R&D of biologics with huge clinical demand and the potential for sustained and rapid growth in China. In order to capture new opportunities in the biopharmaceutical market, we plan to continue increasing our investment in innovative technologies for the development of drugs with improved curative effects and less toxic side effects in order to maintain our industry leading position. We also expect to invest in talent to expand and enhance our R&D team.

Continue to attract and nurture high quality talent to support our rapid growth

Recruiting and retaining high quality scientific and technological talent as well as other leaders in R&D technology will be key to our success. We plan to leverage our close cooperation with elite universities in China and internationally to recruit and develop outstanding R&D personnel. We also plan to provide systematic and sophisticated training and development programs to our research teams in order to enhance and optimize their scientific and technical abilities to benefit our Company. Part of this strategy involves the creation of an incentive scheme to retain and motivate high-performing team members.

Establish global brand awareness and foster deeper and more extensive cooperative relationship with domestic and overseas renowned pharmaceutical companies

To build our brand internationally and to support our sustainable growth, we plan to in-license products from global pharmaceutical companies for sales in China and/or to transfer or out-license overseas product rights of certain of our drug candidates to other pharmaceutical companies. We have established collaborative partnerships with domestic and foreign pharmaceutical companies with overseas channel resources, and constantly seek more opportunities to cooperate with potential partners with sales resources, in order to enter and expand our market share in markets outside of China and to further broaden the geographic coverage of our business. As part of this strategy, we may take advantage of strategic opportunities for cooperation and mergers and acquisitions internationally to expand our pipeline of products for R&D development and sales in overseas markets.

FINANCIAL REVIEW

The following table summarizes our results of operations for the year ended December 31, 2024 and 2023:

	For the year ended December 31,			
	2024	2023	Change	Change
	RMB'000	*RMB'000*	*RMB'000*	*(%)*
Revenue	**258,228**	87,161	171,067	196.3
Cost of sales	**(38,834)**	(11,923)	(26,911)	225.7
Gross profit	**219,394**	75,238	144,156	191.6
Other income	**7,991**	3,572	4,419	123.7
Other gains and losses	**(5,714)**	(1,366)	(4,348)	318.3
Selling and distribution expenses	**(151,566)**	(48,925)	(102,641)	209.8
Research and development expenses	**(75,212)**	(123,211)	47,999	39.0
Administrative expenses	**(110,409)**	(104,659)	(5,750)	5.5
Impairment losses on financial assets	**(1,879)**	(427)	(1,452)	340.0
Finance costs	**(10,552)**	(9,578)	(974)	10.2
Loss before tax	**(127,947)**	(209,356)	81,409	38.9
Income tax expense	**–**	–	–	–
Loss and total comprehensive expense for the year	**(127,947)**	(209,356)	81,409	38.9
Attributable to:				
Owners of the Company	**(127,947)**	(209,356)	81,409	38.9
	RMB	*RMB*	*RMB*	*(%)*
Loss per share attributable to ordinary equity holders of the Company				
– Basic and diluted	**(0.03)**	(0.05)	0.02	(40.0)

REVENUE

The Group's revenue increased by 196.3% from RMB87.2 million for the year ended December 31, 2023 to RMB258.2 million for the year ended December 31, 2024, primarily because of the launch of CMAB009 on the market, the solid sales increase of CMAB007 and CMAB008 and increase in revenue generated from the exclusive right for commercialisation and revenue from the contract development and manufacturing agreement of CMAB806 during the Reporting Period.

Set out below are the components of revenue for the periods indicated:

	For the year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Revenue from the sale of pharmaceutical products	**215,195**	69,923
Revenue from the exclusive right for the commercialisation in Mainland China	**30,525**	16,601
Revenue from the contract development and manufacturing agreements	**12,437**	–
Revenue from the rendering of contract services	**71**	637
Total	**258,228**	87,161

COST OF SALES

The Group's cost of sales increased by 225.7% from RMB11.9 million for the year ended December 31, 2023 to RMB38.8 million for the year ended December 31, 2024, primarily due to the increase in sales volume of pharmaceutical products during the Reporting Period.

GROSS PROFIT AND GROSS PROFIT MARGIN

Our gross profit increased by 191.6% from RMB75.2 million for the year ended December 31, 2023 to RMB219.4 million for the year ended December 31, 2024, primarily due to the exponential growth of our revenue. Our gross profit margin remained stable at 85.0% for the year ended December 31, 2024, primarily due to the proportional increase of revenue and cost of sales.

OTHER INCOME

Other income of the Group increased by 123.7% from RMB3.6 million for the year ended December 31, 2023 to RMB8.0 million for the year ended December 31, 2024, which was primarily due to an increase in government grants and subsidies related to income during the Reporting Period as compared with last year. Set out below are the components of other income for the periods indicated:

	For the year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Bank interest income	**513**	151
Government grants and subsidies related to income	**7,478**	3,272
Others	**–**	149
Total	**7,991**	3,572

OTHER GAINS AND LOSSES

Other gains and losses of the Group increased by 318.3% from RMB1.4 million losses for the year ended December 31, 2023 to RMB5.7 million losses for the year ended December 31, 2024, which was primarily due to recognition of loss on land deposits which the Group expected unlikely to be recovered due to failure to complete construction and commence operation within the agreed timeframe during the Reporting Period. Set out below are the components of other gains and losses for the periods indicated:

	For the year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Loss on deposit for construction	**(3,000)**	–
Donations	**(1,664)**	–
Gains on termination of a lease contract	**155**	–
Net foreign exchange losses	**(1,195)**	(1,367)
Fair value gains on financial assets at FVTPL	**115**	342
Others	**(125)**	(341)
Total	**(5,714)**	(1,366)

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses of pipelines of the Group decreased by 39.0% from RMB123.2 million for the year ended December 31, 2023 to RMB75.2 million for the year ended December 31, 2024, mainly due to capitalisation of three of our research and development products during the Reporting Period.

The Group's research and development expenses mainly include contracting costs, raw materials and consumables, staff costs, depreciation and others. Set out below are the components of research and development expenses for the periods indicated:

	For the year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Contracting costs	**18,013**	45,098
Raw materials and consumables	**15,136**	15,682
Staff costs	**29,165**	40,201
Depreciation	**8,734**	12,924
Others	**4,164**	9,306
Total	**75,212**	123,211

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group increased by 5.5% from RMB104.7 million for the year ended December 31, 2023 to RMB110.4 million for the year ended December 31, 2024, mainly due to an increase in utilities expense incurred in the Group's plants which commenced trial operation during the Reporting Period.

Administrative expenses of the Group primarily comprise of staff salary and benefit costs of our administrative personnel, depreciation and others.

Set out below are the components of administrative expenses for the periods indicated:

	For the year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Staff costs	**42,759**	44,816
Depreciation	**38,721**	38,825
Others	**28,929**	21,018
Total	**110,409**	104,659

FINANCE COSTS

Finance costs of the Group increased by 10.2% from RMB9.6 million for the year ended December 31, 2023 to RMB10.6 million for the year ended December 31, 2024, which was primarily due to bank and other borrowings newly incurred of the Group during the Reporting Period.

The Group's finance costs mainly include interests on loans from a related party, interest on bank and other borrowings and lease liabilities.

Set out below are the components of finance costs for the periods indicated:

	For the year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Interest on loans from a related party	**912**	1,384
Interest on bank and other borrowings	**7,090**	5,642
Interest on lease liabilities	**2,550**	2,552
Total	**10,552**	9,578

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

Our loss and total comprehensive expenses for the year attributable to owners of the Company decreased by 38.9% from RMB209.4 million for the year ended December 31, 2023 to RMB127.9 million for the year ended December 31, 2024, primarily due to the increase in gross profit and decrease in research and development expenses.

LIQUIDITY AND CAPITAL RESOURCES

Our trade receivables increased by 386.7% from RMB19.4 million as at December 31, 2023 to RMB94.6 million as at December 31, 2024, which was primarily due to marketing of new pharmaceutical products and significant increase in sales volume of existing pharmaceutical products of the Group during the Reporting Period.

Our cash and bank balances decreased by 48.5% from RMB173.3 million as at December 31, 2023 to RMB89.3 million as at December 31, 2024, due to cash outflows used in investment activities to pay for purchase of fixed assets of the Group during the Reporting Period.

Set out below is an analysis of the liquidity and capital resources at the dates indicated:

	As at December 31,		
	2024	2023	Change
	RMB'000	*RMB'000*	*(%)*
Trade receivables	**94,526**	19,423	386.7
Prepayments and other receivables	**31,554**	39,084	(19.3)
Amounts due from a related party	**–**	398	(100.0)
Inventories	**111,009**	102,037	8.8
Contract costs	**–**	7,508	(100.0)
Rental deposit to a related party	**–**	411	(100.0)
Cash and bank balances	**89,344**	173,345	(48.5)
Restricted bank deposits	**39,341**	–	100.0
Total	**365,774**	342,206	6.9

INDEBTEDNESS

As at December 31, 2024, we had lease liabilities of RMB47.5 million, interest-bearing bank and other borrowings of RMB245.6 million and loans from a related party of RMB18.5 million. As at the same date, none of our existing indebtedness included any material covenants or covenants that could potentially limit our ability to incur new indebtedness.

Set out below is a breakdown of our outstanding lease liabilities, interest-bearing bank and other borrowings and loans from a related party at the dates indicated:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Lease liabilities	**47,501**	50,344
Interest-bearing bank and other borrowings	**245,591**	209,729
Loans from Biomabs	**18,500**	22,500
Total	**311,592**	282,573

As at December 31, 2024, we, as a lessee, had outstanding lease liabilities for the remaining terms of relevant lease agreements (excluding our contingent rental agreements) in an aggregate amount of RMB59.3 million.

CONTINGENT LIABILITIES, CHARGE OF ASSETS AND GUARANTEES

As at December 31, 2024, the 100,746-square-meter land located at No. 288 Xiangtai Road of the Taizhou Hi-tech Zone with a carrying amount of RMB33.5 million and several production and office buildings with a total floor area of 50,835 square meters located in the same address above and with a carrying amount of RMB168.9 million were pledged to Bank of Communications Co., Ltd. Taizhou Branch as security for the bank loans of the Group amounting to RMB180.0 million as at December 31, 2024. The manufacturing facilities with a carrying amount of approximately RMB195.2 million were pledged to an independent third-party customer to secure the entrusted bank borrowings of the Group.

Save as disclosed, we did not have any other outstanding debt securities, charges, mortgages, or other similar indebtedness, hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are guaranteed, unguaranteed, secured or unsecured, any guarantees or other material contingent liabilities.

CAPITAL STRUCTURE

There were no changes in the capital structure of the Group during the Reporting Period. The share capital of the Group only comprises ordinary Shares. As at December 31, 2024, the total issued share capital of the Company was US$412,408 divided into 4,124,080,000 shares.

The capital structure of the Group was 91.2% debt and 8.8% equity as at December 31, 2024, compared with 80.2% debt and 19.8% equity as at December 31, 2023.

FOREIGN EXCHANGE

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

GEARING RATIO

Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As at December 31, 2024, the gearing ratio of the Group was 91.2% (as at December 31, 2023: 80.2%).

The following table sets forth our other key financial ratios as of the dates indicated.

	At December 31,	
	2024	2023
Current ratio[(1)]	**1.2**	1.1
Quick ratio[(2)]	**0.8**	0.8

Notes:

(1) Current ratio represents current assets divided by current liabilities as of the same date.

(2) Quick ratio represents current assets less inventories and divided by current liabilities as of the same date.

Our current ratio increased from 1.1 as at December 31, 2023 to 1.2 as at December 31, 2024, mainly due to increase in accounts receivable as a result of increase in sales. Our quick ratio was 0.8 as at December 31, 2023 and remained the same as at December 31, 2024.

Environmental, Social and Governance Report

ABOUT THE REPORT

The Environmental, Social and Governance Report (the "**Report**" or "**ESG Report**") is designated to give an objective and true view of the strategies, policies, measures and achievements of Mabpharm Limited ("**Mabpharm**", "**we/us**" or the "**Company**") in terms of sustainable development, and focuses on the disclosure of the Company's information in environmental, social and governance ("**ESG**") aspects.

Basis of Preparation

The Report has been prepared pursuant to the Environmental, Social and Governance Reporting Code (the "**ESG Code**") as set out in Appendix C2 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Reporting Cycle

From January 1, 2024 to December 31, 2024 (the "**Reporting Period**", "**2024**" or the "**Year**"), certain information may relate to periods beyond the Reporting Period.

Reporting Scope

The reporting scope of the Report covers Mabpharm Limited (02181.HK) and its subsidiaries, which is in line with the 2024 annual report of the Company.

Source of Information and Guarantee for Reliability

Save as otherwise indicated, data contained herein are derived from the internal information, investigation and interview records and relevant documents of the Company. The Board of the Company undertakes that the Report does not contain any false information or misleading statement, and is responsible for its truthfulness, accuracy and completeness.

Confirmation and Approval

The Report has been approved by the Board on March 26, 2025 upon confirmation by the management.

Availability of Report

The Report is incorporated in the 2024 annual report of the Company. Out of concern for environmental protection, we recommend you to read the electronic version is available on the website of the Stock Exchange (www.hkexnews.hk) and the official website of the Company (www.mabpharm.cn).

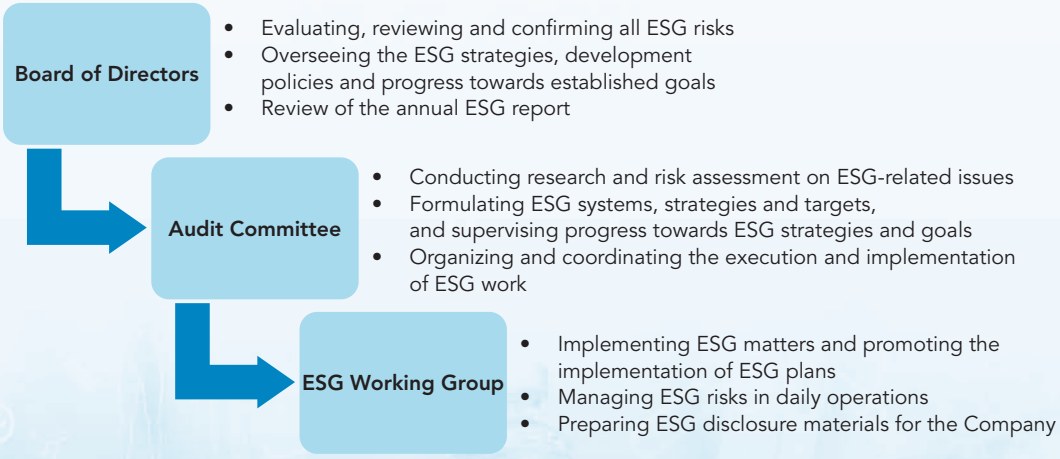
1. ESG GOVERNANCE

Mabpharm recognizes the importance of ESG for the long-term development of an enterprise, and adheres to its mission of "innovation, quality, and excellence" to deeply integrate ESG principles into its strategic planning and daily operations. To this end, the Company has been comprehensively establishing and improving its ESG management system, actively listening to the voices of stakeholders, and continuously optimizing its governance strategy to proactively fulfill its social responsibilities and promote sustainable development.

1.1 ESG Management System

In strictly compliance with the requirements in the Environmental, Social and Governance Reporting Code of the Stock Exchange, Mabpharm has established a sound ESG management system, and formulated the ESG Working Group Management System (《ESG工作小組管理制度》) to ensure that its performance in environmental, social and governance aspects can meet the expectations on its sustainable development and of stakeholders, and is in accordance with relevant laws, regulations and international standards.

Addressing the needs of sustainable development, the Company has established a multi-level governance structure comprising the Board, the Audit Committee and the ESG Working Group. The Board is the highest decision-making authority for ESG governance and leads ESG direction of the Company. The Audit Committee is established under the Board, to manage our ESG affairs and report to the Board. In addition, the Company has established the ESG Working Group composed of key functional departments, responsible for the implementation of ESG work and ensuring effective promotion of various ESG initiatives.



Mabpharm's ESG governance structure and functions

Board Statement

Board responsibilities	The Board of Mabpharm is the highest responsible and decision-making authority for ESG matters of the Company. It is responsible for ESG strategic planning, risk management, and decision-making and deployment of significant matters, reviewing and approving important ESG rules, medium– to long-term strategic planning, and annual ESG reports of the Company.
Implementation of ESG matters	The Audit Committee under the Board assists the Board in monitoring the implementation of key ESG issues and plans, manages and supervises the ESG Working Group, and regularly reports the work progress to the Board. Based on the reports submitted by the Audit Committee, the Board continuously monitors the implementation of ESG work and the fulfillment of ESG goals.
Analysis of material issues	Mabpharm has established a diversified communication mechanism with internal and external stakeholders. Through ongoing communication with stakeholders, the Company can effective adopt suggestions from them, accurately identify and determine material issues, and ensure the alignment of ESG strategic goals with our development and the interests of stakeholders, enabling steady advancement of our ESG strategy towards sustainable development.
ESG risk governance	Mabpharm keeps a close eye on international ESG development trends and industry dynamics, to identify and manage our ESG risks. The Board provides analysis and decision support on ESG risks annually, and continuously monitors the implementation of risk countermeasures. On that basis, the Board dynamically reviews our sustainability strategy according to risk management performance, and adjusts direction in a timely manner to ensure our sustainable development.
Releasing of ESG report	The Report provides a detailed disclosure of Mabpharm's ESG work progress and effectiveness in 2024, and was considered and approved by the Board on March 26, 2025.

1.2 Stakeholder Communication

Mabpharm always values communication with stakeholders. We have established diversified communication channels to ensure that we can promptly obtain opinions and suggestions from various stakeholders, respond to their concerns in a timely manner, and establish long-term stable cooperative relationships of mutual trust with them to jointly promote our sustainable development.

In 2024, Mabpharm actively maintained long-effect communication with various stakeholders, and refined our ESG development plan in a timely manner by collecting their needs and feedback, ensuring that our ESG work met the expectations of stakeholders.

Stakeholders	Major issues of concern	Communication method
Shareholders/investors	ESG governance Risk management R&D innovation Product quality and safety Business ethics and anti-corruption	Information disclosure General meetings Performance conference Company announcements Investor survey
Government/regulatory authorities	ESG governance Risk management Business ethics and anti-corruption Product quality and safety R&D innovation Environmental management Response to climate change	Regular communication News media Exchange and cooperation

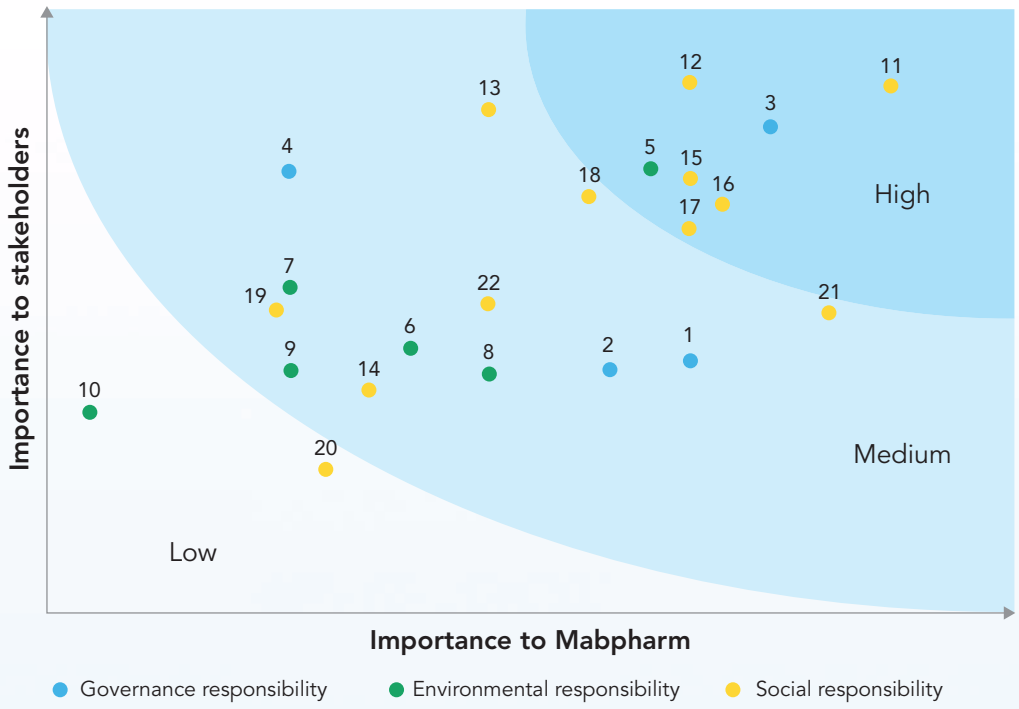
Stakeholders	Major issues of concern	Communication method
Clients	Inclusive healthcare Responsible marketing Business ethics and anti-corruption Data security and privacy protection	Customer complaint handling Customer satisfaction survey Pharmacovigilance hotline
Suppliers	Industrial communication and cooperation	Industry associations Industry exchange and cooperation Industry-university-research cooperation
Cooperative partners	Supply chain management Business ethics and anti-corruption	Supplier conference Supplier communication Supplier training Supplier audit
Employees	Employee health and safety Employee rights and interests Staff development	Employee activities Employee satisfaction survey Employee interviews Anonymous e-mail

1.3 Analysis of Material Issues

Analysis of material issues is a core component in sustainability management of an enterprise. In 2024, Mabpharm drew upon scientific and systematic analysis methods to identify and manage material issues closely related to our business development and stakeholders, meeting the expectations of stakeholders while allowing us to identify and respond to ESG risks and opportunities, promote continuous progress in ESG, and enhance our sustainable development capabilities.

In 2024, Mabpharm conducted an annual survey on material issues and prepared a matrix of material issues, as illustrated below:

Mabpharm's matrix of material issues



	Material Issues[1]
Governance responsibilities	1. ESG management system
	2. Risk management
	3. Business ethics and anti-corruption
	4. Supply chain management
Environmental responsibilities	**5. Environmental management and compliance**
	6. Energy consumption
	7. Water resource management
	8. Emission management
	9. Packaging materials
	10. Climate change response and adaptation
Social responsibilities	**11. Product quality and safety**
	12. Technology and innovation
	13. Intellectual property rights
	14. Responsible marketing
	15. Privacy protection
	16. Employee health and safety
	17. Employee rights and interests
	18. Staff promotion and training
	19. Community contribution
	20. Charity
	21. Drug accessibility
	22. Industry cooperation

2. RESPONSIBLE GOVERNANCE FOR SOUND PROGRESS

Mabpharm understands that good governance is the cornerstone for a company's sound development. Staying focused on responsible governance, the Company maintains a rational corporate governance structure, standardized business processes and precise risk control to ensure that the Company progresses ahead soundly with a balance between compliance and efficiency.

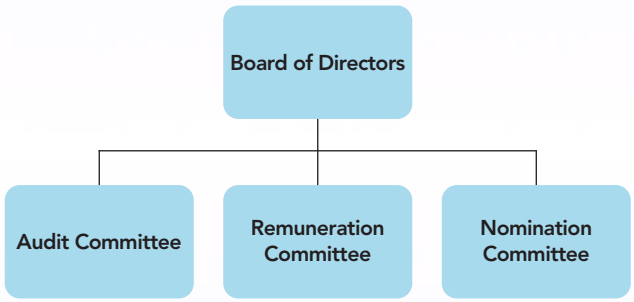
2.1 Corporate Governance

In accordance with regulatory requirements under the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), relevant laws and regulations and the Code of Corporate Governance for Listed Companies (《上市公司治理準則》) of the Stock Exchange, Mabpharm continues to improve and optimize its corporate governance structure, seeking to ensure rationality, compliance and efficiency of business decision-making for its sustainable development through diversified board composition and a rational governance mechanism.

[1] The bolded issues in the table represent the issues of high materiality to Mabpharm in 2024.

2.1.1 Corporate Governance Structure

Adhering to the management philosophy of "rational decision-making, standardized operation, effective checks and balances", Mabpharm has established a rational and reasonable corporate governance structure. In strict compliance with relevant laws and regulations, the Company has established a governance structure centering on the Board as supported by the Audit Committee, the Remuneration Committee and the Nomination Committee, to ensure clearly defined rights and duties, mutual checks and balances, and coordinated operation among the governing organs.



Mabpharm's governance structure

2.1.2 Board Diversity

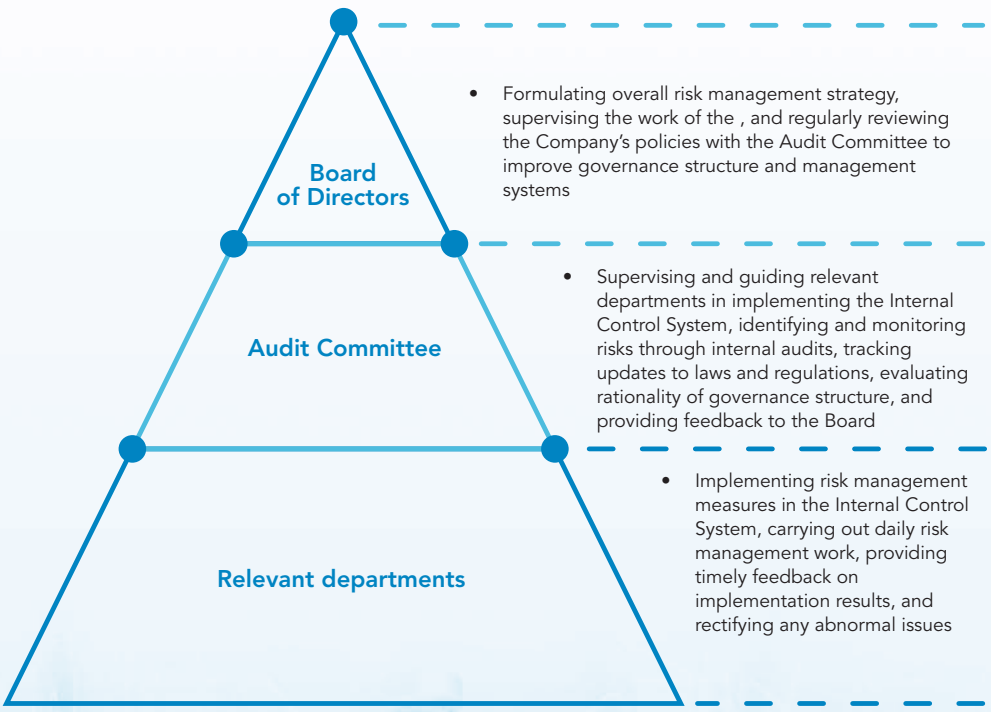
Mabpharm highly values diversity of the Board. Adhering to the Board structure philosophy of "diversity and inclusiveness, professional complementarity, and experience sharing", the Company is committed to building a board team with diverse backgrounds and complementary skills. The Board is composed of people of different professional backgrounds, industry experience, genders and ages, covering multiple fields such as medicine, pharmacy, management and finance and law, to ensure that the Board can examine our development issues from multiple perspectives and make rational and reasonable decisions. The Company currently has a total of 11 directors, including one female director. The diversified board provides strong decision-making support for the Company's sound development.

2.2 Standardized Operation

Standardized operation is the foundation for an enterprise to establish presence in the market. Mabpharm has always regarded compliance operation as the lifeline of corporate development. Through sound risk management, strict anti-corruption measures and responsible marketing practices, we ensure that the Company progresses ahead soundly in the complicated and changing market environment. We understand that only on the basis of compliance can we achieve sustainable development and earn trust and support from our stakeholders.

2.2.1 Risk Management

Mabpharm places great emphasis on risk management, taking it as a core element of standardized operation, and has established a robust risk management system. The Company has established the Internal Control System (《內控制度》) and established a three-level risk governance structure consisting of the Board, the Audit Committee and risk management posts at relevant departments, to ensure that our risk management work covers all operation and management aspects and provide a solid safeguard for sound development of the Company.



Mabpharm's risk governance structure

During the Reporting Period, the Company conducted an audit on special project fund to audit the use of funds in our research projects, with a view to ensuring that the research funds were used for their intended purposes and improving the efficiency of fund utilization. No irregularities were identified in the audit result.

2.2.2 Anti-corruption

Mabpharm resolutely opposes any form of corruption and fraud, and holds a "zero tolerance" attitude towards bribery and corrupt behaviors. The Company strictly abides by relevant state laws and regulations, including the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》) and the Interim Provisions on the Prohibition of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》). The Company has formulated the Anti-Fraud Management System (《反舞弊管理制度》), which sets out the principles, scope, accountable entities and punishment measures of anti-corruption work, to provide a solid institutional basis for our anti-corruption efforts.

To ensure the implementation of the rules, the Company has established a dedicated internal control management department as a permanent organ for anti-fraud work. In accordance with the rules, we conduct regular audits and inspections on the Company's key business areas such as financial income and expenditure, procurement and sales, engineering and construction to promptly identify and rectify potential corruption issues, so as to ensure compliance and transparency of our operations. Through strict audits by the internal control management department and a series of normalized anti-corruption and integrity measures, the Company effectively prevented various irregularities and ensured compliance and transparency of our operations. During the Reporting Period, the Company did not have any violation of business ethics.

Anti-corruption whistle-blowing
• The Company has established open whistle-blowing channels and the Regulations on Anti-fraud and Whistle-blowing Mechanism, encourages employees to report corruption, strictly keeps confidential the identity of whistleblower, and carefully investigates and handles the reported clues before publishing the findings
Integrity cooperation
• The Company requires its suppliers and partners to sign anti-corruption commitment clauses, clarifying the rights and obligations of both parties with respect to integrity cooperation to jointly create a clean business environment
Construction of clean culture
• The Company actively creates a culture of integrity and honesty, and integrates the concept of integrity into its corporate culture through various means e.g. anti-fraud training and business ethics education for directors and all employees, allowing the awareness of integrity to take root among employees

Mabpharm's normalized management measures for anti-corruption and integrity

2.2.3 Responsible Marketing

Mabpharm always takes responsible marketing as an important part of standardized operation, and adheres to the marketing philosophy of "code-compliant publicity, honest marketing, and committed to serving patients" to ensure code-compliant and responsible product publicity activities. The Company has formulated the Standard Operating Procedures for Promotion Material Management (《推廣材料管理標準操作流程》), which set out marketing behavioral guidelines, promotional content review process, etc., to provide clear systematic guidance for responsible marketing practices.

Mabpharm licenses the right to market and sell its products to third parties, who are authorized exclusively for product sales. To facilitate code-compliant sales by our partners, we introduced sales compliance clauses in the cooperation agreements, requiring third parties to strictly follow our pre-determined promotional content and marketing protocols in carrying out marketing activities. The Company regularly supervises and examines marketing behaviors of its outsourced marketing service providers, to correct their irregularities in time and ensure marketing compliance.

3. INNOVATION-DRIVEN APPROACH TO QUALITY EXCELLENCE

Mabpharm considers R&D innovation as the cornerstone of the Company's sustainable development. We are committed to bringing high-quality and affordable innovative biopharmaceuticals to the market through an efficient research and development system and low-cost drug manufacturing capabilities, contributing to the health and well-being of more patients. We deeply embed our rigorous quality requirements into the entire product lifecycle. To this end, we continue to deepen independent R&D, actively engage in external communication and cooperation, enrich our innovative product pipelines, refine our product quality, and step up our efforts in intellectual property protection, seeking to provide high-quality and effective products and services for patients and customers worldwide.

3.1 R&D Innovation

Mabpharm continues to expand its independent R&D sphere based on high-quality innovative drugs. We are launching a diverse range of product pipelines to overseas and domestic markets, providing better medication solutions to patients worldwide and offering them more economical choices.

3.1.1 R&D Innovation System

Mabpharm believes that high-quality R&D innovation is the key to sustaining our competitiveness. We have established a robust R&D innovation mechanism and set up a high-quality R&D team, laying a solid foundation for our innovation vitality and R&D strength.

Our R&D activities are conducted by three core teams, namely basic research team, clinical trial team, and GMP[2] – compliant product preparation team. The core members of Mabpharm's R&D team possess extensive biopharmaceutical R&D experience, gained from working in reputable global pharmaceutical companies, together with solid R&D capabilities and strong industry backgrounds. Other team members also possess proven academic backgrounds and professional skills, working together to lay a solid professional foundation for our core competitiveness in product R&D. Meanwhile, in light of the philosophy of innovation-driven development, the Company continues to step up its R&D investment to provide ample and stable resource support for product R&D, contributing to its new breakthroughs in the biopharmaceutical field.

The Company continues to advance its digital transformation, empowering R&D innovation management. Our Laboratory Information Management System (LIMS)[3] has been fully put into operation, achieving online full lifecycle management on samples from planning, request for testing, sample receiving, distribution, testing, result reporting, and review. By integrating the Environmental Monitoring System (EMS)[4], the Building Management System (BMS)[5], and other computerized systems, the Company has achieved digital management and monitoring of production and quality inspection processes, which significantly improved the efficiency and quality of R&D innovation management.

2 Good Manufacturing Practice of Medical Product
3 Laboratory Information Management System
4 Environmental Monitoring System
5 Building Management System

As of the end of the Reporting Period, the Company had 226 R&D professionals (including our management), of whom 162 hold a bachelor's degree or above; R&D professionals accounted for 72% of the total employees of the Company; and total R&D investment amounted to RMB75,212,000.

Product pipeline

Mabpharm specializes in the development and production of new drugs and biosimilars for treatment of cancer and autoimmune diseases. Currently, we have established a rich product pipeline, including a variety of monoclonal antibody drugs and strong antibody drugs. In particular, our core products CMAB008類停® (infliximab for injection), CMAB007奧 邁 舒® (omalizumab α for injection) and CMAB009 恩立妥® (cetuximab β injection) have obtained approval for marketing; the new drug application of CMAB807/CMAB807X has been submitted; and several candidate drugs are in the clinical/pre-clinical research stage.

Core products	
Product overview	**R&D status**
CMAB007 (omalizumab α for injection, 奧邁舒®) Indication: patients diagnosed with IgE mediated asthma	We have put up our CMAB007奧 邁 舒® for sale on all provincial pharmaceutical product procurement and GPO platforms across the Chinese Mainland, covering thousands of hospitals, primary medical institutions and pharmacies. We have implemented various academic activities for CMAB007奧 邁 舒®, an exclusive product included in the pharmaceuticals catalogue under the Medical Insurance, since its marketing, including the high-end expert AB meetings and city lecture tours involving nearly 1,000 leading medical experts, and rolled out the 100-day action plan to establish 50 benchmark outlets. In addition, we launched data analysis and studies on the efficacy and safety of CMAB007奧 邁 舒® in real world in the beginning of 2024. Our dedicated scientific research fund set for the indication of asthma has undergone two phases, and a total of 18 projects won the bids for the study of indications including allergic asthma and treatment in combination with allergen specificity to study and broaden the evidence-based medicine information of CMAB007奧邁舒®.

Core products	
Product overview	**R&D status**
	CMAB007奧邁舒® was approved for marketing by the NMPA in May 2023 for treatment of patients diagnosed with IgE-mediated asthma, which is the first domestic allergic asthma therapeutic antibody new drug in China approved by the NMPA. In August 2023, CMAB007奧邁舒® was also approved by the NMPA to launch clinical trials targeting chronic spontaneous urticaria in adults and adolescents (aged 12 and above) who still show symptoms after treatment with H1 antihistamines. We have successfully initiated phase III clinical trials of CMAB007奧 邁 舒® for treatment of urticaria. We expect to file the NDA of CMAB007奧邁舒® for the treatment of chronic spontaneous urticaria with the NMPA in the third quarter of 2026, and expect to obtain NMPA approval for marketing in the fourth quarter of 2027. Already included in medical insurance
CMAB008 (infliximab for injection, 類停®) Indication: rheumatoid arthritis, Crohn's disease in adults and pediatric patients aged 6 or above, fistula Crohn's disease, ankylosing spondylitis, psoriasis and ulcerative colitis in adults	Approved for marketing by the NMPA in July 2021 (Approval No.: Guo Yao Zhun Zi S20210025). As of the end of the Reporting Period, CMAB008類停® has been marketed on the procurement platform across all the provinces within China, and extended presence to over 1,000 hospitals (of all levels), primary medical institutions and pharmacies. The Company also cooperates with partners to actively expand to overseas market and has launched registration and market exploration in more than 30 countries and/or regions; and the new drug application has been approved by drug regulatory authorities in Peru, Indonesia, Pakistan and Bangladesh. Already included in medical insurance
CMAB009 (cetuximab β injection, 恩立妥®) Indication: RAS/BRAF wild-type mCRC	The new drug application for CMAB009恩立妥® was approved by the NMPA in June 2024. CMAB009恩立妥® is the first domestically produced anti-EGFR monoclonal antibody innovative drug with independent intellectual property for the first-line treatment of mCRC approved by the NMPA. We are actively proceeding with the clinical and registration work of CMAB009恩 立 妥® for more indications. Already included in medical insurance

Other product candidates	
Product overview	**Product R&D progress**
CMAB807/CMAB807X (denosumab) For the treatment of osteoporosis, tumor bone metastasis and giant-cell tumor of bone.	We have completed phase III clinical trials for osteoporosis, and submitted the NDA application in January 2025. It is expected to be approved for marketing by the NMPA in the second quarter of 2026.
CMAB015 (secukinumab) Possesses remarkable efficacy advantages in the treatment of autoimmune diseases such as psoriasis, and has become one of the most rapidly growing biological agents in the treatment of psoriasis in China.	We expect to submit the NDA for CMAB015 in the third quarter of 2026 and obtain the approval for marketing from the NMPA in the fourth quarter of 2027.
CMAB016 It is a candidate biosimilar product of dupilumab and a monoclonal antibody of the human immunoglobulin G4 (IgG4) subtype, which is in the phase of preclinical studies. CMAB016 targets and binds to the alpha subunit of the interleukin 4 (IL-4) receptor, blocking the signaling pathway of IL-4 and interleukin 13 (IL-13), and can be used for treatment of atopic dermatitis, asthma, chronic rhinosinusitis with nasal polyps, eosinophilic esophagitis, chronic obstructive pulmonary disease (COPD) and prurigo nodularis.	As at the end of the Reporting Period, we have completed the development phase of CMAB016. We expect to complete all preclinical studies and file a clinical trial application in the second quarter of 2026; and obtain NMPA approval for marketing in the second quarter of 2029.

Other product candidates	
Product overview	**Product R&D progress**
CMAB017 (anti-EGFR probody) It is an innovative probody drug. It has been approved by the NMPA for clinical trials for treatment of advanced solid tumors, including but not limited to colorectal cancer, head and neck squamous cell carcinomas and esophageal squamous cell carcinoma. Compared with marketed EGFR anti-body drugs, CMAB017 has better efficacy and is safer.	It has been approved by NMPA for treatment of advanced solid tumors. We expect to initiate phase I clinical trials of CMAB017 in the first quarter of 2025 and obtain the approval for marketing from the NMPA in the second quarter of 2030.
CMAB819 (nivolumab) It is our biosimilar drug candidate currently undergoing phase I clinical trial. CMAB819 has been approved by the NMPA for clinical trial. CMAB819 is indicated for treatment of metastatic non-small cell lung cancer, hepatocellular carcinoma and head and neck squamous cell carcinomas.	We have completed phase I clinical trials and expect that CMAB819 may be approved by the NMPA for marketing in the third quarter of 2029.

Other product candidates	
Product overview	**Product R&D progress**
CMAB022 (Ustekinumab) It is a candidate biosimilar product of Stelara® (ustekinumab). The drug can be used for treatment of psoriasis, psoriatic arthritis, Crohn's disease and ulcerative colitis.	It has completed engineering cell construction, screening and laboratory scale process studies, and is undergoing pilot process scale-up. We expect to complete all preclinical studies and submit a clinical trial application in the second quarter of 2026; and obtain NMPA approval for marketing (for the psoriasis indication, and to apply for expansion to other approved indications) in the fourth quarter of 2030.
CMAB023 (Tezepelumab) It is an anti-TSLP IgG2-lambda monoclonal antibody, and a biosimilar drug candidate for TEZSPIRE (tezepelumab). As a broad-spectrum anti-allergic antibody drug, it covers broader scope of allergic patients, offers a better curative effect, and contributes significantly to mitigating the condition aggravation among patients with severe asthma.	It has completed cell line construction and is under process development. We expect to file clinical trial application in the fourth quarter of 2026, and obtain marketing approval from the NMPA in the second quarter of 2030.

R&D process innovation

As the Company develops innovative biopharmaceutical products, it upholds the R&D principle of "striving for excellence". Leveraging advanced technology and intelligent platforms, the Company continuously promotes process innovation and testing technology innovation. With a commitment to maintaining quality standards, the Company aims to enhance the efficiency of product research and development and production. During the Reporting Period, we innovatively launched an upstream process development and characterization platform and a quality characterization analysis platform. Through cell culture and automated monitoring technology, we achieved efficient protein expression, significantly reducing the use of raw materials such as culture media, lowering energy consumption, and reducing waste water and waste gas emissions. With respect to quality research, we developed a variety of automated analysis and multi-dimensional characterization technologies, helping to shorten project development cycle, reduce the number of trial and error attempts, and avoid resource waste. The two platforms help Mabpharm to comprehensively upgrade in terms of environmental governance and resource conservation, achieving enhancements both in operational efficiency and environmental friendliness.

R&D training

A highly skilled R&D team is the inexhaustible source of innovation. The Company places great emphasis on enhancing professional skills and expertise of the R&D team to maintain its core research and development capabilities. To this end, we have established a robust training system and framework tailored to the needs of the R&D team, providing customized training plans on an annual basis. We require that all on-duty R&D professionals receive training at least once a month, covering the perspectives such as industry laws and regulations, operational techniques and protocols, personal safety protection and occupational health, thereby continuously enhancing professional skills and standardized operations of R&D personnel in their daily work. For new employees, in addition to basic induction training, we also provide post-specific skill training to help them quickly get familiar with their responsibilities and work processes. We require them to complete quality document system training and assessment before assuming their positions, to ensure that they are competent for the post requirements.

In addition, in 2024, we organized systematic training programs covering the use of various internal R&D platforms such as the molecular biology platform, the cell screening platform, the upstream process development and characterization platform, the downstream protein purification process development platform, and the comprehensive quality research platform, empowering the team's full-spectrum R&D capabilities from the construction of macromolecular therapeutic protein molecules to quality characterization, and laying a solid foundation for our future research innovation and product development.

Industry-university-research cultivation program

In 2024, Mabpharm worked with Liaocheng University and Wenzhou Medical University to launch an industry-university-research talent cultivation program under an innovative "dual-advisor co-guidance mechanism". The project adopts a full-chain process of "selection – cultivation – practice – evaluation", where the universities select master candidates majoring in biomedicine at first, followed by the enterprise to determine the cultivation list after interviews. The students are required to complete theoretical courses in universities and practical training in the enterprise, covering GMP standards, antibody drug development, etc. In the practice stage, students will be deeply engaged in tumor targeted drug development projects of Mabpharm, as jointly guided by advisors from both universities and the enterprise. So far more than ten students have been enrolled into the program, among whom four students have completed the transformation of research achievements into corporate technology solutions, published two SCI papers, and are expected to apply for one patent. The program not only strengthens students' industrial thinking, enabling them to better keep abreast of market demand and industry updates, but also establishes a pool of R&D talents with composite skills for Mabpharm. Joining the efforts of universities and enterprises to cultivate talents, this innovative practice model provides a new approach and hint for talent cultivation in the biopharmaceutical industry.

Formulation of R&D standards

In 2024, Mabpharm teamed up with the National Institutes for Food and Drug Control of China to jointly develop candidate national reference material for infliximab. So far we have completed preparation of the candidate reference material, and are proceeding with its calibration work in full swing. Mabpharm provides a strong basis for evaluation and traceability of the potency of infliximab, the first monoclonal antibody reference material completely independently developed in China. This move will significantly upgrade overall domestic drug regulation and R&D levels, and lay a solid technical foundation for establishing more monoclonal antibody drug reference materials. Upon successful implementation, the project will greatly promote safe and effective popularization of infliximab and related monoclonal antibody drugs in China, and provide more reliable medication guarantees for patients, demonstrating the social value of enterprises and research institutes working together to contribute to high-quality development of the pharmaceutical industry.

3.1.2 Intellectual Property Rights Protection

Intellectual property rights protection is of paramount importance for Mabpharm's sustainable development. We strictly abide by the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) and other laws and regulations, rigorously implement our internal intellectual property management system to ensure that the conversion of innovative achievements, including technology development, technology transfer, technology consultation, and technology services, is well-founded. We have clearly defined procedures for handling intellectual property disputes and assigned responsibilities to relevant departments, to promote standardized intellectual property management practices continuously.

The Company is dedicated to fostering a positive culture of intellectual property rights protection, seeking to enhance employees' awareness of intellectual property rights protection and safeguard and reinforce our competitive strengths in innovation. During the Reporting Period, our Intellectual Property Department specifically organized systematic patent mining training for R&D personnel to motivate employees to actively explore innovative potential. We also conducted retrieval trainings for R&D personnel through the online training platform PatSnap, encouraging them to independently conduct intellectual property retrieves and investigations and constantly guard against the risk of patent infringement. Meanwhile, with respect to supplier management, we remain highly cautious about intellectual property risks. During the supplier qualification review process, our Intellectual Property Department actively assists in reviewing suppliers' patents to ensure that the products or services provided by suppliers do not infringe upon any third-party intellectual property rights and other legitimate rights and interests.

To drive innovation among R&D personnel, we vigorously promote an employee R&D innovation incentive program to encourage employees to actively apply for patents. We provide different levels of rewards to individuals who apply for invention patents based on their importance and value contribution.

During the Reporting Period, Mabpharm was accredited as a Jiangsu Provincial High-tech Enterprise, marking a new height in our technological innovation, R&D strength, and development of high-tech industries and further enhancing our core competitiveness and industry influence.

High-tech enterprise certificate

During the Reporting Period, Mabpharm did not have any incidents of intellectual property rights infringement. The information on patents, copyrights and trademarks applied for and granted is as follows:

Indicator	Unit	2024	2023
Patent applications filed during the Reporting Period	number	10	12
Patents granted during the Reporting Period	number	8	4
Total number of patents granted	number	35	28
Total copyrights granted	number	2	2
Total trademarks granted	number	111	111

3.2 Quality First

Crucial to life safety and health of patients, the quality of drugs is a cornerstone for the Company to earn and sustain a good reputation. In light of the quality policy of "leading through quality, winning with technology, continuous improvement, and pursuing excellence", Mabpharm implements product quality management responsibilities across all stages of the product lifecycle, prioritize the rights and safety of clinical trial subjects and are dedicated to providing high-quality products and thoughtful services to patients and customers.

3.2.1 Product Quality and Safety

Mabpharm places great importance on drug safety and quality management. We have established a comprehensive quality management system that covers the entire product lifecycle. We take initiatives to improve our quality system, optimize and update product safety assurance measures, continuously conduct post-market quality monitoring, and optimize customer service in order to safeguard health and safety of patients through stringent quality control.

Quality management system

Mabpharm acts in strict accordance with the Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法》), the Regulations for the Implementation of the Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法實施條例》), the Quality Management Standard for Drug Clinical Trials (《藥物臨床試驗質量管理規範》), the Good Manufacture Practice (revised in 2010) (《藥品生產質量管理規範(2010年修訂)》), the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》), the Quality Management Standard for Non-clinical Research of Drugs (《藥品非臨床研究質量管理規範》) and other laws and regulations to comprehensively strengthen drug quality management.

The Company actively benchmarks itself against international advanced standards. Based on regulations and guidelines such as EMA[6], PIC/S[7], EP[8] and USP[9], and with reference to technical reports published by reputable organizations and associations such as WHO[10], PDA[11] and ISPE[12], we analyze the gap between the Company and various regulatory systems and pharmacopoeial standards, implement CAPA[13] measures in stages, make improvements to the shortcomings in the Company's existing drug quality management, and comprehensively enhance the standard of our drug quality management system.

The Company has established a drug lifecycle management system that covers clinical research, production, products and materials to ensure controlled quality and safety throughout the entire product lifecycle. At the clinical research stage, the Company implements quality management based on the risks associated with clinical trials, ensuring that each stage of the clinical trial complies with relevant regulations. At the production stage, the Company strictly adheres to GMP requirements to maintain full control over production quality. For products and materials, the Company conducts testing on materials and products in accordance with relevant standards and tightly manages the materials supply chain to ensure the stability of product and material quality.

6 European Medicines Agency
7 Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme
8 European Pharmacopoeia
9 United States Pharmacopoeia
10 World Health Organization
11 Parenteral Drug Association
12 International Society for Pharmaceutical Engineering
13 Corrective Action and Prevention Action

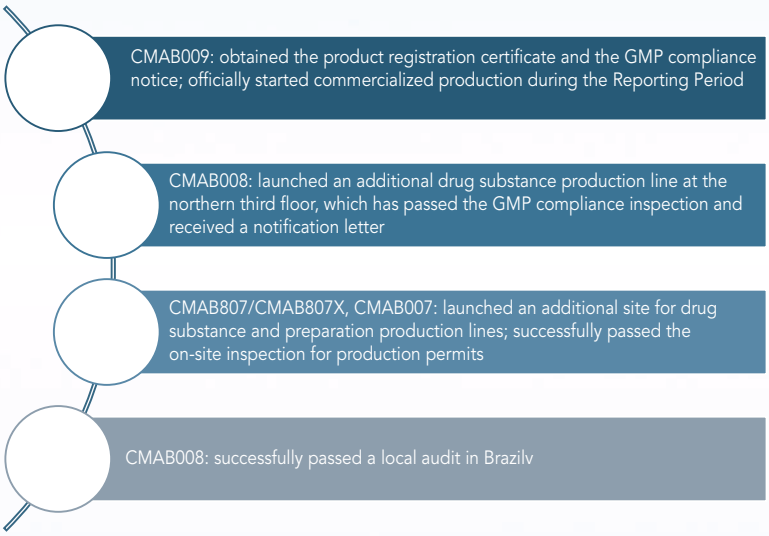
Clinical research quality management	• Implement full-process quality management for the design, implementation, recording, evaluation, results reporting and fling of clinical trials • Appoint monitoring officers who possess the necessary knowledge of clinical research, have received professional training, and are capable of effectively fulfilling monitoring responsibilities to conduct regular routine monitoring; and appoint independent auditors to perform audits and, if necessary, procure third-party audit services from external vendors • Develop standard operating procedures and monitoring plans to ensure data integrity, enhance the ability to address various risks in clinical trials, and ensure compliance of critical data and processes • Establish auditing procedures for the clinical research quality management system to ensure the implementation of auditing procedures in clinical trials

Production quality management	• Conduct comprehensive self-inspections of production management and quality management on a regular basis in accordance with GMP and relevant regulatory requirements. The inspections cover aspects such as facilities and personnel, premises and equipment, materials and products, product shipping and recalls, ensuring effective control of various risks during the drug production process • Develop management review requirements based on EU GMP[14] and ICH guidelines and conduct regular reviews. Through reviewing and analyzing changes, deviations, OOS[15]/OOT[16] and CAPA, the Company comprehensively audits and evaluates the operation of its quality system • Conduct regular product quality review analysis to promptly identify potential adverse trends and implement improvements and preventive measures when necessary • QA[17] department conducts weekly inspection reports, and professional third-party agencies are engaged to conduct gap analysis audits of the Company's production quality system

14 The International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use
15 Out of Specification
16 Out of Trend
17 Quality Assurance

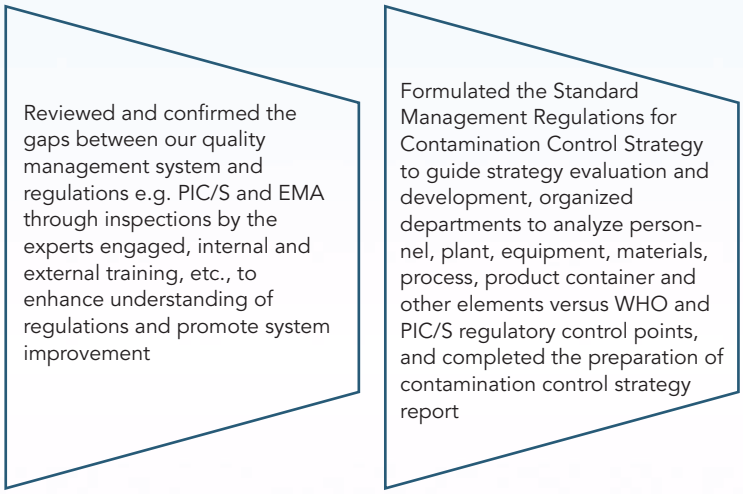
Product/ material quality management	• Establish sampling, quality testing, and evaluation and release procedures to conduct testing in accordance with nationally approved quality testing standards and methods. After confirmation by the QA department, products that meet the product quality standards and relevant requirements are released by designated personnel • Conduct stability studies on products and retain samples of materials and products as required, and perform regular sample quality confirmations • Establish entrusted inspection management regulations to comprehensively manage the entrusted inspection of materials and products • Conduct audits of materials and their respective suppliers, achieving a coverage rate of 100%

During the Reporting Period, Mabpharm successfully passed five official quality audits at home and abroad, and obtained registration certificates for a number of products and GMP-compliance inspection notices for multiple production lines. The quality management system continued to improve, meeting the GMP requirements of China and the PIC/S. A range of products completed key inspection steps and obtained relevant qualifications, laying a solid ground for the enrichment and commercialization process of Mabpharm's product line.



Product quality audit

In addition, we actively pursue product exports. The Company has introduced a series of measures to optimize management system and strengthen management capabilities, to promote continuous improvement of our quality system.

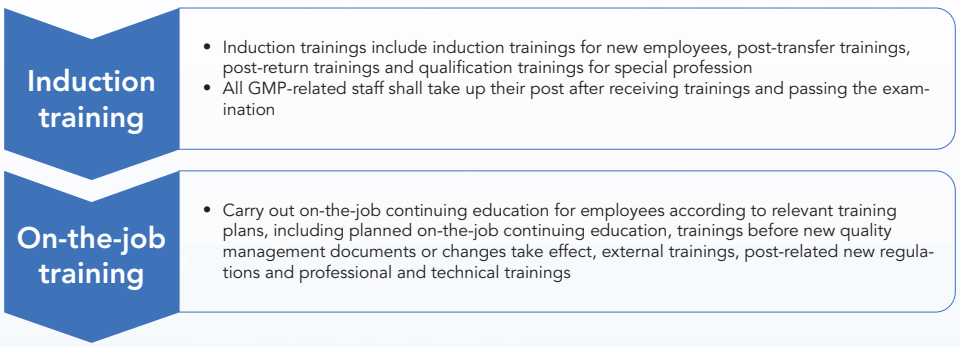


Preparing production line contamination control strategy reports with reference to EU GMP

During the Reporting Period, with a focus on production quality control over sterile products, Mabpharm conducted a comprehensive gap analysis on the contamination control strategy of its existing drug substance and preparation production lines, with reference to EU GMP Appendix 1 and PDA TR90 standards. We thoroughly evaluated the existing measures for key control factors such as microorganisms, particles, bacterial endotoxins and viruses, ensuring that the measures remain effective to provide assurance to process stability and product quality. After months of meticulous work, we successfully prepared contamination control strategy reports on production line basis, including the Risk Assessment Report on Contamination Control Strategy for G79 South Building Penicillin Bottle Preparation Production Line and the corresponding report on the drug substance production line. These reports provide a scientific and systematic contamination control guide for production of sterile products, further improving our product quality management performance.

Construction of quality-minded culture

The Company recognizes the importance of enhancing quality awareness and quality management capabilities. While continuing to consolidate the foundation of quality management, we are committed to promoting the construction of quality-minded culture to create a positive atmosphere of advocating and valuing quality. We have established a robust quality training system and developed targeted training programs for GMP-related personnel to ensure that each relevant employee acquires the knowledge system and operational skills required by GMP before assuming their positions, thereby ensuring standardized and orderly implementation of GMP management. In addition, we developed an annual training matrix tailored to each employee based on their job responsibilities, management requirements, industry updates, and work needs within the system. Based on our actual business conditions, we carried out a diversity of targeted training activities covering practical operations, lectures, offsite training, special inspection by external experts, etc.



Training system for quality personnel

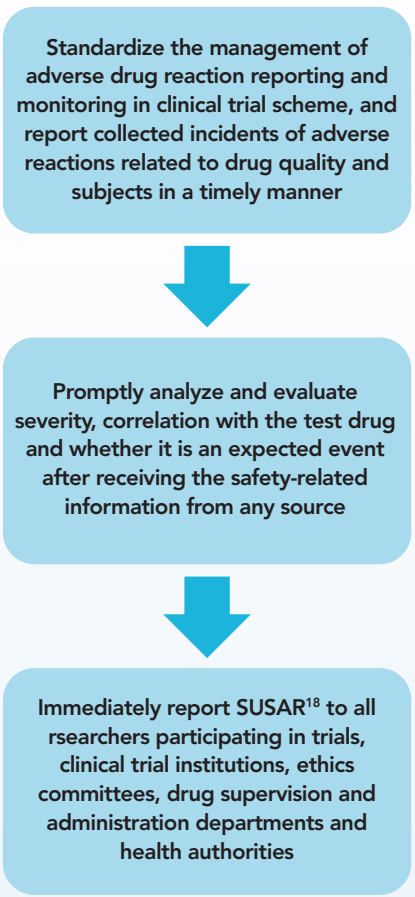
Mabpharm has formulated the Training Standard Management Regulations (《培訓標準管理規程》) to standardize and improve the training to GMP related personnel. Based on job responsibilities, it established the principle for organized, planned and targeted training, and defined in detail the key elements such as qualification requirements on trainers and the effectiveness of training. Trainers, at company level or department level, are required to obtain trainer qualifications before conducting training work. Our human resources department is responsible for developing a list of trainers and regularly reviewing their qualifications to ensure the professionalism of our training faculty. In addition, we conduct a review of training implementation at the end of each year, focusing on assessing the effectiveness and completion of the training plan. The Quality Assurance Department and training specialists from the Human Resources Department are responsible for reviewing and assessing training implementation to ensure quality and effectiveness of our training work.

During the Reporting Period, we actively carried out a series of training activities on regulations. The training covers important domestic and international regulations such as the Drug Administration Law (《藥品管理法》), PIC/S GMP Appendices 1, 2B and 11, and the Good Manufacturing Practice and Appendix (《藥品生產質量管理規範及其附錄(GMP)》), aiming to constantly improve quality management awareness of all employees and enhance their recognition and comprehension of drug production quality management, and thus laying a solid foundation for our quality management level to scale a new high.

Product recall and adverse events

Mabpharm closely monitors the safety risks associated with drugs and continuously enhances its emergency response capabilities for drug safety incidents to ensure the health and safety of patients. The Company strictly abides by the Good Manufacture Practice (revised in 2010) (《藥品生產質量管理規範(2010年修訂)》), Measures for the Supervision and Administration of Pharmaceutical Production (Decree No. 28) (《藥品生產監督管理辦法（局令 第28號)》), Quality Management Standards for Pharmacovigilance (No. 65 in 2021) (《藥物警戒質量管理規範(2021年第65號)》), Guidelines for Composing Master Documents of Pharmacovigilance System (《藥物警戒體系主文件撰寫指南》) and other regulations, continuously updates and improves the Standard Management Regulations for Pharmacovigilance (《藥物警戒標準管理規程》), the Standard Management Regulations for the Drug Safety Committee (《藥品安全委員會標準管理規程》), the Standard Management Regulations for the Organizational Structure, Functions and Responsibilities of the Department of Pharmacovigilance (《藥物警戒部組織結構、 職能與各崗位職責標準管理規程》) and other series of standard operating procedures for pharmacovigilance to clearly define the internal functional structure and management regulations of pharmacovigilance and ensure the effective operation of the pharmacovigilance system. During the Reporting Period, for adverse reaction reports on our drugs marketed overseas, we developed the Standard Operating Procedures for Handling Serious Adverse Reactions (SAR) Overseas (《境外發生的嚴重不良反應(SAR)處理標準操作規程》), with an aim to improve our compliance with overseas and domestic regulatory requirements on adverse reactions of products marketed overseas, thereby better safeguarding safety and health of patients worldwide. In addition, we updated and improved various product adverse reaction management rules, including the Standard Operating Procedures for Investigation of Death Cases (《死亡病例調查標準操作規程》), the Standard Operating Procedures for Medical Coding of Post-market Drug Adverse Reaction Case Reports (《 上市後個例藥品不良反應報告醫學編碼標準操作規程》) and the Standard Operating Procedures for Handling Adverse Drug Reaction Cluster Events (《藥品不良反應聚集性事件處理標準操作規程》), further improving our efficiency in handling related events and ensuring that the handling methods are in compliance with regulatory requirements.

We have set up a pharmacovigilance department to be responsible for monitoring, evaluation collection and reporting of adverse drug reactions. In order to ensure safety of test subjects, we have established channels for reporting adverse reactions, such as telephone and e-mail, and continue to update the adverse drug reaction reporting system and improve the adverse reaction reporting procedures to ensure that adverse drug reactions can be reported in a timely and uninterrupted manner to ensure safety of patients. During the Reporting Period, we optimized the collection channels for adverse reaction feedback, added a fixed line telephone with voice recording function, and guided callers to dial a dedicated adverse reaction/event reporting extension number (8000), to ensure collection of adverse reaction information from patient calls around the clock through an uninterrupted feedback channel.



Processing flow of adverse product reaction report

[18] Suspected Unexpected Serious Adverse Reaction

During the Reporting Period, there were a total of 141 reports on adverse reactions from Mabpharm's three products already marketed, including 111 adverse reaction reports on 類停®, 22 adverse reaction reports on 奧邁舒® and 8 adverse reaction reports on 恩立妥®. In strict compliance with regulatory requirements and its Standard Operating Procedure (SOP), Mabpharm promptly handled and evaluated all adverse reaction reports, and submitted all the adverse reaction reports to the National Center for ADR Monitoring through the direct reporting system for marketing authorization holders.

In order to ensure that drug quality and safety emergencies are handled in a rapid, efficient and orderly manner, the Company formulated emergency plans for drug safety incidents for its clinical-stage and marketed products, recall management procedures and product recall plans to enhance the emergency response capability for drug safety incidents and ensure standardized emergency response.

For products in the clinical trial stage, our departments continuously communicated with the research unit. We improve the mechanism of early warning, disposal and aftermath, including the thorough notification of researchers and institutional ethics committees in research units, active treatment of subjects, and purchase of professional commercial insurance for clinical research, among other initiatives, seeking to avoid and minimize the losses and negative effects caused by sudden safety accidents.

Test drug management	• The preparation of test drugs must comply with the relevant requirements of production quality management of drugs clinical trials. The packaging labels of test drugs must include the words "For Clinical Trial Use Only" as well as clinical trial information and drug details • Training is provided to all relevant personnel, including monitoring officers, researchers and pharmacists. The training covers topics such as the storage temperature, transportation conditions, storage time limits, preparation methods and processes of drug solutions, and device requirements for drug infusion and injection

SAE[19]/SUSAR management during clinical trials	• During clinical trials, actively collect SAE/SUSAR occurring in subjects, and promptly report them as required • Summarize and evaluate adverse medical events and take necessary measures to timely mitigate potential drug safety risks
General adverse drug reaction event management during clinical trials	• During clinical trials, collect, record and evaluate the occurrence of general adverse reactions or events, investigate, analyze and address adverse reactions/events that may be caused by test drug, perform risk assessments, identify potential risks, and implement appropriate control measures to minimize the occurrence of adverse reactions or events

Measures for management of adverse drug reactions during clinical trials

For marketed products, according to specific situation of adverse reactions or events, we have made detailed provisions on the handling of recalls at all levels, and regularly organize recall drills and exercises to verify the effectiveness of the recall system, identify areas for improvement in a timely manner, and ensure that all relevant personnel are familiar with the procedures of the entire recall process. In addition, we actively maintain a well-established drug traceability system and management process to enable information-based traceability of drugs after release through the traceability code system, so as to enhance product quality and safety assurance.

[19] Serious Adverse Event

Quality and safety complaints

Mabpharm has established the Standard Operating Procedures for Product Complaint Handling (《產品投訴處理標準操作規程》), which clarify the responsibilities of relevant departments in the process of handling product complaints, optimize the product complaint handling process, and include provisions for complaint handling timeframe and CAPA measures to ensure the effective resolution of complaints. During the Reporting Period, we conducted a question-and-answer training session on the marketed product CMAB007 (奧邁舒®) for our 400-102-1306 hotline service provider, with a total of 8 participants. The training helped to enhance the hotline service team's product knowledge, ensuring that the 400 hotline can help to collect adverse reactions, provide medical consultation, and handle quality complaints in a standardized manner, to facilitate smooth feedback continuously.

Product quality and safety complaint handling process

During the Reporting Period, Mabpharm received no complaint about product safety, and received a total of three suspected complaints about product quality, including two for CMAB007 奧邁舒® and one for CMAB008 類停®. According to the Standard Operating Procedures for Handling Product Complaints, the Company conducted investigation and handling. It was confirmed that the above three complaints did not involve product quality problems, and the investigation results were promptly replied to users, with a settlement rate of 100%.

Pharmacovigilance training

The Company takes continuous efforts in pharmacovigilance training, with an aim to comprehensively enhance capabilities and vigilance of all relevant personnel in handling adverse reaction events, further optimize service quality and ensure patient safety. During the Reporting Period, we took active actions, conducting an internal training and publicity activity on adverse reaction reporting titled "Drug Safety and All-staff Vigilance" for the majority of employees, which attracted 279 employees to participate. Moreover, all participants successfully passed the examination, effectively improving their knowledge and response ability for drug safety. Also, we conducted the 恩立妥® Safety and Adverse Reaction Reporting Process Training for our business partners in relation to CMAB009 恩立妥®, a newly launched product marketed in 2024, with a total of 348 participants who all passed the examination. The training activity not only enhanced the awareness of the importance of pharmacovigilance among relevant personnel, but also helped to significantly improve the accuracy and timeliness of adverse reaction reports, laying a solid ground for our drug safety monitoring work and further ensuring medication safety for patients.

During the Reporting Period, Mabpharm did not have any non-compliance and penalties related to products and services.

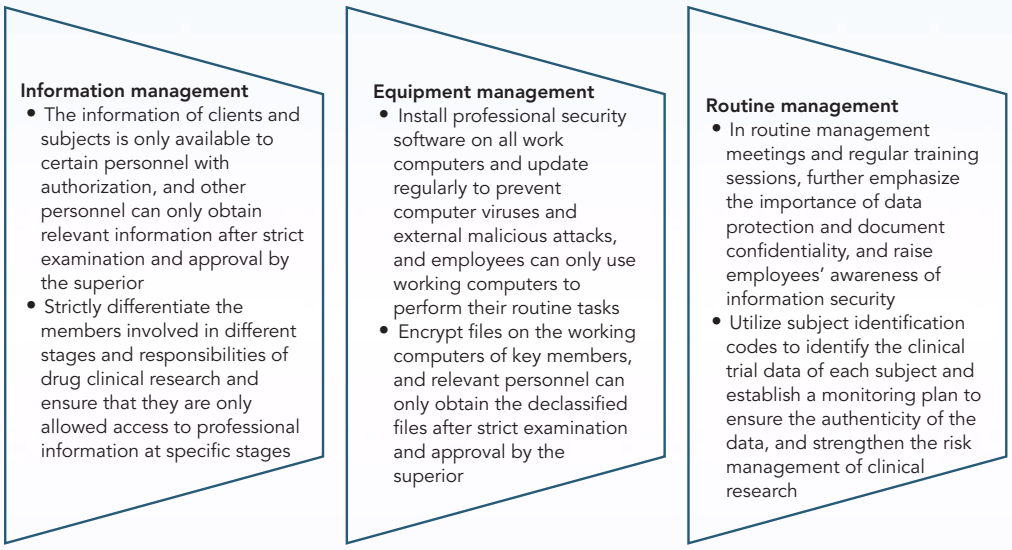
3.2.2 Data Security and Privacy Protection

Safeguarding the rights and safety of subjects is an essential prerequisite for Mabpharm's clinical trials. The Company strictly complies with relevant laws and regulations such as the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) and the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), develops and implements various standard operating procedures and Employee Manual (《員工手冊》) to effectively protect the legitimate rights and interests of subjects and guarantee the security of their personal information, ensuring that clinical trials are conducted in a legal and compliant manner.

We respect and protect the subjects' rights to know and choose, and strictly follow the ethical review standards for clinical research. All clinical trial plans and supporting documents have passed the complete review process of the ethics committees of research institutions. With regard to the protection of subjects' rights and interests, we implement standardized operating procedures: Firstly, ensure that the informed consent documents, subject recruitment materials and other relevant information are in compliance with privacy protection regulations; secondly, establish a hierarchical information disclosure mechanism, and fully disclose trial objectives, implementation paths, potential risks and expected benefits to subjects through a structured communication process; thirdly, explicitly grant subjects the right to choose independently, including the right to withdraw their consent before participation and the right to exit unconditionally during the trial process. All operations shall strictly observe the ethical principle of "knowing first, followed by agreement and enrollment", and follow a confirmation mechanism to ensure the rigor and traceability of the informed consent signing process.

To ensure standardized and effective privacy protection work, Mabpharm has established a comprehensive standardized management mechanism. In the perspective of personnel admission standards, we implement a strict new employee compliance admission process, requiring new employees in research positions to complete specialized training on Privacy Protection and Compliance Operations (《隱私保護與合規操作》) and pass a standardized assessment and certification process before they are qualified for assuming their positions. In addition, the authorized new employees are required to sign a legally binding confidentiality agreement. Meanwhile, for external cooperation institutions that have business relationship with our clinical research projects, such as CROs, SMOs and other third-party service providers, we require all their personnel involved in the project to complete the confidentiality agreement signing process before kicking off the project. The agreement shall clearly define the boundaries of data use and responsibilities for breach of agreement, to ensure the security of our external cooperation. In the perspective of continuing education on privacy management, we have established a training mechanism that combines annual mandatory courses with quarterly refresher courses. We carry out regular practical training including regulatory interpretation course, data desensitization technology and privacy risk assessment, to ensure that all employees timely grasp the latest compliance requirements, enhance data security awareness of research personnel, and strengthen our privacy risk prevention and control capabilities.

To further prevent the harm and risks associated with potential breaches of privacy of the subjects, we have implemented comprehensive information security measures. Through data management, equipment management and various routine management measures, we minimize the risk of privacy breaches.



During the Reporting Period, Mabpharm did not receive any complaints related to breaches of customer privacy.

4. HAND IN HAND FOR WIN-WIN DEVELOPMENT AND INDUSTRY PROGRESS

Adhering to the mindset of win-win cooperation, Mabpharm is committed to working hand in hand with partners for mutual success, creating greater value for the biopharmaceutical industry. In pursuit of a sustainable supply chain, we aim to build a resilient and sustainable supply chain, staying at the forefront to lead supplier partners to jointly live up to sustainable development and contribute to healthy upstream and downstream of the supply chain.

4.1 Sustainable Supply Chain

Mabpharm is committed to integrating the concept of sustainable development into supply chain management, so as to create a fair, equitable and win-win cooperation platform, continue to standardize its supply chain management work, and manage its procurement practices in a responsible manner to ensure its business continuity and stability.

4.1.1 Supplier Management

In strict compliance with the Tendering and Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》) and other relevant laws and regulations, Mabpharm has established a supplier management system covering the entire lifecycle of supplier, to comprehensively govern various aspects including admission, change, cancellation, complaint and evaluation of suppliers to ensure standardized supplier management.

We categorize suppliers into raw and auxiliary materials and packaging materials suppliers, consumables suppliers, reagent suppliers and service suppliers, and have established respective management standards for different supplier categories, to improve the effectiveness and comprehensive performance of supply chain management. In 2024, Mabpharm formulated and updated the Standard Management Regulations on Suppliers (《供應商標準管理規程》), breaking down key consumables suppliers into three types (i.e. types A, B, and C) and explicitly specifying the audit frequency for each type of suppliers, thus further enhancing intensity and efficiency of our supply quality management in respect of key consumables suppliers.

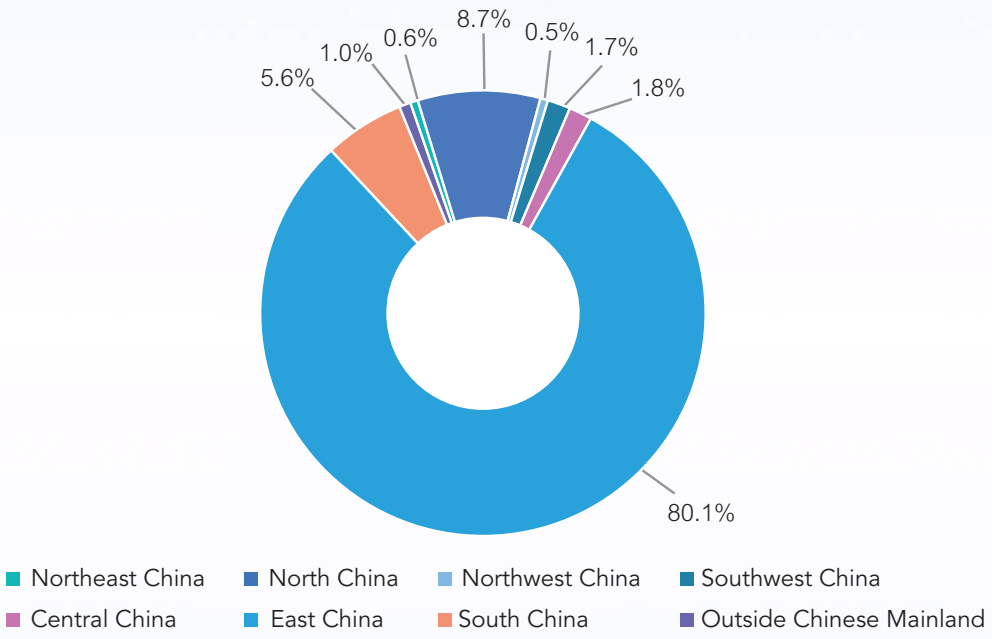
We have established strict supplier admission standards. In accordance with the List of Qualified Suppliers and relevant evaluation standards and rules, the quality of materials provided by controlled material suppliers is required to meet international leading quality standards and our requirements. For non-controlled material suppliers, we consider their price, service, delivery schedule, quality, labor management, business ethics and other factors, and refrain from establishing cooperative relationships with suppliers with poor credit standing, records of administrative penalties and management faults.

The Company conducts regular supplier audits and has formulated audit requirements specific to supplier category for examining their operational compliance, to ensure that their products and services meet relevant standards. For the issues identified during the audits, we provide practical and feasible rectification suggestions to the suppliers, require them to rectify the deficiencies within a prescribed period, maintain sufficient communication with them during the rectification process, and provide necessary guidance and support to assist them in improving their performance continuously. In 2024, the Company conducted audits on 11 suppliers according to its annual audit plan.

In a hope to grow together with its supply chain partners, Mabpharm actively communicates and exchanges ideas with suppliers to promote healthy development and continuous innovation in the industry chain. The Company regularly communicates with suppliers through face-to-face interviews, WeChat, telephone calls and e-mail, to solve the problems and challenges in cooperation and establish long-term stable cooperative relationships. During the Reporting Period, Mabpharm participated in the 15th China (Taizhou) International Pharmaceutical Expo and carried out technical exchanges with suppliers, to further integrate the strengths of all parties and promote product innovation and business development of both parties.

As of December 31, 2024, we had a total of 1,386 suppliers, the majority of which are located in the East China region. Set out below is the percentage of suppliers by region[20]:

Percentage of Suppliers by Region



4.1.2 Sustainable Procurement

In cooperating with suppliers, Mabpharm not only focuses on the quality of their products and services, but also takes into account management capabilities and performance of suppliers in ESG aspects. Under the same conditions, we prioritize to choose the suppliers with better comprehensive ESG performance. We also assist suppliers in cultivating ESG management capabilities to promote the construction of sustainable supply chain.

[20] A breakdown of suppliers by region:
North China: Beijing, Tianjin, Hebei, Shanxi and Inner Mongolia
East China: Shanghai, Jiangsu, Zhejiang, Shandong and Anhui
Northeast China: Liaoning, Jilin and Heilongjiang
Central China: Hubei, Hunan, Henan and Jiangxi
South China: Guangdong, Guangxi, Hainan and Fujian
Southwest China: Sichuan, Chongqing, Guizhou, Yunnan and Tibet
Northwest China: Shaanxi, Gansu, Xinjiang, Qinghai and Ningxia
Outside Chinese Mainland: Hong Kong, Macao and Taiwan of China and overseas

We continue to improve our internal procurement management system and procurement contract management, and provide clear requirements on the compliance responsibilities of internal procurement management and external suppliers, as well as the business ethics standards of suppliers. We prohibit any form of corruption, bribery, kickbacks, or other corrupt practices to ensure a fair and honest cooperation environment.

In terms of internal procurement management, the Company implements hierarchical management of the procurement process based on the size of the procurement amount to effectively prevent fraudulence during the bid invitation and bidding processes. For projects with a large procurement amount, we engage third-party tendering agencies to conduct open bid invitation and exercise strict control over the bid invitation process to prevent potential conflicts of interest. For projects with insignificant procurement amount, we adopt a method of comparing prices quoted by at least three suppliers to ensure the best solution in terms of price, quality, service and other aspects.

Meanwhile, when entering into contracts with suppliers, the Company includes anti-corruption commitment clauses in procurement contracts to ensure that all parties strictly comply with relevant anti-commercial bribery laws and regulations and uphold high standards of business ethics during the cooperation period.

We continue to strengthen employee integrity and self-discipline management, provide regular business ethics training to internal procurement staff, and incorporate business ethics into monthly employee assessment indicators to prevent supply chain integrity risks from the source. In cases where suppliers engage in acts that violate our business ethics standards, we will permanently prohibit our partnership with them and take appropriate measures to investigate and penalize their misconduct.

To strengthen environmental management on supply chain and promote the construction of a green supply chain, we give full consideration to environmental management capabilities of suppliers in the procurement process, and choose suppliers that use environment-friendly product packaging and production equipment as much as possible. For key consumables suppliers, we prioritize local suppliers to reduce emissions and environmental issues associated with transportation, and improve the stability of raw material supply.

4.2 Industry Cooperation and Co-construction

Mabpharm actively participates in industry exchange activities, leveraging its industry experience to contribute to high-quality development of the biopharmaceutical industry. In 2024, Mabpharm participated in various industry conferences and further contributed to industry development through participating in social development research projects and compiling educational materials, among other means.

Industry exchange activity	Presentation
The 11th International Forum on Industry-Education Integrated Development Strategy	Title: On Development and Practices of Deep Industry-Education Integration
United at Zhijiang • New Knowledge, New Quality Roundtable (Special Session on Macromolecular Drug Industry Construction)	Title: The Only Way for Macromolecular Drugs and Large-scale Preparation in China – Made in China
Academic Conference on Innovative Research of Macromolecular Drugs of the National Natural Science Foundation of China	Title: Thoughts on Key Theoretical and Technical Issues in Developing Macromolecular Drugs

While participating in academic and industry exchanges, we actively strengthen industry-university-research cooperation. Alongside our efforts in promoting in-house R&D innovation, we provide a broad platform and ample opportunities for researchers, promote the commercialization and implementation of research achievements, and build up the resource reserve for the Company to attract more outstanding research talents. During the Reporting Period, Mabpharm collaborated with universities such as Liaocheng University and Wenzhou Medical University to conduct research projects on early drug development, druggability evaluation, development of detection methods, process development, etc.

Industry-university-research cooperation

In 2024, Mabpharm actively expanded its industry-university-research cooperation footprints, working with universities such as Liaocheng University and Wenzhou Medical University to launch a series of important cooperation projects. Researchers from different fields devoted themselves to in-depth research on the CMAB009 project and the CMAB008 new process project, covering key areas such as process characterization and quality characterization.

Through unremitting joint efforts, the CMAB009 project obtained an approval from the NMPA efficiently. Meanwhile, the CMAB008 new process project, which has significant cost advantages, also completed registration and application successfully. Such industry-university-research cooperation achievements demonstrated not only Mabpharm's innovative R&D strength, but also the key role of cooperation between universities and enterprises in advancing the pharmaceutical industry. These initiatives not only provide cost advantages for the Company in market competition, but also create favorable conditions for wider application and popularization of its products.

5. LOW-CARBON DEVELOPMENT FOR LUCID WATERS AND LUSH MOUNTAINS

Climate change has emerged as a major global challenge. Echoing the national strategy of "carbon peaking and carbon neutrality", Mabpharm keeps a close eye on climate change trend and actively promotes climate change management. We carry out low-carbon emission reduction actions, improve the environmental management system, promote efficient utilization of energy and resources, and reduce the negative environmental impact from production and operation, to earnestly fulfill our environmental protection responsibilities.

5.1 Climate Change

As a responsible corporate citizen, Mabpharm places a high priority on the response to climate change, and actively takes climate actions to identify, evaluate and respond to climate change risks and opportunities, with a view to reducing the impact of climate change risks on its business sustainability and stakeholders.

5.1.1 Governance

Mabpharm has developed a sound governance structure and workflows for the issue of response to climate change, where the Board, the Audit Committee and relevant departments perform their respective duties and effectively collaborate to implement and promote its climate risk related work.

Board of Directors	• Evaluating, reviewing and confirming climate change risks • Supervising progress and performance of climate risk response work • Regularly reviewing the achievement of climate related goals
Audit Committee	• Leading the identification of climate change risks, maintaining regular communication with and reporting to the Board and relevant departments • Developing climate risk response strategy, and guiding the implementation of climate risk response work • Organizing and coordinating the implementation of climate risk response work
Relevant departments	• Implementing various climate risk response tasks, and promoting the implementation of climate risk response strategy • Regularly providing feedback to the Audit Committee

Governance structure for the issue of response to climate change

5.1.2 Strategy

During the Reporting Period, we reviewed and identified climate change risks related to the Company, and developed a targeted response plan to strengthen effective management on climate change risks, with reference to the Implementation Guidance for Climate Disclosures under ESG Reporting Framework published by the Stock Exchange and the IFRS Sustainability Disclosure Standards No. 2 – Climate-related Disclosures issued by the International Sustainability Standards Board (ISSB) while taking into full consideration industry characteristics, policies and guidelines of the locations where we operate, our business conditions, and excellent practices of peers.

Risk category		Risk description	Potential financial impact	Countermeasures
Transitional risks	Policy and law	Government policies and laws and regulations on carbon emission are getting stricter, and the national carbon emission trading market is under active construction	Higher operating cost	Stay tuned with the updates in environmental policies and regulations in the place where the Company operates, and strengthen compliance management based on our business conditions
	Technology	The requirements for various low-carbon environmental protection technologies are on the rise	Higher capital expenditure	In day-to-day operation and production process, promote low-carbon technology innovation, as well as greenhouse gas emission reduction in R&D, production and other areas

Risk category		Risk description	Potential financial impact	Countermeasures
	Reputation	Internal and external stakeholders pay constant attention to the Company's ESG information. If the Company fails to take prompt measures to tackle climate change or the information disclosure is insufficient, the Company's reputation would be affected	Less revenue Higher operating cost	Pay more attention to the disclosure requirements related to sustainable development and climate change, fully disclose ESG-related information, and ensure the comprehensiveness and accuracy of information disclosure
	Market	Uncertain market signals	Less revenue Higher production cost	Monitor market dynamics and analyze market environment trends
Physical risks	Acute	Extreme weather (rainstorm, typhoon, heavy snow, flood, high temperature, cold spell) may have an impact on health and safety of employees and normal operation of the Company	Capital loss Higher management expenses	Pay close attention to weather forecast, formulate emergency plans to deal with the impact of sudden weather events, and improve maintenance and inspection on facilities and equipment to reduce losses caused by extreme weather conditions
	Chronic	The normal R&D, production and operation of the Company are susceptible to changes in temperature and rainfall	Higher production cost Higher operating cost	Timely assess the impact of changes in temperature and rainfall on production and transportation, and take corresponding measures to ensure the stability of production and transportation

In 2024, in order to further clarify the potential impact of climate change on sustainable development of Mabpharm, we referred to the recommendations in the Guidance for Climate Disclosures published by the Stock Exchange and selected the RCP2.6 and NZE scenarios under the assumption of 2℃ or below, as well as the RCP8.5 and STEPS scenarios under the assumption of above 2℃ . We conducted a preliminary qualitative climate scenario analysis to identify major climate risks in the short-, medium– and long-term, providing a scientific reference for our climate risk management and development of the response strategy.

Scenario assumption		Climate scenario	Situation description
2℃ or below	Physical scenario	RCP2.6	This scenario aims to limit the global average temperature rise in the 21st century within 2℃ relative to the pre-industrial level, and strive to approach the 1.5℃ warming target. It requires the adoption of strong climate policies and methods worldwide to reduce greenhouse gas emissions.
	Transitional scenario	NZE	The roadmap of "Net Zero by 2050" proposed by International Energy Agency (IEA) includes recommendations on technology and emission reduction plans, national cooperation and energy industry transformation, and expects to limit the global average temperature rise within 1.5℃ .
Above 2℃	Physical scenario	RCP8.5	Assuming a baseline scenario without climate change policy intervention and effective mitigation measures, greenhouse gas emissions will continue to increase; and by the end of this century, global carbon dioxide concentrations will significantly rise, reaching 3-4 times of the pre-industrial concentration.
	Transitional scenario	STEPS	Based on the policies and measures in existence and being formulated, the effectiveness and feasibility of current policies as well as the possible path of future energy policies are evaluated.

5.1.3 Risk Management

Mabpharm has established an initial climate risk management process to ensure timely and effective strategies and actions are taken in response to climate change related risks, in order to minimize the impact of climate risks on business operations.

Mabpharm's climate risk management process

5.1.4 Performance and Objectives

Mabpharm has set environmental targets for carbon emission management, and strives to promote greenhouse gas emission reduction by improving the carbon emission management system, effectively implementing energy-saving measures, and strengthening employees' awareness of low carbon.

Carbon emission management goals and improvement directions
Establish a low-carbon system gradually Implement energy-saving measures to reduce greenhouse gas emissions Strengthen education on low-carbon awareness to employees

Meanwhile, Mabpharm regularly discloses climate related performance indicators to ensure effective implementation of climate change actions and risk management measures. During the Reporting Period, the greenhouse gas emissions of scope 1 and scope 2 of Mabpharm were 8,940.76 tons, and the greenhouse gas emission density of scope 1 and scope 2 was 34.62 tons/per RMB million of revenue.

Indicator	Unit	2024	2023	2022
Total greenhouse gas emissions[21] (scope 1 & scope 2)	ton	**8,940.76**	8,076.56	7,868.11
Direct greenhouse gas emission (scope 1)	ton	**11.20**	6.54	12.17
Indirect greenhouse gas emission (scope 2)	ton	**8,929.56**	8,070.02	7,855.94
Greenhouse gas emission intensity	tons per RMB million of revenue	**34.62**	92.66	140.70
Total energy consumption	MWh	**21,570.01**	18,934.79	19,600.46
Diesel and gasoline	MWh	**44.06**	25.74	47.89
Electricity	MWh	**10,619.54**	9,006.11	8,079.02
Steam	MWh	**10,906.41**	9,902.93	11,473.55
Energy consumption intensity	MWh per RMB million of revenue	**83.53**	217.24	350.51

5.2 Environmental Governance

Mabpharm is committed to integrating the concept of green development into various production and operation processes. We strictly abide by the Law of the People's Republic of China on Environmental Protection (《中華人民共和國環境保護法》), the Law of the People's Republic of China on Energy Conservation (《中華人民共和國節約能源法》), the Law of the People's Republic of China on Water Pollution Prevention and Control (《中華人民共和國水污染防治法》), the Law of the People's Republic of China on Air Pollution Prevention and Control (《中華人民共和國大氣污染防治法》), the Law of the People's Republic of China on Prevention and Control of Solid Waste Pollution (《中華人民共和國固體廢物污染環境防治法》), the Law of the People's Republic of China on Prevention and Control of Soil Pollution (《中華人民共和國土壤污染防治法》), the Water Law of the People's Republic of China (《中華人民共和國水法》) and other national laws, regulations and industry standards. We continue to improve our environmental management system, and enhance our environmental management level and performance.

21 Scope 1 greenhouse gas emissions of the Company come from the consumption of gasoline in self-owned vehicles; scope 2 greenhouse gas emissions of the Company come from purchased electricity and purchased steam. The calculation of greenhouse gas emissions refers to the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions of Enterprises in Other Industries (Trial) issued by the National Development and Reform Commission of the People's Republic of China. The calculation of power emission factor for 2024 refers to the Announcement on Publishing Electricity Carbon Dioxide Emission Factors for 2022 issued by the Ministry of Ecology and Environment of the People's Republic of China, in which the power grid emission factor is adjusted to 0.5366 tCO_2/MWh.

The EHS[22] Department is responsible for overseeing and carrying out our environmental management work. This includes formulating reasonable and rational environmental management policies, defining environmental management tasks and duties according to our environmental management objectives, ensuring effective operation of our environmental management system, and improving our overall environmental performance.

The Company has formulated internal management systems and operating procedures such as the Standard Management Regulations for Wastes (《廢棄物標準管理規程》), the Hazardous Chemicals Management System (《危險化學品管理制度》) and the Sewage Treatment and Disposal Regulations (《污水處理處置規程》) to provide clear and standardized guidance for the orderly development of our orderly environmental management work and ensure environmental compliance.

While improving our environmental management level, we actively provide training on environmental management and promote environmental awareness among employees to enhance their energy-saving awareness. We organize training activities on environmental knowledge and technologies for our employees from time to time, and set up slogans advocating green office in our office space to encourage employees' ongoing environmental protection practices in their daily work and life.

Water resource management	Energy management	Emissions management
• Establish water intensity management objectives and gradually reduce water intensity • Formulate and strictly implement the water recycling plan • Strengthen the tracking of water resource consumption and its abnormalities	• Use the online energy management platform to promote digitalized energy management gradually • Promote energy-saving optimization of equipment and realize negative growth of energy • Promote energy-saving technological renovation projects	• Improve the recycling rate of waste water and solid waste • Strengthen waste gas monitoring and treatment • Reduce waste generation

Environmental objectives and performance improvement directions

[22] Environment, Health and Safety

5.3 Wastes Management

Mabpharm attaches great importance to emission management. In strict compliance with relevant laws, regulations and emission standards in the locations where we operate, we have formulated internal management rules such as the Standard Management Regulations for Wastes (《廢棄物標準管理規程》) and the Hazardous Chemicals Management System (《危險化學品管理制度》) to standardize the emission management process and ensure that all emissions are treated in a compliant manner. In our daily operations, we uphold the concept of reducing wastes, continuing to take initiatives to reduce solid waste, waste water and waste gas emissions in order to promote green development.

During the Reporting Period, we did not record any violation related to environmental protection, excessive pollutants or illegal discharge.

5.3.1 Waste Water Management

We strictly follow the standard operating procedure (SOP-ED-EQ-012G79) for sewage treatment facilities, categorize sewage according to its nature, and adopt corresponding methods for compliant disposal of sewage to ensure that it meets the discharge standards.

For waste water generated from preparation of purified water, after chemical oxygen demand (COD) and other tests, the portion that meets the discharge standards is directly discharged.

For waste water generated from the experimental stage, the Company maintains an online monitoring system which has passed acceptance inspection and is connected to environmental protection authorities. We conduct four rounds of online tests on flow rate, total phosphorus, ammonia nitrogen and COD of waste water on a daily basis, and take records of the sewage treatment process, ensuring that the waste water emission concentration meets the discharge standards such as the Integrated Waste Water Discharge Standard (GB 8978-1996) and the Pollutant Discharge Standard for Urban Sewage Treatment Plants (GB 18918-2002) before discharge.

Regarding suspended solids, a qualified third party is commissioned to perform monthly monitoring to ensure compliance with the discharge permit.

Additionally, we engage a third party to inspect our waste water monitoring equipment and verify the effectiveness of its monitoring data. During the Reporting Period, according to the waste water discharge report issued by a third party, all discharge indicators of the Company were within the standard limits.

5.3.2 Waste Gas Management

The major waste gas pollutants generated from production and operations of the Company are hydrogen chloride, non-methane hydrocarbons, ammonia and particulate matter. To ensure compliant disposal of waste gas and reduce emissions, we have adopted a series of waste gas management measures to control the generation of air pollutants from the source.

Waste gas in the Company is mainly generated in sewage station, waste temporary storage room and laboratory. To remove pollutants from the gas, we employ measures such as water spraying, acid scrubbing and alkali scrubbing, and ensure that the treated waste gas meets the required standards before discharged through a 20-meter-high exhaust funnel.

The Company inspects the waste gas treatment device once every 24 hours to check its dosing status, in order to ensure its normal operation and effectiveness. In addition, we engage a qualified third-party to conduct comprehensive examination of the pollutants in the waste gas once a year, and the emission concentrations of these pollutants are consistently found to be significantly below the prescribed emission limits.

To further improve waste gas treatment efficiency, the Company closely cooperates with environmental regulatory agencies to add activated carbon filters at the terminal process of the existing waste gas treatment facilities, which help to enhance waste gas treatment effect and reduce the potential environmental impact from waste gas during the production process effectively.

5.3.3 Waste Management

Mabpharm strictly adheres to the Guidelines for Safety Risk Prevention and Control of Hazardous Chemicals Production and Construction Projects (《危險化學品生產建設項目安全風險防控指南》), the Guidelines for Safety Management of Hazardous Chemicals in Industrial Enterprises (《工業企業危險化學品安全管理指南》) and other relevant laws and regulations, and has formulated internal policies and rules such as the Standard Management Regulations for Wastes (《廢棄物標準管理規程》) and the Hazardous Chemicals Management System (《危險化學品管理制度》) to clarify and standardize the management requirements for waste generated from production and operations, ensuring that all waste is properly treated.

Non-hazardous waste	• We store it in a temporary storage room first, and engage a qualified third party for removal and disposal on a regular basis
Hazardous waste	• Wastes from our production and operations mainly include waste drugs, waste chemical reagents, waste packaging containers and waste resin; • We classify, store and pretreat hazardous wastes, post hazardous waste labels, engage a qualified disposal entity to regularly transfer them from production site to the hazardous waste warehouse, and report the information of waste generation to the Jiangsu Province Hazardous Waste Dynamic Management System; • We have formulated the Hazardous Waste Generation Process Record Form, the Hazardous Waste Storage Process Record Form, the Hazardous Waste Generation Monthly Report and the Hazardous Waste Generation List to strictly record the transfer of hazardous wastes, so as to improve transparency and accuracy of hazardous waste management; • We regularly clean the temporary storage places of hazardous wastes to avoid the environmental risks due to long-term accumulation.

Upholding the principle of harmlessness, reduction and recycling, we actively explore the ways to improve comprehensive utilization rate of wastes, and further reduce waste emissions from our production and operations.

5.4 Sustainable Operation

As a pioneer in green and low-carbon development, Mabpharm follows the principle of green development and is committed to promoting energy structure optimization and improving energy resource utilization efficiency in production and operations. We actively explore technological innovation and process upgrades, carry out diversified energy-saving measures, and integrate energy-saving and emission reduction concepts into all aspects of production and operations in order to achieve sustainable and efficient operations.

5.4.1 Energy Management

In strict compliance with the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) and other laws and regulations, Mabpharm has been exploring the potential for energy conservation and consumption reduction, and promoting an energy-saving and efficient production and operation model. We maintain a normalized energy consumption monitoring mechanism, conduct monthly analysis of energy usage, compare differences in energy consumption data for the same period to explore the potential for energy conservation and consumption reduction, and regularly review the effectiveness of these measures.

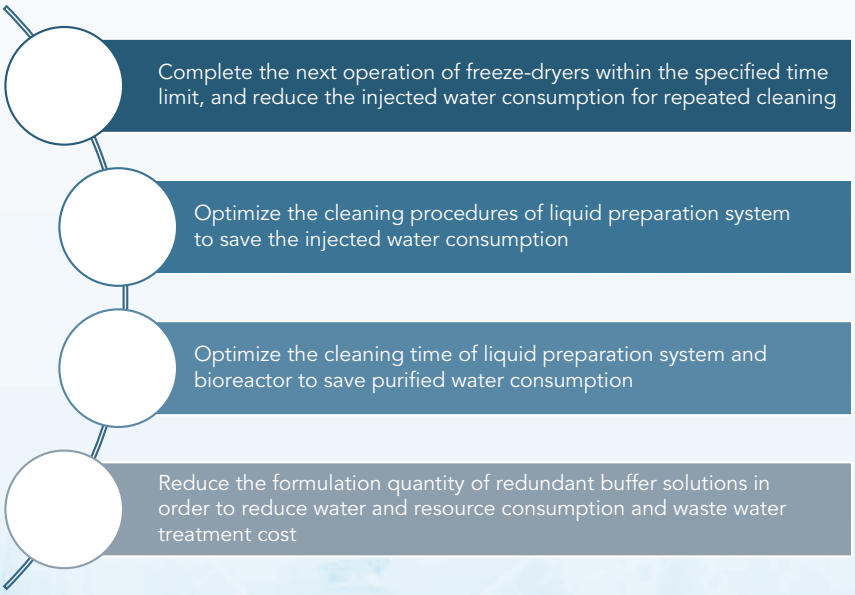
Energy saving and consumption reduction initiatives

Meanwhile, we further optimize the energy consumption structure by improving the use of clean energy, to reduce greenhouse gas emissions generated by energy consumption. The Company plans to launch a photovoltaic construction project at its production bases to enhance the use of renewable energy in the production process.

5.4.2 Use of Water Resources

Mabpharm pays close attention to conservation and utilization of water resources. We continue to optimize production process through water resource recycling, in order to reduce water resource consumption. During the Reporting Period, water resources in the Company were mainly used for daily operation, office, laboratory and production purposes. The water sources came from municipal water, and we encountered no problems in obtaining water sources for use.

Production is the main area of water resource consumption. The Company dynamically tracks the use of water resources in its production bases, and generates monthly water consumption reports with month-on-month analysis, based on which gap analysis is carried out. We promptly develop targeted optimization measures for a production base with abnormally increased water consumption. For a production base with high water consumption, we have developed a tiered control plan by adding measuring instruments and analyzing the peak-and-trough pattern of water consumption, in order to achieve rational control over water resources in a quantitative manner.



Water resources management initiatives

5.4.3 Packaging Material Management

Mabpharm has formulated packaging material management rules such as the Standard Management Regulations for Material Balance (《物料平衡標準管理規程》), the Standard Operating Regulations for Packaging Post of Penicillin Bottle Line (《西林瓶線包裝崗位標準操作規程》) and the Process Flow of Infliximab Preparation for Injection (《注射用英夫利西單抗製劑工藝流程》), and established a packaging material usage management mechanism to strictly manage the entire lifecycle including usage, recycling and destruction of packaging materials.

On the premise of meeting drug safety regulations, we actively explore the possibility of reducing and recycling packaging materials. On the one hand, we implement refined management on packaging material usage, to achieve accurate distribution of packaging materials such as labels, instructions, small boxes and medium boxes on an as-needed basis. We also count and destroy unqualified packages, to ensure that the balance rate and recovery rate for each batch of materials are strictly controlled and stay within the standard range.

On the other hand, the Company proactively promotes the use of renewable packaging materials. We purchase environment-friendly materials such as renewable paper and biodegradable packaging boxes for product packaging, and replace disposable packaging with recyclable containers to improve environmental friendliness of packaging materials. For discarded packaging materials, we continue to recycle and reuse recyclable packaging materials. For packaging materials involving special waste such as active plastics, qualified third parties are engaged to carry out professional harmless disposal to minimize the negative impact of the packaging process on ecological environment.

Packaging products in an environment-friendly way
All of our marketed products including "infliximab for injection", "omalizumab α for injection" and "cetuximab β injection" are furnished with packaging boxes and instructions made of recyclable and biodegradable paper. In particular, the small and medium packaging boxes are printed with photodegradable and environment-friendly ink, to ensure a balance between packaging aesthetics and environmental friendliness.

6. RECRUITING TALENTS AND GATHERING ELITES

Mabpharm is committed to establishing an open, inclusive, diverse and equal working atmosphere. With the tenet of "selecting talents, utilizing talents and retaining talents", Mabpharm provides employees with an extensive development stage and builds smooth career ladders to promote sustainable growth through the power of talented individuals.

6.1 Standardized Employment

Mabpharm strictly abides by the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) and other laws and regulations, and has formulated a series of rules and regulations, such as the Employee Manual (《員工手冊》), the Salary Management Regulations (《薪酬管理辦法》), the Overtime Management Regulations (《加班管理規定》), the Travel Expenses Management Regulations (《差旅費管理制度》), the Attendance Management Regulations (《考勤管理辦法》) and the Training Management System (《培訓管理制度》) based on its actual situation so as to provide systematic guidelines for employee management.

6.1.1 Employment

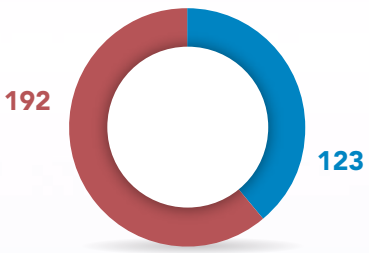
Mabpharm provides equal, fair and legal employment opportunities, strictly prohibits any form of discrimination because of gender, age, race, religion, region or any other factors, eliminates child labor and forced labor, and ensures transparency in recruitment information, fair recruitment processes, and merit-based selection of candidates. In case of any form of irregularities, we take a rigorous and responsible attitude, and strictly follow internal requirements, relevant regulations and legal procedures to terminate employment contracts of the employees involved. Meanwhile, we will promptly and accurately report to relevant regulatory authorities and agencies based on specific cases, to ensure compliance and transparency of our operations and maintain sound corporate image and reputation.

During the Reporting Period, Mabpharm actively responded to the talent development strategy of the industrial park, actively participated in and cooperated with the campus recruitment activities organized by it. The Company dispatched a professional recruitment team to attend campus job fairs at well-known universities such as Peking University and Fudan University. At the job fairs, Mabpharm fully demonstrated its corporate strength, development prospects, and friendly and equal corporate culture, attracting the attention and favor of outstanding students.

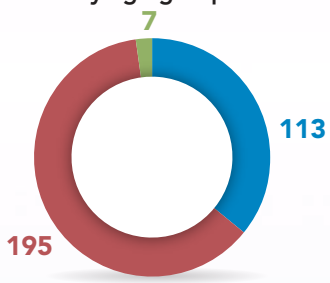
During the Reporting Period, Mabpharm had a total of 315 employees, with 100% of them being full-time employees and 60.95% of them being female employees, and 79 new employees were recruited. Females represent an indispensable force in the management of Mabpharm. In particular, female employees accounted for 41% of our middle management members and 20% of our senior management members. Together with other female employees, they are contributing strong momentum to our sustained development as an indispensable key force.

Employment Information

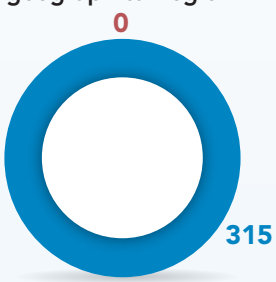
Number of employees by gender



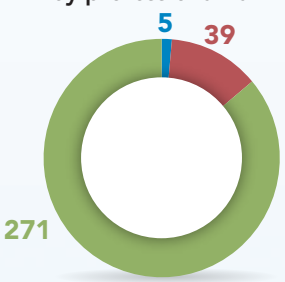
Number of employees by age group



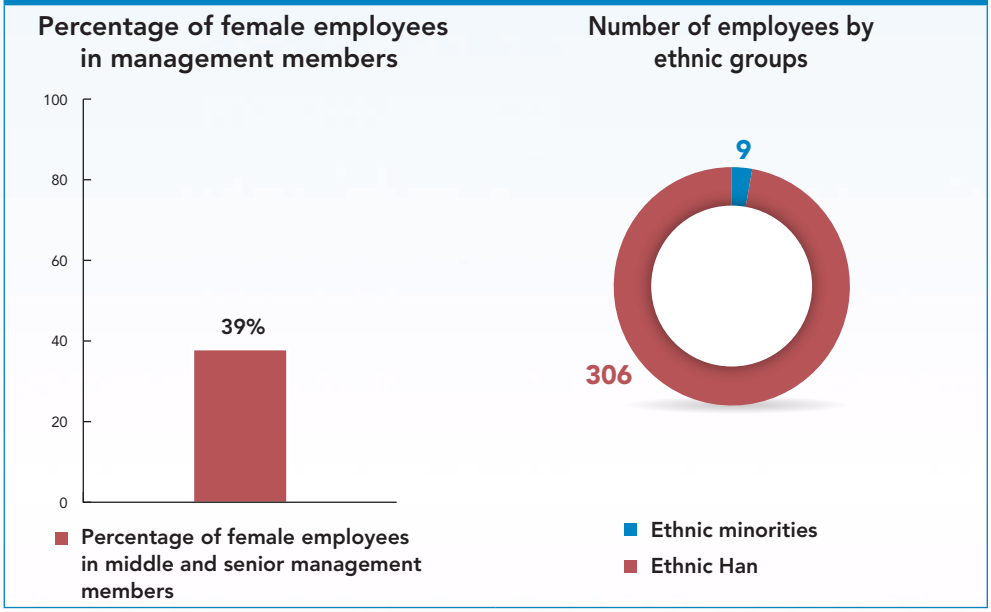
Number of employees by geographical region



Number of employees by professional rank

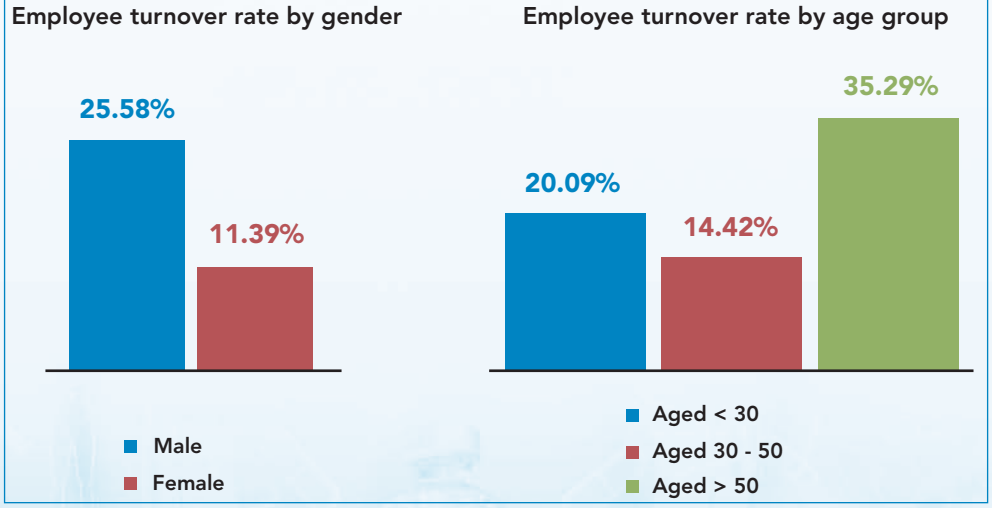


Employee Diversity Information



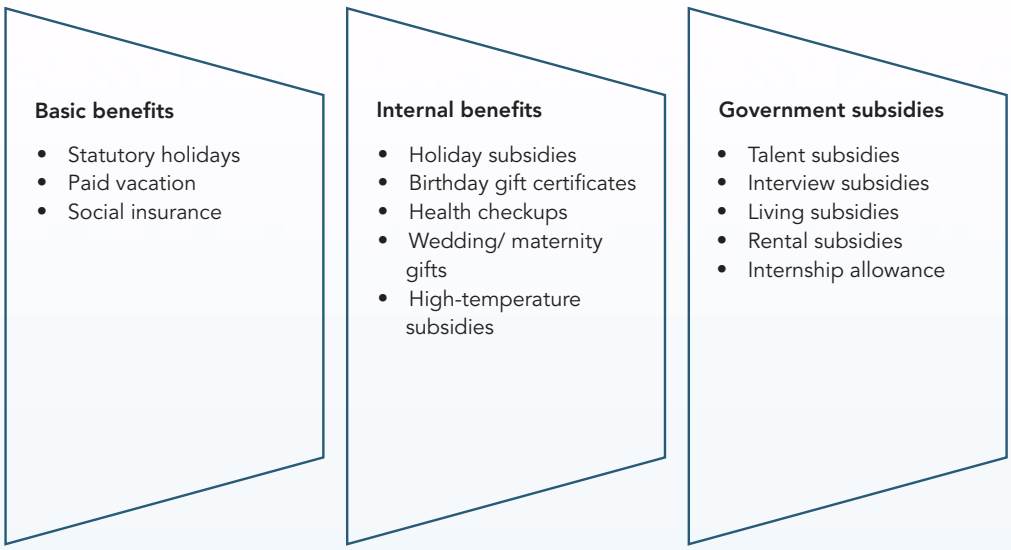
Mabpharm continues to keep track of employee turnover and analyze the reasons in time. We actively conduct interviews with the employees who apply for resignation, seeking to understand their specific needs and provide appropriate assistance. During the Reporting Period, the total employee turnover rate of Mabpharm was 16.92%. Set out below is a breakdown of employee turnover rate by different dimensions:

Employee Turnover Rate



6.1.2 Salaries and Benefits

Mabpharm always regards talents as the core assets for business development, and adheres to the organizational philosophy of "Sharing value creation on a fair basis" in the process of constructing a modern human resource management system. Under a rational and well-established job value assessment model, we have materialized the principle of "equal pay for equal work" into perceptible career paths, and established a value management system across the entire career cycle of employees, ensuring that every employee can obtain growth space commensurate to their job value upon a clear career ladder. In order to further improve our harmonious and caring working environment, we provide additional corporate benefits on top of our statutory contribution in full to various social insurance plans, and actively communicate with employees and assist them in applying for government subsidies to address their concerns and encourage them to grow together with Mabpharm.



Mabpharm's welfare system

6.2 Cultivating Talents as a Cornerstone

The Company has established a sound human resources management system. Based on internal rules such as the Employee Manual (《員工手冊》), the Salary Management Measures (《薪酬管理辦法》) and the Training Management System (《培訓管理制度》), we have developed a well-rounded talent training roadmap, under which differentiated post-specific training plans are developed to ensure that every employee can receive training content and opportunities in line with their career development. In this way, we are able to continuously improve employees' professional skills and comprehensive qualities, providing a solid talent pool for our sustainable development and innovation.

6.2.1 Employee Training

At the end of each calendar year, a company-level training plan for the next year is developed, which is broke down to each month for execution. During the Reporting Period, we strictly followed the established plan and completed the company-level annual training plan with guaranteed quality and volume. We focused on effectiveness in the training process, to ensure that each training session is close to actual needs of employees and can help them improve skills. After closing all the training sessions for the year, we prepared a Summary Evaluation of Training Implementation (《培訓實施總結評估》) for each employee, which covers their job responsibilities and provides a detailed overview of the training they received. It also includes an overall evaluation of their training performance, providing targeted guidance and suggestions for their future development.

We broadly solicited suggestions on training content, to ensure that the training programs are highly aligned with actual needs of employees, and have developed detailed training plans for each department based on the training matrix. To meet the diverse and multi-level learning needs of employees, our training curriculum system covers multiple important areas, including: professional legal and regulatory knowledge closely related to the pharmaceutical industry, such as the Drug Administration Law and the Good Manufacturing Practice; essential knowledge in production safety, such as fire safety and occupational health; post-specific courses on general management documents, in-depth training on SOPs, and expansion and improvement courses for professional skills. In addition, we provided systematic and comprehensive induction training courses for new employees to ensure that they can quickly integrate into the Company's environment and enhance professional skills, thus laying a solid talent foundation for our sustainable development.

In-depth Education on the Drug Administration Law

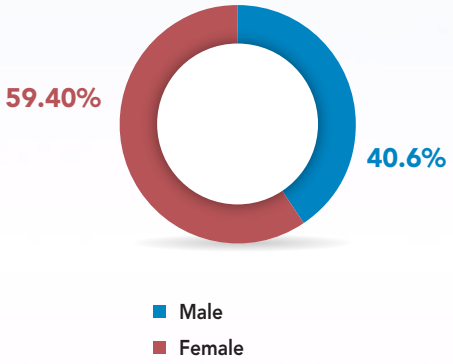
During the Reporting Period, responding to regulatory training needs, the Quality Department organized all employees to thoroughly study relevant regulations including the Drug Administration Law and PIC/S GMP Appendices 1, 2B and 11. Through systematic training, employees gained a more comprehensive understanding of drug administration regulations and GMP standards, laying a solid foundation for improving our product quality and compliance.

During the Reporting Period, Mabpharm conducted a total of 1,879 training sessions, of which 262 were company-level training sessions with 524 training hours and 7,605 participants; 1,599 were departmental-level training sessions with 2,398 training hours and 12,792 participants; and 18 were external training sessions with 180 training hours, covering all on-the-job, newly hired, post-transfer, post-return and multi-post employees.

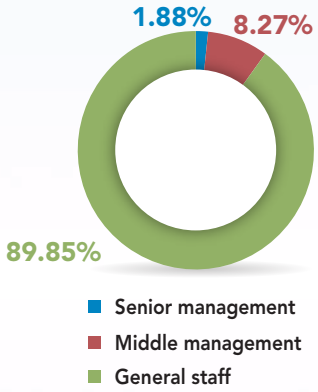
Mabpharm's employee training information during the Reporting Period is as follows:

Employee Training Information

Percentage of employees trained by gender



Percentage of employees trained by professional rank

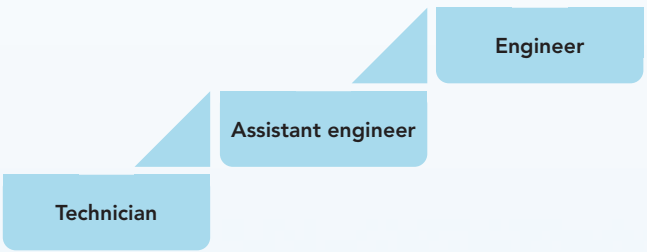


6.2.2 Talent Development

Mabpharm always regards talents as the core driver of organizational evolution, and has established a unique talent cultivation ecology in the process of constructing a modern human resource management system. We adopt a three-dimensional performance evaluation mechanism, and break down strategic goals into executable specific actions layer by layer. We have established a strategy-oriented assessment system for management levels, and materialized departmental responsibilities into a quantifiable collaborative network; and designed a process-tracking evaluation model for execution positions, to enable dynamic resonance between individual growth and organizational development. In cross-departmental collaboration, we introduced an innovative responsibility-sharing mechanism, which deeply links the individual assessment on department head to the assessment on the entire department. Through two-way empowerment, performance assessment has become an important part in activating our organizational vitality.

Based on the perspective of full-cycle talent development, we have established a dynamic matching system incorporating "ability, position and development". Our re-staffing decision-making process not only factors in historical individual performance, but also focuses more on the evaluation on employees' future potential. Through a multi-dimensional training model including job rotation and project task force, we aim to build an incubation platform for cross-disciplinary growth of versatile talents. Especially for key ranks and positions, we have established an evaluation system based on a capability radar chart which incorporates elements such as professional depth, collaboration breadth and innovation edge into the development coordinate system, making the flow of talents a carrier of knowledge across our organization.

In designing career paths, we go beyond the traditional single-path promotion pattern and have established a vertically and horizontally interwoven growth grid. The professional technical path focuses on building an industry-pacesetting expert team, guiding talents to continuously to grow in niche fields through a tiered capability certification system, while the management empowerment path focuses on cultivating strategically leading talents, to enhance their overall vision through project-based practices. There is a flexible switching mechanism between the two paths, allowing employees to independently choose their own growth path according to their career stage, and even achieve cross-disciplinary integration of capabilities through a project matrix. This three-dimensional development framework not only preserves the depth of professional ladder but also expands the management breadth, allowing every striver to find a tailored growth path in our organization.



Career ladder of the technical path

6.3 Safety and Health Assurance

Safety is deeply rooted in Mabpharm's lifeline for its business development, as demonstrated in our safety ecosystem covering the entire cycle of "prevention – control – emergency response". We build a solid institutional foundation with the compliance bottom line, weave a protective network with risk precaution and control, and cultivate behavioral consciousness with cultural infiltration, thus establishing a three-dimensional security system across the entire chain of R&D, production and warehousing. At the institutional level, we have established a dynamic control mechanism based on classification and grading, and formulated various safety management rules such as the Work Safety Responsibility System (《安全生產責任制》), the Management System for Hazardous Chemicals (《危險化學品管理制度》), the Control System for Safety Risk Hierarchical Management (《安全風險分級管控制度》), and the Hidden Danger Investigation and Management System (《隱患排查治理制度》). In terms of capacity building, an immersive training model including all-staff training and emergency drills is adopted to elevate the safety concept from knowledge cognition to concrete practice.

During the Reporting Period, the Company continued to advance based on the safety management goal of "all-round, whole-process, and all-staff". The EHS section under the General Office led by the general manager organized systematic risk assessments and special risk checks, timely summarized and rectified risk areas.

Multi-level safety management system

To ensure production safety and stable equipment operation, the Company has established a multi-level safety management system. By implementing full-cycle operating condition checks such as pre-startup status confirmation, real-time monitoring during operation, and post-shutdown maintenance and spot inspection, combined with preventive maintenance and pre-production trial operation for verification, we can identify abnormal issues that may lead to downtime, quality defects or safety hazards in advance, to minimize the impact of equipment problems on actual production. Meanwhile, regular special inspections were carried out for high-risk scenarios such as hazardous chemical storage and cold storage operation, with a focus on verifying compliance with operating procedures and the effectiveness of emergency facilities to dynamically eliminate potential risks. On that basis, the Company organized comprehensive pre-holiday safety inspections covering the entire factory area as led by our executive leaders, with a focus on electricity safety checks, equipment protection, and preparation for emergency plan to further strengthen the implementation of responsibilities. In addition, the Company conducted regular fire evacuation and bio-safety drills every quarter, simulating sudden accident scenarios to test the response process, enhance employees' emergency response capabilities, and ensure continuous and effective operation of our safety management mechanism.

During the Reporting Period, Mabpharm recorded an employee work-related injury[23]. We stepped in the case promptly, provided effective emergency response to the employee, and actively followed up with consolations. The Company strengthened the publicity of safety knowledge for employees on their way to and from work, and added safety precautions for employees on their way to and from work and at home into our daily safety training, to ensure that similar incidents will not occur again.

6.4 Putting People First

Mabpharm lays great emphasis on employee value, fully respects the efforts and achievements of all employees, and is committed to creating a fair, open and diverse working atmosphere. We cherish open communication, encouraging employees to speak freely to ensure that every voice is heard. Meanwhile, we take initiatives for employee care starting from every detail, so that employees can have the warmth and care of home even in their busy work. We expect to grow together with employees to build a corporate culture upon goodness and care.

6.4.1 Employee Communication

We respect every employee's rights to know and participate. We always listen carefully to employees' voices and opinions, and through a well-established communication mechanism, ensure that employees' rights to express and supervise are fully guaranteed. This mechanism helps to effectively bridge the gap between frontline staff and the management, enhancing synergy and collaboration efficiency across all levels of the organization. Meanwhile, we highly value employees' feedback and conduct regular satisfaction surveys to thoroughly understand their true thoughts and suggestions, and accordingly optimize our working environment continuously. Moreover, we set up a mailbox for anonymous reports to ensure employees' independence and autonomy in expressing their opinions, encouraging employees to speak freely and contribute to our sustainable development together.

[23] The work-related injury is a traffic accident that occurred on the way to work, for which the employee was not held responsible.

6.4.2 Employee Support

Mabpharm recognizes the importance of employee support for growing our enterprise. Upholding the concept of putting people first, we are committed to creating a caring and supportive working environment for our employees. Through a wide array of thoughtful caring measures, we aim to enhance happiness and sense of belonging of our employees, so that everyone in Mabpharm can have the warmth of home, and work together to grow our business steadily. During the Reporting Period, we conducted a variety of employee activities including weekly cultural and sports activities, holiday events and employee birthday parties.

Group birthday party for employees

- Mabpharm organizes regular group birthday parties for employees once every two months, offering gifts and allowances to birthday-celebrating employees and organizing collective games to increase team cohesion

Employee cultural and sports activities

- Mabpharm organizes regular cultural and sports activities every week, such as basketball and badminton competitions, in order to enhance physical fitness of employees and create a trailblazing working atmosphere

Activities for the International Women's Day

- Mabpharm held a special event on the International Women's Day, offering warm wishes and thoughtful gifts to female employees to convey our care and respect

7. GIVING BACK FOR A BETTER SOCIETY

As a leading biopharmaceutical player, Mabpharm actively fulfills its corporate social responsibility in pursuing high-quality development. Through various means such as improving medical accessibility and actively participating in community welfare activities, the Company is committed to creating value for the society and drawing upon its expertise and love to contribute to a healthy and harmonious society.

7.1 Medical Accessibility

In healthcare sector, inclusive medical care is a way of great significance towards equity, health and well-being of the society. Mabpharm always regards inclusive medical care as the core of its corporate social responsibilities, and is committed to providing high-quality and affordable medical services to more patients through innovative drug R&D, optimizing drug accessibility and reducing patients' economic burden.

Improving medical insurance coverage and drug accessibility

Mabpharm actively promotes the inclusion of its drugs into the National Reimbursement Drug List to improve their accessibility and affordability. So far our three core products namely CMAB008類停® (infliximab for injection), CMAB007奧邁舒® (omalizumab α for injection) and CMAB009恩立妥® (cetuximab β injection) have been successfully included in the National Reimbursement Drug List, which helps to significantly reduce medication cost of patients and improve accessibility of innovative drugs, enabling more patients to benefit from domestically produced innovative drugs.

Charity drug donation activity

In July 2024, in order to help more cancer patients reduce economic burden and improve accessibility of treatment, China Zhongguancun Precision Medicine Science and Technology Foundation teamed up with Mabpharm to launch the "Gratitude-to-Assistance Program". The program selected CMAB009恩 立 妥® (cetuximab β injection) as the aid drug, which is donated by the Company's subsidiary Taizhou Mabtech Pharmaceutical Limited free of charge. From August 2024 to the end of February 2025, the program covered 125 pharmacies in 113 cities across 38 provinces in the country, providing assistance to a total of 620 patients through 6,199 doses donated. This public welfare activity allowed Mabpharm to improved accessibility of innovative drugs and bring more hope to cancer patients.

"Love Aid Project for Patients with Autoimmune Diseases"

To help economically disadvantaged patients with autoimmune diseases receive standardized treatment and reduce their financial burden, Mabpharm actively participated in the "Love Aid Project for Patients with Autoimmune Diseases" initiated by the Beijing RenZe Foundation. The project started in September 2022 and ended in April 2024. Mabpharm donated 3,000 doses of CMAB008類停® (infliximab for injection) with a value of RMB3,804,000 in total, and RMB591,816.8 to finance the project's execution, routine management, operation, logistics, transportation and other expenses. The project benefited 1,208 economically disadvantaged patients across the country, effectively improving accessibility of our drugs and demonstrating our commitment to corporate responsibility.

APPENDIX I KEY PERFORMANCE INDICATORS

Indicator	Unit	2024	2023	2022
Total greenhouse gas emissions (scope 1 & scope 2)	ton	**8,940.76**[24]	8,076.56	7,868.11
Direct greenhouse gas emission (scope 1)	ton	**11.20**	6.54	12.17
Indirect greenhouse gas emission (scope 2)	ton	**8,929.56**	8,070.02	7,855.94
Greenhouse gas emissions intensity	ton/per RMB million of revenue	**34.62**	92.66	140.70
Sulfur dioxide	ton	**0**	0	0
Nitrogen oxides	ton	**0**	0	0
Non-methane hydrocarbons[25]	ton	**0.002**	0.001	0.02
Total hazardous waste emissions	ton	**19.57**	22.01	24.37
Hazardous waste emissions intensity	ton/per RMB million of revenue	**0.08**	0.25	0.44
Total non-hazardous waste emissions	ton	**52.10**	46.20	40.00
Non-hazardous waste emissions intensity	ton/per RMB million of revenue	**0.20**	0.53	0.72
Water consumption	m^3	**106,257.00**	118,051.00	95,274.56
Fresh water	m^3	**104,929.00**	116,870.00	95,248.86
Recycled water	m^3	**1,328.00**	1,181.00	25.70
Water consumption intensity	m^3/per RMB million of revenue	**411.49**	1,354.40	1,703.77

24 The increase in total greenhouse gas emissions in 2024 was mainly due to the increase in production volume.

25 The formula for calculating the total emissions of non-methane hydrocarbons is: Non-methane hydrocarbon concentration * Airflow (per hour) * Fan operating time (annual hours).

Indicator	Unit	2024	2023	2022
Total energy consumption[26]	MWh	21,570.01	18,934.79	19,600.46
Diesel and gasoline[27]	MWh	44.06	25.74	47.89
Electricity	MWh	10,619.54	9,006.11	8,079.02
Steam	MWh	10,906.41	9,902.93	11,473.55
Energy consumption intensity	MWh/per RMB million of revenue	83.53	217.24	350.51
Total packaging materials consumed for finished products	ton	5.50[28]	3.20	1.96
Packaging materials consumed per production unit	kg/per RMB million of revenue	0.02	0.04	0.03
Social performance indicators				
Employees of contractors	total number	0	0	150
Employees (excluding contractors)	total number	315	347	417
By gender	Female	192	212	240
	Male	123	135	177
By employment type	Full-time	315	347	417
	Part-time	0	0	0
By age group	Aged under 30	113	116	182
	Aged 30-50	195	221	198
	Aged over 50	7	10	37
By region	China	315	347	416
	Overseas	0	0	1
By employee category	Senior management	5	4	5
	Middle management	39	45	42
	General staff	271	298	370

[26] Energy consumption: calculated according to the General Principles for Comprehensive Energy Consumption Calculation (GB/T 2589-2020).

[27] Diesel and gasoline: only self-owned vehicles consumed gasoline in 2024.

[28] The increase in total packaging materials consumed for finished products in 2024 was mainly due to the increase in the production volume.

Indicator	Unit	2024	2023	2022
Employee turnover rate[29]	%	**16.92%**	29.32%	27.34
By gender	Female	**11.39%**	24.34%	24.58%
	Male	**25.58%**	36.54%	31.07%
By age group	Aged under 30	**20.09%**	34.53%	32.42%
	Aged 30-50	**14.42%**	25.85%	26.26%
	Aged over 50	**35.29%**	25.00%	8.11%
By region	China	**16.92%**	29.32%	27.40%
Work-related fatalities	person	**0**	0	0
Work-related fatality rate	%	**0**	0	0
Lost days due to work injury	day	**56**	0	0
Average lost days due to work injury per employee	day/employee	**0.18**	0	0
Percentage of trained employees	%	**84.44**	71.76	78.66
By gender	Female	**59.40%**	57.43%	55.49%
	Male	**40.60%**	42.57%	44.51%
By employee category	Senior management	**1.88%**	0.40%	1.52%
	Middle management	**8.27%**	9.24%	7.93%
	General staff	**89.85%**	90.36%	90.55%
Average training hours completed per employee	hour	**110**	110	49

[29] Employee turnover rate is calculated as: Number of turnover/[(Number of employees at the beginning of the period + Number of employees at the end of the period)/2].

Indicator	Unit	2024	2023	2022
Total number of suppliers	number	1,386	756	575
Number of suppliers by geographical region				
China	number	1,372	751	573
Hong Kong, Macao and Taiwan and overseas	number	14	5	2
Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	0	0	0
Number of products and service related complaints received	case	Not applicable	Not applicable	Not applicable
Number of concluded legal cases regarding corrupt practices brought against the Company or our employees	case	0	0	0

APPENDIX II HKEX INDEX

INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE

Subject areas, aspects, general disclosure and key performance indicators			Section
Environmental			
A1: Emissions	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Low-carbon Development for Lucid Waters and Lush Mountains – Environmental Governance
	A1.1	The types of emissions and respective emissions data.	Appendix I: Key Performance Indicators
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total and intensity.	Appendix I: Key Performance Indicators
	A1.3	Total hazardous waste produced and intensity.	Appendix I: Key Performance Indicators
	A1.4	Total non-hazardous waste produced and intensity.	Appendix I: Key Performance Indicators
	A1.5	Description of emission target(s) set and steps taken to achieve them.	Low-carbon Development for Lucid Waters and Lush Mountains – Environmental Governance
	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.	Low-carbon Development for Lucid Waters and Lush Mountains – Environmental Governance

Subject areas, aspects, general disclosure and key performance indicators			Section
A2: Use of Resources	General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Low-carbon Development for Lucid Waters and Lush Mountains – Environmental Governance
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity.	Appendix I: Key Performance Indicators
	A2.2	Water consumption in total and intensity.	Appendix I: Key Performance Indicators
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Low-carbon Development for Lucid Waters and Lush Mountains – Sustainable Operation
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Low-carbon Development for Lucid Waters and Lush Mountains – Sustainable Operation
	A2.5	Total packaging material used for finished products and with reference to per unit produced.	Appendix 2: Key Performance Indicators
A3: Environment and Natural Resources	General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Low-carbon Development for Lucid Waters and Lush Mountains – Environmental Governance
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Low-carbon Development for Lucid Waters and Lush Mountains – Environmental Governance

Subject areas, aspects, general disclosure and key performance indicators			Section
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Low-carbon Development for Lucid Waters and Lush Mountains – Climate Change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Low-carbon Development for Lucid Waters and Lush Mountains – Climate Change
Social			
B1: Employment	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Recruiting Talents and Gathering Elites – Standardized Employment
	B1.1	Total workforce by gender, employment type, age group and geographical region.	Recruiting Talents and Gathering Elites – Standardized Employment
	B1.2	Employee turnover rate by gender, age group and geographical region.	Recruiting Talents and Gathering Elites – Standardized Employment

Subject areas, aspects, general disclosure and key performance indicators			Section
B2: Health and Safety	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Recruiting Talents and Gathering Elites – Safety and Health Assurance
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Recruiting Talents and Gathering Elites – Safety and Health Assurance
	B2.2	Lost days due to work injury.	Recruiting Talents and Gathering Elites – Safety and Health Assurance
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Recruiting Talents and Gathering Elites – Safety and Health Assurance
B3: Development and Training	General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Recruiting Talents and Gathering Elites – Cultivating Talents as a Cornerstone
	B3.1	The percentage of employees trained by gender and employee category.	Recruiting Talents and Gathering Elites – Cultivating Talents as a Cornerstone
	B3.2	The average training hours completed per employee by gender and employee category.	Recruiting Talents and Gathering Elites – Cultivating Talents as a Cornerstone

Subject areas, aspects, general disclosure and key performance indicators			Section
B4: Labor Standards	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Recruiting Talents and Gathering Elites – Standardized Employment
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	Recruiting Talents and Gathering Elites – Standardized Employment
	B4.2	Description of steps taken to eliminate such practices when discovered.	Recruiting Talents and Gathering Elites – Standardized Employment
B5: Supply Chain Management	General disclosure	Policies on managing environmental and social risks of the supply chain.	Hand in Hand for Win-win Development and Industry Progress – Sustainable Supply Chain
	B5.1	Number of suppliers by geographical region.	Hand in Hand for Win-win Development and Industry Progress – Sustainable Supply Chain
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Hand in Hand for Win-win Development and Industry Progress – Sustainable Supply Chain
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Hand in Hand for Win-win Development and Industry Progress – Sustainable Supply Chain
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Hand in Hand for Win-win Development and Industry Progress – Sustainable Supply Chain

Subject areas, aspects, general disclosure and key performance indicators			Section
B6: Product Responsibility	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Innovation-driven Approach to Quality Excellence – Quality First
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Innovation-driven Approach to Quality Excellence – Quality First
	B6.2	Number of products and service related complaints received and how they are dealt with.	Innovation-driven Approach to Quality Excellence – Quality First
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Innovation-driven Approach to Quality Excellence – Quality First
	B6.4	Description of quality assurance process and recall procedures.	Innovation-driven Approach to Quality Excellence – Quality First
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Innovation-driven Approach to Quality Excellence – Quality First

Subject areas, aspects, general disclosure and key performance indicators			Section
B7: Anti-corruption	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Responsible Governance for Sound Progress – Standardized Operation
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Responsible Governance for Sound Progress – Standardized Operation
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Responsible Governance for Sound Progress – Standardized Operation
	B7.3	Description of anti-corruption training provided to directors and staff.	Responsible Governance for Sound Progress – Standardized Operation
B8: Community Investment	General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Giving Back for a Better Society – Medical Accessibility
	B8.1	Focus areas of contribution.	Giving Back for a Better Society – Medical Accessibility
	B8.2	Resources contributed to the focus area.	Giving Back for a Better Society – Medical Accessibility

Report of Directors

The Board of the Company is pleased to present this report of Directors together with the Consolidated Financial Statements of the Group for the year ended December 31, 2024.

PRINCIPAL ACTIVITIES

We are a leading biopharmaceutical company in China, focusing on the research, development and production of new drugs and biosimilar for cancers and autoimmune diseases. We strive to bring to market high quality and affordable innovative biologics through our efficient R&D system and low-cost pharmaceutical production capability, and develop differentiated therapeutic products by fully utilizing our extensive R&D experience.

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 1 "CORPORATE AND GROUP INFORMATION" to the Consolidated Financial Statements.

BUSINESS REVIEW

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

The financial risk management objectives and policies of the Group are set out in Note 36 "FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES" to the Consolidated Financial Statements.

Further details relating to the Group's relationships with its key stakeholders, the Group's environmental policies and performance, as well as the compliance with the relevant laws and regulations that have a significant impact on the Group can be found in the Environmental, Social and Governance Report on pages 39 to 47. The "Management Discussion and Analysis" and the "Environmental, Social and Governance Report" form part of this report of Directors.

RESULTS

Details of the consolidated loss and total comprehensive expense 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 on pages 178 to 180.

FINAL DIVIDEND

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

We are committed in promoting a sustainable and environmental friendly environment. We endeavour to comply with the relevant laws and regulations regarding environmental protection and implement effective measures to achieve efficient use of resources, waste reduction and energy saving. For instance, we utilize the waste water generated in RO reverse purification process, and the recycled waste water is mainly used for supplementing water to equipment units and as domestic water, etc. We also review our environmental policies on a regular basis.

In accordance with Rule 13.91 and the Environmental, Social and Governance Reporting Guide contained in Appendix C2 of the Listing Rules, the Company's Environmental, Social and Governance Report can be found on pages 36 to 119.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties that may cause our financial conditions or results materially different from the expected or historical results can be summarized as follows, some of which are beyond our control:

1. risks related to financial prospects and funding

    - ability to raise additional capital to fund our operations in a timely manner on acceptable terms

    - risk of obsolescence for our inventory, which may adversely impact our financial conditions and results of operation

2. risks related to product development and commercialization

    - ability to develop, obtain approval for or commercialize any of our drug candidates or incur significant delays in doing so

3. risks related to governmental regulation

    - changes in government regulations or in practices relating to the pharmaceutical and biotechnology industries, including healthcare reform in the PRC

4. risks related to intellectual property

    - be successful in protecting our own intellectual property

5. other risks related to our industry and business

    - competition in the biopharmaceuticals market, in particular for therapeutic antibody drugs

6. risks related to doing business in the PRC

    - adverse changes in political, economic and other policies of the Chinese government could have a material adverse effect on the overall economic growth of China

    - government control of currency conversion of and regulations on loans to, and direct investment in, PRC entities by offshore holding companies may delay or prevent us from making loans or additional contributions to our PRC subsidiaries

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

BOARD COMMITTEES

Please refer to pages 155 to 159 of the Corporate Governance Report for further details in relation to (1) Remuneration Committee, (2) Audit Committee, and (3) Nomination Committee as established by the Board.

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report were:

Executive Directors
Dr. Wang Hao
Mr. Li Yunfeng
Mr. Tao Jing
Dr. Hou Sheng
Dr. Qian Weizhu
(re-designated from a non-executive director on July 10, 2024)

Non-executive Directors
Mr. Jiao Shuge *(Chairman)*
Mr. Cen Jialin (appointed on July 10, 2024)

Independent Non-executive Directors
Mr. Guo Liangzhong
Dr. Zhang Yanyun
Mr. Leung, Louis Ho Ming
Dr. Tao Qian (appointed on July 10, 2024)

In accordance with article 108 and article 112 of the Articles of Association, Dr. Wang Hao, Mr. Jiao Shuge, Mr. Cen Jialin, Mr. Guo Liangzhong, Dr. Zhang Yanyun and Dr. Tao Qian will retire from office by rotation at the forthcoming AGM, and are eligible and will offer themselves for re-election.

DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

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

CHANGES IN INFORMATION OF DIRECTORS

So far as the Directors are aware and save as disclosed in this report, there has been no other change of information of Directors during the Reporting Period.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

During the Reporting Period, 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 no less than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each of the independent non-executive Directors an annual confirmation in writing of his 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. The Nomination Committee has conducted an annual review and considers that all independent non-executive Directors are independent, taking into account of the independence guidelines set out in Rule 3.13 of the Listing Rules in the context of the length of service of each independent non-executive Director. The Board believes that the balance between the executive Directors and the independent non-executive Directors is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of the Shareholders and the Group.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with us under which they agreed to act as executive Directors for an initial term of three years, which may be terminated by not less than three months' notice in writing served by either the executive Director or us.

Each of the non-executive Directors and the independent non-executive Directors has signed an appointment letter with us for a term of three years and two years, respectively. Under their respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director's fee while the non-executive Directors are not entitled to any remuneration.

The above appointments are always subject to the provisions of retirement and rotation of directors under the Articles of Association.

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

PERMITTED INDEMNITY PROVISION AND DIRECTORS' AND EXECUTIVE OFFICERS' LIABILITY INSURANCE

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices.

Such permitted indemnity provision has been in force for the year ended December 31, 2024. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed under the section headed "Related Party Transactions" below and Note 33 "RELATED PARTY TRANSACTIONS" to the Consolidated Financial Statements, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the Reporting Period.

CONTROLLING SHAREHOLDER'S INTERESTS IN SIGNIFICANT CONTRACTS

Save as disclosed under the section headed "Related Party Transactions" below and Note 33 "RELATED PARTY TRANSACTIONS" to the Consolidated Financial Statements, no contracts of significance (as defined in Appendix D2 to the Listing Rules) in relation to our business to which the Company, its holding company or any of its subsidiaries was a party and in which a controlling shareholder of the Company had a material interest, whether directly or indirectly, during or at the end of the Reporting Period.

MANAGEMENT CONTRACTS

No contract, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers and the largest customer accounted for 24.4% and 5.5%, respectively, of the Group's total sales during the Reporting Period. The Group attaches great importance to the long-term relationship with its customers. The Group strives to build mutual trust with customers, strengthen communication and commitment with them, provide customers with high-quality products and maintain sustainable development.

Purchases attributable to the Group's five largest suppliers and the largest supplier accounted for 44.8% and 20.3%, respectively, of the Group's total purchases for the Reporting Period. The Group values long standing relationships with its suppliers. The Group is aiming to develop mutual trust and enhance communication and commitment with its suppliers with a view to deliver high quality products to its customers and maintain sustainable growth.

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 a material interest in the Group's five largest customers and five largest suppliers during the Reporting Period.

During the Reporting Period, the Group did not experience any significant disputes with its customers and suppliers.

REMUNERATION OF DIRECTORS

The Directors' fees and other emoluments are supervised by the Remuneration Committee and determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Company as well as the prevailing market conditions. Details of the Directors' remuneration are set out in Note 10 "DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION" to the Consolidated Financial Statements.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

The Directors confirm that, during the Reporting Period, they did not have any interest in a business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules..

DEED OF NON-COMPETITION

Each of the Controlling Shareholders and Sinomab (each a "**Covenantor**" and collectively the "**Covenantors**") has entered into the deed of non-competition with the Company on April 16, 2019 ("**Deed of Non-Competition**"). Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to the Company that, with the exception of the Excluded Business, he/it shall not, and shall procure his/its close associates (other than any members of the Group) shall not, whether directly or indirectly (including through any body corporate, partnership, joint venture or other contractual arrangement) or as principal or agent, and whether on their own account or with each other or in conjunction with or on behalf of any person, firm or company or through any entities (except in or through any member of the Group), carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is in competition, directly or indirectly, with the business of any member of the Group, in particular any research, development, manufacturing and commercialization of drug products having the same chemical target as those biologic products of the Group. For further details of the Deed of Non-competition, please refer to the section headed "Relationship with Controlling Shareholders – Deed of Non-competition" of the Prospectus.

The independent non-executive Directors have reviewed the compliance of the Deed of Non-competition by the Covenantors, and considered that the non-competition undertakings have been complied with during the Reporting Period. The Covenantors have provided the Company with the confirmation in writing of compliance of the non-competition undertakings.

FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 268 of this annual report. This summary does not form part of the Consolidated Financial Statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

TAX RELIEF AND EXEMPTION

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Group during the Reporting Period are set out in Note 15 "PROPERTY, PLANT AND EQUIPMENT" to the Consolidated Financial Statements.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company for the Reporting Period are set out in Note 28 "SHARE CAPITAL" to the Consolidated Financial Statements.

DONATION

During the Reporting Period, the Group has made a charitable donation amounting to RMB39,000 to Beijing RenZe Foundation in support of its love aid project for patients with autoimmune diseases (2023: RMB257,000) and donated approximately 7,328 vials of free drugs (cetuximab β for injection) to China Zhongguancun Precision Medicine Science and Technology Foundation.

DEBENTURE ISSUED

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

EQUITY-LINKED AGREEMENTS

Save for the Pre-IPO Share Option Scheme as set out in this annual report, no equity-linked agreements were entered into by the Group, or existed during the Reporting Period.

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the year ended December 31, 2024 are set out on page 181 of the Consolidated Financial Statements. The distributable reserves of the Company as at December 31, 2024 were RMB1,332.8 million (2023: RMB1,333.8 million).

BANK AND OTHER BORROWINGS

Details of the bank and other borrowings of the Company as at December 31, 2024 are set out in the section headed "Management Discussion and Analysis" in this annual report and Note 25 "INTEREST-BEARING BANK AND OTHER BORROWINGS" to the Consolidated Financial Statements.

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

As at December 31, 2024, the interests or short positions of our Directors and chief executives in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required (i) 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 they were taken or deemed to have under such provisions of the SFO), or (ii) to be entered into the register required to be kept by the Company pursuant to Section 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix C3 to the Listing Rules were as follows:

Name of Director	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of shareholding interest[1]
Dr. Hou Sheng (侯盛)	Interest of Spouse (L)[2]	29,642,137	0.72%
Dr. Qian Weizhu (錢衛珠)	Beneficial owner (L)[2]	29,642,137	0.72%
Dr. Wang Hao (王皓)	Beneficial owner (L)[2]	24,827,006	0.60%
Mr. Li Yunfeng (李雲峰)	Beneficial owner (L)[2]	3,236,234	0.08%
Mr. Tao Jing (陶靜)	Beneficial owner (L)[2]	3,236,234	0.08%

Notes:

(1) As at December 31, 2024, the total number of issued shares of the Company was 4,124,080,000 Shares.

(2) These interests represented the share options granted under the Pre-IPO Share Option Scheme. For details, please refer to Note 29 "SHARE-BASED PAYMENT TRANSACTIONS" to the Consolidated Financial Statements.

Save as disclosed above, so far as the Directors and the chief executive of the Company are aware, none of the Directors or the chief executive of the Company had registered an interest or short position in any Shares or underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified under Division 7 and 8 of Part XV of the SFO or recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2024, the interests of relevant persons (other than a Director or the chief executive of the Company) who had interests or short positions in the Shares or the underlying shares, as recorded in the register required to be kept under Section 336 of the SFO, were as follows:

Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of shareholding interest
Asia Mabtech[1]	Beneficial owner (L); Interest in controlled corporation (L)	2,227,000,000	54.00%
United Circuit[1]	Beneficial owner (L)	167,025,000	4.05%
Guo Family Trustee[1]	Interest in controlled corporation (L)	2,227,000,000	54.00%
Asia Pacific Immunotech Venture Limited[1]	Interest in controlled corporation (L)	2,227,000,000	54.00%
Mr. Guo Jianjun[1]	Interest in controlled corporation (L)	2,227,000,000	54.00%
CDH PE[2]	Beneficial owner (L)	742,348,180	18.00%
CDH Fund V, L.P. ("**CDH Fund**")[2]	Interest in controlled corporation (L)	742,348,180	18.00%
CDH V Holdings Company Limited ("**CDH V**")[2]	Interest in controlled corporation (L)	742,348,180	18.00%
China Diamond Holdings V Limited ("**CDH Diamond V**")[2]	Interest in controlled corporation (L)	742,348,180	18.00%
China Diamond Holdings Company Limited ("**China Diamond**")[2]	Interest in controlled corporation (L)	742,348,180	18.00%
FH Investment[3]	Beneficial owner (L)	213,435,680	5.18%
Link Best Capital Limited[3]	Interest in controlled corporation (L)	213,435,680	5.18%

Notes:

(1) The Company is held as to 49.95% and 4.05% by Asia Mabtech and United Circuit, respectively. United Circuit is held as to 100% by Asia Mabtech, which is wholly-owned by Asia Pacific Immunotech Venture which is in turn wholly-owned by the Guo Family Trust, of which Mr. Guo Jianjun is the settlor and Guo Family Trustee is the trustee. As such, Mr. Guo Jianjun is deemed or is taken to be interested in 167,025,000 Shares beneficially owned by United Circuit and 2,059,975,000 Shares beneficially owned by Asia Mabtech for the purpose of Part XV of the SFO.

(2) The Company is held as to 18.00% by CDH PE. CDH PE is wholly-owned by CDH Fund. Pursuant to the SFO, CDH Fund is therefore deemed to be interested in the shares held by CDH PE. CDH Fund is controlled by CDH V, which in turn held as to 80% by China Diamond V. China Diamond V is held as to 100% by China Diamond.

(3) FH Investment is a direct wholly-owned subsidiary of Link Best Capital Limited, which is held by independent third parties.

Saved as disclosed above, so far as the Directors are aware, no other persons had registered an interest or short position in any Shares or underlying shares or debentures of the Company that was required to be recorded pursuant to Section 336 of the SFO, or as otherwise notified.

PRE-IPO SHARE OPTION SCHEME

On August 10, 2018, the Company adopted the Pre-IPO Share Option Scheme. For the details of the Pre-IPO Share Option Scheme, please refer to the disclosure in the Prospectus.

Below is a summary of the principal terms of the Pre-IPO Share Option Scheme:

Purpose

The purpose of the Pre-IPO Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group.

Duration of the Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme commenced on August 10, 2018 and ended on the day immediately before the Listing date. Accordingly, no options were available for grant under the Pre-IPO Share Option Scheme.

Participants

Eligible participants include directors and employees of the Company or any of its subsidiaries who, in the sole opinion of the Board, have contributed to the Company and/or any of the subsidiaries.

Maximum number of shares that can be awarded

The maximum number of Shares in respect of which options may be granted shall be equivalent to 2.5% of the issued share capital of the Company immediately after capitalization prior to the Global Offering.

Maximum entitlement for each participant

Under the Pre-IPO Share Option Scheme, there is no specific limit on the maximum number of shares which may be granted to a single eligible participant.

Exercise Period

The date of expiry of the option is determined by the Board which shall not be later than the last day of the option period, which must expire not more than 10 years from the date of grant. 20% of the share options granted will be exercisable commencing from the fourth, fifth, sixth, seventh and eighth anniversary of the Listing Date, respectively.

Exercise Price

The exercise price of the options shall be the final offer price per share at which the Shares are acquired by the investors pursuant to the Global Offering which amounted to HK$1.50 per Share.

Outstanding Share Options

On August 18, 2018, the Company granted an aggregate of 83,512,500 share options to 62 Grantees, representing rights to subscribe for 83,512,500 Shares (taking into account the Capitalization Issue). Subsequent to the granting of the share options, a total of 32 of the grantees resigned from their respective positions within our Group. As such, the share options granted to these 32 grantees were lapsed and no longer exercisable. As of December 31, 2024, the number of Shares underlying the outstanding and unexercised share options granted under the Pre-IPO Share Option Scheme amounts to 73,445,543 Shares and 1.80% of the issued share capital of the Company as at the date of this annual report. None of the share options granted under the scheme has been exercised by any grantee.

Details of the movements of the options granted under the Pre-IPO Share Option Scheme during the Reporting Period are as follows:

Category	Grant Date	Outstanding at January 1, 2024	Number of Share Options During the Reporting Period					Outstanding at December 31, 2024
			Granted	Exercised	Cancelled	Lapsed	Forfeited	
Category 1: Directors								
Dr. Qian Weizhu	August 18, 2018	29,642,137	–	–	–	–	–	29,642,137
Dr. Wang Hao	August 18, 2018	24,827,006	–	–	–	–	–	24,827,006
Dr. Li Yunfeng	August 18, 2018	3,236,234	–	–	–	–	–	3,236,234
Mr. Tao Jing	August 18, 2018	3,236,234	–	–	–	–	–	3,236,234
Sub-total		60,941,611	–	–	–	–	–	60,941,611
Category 2: Employees	August 18, 2018	15,179,891	–	–	–	–	(2,675,959)	12,503,932
Total		76,121,502	–	–	–	–	(2,675,959)	73,445,543

For further details, please refer to Note 29 "SHARE-BASED PAYMENT TRANSACTIONS" to the Consolidated Financial Statements.

Save as disclosed above and in Note 29 "SHARE-BASED PAYMENT TRANSACTIONS" to the Consolidated Financial Statements, the Company does not have any other share option schemes.

RELATED PARTY TRANSACTIONS

Details of the related party transactions were set out in Note 33 " RELATED PARTY TRANSACTIONS" to the Consolidated Financial Statements.

Termination of Connected Transaction

On September 26, 2024, Shengheng Biotech entered into a termination agreement with Biomabs, in relation to, among others, the early termination of a tenancy agreement in relation to the property located at No. 301 Libing Road, Zhangjiang Hi-Tech Park, Shanghai (上海市張江高科技園區李冰路301號). Details of which have been disclosed in the announcement published by the Company on September 26, 2024.

Continuing Connected Transactions

Details of the related party transactions undertaken by the Company during the Reporting Period are set out in Note 33. Related Party Transactions to the Consolidated Financial Statements. One of the aforesaid related party transactions also constitute continuing connected transactions as defined in the Listing Rules, but was fully exempted from the requirements under Chapter 14A of the Listing Rules. The Company confirms that such related party transaction have fully complied with the relevant provisions of the Listing Rules and, save as disclosed above, there were no connected transactions or continuing connected transactions which are required to be disclosed by the Company during the Reporting Period in accordance with Chapter 14A of the Listing Rules.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange (including the sale of treasury shares) during the Reporting Period.

As at December 31, 2024, the Company did not hold any treasury shares (as defined under the Listing Rules).

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period.

USE OF NET PROCEEDS FROM LISTING

With the Shares of the Company listed on the Stock Exchange on the Listing Date, the net proceeds from the Global Offering were approximately HK$1,144.5 million. As at the date of this report, the Company has used all the net proceeds in accordance with the purposes as set out in the prospectus of the Company dated May 20, 2019.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, the Company has maintained the prescribed percentage of public float under the Listing Rules.

REVIEW BY AUDIT COMMITTEE

The Audit Committee currently comprises three members, including two independent non-executive Directors, namely, Mr. Guo Liangzhong and Mr. Leung, Louis Ho Ming and one non-executive Director, namely, Mr. Jiao Shuge. The Audit Committee has reviewed, with the management of the Company, the audited Consolidated Financial Statements for the Reporting Period.

INDEPENDENT AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2024 was audited by Ernst & Young who will retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting of the Company.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

As at December 31, 2024, there were no significant investments held by the Group or future plans regarding significant investment or capital assets, and we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

EMPLOYEE AND REMUNERATION POLICY

As of December 31, 2024, we had a total of 315 employees, of which 43 are located in Shanghai and 272 are located in Taizhou. The table below sets forth a breakdown of our employees by function:

Function	Number of Employees
Business units	50
R&D personnel[(1)]	199
Administration	22
Management	44
Total	315

Note:

(1) The number of R&D personnel here excludes 27 R&D team members who have been included in our management.

Our success depends on our ability to attract, recruit and retain qualified employees. We provide our employees with opportunities to work on cutting-edge biologics projects with world-class scientists. We aim to attract qualified employees with overseas educational backgrounds and relevant experience gained from global pharmaceutical or biotechnology companies. As of the date of this report, Dr. Wang Hao, Dr. Hou Sheng and Dr. Qian Weizhu of our scientists held a Ph.D. degree or equivalent in fields that are highly relevant to our business. In addition, as of the same date, 162 out of our 226 R&D personnel (including those who are our management) held a bachelor's degree or above.

Our employment agreements typically cover matters such as wages, benefits and grounds for termination. The remuneration package of our employees generally includes salary and bonus elements. In general, we determine the remuneration package based on the qualifications, position and performance of our employees. We also make contributions to the social insurance fund, including basic pension insurance, medical insurance, unemployment insurance, childbirth insurance, work-related injury insurance funds, and housing reserve fund.

We have established a labor union at Taizhou that represents employees with respect to the promulgation of by-laws and internal protocols. As of December 31, 2024, all of our employees at Taizhou were members of the labor union. We believe that we maintain a good working relationship with our employees. We had not experienced any material difficulty in recruiting employees for our operations during the Reporting Period and up to the date of this report.

IMPORTANT EVENTS AFTER THE REPORTING DATE

The NDA of CMAB807/CMAB807X had been accepted by NMPA in January 2025.

Save as disclosed above, there are no important events undertaken by the Group after December 31, 2024 and up to the date of this report.

Directors and Senior Management

EXECUTIVE DIRECTORS

Dr. Wang Hao (王皓), aged 56, is the chief scientist of our Company and was appointed as an executive Director of our Company on July 20, 2018 and has served as a member of the Remuneration Committee since the Listing Date, and is primarily responsible for overseeing business development and day-to-day management and routine operation of our Group. Dr. Wang was further appointed as the chief executive officer of our Company on October 28, 2020. Dr. Wang joined our Group and served as a deputy general manager of Taizhou Pharmaceutical since January 2017 and resigned in March 2017. Dr. Wang was appointed as a director of Taizhou Pharmaceutical and Shengheng Biotech in August 2018, and was appointed as the chairman of Taizhou Pharmaceutical and the chairman and general manager of Shengheng Biotech in October 2020.

Dr. Wang has over 25 years of experience in the medical and pharmaceutical technology industry, which in the Directors' view, enables him to competently carry out responsibilities in our Group. From 1998 to 2016, Dr. Wang consecutively served as an assistant researcher, associate researcher and researcher at the Cancer Institute of the Second Military Medical University (第二軍醫大學) (currently known as People's Liberation Army Navy Medical University (中國人民解放軍海軍軍醫大學)). Dr. Wang also served as a member of the Second Immuno-Oncology Committee of Shanghai Immunology Association (上海市免疫學會第二屆腫瘤免疫專業委員會) since June 2015. He also worked as a deputy general manager of Zhangjiang Biotech from March 2017 to May 2018. Dr. Wang was also a manager of Jiangsu Maitai Shouchuang Biotechnology Co., Ltd. (江蘇邁太首創生物技術有限公司) from September 2017 to June 2018.

Dr. Wang obtained a bachelor degree in medicine in July 1991 and a master degree in medicine in July 1994 from the Second Military Medical University (第二軍醫大學) (currently known as the People's Liberation Army Navy Medical University (中國人民解放軍海軍軍醫大學)). Following which, he received a Ph.D. in medicine in June 1997 from the same institution.

Dr. Wang was awarded twice with the National Award for Science and Technology Progress (國家技術發明獎) in December 2011 and December 2007, respectively, the Shanghai Oriental Scholar Professorship in June 2008 (上海高校特聘教授（東方學者)), and the Shanghai Award for Science and Technology Progress (上海市科學技術進步獎) in December 2003.

Mr. Li Yunfeng (李雲峰), aged 48, is the vice president of our Company and was appointed as an executive Director of our Company on July 20, 2018. He is primarily responsible for overseeing the management of market development, investment and legal work of our Group. Mr. Li joined our Group and served as a deputy general manager of Taizhou Pharmaceutical since March 2016, and was appointed as a director of Taizhou Pharmaceutical and Shengheng Biotech in August 2018 and November 2019, respectively.

Mr. Li has over 20 years of experience in the biotechnology industry, which in the Directors' view, enables him to competently carry out responsibilities in our Group. From January 2002 to June 2009, and from July 2010 to November 2012, Mr. Li was employed by Shanghai CP Guojian Pharmaceutical Co., Ltd. (上海中信國健藥業股份有限公司) (currently known as Sunshine Guojian Pharmaceutical (Shanghai) Co., Ltd. (三生國健藥業（上海）股份有限公司)) as a deputy general manager. Mr. Li worked as a deputy general manager at Shanghai National Engineering Research Center of Antibody Medicine Co., Ltd. (上海抗體藥物國家工程研究中心有限公司) from July 2009 to June 2010 and a general manager of Shanghai Lansheng Guojian Pharmaceutical Co., Ltd. (上海蘭生國健藥業有限公司) (currently known as Shanghai Xingsheng Pharmaceutical Co., Ltd. (上海興生藥業有限公司)) from December 2012 to March 2016. Mr. Li served as a deputy general manager of Zhangjiang Biotech from March 2016 to July 2017. He also worked as a deputy general manager of Biomabs and MTJA respectively from March 2016 to August 2018.

Mr. Li obtained a bachelor degree in international economics from Nanjing Normal University (南京師範大學) in July 1998.

Mr. Tao Jing (陶靜), aged 52, joined Taizhou Pharmaceutical in February 2015 as its deputy general manager and was appointed as the vice president of the Company and general manager of Taizhou Pharmaceutical in August 2018 and, subsequently, an executive Director and a member of the Nomination Committee of the Company and a director of Taizhou Pharmaceutical and Shengheng Biotech in October 2020. He was elected as a member of the sixth session of the Standing Committee of Taizhou Gaogang District People's Congress in January 2022. He is primarily responsible for overseeing production of drugs of the Group. Prior to joining our Group, Mr. Tao was employed by Shanghai CP Guojian Pharmaceutical Co., Ltd. (上海中信國健藥業股份有限公司) (currently known as Sunshine Guojian Pharmaceutical (Shanghai) Co., Ltd. (三生國健藥業（上海）股份有限公司)) as a deputy manager and manager in pronucleus department and an operation manager and deputy chief engineer from May 2002 to May 2012. Mr. Tao served as a deputy chief engineer at Shanghai National Engineering Research Center of Antibody Medicine Co., Ltd. (上海抗體藥物國家工程研究中心有限公司) from June 2012 to July 2012. Mr. Tao served as a director of research and development department at MTJA and Zhangjiang Biotech respectively from August 2012 to March 2015, primarily responsible for pharmaceutical research and development.

Mr. Tao received a bachelor degree in Biochemistry from Anhui University (安徽大學) in July 1994. He also obtained an advanced certificate in biochemistry from Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in November 2013.

Dr. Hou Sheng (侯盛), aged 47, joined the Company in November 2023 and was appointed as an executive Director of our Company and a director of Taizhou Pharmaceutical and Shengheng Biotech. He was appointed as a vice president of the Company in December 2023 and is mainly responsible for overseeing the Group's medical, drug registration and clinical studies. He has over 20 years of experience in oncology and biology fields. Dr. Hou served as an assistant researcher and associate researcher and was employed at translational medical research department on tumor cell biology of Second Military Medical University (第二軍醫大學) (currently known as People's Liberation Army Navy Medical University (中國人民解放軍海軍軍醫大學)) from May 2008 to March 2016. From May 2008 to August 2012, Dr. Hou served as an assistant researcher and associate researcher at National Engineering Research Center for Antibody Medicine* (抗體藥物國家工程研究中心). From September 2012 to February 2021, Dr. Hou served as a deputy director and associate researcher at State Key Laboratory of Antibody Drugs and Targeted Therapy (抗體藥物與靶向治療國家重點實驗室). From April 2021 to July 2023, Dr. Hou was the chairman of the board of directors and general manager of Wuhan Guojian Baiao Pharmaceutical Co., Ltd* (武漢國健百奧藥業有限公司). Dr. Hou is the spouse of Dr. Qian Weizhu.

Dr. Hou received a Ph.D. in medicine from the Second Military Medical University (第二軍醫大學) (currently known as People's Liberation Army Navy Medical University (中國人民解放軍海軍軍醫大學)) in June 2005.

Dr. Hou received second prize in State Technological Invention Award (國家技術發明二等獎) in 2007, first prize in Shanghai Science and Technology Award (上海市科學技術獎一等獎) two times in 2006 and 2011 respectively, and second prize in Shanghai Technology Invention Award (上海市技術發明獎二等獎).

Dr. Qian Weizhu (錢衛珠), aged 49, was appointed as a non-executive Director of our Company and a director of Taizhou Pharmaceutical and Shengheng Biotech in November 2023 and was redesignated as an executive Director of the Group in July 2024. She is mainly responsible for product R&D of the Group. Dr. Qian has more than 30 years of experience in oncology and biology fields. Dr. Qian was employed at the Cancer Institute of Second Military Medical University (第二軍醫大學) (currently known as People's Liberation Army Navy Medical University (中國人民解放軍海軍軍醫大學)) from 1994 to 2013, primarily responsible for biotechnology research and development. Dr. Qian consecutively served as deputy general manager and general manager of Zhangjiang Biotechnology from January 2014 to July 2017. Dr. Qian worked as a director and general manager in Biomabs from October 2015 to August 2018 and from December 2020 to October 2023. Dr. Qian also served as general manager in MTJA from February 2016 to August 2018. Dr. Qian was a legal representative of Shanghai Guojian Biotechnology Research Institute (上海國健生物技術研究院) from February 2015 to September 2018. Dr. Qian joined our Group in February 2015, and served consecutively as a director and chairman of the board of directors in Taizhou Pharmaceutical from February 2015 to October 2020, during which she had been deputy general manager and general manager of Taizhou Pharmaceutical consecutively from February 2015 to August 2018. Dr. Qian served as a director and general manager of Shengheng Biotech from August 2018 to October 2020. Dr. Qian served as the executive Director and chief executive officer of the Company from July 2018 to October 2020 and served as a member of the Nomination Committee of the Company from the Listing Date to October 2020. Dr. Qian is the spouse of Dr. Hou.

Dr. Qian obtained a master's degree in biochemistry and molecular biology in June 2003 from Second Military Medical University (第二軍醫大學) (currently known as People's Liberation Army Navy Medical University (中國人民解放軍海軍軍醫大學)) and was awarded a doctorate degree in oncology in June 2011 from the aforementioned university.

NON-EXECUTIVE DIRECTORS

Mr. Jiao Shuge (焦樹閣), aged 59, was appointed as the Chairman and a non-executive Director of our Company on July 20, 2018 and has served as a member of the Audit Committee of the Company since the Listing Date, and is responsible for participating in formulating business and corporate strategies of our Group. Mr. Jiao joined our Group and was appointed as a director of Taizhou Pharmaceutical in February 2015, during which he served as the chairman of Taizhou Pharmaceutical from February 2015 to August 2018. Mr. Jiao was appointed as a director of Shengheng Biotech in August 2018.

Mr. Jiao is currently a founding partner of CDH Investments Management Company Limited ("**CDH Investments**"). Mr. Jiao once served as an independent non-executive director of China Mengniu Dairy Company Limited (stock code: 2319) and China Southern Airlines Company Limited (stock code: 1055) (both of the above companies are listed on the Stock Exchange), a director of Henan Shuanghui Investment & Development Co., Ltd. (河南雙匯投資發展股份有限公司) (stock code: 000895, a company listed on the Shenzhen Stock Exchange), and general manager and legal representative of Ningbo Akin Electronic Technology Co.,Ltd. (寧波亞錦電子科技股份有限公司) (stock code: 830806), which is listed on National Equities Exchange and Quotations (the "**NEEQ**"). Mr. Jiao also serves as a non-executive director of WH Group Limited (stock code: 0288) and chairman of the board of directors and executive director of OCI International Holdings Limited (stock code: 0329), all of which are listed on the Stock Exchange, and a director of Hainan Poly Pharm Co. Ltd. (海南普利制藥股份有限公司) (stock code: 300630), which is listed on the Shenzhen Stock Exchange.

Mr. Jiao received a master degree in engineering from the No. 2 Research Institute of Ministry of Aeronautics and Astronautics (航空航天工業部第二研究院) in October 1989.

Dr. Cen Jialin (岑佳麟), aged 49, was appointed as a non-executive Director of our Company on July 10, 2024, and is responsible for participating in formulating business and corporate strategies of our Group. From August 2002 to September 2004, Mr. Cen served as the manager of the operation and procurement department in Shenzhen branch of AEON (China) Co., Ltd. (永旺（中國）商業有限公司). From January 2006 to April 2007, Mr. Cen served as the general manager in charge of the retail division in Chongqing branch and Maoming branch of CapitaLand China (凱德集團). From April 2007 to March 2018, Mr. Cen served as the general manager of Skycity Group (天城集團). Mr. Cen has been an executive director of CDH Investments (鼎暉投資) since April 2018.

Mr. Cen obtained a bachelor's degree in finance and securities from Shenzhen University (深圳大學) in July 1999 and obtained a master's degree in business administration from Washington University in St. Louis in December 2012.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Guo Liangzhong (郭良忠), aged 60, is an independent non-executive Director of our Company and was appointed as a Director, the chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee on August 10, 2018 with effect from the Listing. Mr. Guo worked as an officer in the accusation department at the Supreme People's Procuratorate of the People's Republic of China (中華人民共和國最高人民檢察院控申廳) from March 1991 to July 1993. Mr. Guo was a lawyer at Guangxi Far East Commercial Law firm (廣西遠東商務律師事務所) (currently known as Dentons (Nanning) (北京大成（南寧）律師事務所) from July 1993 to December 1994, and has been a partner at Beijing Huamao Guigu Law Firm (北京華貿矽谷律師事務所) since March 1995.

Mr. Guo graduated from China University of Political Science and Law (中國政法大學), with a bachelor degree in law and a master degree in jurisprudence in July 1985 and January 1991, respectively. He obtained People's Republic of China Lawyer's Certificate (中華人民共和國律師資格證書) in July 1993.

Dr. Zhang Yanyun (張雁雲), aged 69, is an independent non-executive Director of our Company and was appointed as a Director, the chairman of the Remuneration Committee and a member of the Nomination Committee on August 10, 2018 with effect from the Listing. From 1997 to 1998, Dr. Zhang was a visiting researcher at the Faculty of Medicine, University of Tokyo (東京大學醫學部). From 2002 to 2003, Dr. Zhang was a researcher at the Faculty of Medicine, University of Tokyo (東京大學醫學部). From 2002 to 2017, Dr. Zhang consecutively served as a researcher and principal investigator at Shanghai Institute for Biological Sciences, Chinese Academy of Sciences (中國科學院上海生命科學研究院). From 2008 to 2014, Dr. Zhang was the vice director at the Institute of Health Sciences, Shanghai Institute for Biological Sciences, Chinese Academy of Sciences and Shanghai Jiao Tong University School of Medicine (中國科學院上海生命科學研究院上海交通大學醫學院健康科學研究所). From 2012 to 2015, Dr. Zhang was the editor-in-chief of a professional journal named Current Immunology《現代免疫學》. Dr. Zhang has been the non-resident research fellow and principal investigator at Shanghai Institute for Biological Sciences, Chinese Academy of Sciences (中國科學院上海生命科學研究院) (currently known as Shanghai Institute of Nutrition and Health, Chinese Academy of Sciences (中國科學院上海營養與健康研究所)) since 2017.

Dr. Zhang received a bachelor degree in medicine in August 1983 and a master degree in medicine in December 1996 from Suzhou Medical College (蘇州醫學院) (currently known as Suzhou Medical College of Soochow University (蘇州大學蘇州醫學院)). Following which, Dr. Zhang obtained a Ph.D. in social medicine from Graduate School of Medicine, University of Tokyo (東京大學醫學部) in March 2002

Mr. Leung, Louis Ho Ming (梁浩鳴), aged 42, has served as an independent non-executive Director of our Company and the chairman of the Audit Committee of our Company appointed since June 17, 2022 and was appointed as an independent non-executive director and member of the audit committee and nomination committee and chairman of the remuneration committee of the GR Life Style Company Limited (a company listed on the Main Board of the Stock Exchange with stock code: 108) since February 2020. Mr. Leung served as the financial controller and company secretary of AL Group Limited (a company listed on GEM of the Stock Exchange with stock code: 8360) from September 2019 to May 2022. Mr. Leung was also a chief financial officer and company secretary of Prosperous Future Holdings Limited (formerly known as China Child Care Corporation Limited, a company listed on the Main Board of the Stock Exchange with stock code: 1259) from June 2017 to May 2019 and from January 2018 to May 2019 respectively. Mr. Leung has been appointed as an independent non-executive director, the chairman of the nomination committee, and a member of the audit committee of Future Data Group Limited (a company listed on GEM of the Stock Exchange with stock code: 8229) since 16 May 2023.

Mr. Leung holds a bachelor degree of Science in Quantitative Finance from The Chinese University of Hong Kong in 2004. He has been a member of Hong Kong Institute of Certified Public Accountant since 2008 and has over 10 years of experience in accounting and auditing for Hong Kong listed and private companies.

Dr. Tao Qian (陶謙), aged 58, was appointed as an independent non-executive Director of our Company on July 10, 2024, currently serves as a professor of department of clinical oncology at The Chinese University of Hong Kong. Dr. Tao is a leader in cancer epigenetics and tumor suppressor genes study in Asia and has published 189 journal articles and 5 book chapters with over 14,000 citations. Dr. Tao served as a research associate at Shantou University Medical College (汕頭大學醫學院) from 1988 to 1990 and a lecturer from 1990 to 1991 at the aforementioned university. Dr. Tao served as an assistant professor of department of oncology at Johns Hopkins School of Medicine from February 1999 to August 2004 and a consultant from August 2004 to November 2006 at the aforementioned university. Dr. Tao served as an adjunct associate professor of department of microbiology at the National University of Singapore from 2001 to 2004. Dr. Tao also served as an associate professor of department of clinical oncology at The Chinese University of Hong Kong from August 2004 to August 2008.

Dr. Tao obtained a bachelor's degree in biology from Hunan Normal University (湖南師範大學) in July 1985 and obtained a master degree in genetics from Xiamen University (廈門大學) in August 1988. Dr. Tao was awarded a doctor of philosophy in molecular pathology and virology from The University of Hong Kong in November 1996 and has been a postdoctoral fellow at Sidney Kimmel Comprehensive Cancer Center from September 1995 to February 1999.

SENIOR MANAGEMENT

Dr. Wang Hao (王皓), aged 56, is the chief scientist and chief executive officer of our Company and the general manager of Shengheng Biotech. For further details, please refer to the paragraph headed "– Executive Directors" in this section.

Mr. Li Yunfeng (李雲峰), aged 48, is the vice president of our Company. For further details, please refer to the paragraph headed "– Executive Directors" in this section.

Mr. Tao Jing (陶靜), aged 52, is the vice president of the Company and general manager of Taizhou Pharmaceutical. For further details, please refer to the paragraph headed "– Executive Directors" in this section.

Dr. Hou Sheng (侯盛), aged 47, is the vice president of the Company. For further details, please refer to the paragraph headed "– Executive Directors" in this section.

Dr. Qian Weizhu (錢衛珠), aged 49, is the vice president of the Company. For further details, please refer to the paragraph headed " - Executive Directors" in this section.

JOINT COMPANY SECRETARIES

Mr. Li Yunfeng (李雲峰) has been appointed as a joint company secretary of our Company. For details of his background, please refer to "Executive Directors" under this section.

Mr. Tsang Ho Yin (曾浩賢), aged 39, has been appointed as a joint company secretary of our Company since May 2019. Mr. Tsang is currently a partner of Stevenson, Wong & Co and Allbright Law (Hong Kong) Office LLP, specialising in corporate finance and commercial law. Mr. Tsang has extensive experience in corporate and business affairs, including pre-listing reorganisations and investments, initial public offerings, merger and acquisitions, loan and financing transactions, investments in China, corporate governance and general compliance affairs of listed companies and private enterprises.

Mr. Tsang obtained a bachelor degree in laws and commerce (accounting) from University of Melbourne, Australia in August 2008 and then obtained a master degree in laws from the same university in August 2010. Mr. Tsang then obtained the Postgraduate Certificate in Laws from the City University of Hong Kong in July 2011. Mr. Tsang was admitted as a solicitor in Australia and Hong Kong in May 2012 and December 2013, respectively. Mr. Tsang passed the Guangdong-Hong Kong-Macao Greater Bay Area Legal Professional Examination in 2022.

Mr. Tsang has held the directorships in the following companies listed on the Stock Exchange in the past three years:

Company Name	Listing on the Stock Exchange	Stock code	Period	Role(s)
China Regenerative Medicine International Limited	GEM	8158	From January 2020 to August 2024	Non-executive director
CROSSTEC Group Holdings Limited	Main Board	3893	From September 2021 to January 2023	Independent non-executive director
			From January 2023 to December 2024	Non-executive director
Sterling Group Holdings Limited	Main Board	1825	From September 2021 to June 2024	Independent non-executive director
Zijing International Financial Holdings Limited	GEM	8340	From August 2023 to November 2024	Independent non-executive director
Skymission Group Holdings Limited	Main Board	1429	From September 2023 to November 2024	Independent non-executive director
Summi (Group) Holdings Limited	Main Board	756	From July 2022 to September 2022	Non-executive director

Mr. Tsang has also held the following position of the following companies listed on the Stock Exchange in the past three years:

Company Name	Listing on the Stock Exchange	Stock code	Period	Role(s)
Sunshine 100 China Holdings Limited	Main Board	2608	From November 2019 to September 2024	Company secretary and authorised representative
Sundy Service Group Co. Ltd	Main Board	9608	Since January 2021	Joint company secretary and authorised representative
1957 & Co. (Hospitality) Limited	GEM	8495	From August 2022 to June 2023	Joint company secretary and authorised representative
			Since June 2023	Company secretary and authorised representative

CHANGE IN INFORMATION OF DIRECTORS

As of December 31, 2024, there has been no change to the information of the Directors subject to disclosure under Rule 13.51B(1) of the Listing Rules.

Corporate Governance Report

The Board of Directors is pleased to present to the shareholders the corporate governance report for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code contained in Appendix C1 to the Listing Rules and the Company has adopted the CG Code as its own code of corporate governance. The CG Code has been applicable to the Company with effect from the Listing Date. The Board is of the view that the Company has complied with the applicable code provisions as set out in the CG Code during the Reporting Period. The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the guidelines for the directors' dealings in the securities of the Company.

Specific enquiry has been made to each Director and all Directors have confirmed that they have complied with the applicable standards set out in the Model Code during the Reporting Period.

BOARD OF DIRECTORS

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the Senior Management on the Company's behalf. The Senior Management reports to the Board on a regular basis and communicates with the Board whenever required.

To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the Remuneration Committee and the Nomination Committee (collectively the "**Board Committees**"). The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference. All Directors clearly understand the delegation arrangements in place. The Company will review the delegation arrangements periodically to ensure that they remain appropriate to the Company's needs.

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

All Directors, 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 circumstance, at the Company's expenses for discharging their duties to the Company.

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

Composition

As at the date of this annual report, the Board is comprised of eleven Directors, with five executive Directors, two non-executive Directors and four independent non-executive Directors. Dr. Qian Weizhu ("**Dr. Qian**") had been re-designated from a non-executive Director as an executive Director on July 10, 2024. Mr. Cen Jialin ("**Mr. Cen**") and Dr. Tao Qian ("**Dr. Tao**") had been appointed as a non-executive Director and an independent non-executive Director respectively on the same date. Dr. Qian is the spouse of Dr. Hou Sheng, an executive Director. Save as aforementioned, there is no financial, business, family or other material/relevant relationship between any members of the Board. A list of Directors and their respective biographies are set out in this annual report. As at the date of this annual report and save as disclosed in this paragraph, none of our Directors is related to other Directors of the Company.

The biographical details of Directors are set out in the section headed "Directors and Senior Management" in this Annual Report. Each of Mr. Cen and Dr. Tao, a non-executive Director and an independent non-executive Director appointed during the Reporting Period, confirm that they have obtained the legal advice referred to under Rule 3.09D of the Listing Rules on July 10, 2024 and understand their legal obligations as directors of a listed issuer under the Listing Rules.

In order to take advantage of the skills, experiences and diversity of perspectives of the Directors and in order to ensure that the Directors give sufficient time and attention to the Group's affairs, we request each of the Directors to disclose to the Company, upon appointment and on a semi-annual basis thereafter, the number and nature of offices held in public companies or organisations and other significant commitments, together with the identity of such public companies or organisations and the time involved in such commitments.

During the year ended December 31, 2024, the Board has at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules, with (1) the appointment of at least three independent non-executive Directors who represent at least one-third of the Board and (2) at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. The Board believes that the balance between the executive Directors and the non-executive Directors is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of the Shareholders and the Group.

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

Chairman and Chief Executive Officer

During the Reporting Period, the position of Chairman was held by Mr. Jiao Shuge and the position of Chief Executive Officer was held by Dr. Wang Hao. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. He is primarily responsible for drawing up and approving the agenda for each Board meeting, taking into account any matters proposed by the other Directors for inclusion in the agenda. The Chief Executive Officer focuses on the Company's business development and daily management and operations generally.

Independent Non-executive Directors

The independent non-executive Directors play a significant role in the Board and the development of the Company's strategy and policies by virtue of their independent judgment and constructive and informed views, which carry significant weight in the Board's decision. The functions of independent non-executive Directors include (i) bringing an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct, (ii) taking the lead where potential conflicts of interests arise, (iii) scrutinising the Company's performance in achieving agreed corporate goals and objectives and (iv) monitoring performance reporting.

In the year ended December 31, 2024, all independent non-executive Directors have given the Board and the committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation in Board and relevant committee meetings. They have also attended all general meetings to gain and develop a balanced understanding of the views of the Shareholders.

Continuous Professional Development of Directors

Pursuant to the code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Every Director has received formal and comprehensive trainings to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

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

The Directors informed the Company that they had received sufficient and relevant training and continuous professional development during the Reporting Period.

Records of training received by the Directors for the Reporting Period are summarized as follows:

Directors	Participation in continuous professional development[1]
Executive Directors	
Dr. Wang Hao	✔
Mr. Li Yunfeng	✔
Mr. Tao Jing	✔
Dr. Hou Sheng	✔
Dr. Qian Weizhu (re-designated from a non-executive director on July 10, 2024)	✔
Non-executive Directors	
Mr. Jiao Shuge	✔
Mr. Cen Jialin (appointed on July 10, 2024)	✔
Independent Non-executive Directors	
Mr. Guo Liangzhong	✔
Dr. Zhang Yanyun	✔
Mr. Leung, Louis Ho Ming	✔
Dr. Tao Qian (appointed on July 10, 2024)	✔

Note:

1. Attended training/seminar/conference arranged by the Company or other external parties or read relevant materials.

Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

All the Directors are subject to retirement by rotation and re-election at annual general meeting. Pursuant to the Articles of Association, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office and be eligible for re-election at each annual general meeting, provided that every Director is subject to retirement by rotation at least once every three years. In addition, any new Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting and be subject to re-election.

The following Directors, Dr. Wang Hao, Mr. Jiao Shuge, Mr. Cen Jialin, Mr. Guo Liangzhong, Dr. Zhang Yanyun and Dr. Tao Qian shall retire at the AGM, and are eligible and will offer themselves for re-election.

The term of appointment of directors has been disclosed in the report of directors of this report.

Board Meetings and Directors' Attendance Records

The Company has adopted the practice of holding Board meetings regularly in person for at least four times a year at approximately quarterly intervals, with active participation of the majority of the Directors entitled to be present.

The Board has established the following mechanisms to ensure that independent views and input are available to the Board: (i) the Chairman will have regular gatherings with other Directors, and at least annually hold meetings with independent non-executive Directors and without the presence of other Directors. The independent non-executive Directors can freely provide their independent views to the Board; and (ii) the independent non-executive Directors participate in Board committees (including Audit Committee, Nomination Committee and Remuneration Committee) meetings to bring independent views, advice and judgment on important issues relating to the Company's strategy, policy, financial performance, and take the lead on matters where potential conflicts of interests arise. They will also attend annual general meetings of the Company to understand the view of shareholders. The Board reviews the implementation and effectiveness of such mechanisms on an annual basis.

Since December 31, 2023, five Board meetings were held during the Reporting Period, one of which was to approve the Company's annual results and annual report for the year ended December 31, 2023 and review the Company's risk management and internal control systems, another one of which was to approve the Company's interim results and interim report for the six months ended June 30, 2024 and the remaining were to discuss matters including, among other things, (i) appointment of Mr. Cen Jialin and Dr. Tao Qian as non-executive Director and independent non-executive Director, respectively, approval of the re-designation of Dr. Qian Weizhu from a non-executive Director to an executive Director and serving as a vice president of the Company, and appointment of Mr. Li Yunfeng, an executive Director, as a vice president of the Company, and cessation to serve as the chief financial officer; (ii) approval of the termination of the tenancy agreement in relation to the property located on No. 301 Libing Road, Zhangjiang High-tech Industrial Park, Shanghai entered into between Shengheng Biotech (as lessee) and Biomabs (as lessor) in 2021; and (iii) approval of the adoption of the philosophy "people-oriented, acting with pragmatism and striving for innovation (以人為本,求實創新)" as the operating concept of the Company. Apart from the five Board meetings held, the Chairman also held one meeting with the independent non-executive Directors in the absence of other Directors during the Reporting Period. The Company will continue to comply with code provision C.5.1 of the CG Code to hold at least four Board meetings each year, about once every quarter, and code provision C.2.7 of the CG Code for the Chairman to hold at least one meeting with the independent non-executive Directors without the presence of other Directors each year.

A summary of the attendance record of the Directors at Board meetings, committee meetings and general meetings during the Reporting Period is set out in the following table below:

	Number of meeting(s) attended/number of meeting(s) held for the year ended December 31, 2024				
Directors	**Board**	**Audit Committee[1]**	**Remuneration Committee[2]**	**Nomination Committee[3]**	**General Meetings[4]**
Executive Directors					
Dr. Wang Hao	5	N/A	2	N/A	1
Mr. Li Yunfeng	5	N/A	N/A	N/A	1
Mr. Tao Jing	5	N/A	N/A	2	1
Dr. Hou Sheng	5	N/A	N/A	N/A	1
Dr. Qian Weizhu (re-designed from a non-executive director on July 10, 2024)	5	N/A	N/A	N/A	1
Non-executive Directors					
Mr. Jiao Shuge	5	2	N/A	N/A	1
Mr. Cen Jialin (appointed on July 10, 2024)	3	N/A	N/A	N/A	0
Independent Non-executive Directors					
Mr. Guo Liangzhong	5	2	2	2	1
Dr. Zhang Yanyun	5	N/A	2	2	1
Mr. Leung, Louis Ho Ming	5	2	N/A	N/A	1
Dr. Tao Qian (appointed on July 10, 2024)	3	N/A	N/A	N/A	0

Notes:

1. The Audit Committee held a meeting on March 26, 2024 and August 28, 2024, respectively, and all members of the Audit Committee attended the meetings.

2. The Remuneration Committee held a meeting on March 26, 2024 and July 10, 2024, respectively and all members of the Remuneration Committee attended the meetings.

3. The Nomination Committee held a meeting on March 26, 2024 and July 10, 2024, respectively and all members of the Nomination Committee attended the meetings.

4. The Company held its annual general meeting on June 18, 2024.

BOARD COMMITTEES

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

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2 of this annual report.

Audit Committee

The Company established the Audit Committee in compliance with Rules 3.21 and 3.22 of the Listing Rules and code provision D.3.3 of the CG Code.

The Audit Committee consists of three members – two independent non-executive Directors, namely Mr. Leung, Louis Ho Ming and Mr. Guo Liangzhong, and one non-executive Director, namely Mr. Jiao Shuge. Mr. Leung, Louis Ho Ming 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 and 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.

During the Reporting Period, the Audit Committee held two meetings, in which the Audit Committee has performed the following major tasks:

- reviewed the audited annual results and annual report for the year ended December 31, 2023;
- reviewed the interim results and interim report for the six months ended June 30, 2024;
- the Company's continuing connected transactions;
- in relation to the external auditor, reviewed their plans, reports and management letter, fees, involvement in non-audit services, and their terms of engagement;
- made recommendations to the Board for the re-appointment of the external auditor;
- discussed with the management and the external auditor on the issues concerning accounting policies and practices which may affect the Group, along with financial reporting matters;
- reviewed, determined and made recommendations to the Board on the Company's policies and practices on corporate governance;
- reviewed and monitored the training and continuous professional development of the Directors and the senior management;
- reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
- developed, reviewed and monitored the code of conduct and compliance manual applicable to employees and the Directors;
- reviewed the Company's status of compliance with the CG Code and disclosures in the Corporate Governance Report;
- reviewed the effectiveness of the Company's financial reporting system and associated procedures within the Group; and
- reviewed the risk management and internal control systems and the effectiveness of the Company's internal audit function.

The Auditor was invited to attend the Audit Committee meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters. The Audit Committee also met with the Auditor without the presence of management. The Audit Committee is satisfied with the independence and engagement of the Auditor. As such, the Audit Committee has recommended the re-appointment of the Auditor. During the Reporting Period, the Audit Committee complied with the code provision D.3.3(e)(i) of the CG Code and meet with the Company's auditors twice.

The attendance records of the members of the Audit Committee are as follows:

Name of Members of the Audit Committee	Attendance
Mr. Leung, Louis Ho Ming	100%
Mr. Jiao Shuge	100%
Mr. Guo Liangzhong	100%

Remuneration Committee

The Company established the Remuneration Committee in compliance with Rules 3.25 and 3.26 of the Listing Rules and code provision E.1.2 of the CG Code.

The Remuneration Committee consists of three members – two independent non-executive Directors, namely Dr. Zhang Yanyun and Mr. Guo Liangzhong, and one executive Director, namely Dr. Wang Hao. Dr. Zhang Yanyun 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 model of the Remuneration Committee described in code provision E.1.2 (c) (ii) of the CG Code has been adopted by the Company. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages and policy for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration. The Remuneration Committee is also responsible for, among other things, assessing the performance of Directors, reviewing and approving the terms of the Directors' service contracts, and/or approving matters relating to share schemes under Chapter 17. No material matters relating to share schemes under Chapter 17 of the Listing Rules were required to be reviewed or approved by the Remuneration Committee during the Reporting Period.

During the Reporting Period, the Remuneration Committee met twice to review and make recommendations to the Board on the remuneration policy and packages and other related matters.

The attendance records of the members of the Remuneration Committee are as follows:

Name of Members of the Remuneration Committee	Attendance
Dr. Zhang Yanyun	100%
Dr. Wang Hao	100%
Mr. Guo Liangzhong	100%

Nomination Committee

The Company established the Nomination Committee in compliance with code provision B.3.1 of the CG Code.

The Nomination Committee consists of three members – two independent non-executive Directors, namely Mr. Guo Liangzhong and Dr. Zhang Yanyun, and one executive Director, Mr. Tao Jing. Mr. Guo Liangzhong 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, and assessing the independence of independent non-executive Directors.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, gender, independence, time commitment and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the Reporting Period, the Nomination Committee met twice to review the Board structure, the Board diversity policy and independence of the independent non-executive Directors and other related matters.

The attendance records of the members of the Nomination Committee are as follows:

Name of Members of the Nomination Committee	Attendance
Mr. Guo Liangzhong	100%
Mr. Tao Jing	100%
Dr. Zhang Yanyun	100%

Director Nomination Policy

The Company adopted a director nomination policy (the "**Director Nomination Policy**") in accordance with the CG Code. The Director Nomination Policy sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

The Nomination Committee shall identify, consider and recommend to the Board appropriate candidates to serve as Directors and to make recommendations to the Shareholders. The ultimate responsibility for selection and appointment of Directors rests with the entire Board.

The Nomination Committee will conduct regular review on the structure, size and composition of the Board and the Director Nomination Policy and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and business needs. The Nomination Committee will also report annually on the Board's composition and make appropriate disclosures regarding the Board Diversity Policy in the Corporate Governance Report of the Company's annual reports.

DIVERSITY

Board Diversity Policy

The Company has adopted a board diversity policy (the "**Board Diversity Policy**") in accordance with the CG Code, which sets out the approach to achieve diversity of the Board. The Company embraces the benefits of having a diverse Board to maintain the Company's competitive advantage and enhance its ability to attract, retain and motivate employees from the widest possible pool of available talent.

Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of business management, biotech, clinical research, life science, finance, investment, auditing and accounting. They obtained degrees in various areas including medicine, immunology, chemistry, chemical physics, chemical engineering, pharmaceutical analysis, economics, law and accounting. Furthermore, our Directors range from around 42 years old to 69 years old. Our Nomination Committee will review and assess the composition of the Board and make recommendations to the Board on the appointment of members of the Board.

The Company is also committed to adopting a similar approach to promote diversity of the management (including but not limited to the senior management) of the Company to enhance the effectiveness of corporate governance of the Company as a whole. Our Nomination Committee is delegated by our Board to be responsible for compliance with relevant codes governing board diversity under the CG Code. Our Nomination Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness.

Gender Diversity

Gender Diversity at Board Level

We recognize that the gender diversity at the Board level can be improved. Gender diversity is achieved in respect of the Board as it is not a single gender board. That said, we will strive to enhance female representation and achieve an appropriate balance of gender diversity with reference to stakeholders' expectation and international and local recommended best practices. We will also ensure that there is gender diversity when recruiting staff at mid to senior level and we are committed to provide career development opportunities for female staff so that we will have a pipeline of female Senior Management and potential successors to our Board in a few years' time.

The Company plans to offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development.

The Company is of the view that this strategy will offer chances for the Board to identify capable female employees to be nominated as a member of the Board in the future with an aim to providing the Board with a pipeline of female candidates to achieve gender diversity in the Board in the long run. The Board currently has one female Director. The Company believes that such merit-based selection process with reference to the Board Diversity Policy and the nature of our business will be in the best interests of the Company and its Shareholders as a whole.

Gender Diversity at the Company

The Company also attaches great importance to gender diversity of employees, and delegates the Nomination Committee of the Company to review the gender diversity of employees on a regular basis. As of the end of the Reporting Period, female employees accounted for 60.95% of the total number of employees, of whom females accounted for 9% of the total number of Directors, and 41% of the total number of mid-level management members.

The Company plans to provide more opportunities to female employees in terms of recruitment and talent cultivation, so as to achieve a more balanced gender mix within the Company.

The Company believes that achieving gender diversity at the Company will be in the best interests of the Company and its Shareholders as a whole.

Details of the gender ratio in the workforce have been disclosed in the Environmental, Social and Governance Report of this report.

CORPORATE GOVERNANCE FUNCTION

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

The Board would (i) develop and review the Company's corporate governance policies and practices; (ii) review and monitor training and continuous professional development of the Directors and senior management; (iii) review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (iv) develop, review and monitor the code of conduct and compliance manual applicable to employees and directors; and (v) review the Company's compliance with the CG Code and disclosure in its Corporate Governance Report.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The joint company secretaries of the Company may from time to time and as the circumstances require provide updated written training materials relating to the roles, functions and duties of a director of a company listed on the Stock Exchange.

DIVIDEND POLICY

On March 27, 2020, the Board has adopted a dividend policy, retroactive to May 31, 2019, in which the Company may declare dividends in any currency in general meeting but no dividends shall exceed the amount recommended by the Board, subject to the Companies Law of the Cayman Islands and the Articles of Association of the Company. The Board shall comprehensively take into account the results of operations, financial condition, business strategy, operating requirements, capital requirements, Shareholders' interests and any other factors that the Board may deem relevant in forming reasonable distribution proposal. Any distribution of dividends proposed by the Board will be subject to the approval of the Shareholders.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Reporting Period.

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.

AUDITORS' RESPONSIBILITY AND REMUNERATION

The Company appointed Ernst & Young, Certified Public Accountants as the external auditor for the year ended December 31, 2024. A statement by Ernst & Young about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report on pages 171 to 177.

Details of the fees paid/payable in respect of the audit and non-audit services provided by Ernst & Young for the year ended December 31, 2024 are set out in the table below:

Services rendered for the Company	**Fees paid and payable** *RMB'000*
Audit services	**3,200**
Non-audit services	**200**
– ESG Report Consulting Service	200
Total	**3,400**

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We recognize that risk management is critical to the success of our business operation. Key operational risks faced by us include changes in the general market conditions and the regulatory environment of the global biologics outsourcing services market, our ability to offer quality biologics discovery, development and manufacturing services, our ability to manage our anticipated growth and to execute on our growth strategies, and our ability to compete with other biologics outsourcing services providers. 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.

In order to meet these challenges, we have developed a risk management framework, which is broken down into the following components:

- Our general property and financial safety risk management system ensures that (i) the comprehensive accounting policies we adopted in connection with our financial reporting risk management are well-observed and effectively implemented and (ii) the regular trainings are well-conducted and attended by our finance staff.

- Our technology risk management system ensures that the research and development is conducted in compliance with the requirement of relevant laws and regulations and industry customs and norms, and our drug manufacturing complies with GMP. The system comprises a confidentiality risk management structure as well as the marketing department's regular issuance of national and global field reports analyzing external product risks.

- Our Audit Committee oversees and manages the overall risks associated with our business operations. Our Audit Committee is responsible for (i) reviewing and approving our risk management policy to ensure that it is consistent with our corporate objectives; (ii) reviewing and approving our corporate risk tolerance; (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 Chief Executive Officer, Dr. Wang Hao, is responsible for (i) formulating and updating our risk management policy and target; (ii) reviewing and approving major risk management issues of our Company; (iii) promulgating risk management measures; (iv) providing guidance on our risk management approach to the relevant departments in our Company; (v) reviewing the relevant departments' reporting on key risks and providing feedbacks; (vi) supervising the implementation of our risk management measures by the relevant departments; (vii) ensuring that the appropriate structure, processes and competences are in place across our Group; and (viii) reporting to our Audit Committee on our material risks.

- The relevant departments in our Company, including the finance department, the human resources department, the administration department, the customer support department, the procurement department and the business units, 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 (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) prepare a risk management report annually for our chief executive officer's review; (iv) continuously monitor the key risks relating to their operation or function; (v) implement appropriate risk responses where necessary; and (vi) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

- Furthermore, we implement a screening process for potential customers, in order to screen out prospective customers with high risk of third party claims.

Internal Control

We have engaged an internal control consultant to perform certain agreed-upon procedures in connection with the internal control of our Company and our major operating subsidiaries and to launch investigation into our controls and internal controls of various processes, including financial reporting and disclosure controls, sales, accounts receivable and collection, procurement, accounts payable and payment, fixed assets and assets under construction, human resources and payroll management, cash and treasury management, inventory management, general controls of IT system, taxation management, production and costing, insurance management, research and development and intangible assets. During the Reporting Period and up to the date of this annual report, there was no material issue remaining in relation to the internal controls of our Group.

We have adopted a series of internal control policies, measures and procedures designed to provide reasonable assurance for achieving objectives, including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. During the Reporting Period, we regularly reviewed and enhanced our internal control system. Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- Our Board, as the highest internal control authority, is responsible for promulgating and revising internal control policies, measures and procedures to ensure that we maintain sound and effective internal controls and compliance with applicable laws and regulations. Our CEO implements supervision and management of our internal control policies and decides on certain material matters relating to management and operation. We conduct regular and ad hoc internal audits on the CEO level.

- We have established a sound system to monitor our accounting and budgeting policies. During the first season of each year, our CFO works with our finance department to prepare a preliminary yearly budget plan, which includes estimates on cash flows and major expenditures. The budget plan is submitted to our CEO, who may review and approve within the scope of his authority. The budget items that are beyond the authority of our CEO are submitted to our Board of Directors for approval. Our finance department also submits quarterly financial statements to our senior management and annual financial statements to our senior management and Board of Directors.

- The general manager for each of our operation sites is responsible for implementing the relevant internal control policies, measures and procedures on the site and making regular inspections about the on-site implementation of such policies, measures and procedures.

- We have set up an independent quality assurance department, which is responsible for implementing the relevant internal control policies, measures and procedures relating to the relevant biologics discovery, development or manufacturing stage, educating the relevant employees about such policies, measures and procedures and addressing their questions and making regular inspections about the implementation of such policies, measures and procedures.

- We have adopted various measures and procedures regarding each aspect of our business operation, such as project management, quality assurance, 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. We also constantly monitor the implementation of those measures and procedures through our labor security, insurance, fire services and environmental protection departments and our compliance team for each stage of the biologics development process.

Effectiveness of Risk Management and Internal Control

The Board acknowledges that it is responsible for the Company's risk management and internal control systems and reviewing their effectiveness. The risk management and internal control measures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Audit Committee, on behalf of the Board, had conducted a review of the effectiveness of the risk management internal control system of the Company in respect of the Reporting Period and considered the system effective and adequate.

Policy on the Disclosure of Inside Information

The Company has adopted an information disclosure policy which sets out comprehensive guidelines in respect of handling and dissemination of inside information. The Board is responsible for monitoring and implementing the procedural requirements in the information disclosure policy. Release of inside information shall be overseen by the Board. Unless authorised by the Board, staff members of the Group are not permitted to disseminate inside information relating to the Group to any external parties and are not permitted to respond to media or market speculation which may materially affect the trading price or volume of the Shares on the market.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration of Directors and senior management of the Group. Pursuant to code provision E.1.5 of the CG Code, details of the remuneration by band of the members of the Board and senior management of the Company in respect of their qualifying services, whose biographies are set out on pages 138 to 145 of this annual report, for the Reporting Period are set out below:

Remuneration band	Number of individuals
Below RMB1,000,000	8
RMB1,000,001 to RMB1,500,000	1
Above RMB1,500,000	0

JOINT COMPANY SECRETARIES

Mr. Li Yunfeng, the executive Director, vice president and joint company secretary of the Company, is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company has also engaged Mr. Tsang Ho Yin, a solicitor admitted to practice in Hong Kong, as the joint company secretary to assist Mr. Li Yunfeng in discharging the duties of a company secretary of the Company. His primary contact person at the Company is Mr. Li Yunfeng, the joint company secretary of the Company.

During the Reporting Period, Mr. Li Yunfeng and Mr. Tsang Ho Yin have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Company strives to provide ready, equal, regular and timely disclosure of information that is material to the investor community. Therefore, the Company works to maintain effective and on-going communication with Shareholders so that they, along with prospective investors, can exercise their rights in an informed manner based on a good understanding of the Group's operations, businesses and financial information. The Company also encourages Shareholders' active participation in annual general meetings and other general meetings or other proper means. To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

The Company has developed and maintains the Shareholders communication policy, which is available on the Company's website.

A summary of the disclosure of interests of the substantial shareholders of the Company is set out on pages 131 to 132 of this annual report.

Convening of Extraordinary General Meeting and Putting Forward Proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association. Any one or more members holding as of date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition. A written requisition shall be deposited at the principal office of the Company in Hong Kong. If within 21 days of such deposit the Board fails to proceed to convene such meeting to be held within a further 21 days, the requisitionist(s) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

With regards to proposing a person for election as a Director, the procedures are available on the website of the Company.

Enquiries to the Board

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar in Hong Kong, namely, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

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

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

Address:	Room A, 18/F, Hong Xiang Centre, 83 Queen's Road East, Wanchai, Hong Kong
Telephone:	+852 2261 0878
Fax:	+852 2261 0728
Email:	yunfeng.li@mabpharm.net

Communication with Shareholders and Investors Relations

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

To promote effective communication, the Company maintains a website at www.mabpharm.cn 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. During the Reporting period, shareholders can raise questions to the Directors of the Company at the annual general meeting and contact details are available for shareholders to contact the Company directly. The Board reviewed the implementation and effectiveness of the Shareholders' communication policy and the results were satisfactory.

CHANGE IN CONSTITUTIONAL DOCUMENTS

No changes have been made to the Articles of Association by the Company during the Reporting Period. The latest version of Articles of Association are also available on the websites of the Company and the Stock Exchange.

Independent Auditor's Report

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To the shareholders of Mabpharm Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Mabpharm Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 178 to 267 which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") as 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**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (continued)

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

Key audit matter	How our audit addressed the key audit matter
Risk of misstatement of research and development expenditures	
For the year ended 31 December 2024, the Group incurred significant expenditures on research and development ("**R&D**") activities amounting to approximately RMB108 million, out of which, approximately RMB75 million was recognised as R&D expenses in the statement of profit or loss and other comprehensive income for the year ended 31 December 2024 and approximately RMB33 million was capitalised as intangible assets in the consolidated statement of financial position at 31 December 2024. Large portions of the Group's R&D expenditures were service fees paid to contract research organisations, clinical site management operators and clinical trial centres (collectively referred to as "**Outsourced Service Providers**").	Our procedures included, among others: • obtaining an understanding of key internal controls in relation to the accrual of the R&D expenditures and capitalisation of development expenditures and performing walk-through tests; • assessing whether the capitalisation policy adopted was in line with IFRS Accounting Standards • checking contracts entered with and progress reports received from Outsourced Service Providers on a sample basis to evaluate the key estimation adopted by management in setting up the accrual for R&D services received;

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Risk of misstatement of research and development expenditures	
The R&D activities with these Outsourced Service Providers were documented in detailed contracts and were typically performed over an extended period. Recording of these expenses in the appropriate financial reporting period based on the progress of the research and development projects involves estimations. Development expenditures are capitalised as intangible assets only if the capitalisation criteria set out in note 2.4 to the financial statements can be met. Determining whether the development expenditures meet the capitalisation criteria requires significant management estimation and judgements. Related disclosures are included in notes 2.4, 3 and 17 to the financial statements.	• evaluating the adequacy of the accrual of the R&D expenses by comparing the subsequent milestone billings received from the Outsourced Service Providers, if any, with the accrued R&D expenses at the year end; • obtaining certifications related to different stages of development activities and commercial and technical feasibility reports prepared by management; and • evaluating on the adequacy of the disclosures in the financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 Ho Siu Fung, Terence (practising certificate number: P04202).

Ernst & Young
Certified Public Accountants
Hong Kong

26 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	258,228	87,161
Cost of sales		(38,834)	(11,923)
Gross profit		219,394	75,238
Other income	6	7,991	3,572
Other gains and losses	7	(5,714)	(1,366)
Selling and distribution expenses		(151,566)	(48,925)
Research and development expenses		(75,212)	(123,211)
Administrative expenses		(110,409)	(104,659)
Impairment losses on financial assets		(1,879)	(427)
Finance costs	9	(10,552)	(9,578)
Loss before tax	8	(127,947)	(209,356)
Income tax expense	12	–	–
Loss and total comprehensive expense for the year		(127,947)	(209,356)
Attributable to:			
Owners of the Company		(127,947)	(209,356)
Loss per share attributable to ordinary equity holders of the Company	14		
– Basic		RMB(0.03)	RMB(0.05)
– Diluted		RMB(0.03)	RMB(0.05)

Consolidated Statement of Financial Position

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	15	551,753	615,232
Right-of-use assets	16	62,492	71,304
Intangible assets	17	33,345	–
Other non-current assets	18	2,854	6,231
Total non-current assets		650,444	692,767
Current assets			
Trade receivables	20	94,526	19,423
Prepayments and other receivables	21	31,554	39,084
Amounts due from a related party	33	–	398
Inventories	19	111,009	102,037
Contract costs	22	–	7,508
Rental deposit to a related party	33	–	411
Restricted bank deposits	23	39,341	–
Cash and bank balances	23	89,344	173,345
Total current assets		365,774	342,206
Current liabilities			
Trade and other payables	24	169,367	150,640
Amounts due to a related party	33	–	14
Lease liabilities to third parties	16	17,207	12,612
Lease liability to a related party	16	–	4,386
Contract liabilities	26	43,625	32,724
Interest-bearing bank and other borrowings	25	80,054	108,260
Deferred income	27	1,872	7,555
Total current liabilities		312,125	316,191
Net current assets		53,649	26,015
Total assets less current liabilities		704,093	718,782

Consolidated Statement of Financial Position

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Deferred income	*27*	**–**	11,696
Amounts due to a related party	*33*	**67,376**	70,876
Contract liabilities	*26*	**351,952**	296,338
Interest-bearing bank and other borrowings	*25*	**165,537**	101,469
Lease liabilities to third parties	*16*	**30,294**	33,346
Total non-current liabilities		**615,159**	513,725
Net assets		**88,934**	205,057
Capital and reserves			
Share capital	*28*	**2,804**	2,804
Reserves	*30*	**86,130**	202,253
Total equity		**88,934**	205,057

Wang Hao
Director

Li Yunfeng
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Share capital *RMB'000*	Share premium* *RMB'000*	Other reserve* *RMB'000*	Share option reserve* *RMB'000*	Accumulated losses* *RMB'000*	Total equity *RMB'000*
At 1 January 2023	2,804	1,400,504	(32,763)	53,717	(1,023,318)	400,944
Loss and total comprehensive expense for the year	–	–	–	–	(209,356)	(209,356)
Recognition of equity-settled share-based compensation *(note 29)*	–	–	–	13,469	–	13,469
At 31 December 2023	2,804	1,400,504	(32,763)	67,186	(1,232,674)	205,057
Loss and total comprehensive expense for the year	–	–	–	–	(127,947)	(127,947)
Recognition of equity-settled share-based compensation *(note 29)*	–	–	–	11,824	–	11,824
At 31 December 2024	2,804	1,400,504	(32,763)	79,010	(1,360,621)	88,934

* The reserve accounts comprised RMB86,130,000 and RMB202,253,000 in the consolidated statements of financial position as at 31 December 2024 and 2023, respectively.

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(127,947)	(209,356)
Adjustments for:			
Bank interest income	6	(513)	(151)
Finance costs	9	10,552	9,578
Loss on deposit for construction	7	3,000	–
Depreciation of property, plant and equipment	8	53,729	51,858
Depreciation of right-of-use assets	8	7,600	8,837
Net foreign exchange losses	7	1,195	1,367
Gains on termination of a lease contract	8	(155)	–
Impairment losses on financial assets	8	1,879	427
Fair value gains on financial assets at FVTPL	8	(115)	(342)
Share-based payment expenses	8	11,824	13,469
		(38,951)	(124,313)
Increase in inventories		(8,972)	(1,240)
Decrease/(increase) in contract costs		7,508	(7,508)
Increase in trade receivables		(76,982)	(10,318)
Decrease in prepayments and other receivables		7,530	2,649
Decrease in other non-current assets		1,810	591
Decrease in amounts due from a related party		398	48
Decrease in rental deposit to a related party		411	–
Increase in amounts due to a related party		831	2,632
Increase/(decrease) in trade and other payables		42,887	(4,427)
Increase in contract liabilities		66,515	197,482
(Decrease)/increase in deferred income		(7,083)	1,796
Net cash flows (used in)/from operating activities		(4,098)	57,392

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	2024 *RMB'000*	2023 *RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from banks	**513**	151
Purchase of property, plant and equipment	**(26,139)**	(19,042)
Additions to intangible assets	**(33,345)**	–
Placement of pledged bank deposits	**(39,341)**	–
Proceeds from disposal of financial assets at FVTPL	**115**	15,386
Net cash flows used in investing activities	**(98,197)**	(3,505)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank and other borrowings	**81,111**	123,072
Interest paid	**(4,526)**	(3,398)
Payment to a related party	**(5,257)**	(26,003)
Repayments of bank borrowings	**(49,022)**	(2,250)
Repayments of the principal portion of lease liabilities	**(4,026)**	(5,824)
Net cash flows from financing activities	**18,280**	85,597
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(84,015)**	139,484
Cash and cash equivalents at beginning of year	**173,345**	33,568
Effects of foreign exchange rate changes, net	**14**	293
CASH AND CASH EQUIVALENTS AT END OF YEAR	**89,344**	173,345

Notes to the Consolidated Financial Statements

31 December 2024

1. CORPORATE AND GROUP INFORMATION

Mabpharm Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on 1 June 2018, and its shares were listed on The Stock Exchange of Hong Kong Limited on 31 May 2019. The address of the registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-90008, Cayman Islands and the principal place of business is located at Block G79, Lujia Road East, Koutai Road West, China Medical City, Taizhou, the People's Republic of China (the "**PRC**").

The Company is an investment holding company. The Company and its subsidiaries (the "**Group**") are principally engaged in the research, development and production of monoclonal antibody drugs for cancers and autoimmune diseases and the transfer of intellectual property.

The immediate holding company of the Company is Asia Mabtech Limited, a limited liability company incorporated in the British Virgin Islands, which is ultimately controlled by Mr. Guo Jianjun.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Taizhou Mabtech Pharmaceutical Limited ("**Taizhou Pharmaceutical**") (泰州邁博太科藥業有限公司)*	PRC/ Mainland China	US$210,000,000	–	100%	Research and development, manufacturing, technical consulting, technology transfer and provision of technical services of biological products, diagnostic reagents, chemical biological reagents and drugs
Shanghai Shengheng Biotechnology Limited ("**Shengheng Biotech**") (上海晟珩生物技術有限公司)	PRC/ Mainland China	RMB30,000,000	–	100%	Research and development, technical consulting, technology transfer and provision of technical services of biological products, diagnostic reagents, chemical biological reagents and drugs

* Taizhou Pharmaceutical is registered as a wholly-foreign-owned enterprise under PRC law.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) as issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

2. ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

2. ACCOUNTING POLICIES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and the impact of the revised IFRS Accounting Standards are described below:

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

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

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

2. ACCOUNTING POLICIES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

The application of IFRS 18 will have no impact on the consolidated statement of financial position of the Group, but will have impact on the presentation of the consolidated statement of profit or loss and other comprehensive income. Except for IFRS 18, the directors of the Company anticipate that these new and revised IFRS Accounting Standards are not expected to have a material impact on the Group's financial performance and financial position in the foreseeable future.

2.4 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and contract costs), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates also estimated useful lives used for this purpose are as follows:

Transportation equipment	19% per annum
Furniture, fixtures and machinery	9.5% to 20% per annum
Buildings	4.75% per annum
Leasehold improvements	Over the shorter of the lease term and 20 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding ten years, commencing from the date when the products are put into commercial production.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Buildings	3 to 18 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are presented in a separate line on the consolidated statement of financial position.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of building (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, or making reference to the credit loss experience of similar companies in the market where the Group has not had sufficient credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include interest-bearing bank and other borrowings, trade and other payables and amounts due to a related party.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

The revenue from a licence is recognised over time if all of the following criteria are met:

(a) the contract requires, or the customer reasonably expects, that the entity will undertake activities that significantly affect the intellectual property to which the customer has rights

(b) the rights granted by the licence directly expose the customer to any positive or negative effects of the entity's activities identified in (a); and

(c) those activities do not result in the transfer of a good or a service to the customer as those activities occur

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

Otherwise, revenue is recognised at a point in time when the customer obtains the control of the license.

Revenue from sale of pharmaceutical products

Revenue from the sale of pharmaceutical products is recognised at the point in time when control of the products is transferred to the customer, generally when the products are delivered and accepted by the customers.

Some contracts for the sale of pharmaceutical products provide customers with rights of return and sales rebates giving rise to variable consideration.

(i) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from sale of pharmaceutical products (continued)

(ii) Sales rebates

Retrospective sales rebates may be provided to certain customers once the products are sold to special sales terminals agreed in the contract. Rebates are offset against amounts payable by the customer arising from its purchase. The most likely amount method is used to estimate the variable consideration. The selected method that best predicts the amount of variable consideration is primarily driven by the volume of products sold to special sales terminals contained in the contract. The requirements on constraining estimates of variable consideration are applied and a liability for the expected future rebates is recognised in contract liabilities.

Revenue from exclusive right for the commercialisation

The revenue will be recognised overtime during the expected commercialisation period after the commercialisation authorisation from the local authorities is obtained.

Revenue from contract development and manufacturing agreement

The Group will recognise the revenue from contract development and manufacturing agreement at a point in time upon delivery of the control of rights of the deliverables and acceptance by the customer.

Revenue from the rendering of contract services

The Group will recognise the revenue from the rendering of contract services at a point in time upon delivery of the control of rights of the deliverables and acceptance by the customer.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

(b) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

The capitalised contract costs are charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 29 to the financial statements.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments (continued)

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of loss per share.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries operating in Mainland China are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends, if any, are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group uses RMB as its functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Development expenditures

Development expenditures incurred on the Group's drug product pipelines are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, 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 expenditures which do not meet these criteria are expensed when incurred. Determining the amounts of development expenditures to be capitalised requires the use of judgements and estimation.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Accrual of research and development expenses

The Group relies on contract research organisations, clinical site management operators, and clinical trial centres (collectively referred as "**Outsourced Service Providers**") to conduct, supervise, and monitor the Group's ongoing clinical trials in the PRC. Determining the amounts of research and development expenses incurred up to the end of each reporting period requires the management of the Group to estimate and measure the progress of receiving research and development services under the contracts with Outsourced Service Providers using inputs such as the number of patient enrolments, time elapsed and milestone achieved.

Impairment of intangible assets not ready for use

Intangible assets not ready for use are not subject to amortisation and are tested annually for impairment, with the key assumptions including the expected achievement of drug development milestones and the outcome of new drug development, estimated revenue to be generated by the in-development drug and discount rate, or more frequently if events or changes in circumstances indicate that they might be impaired. The Group capitalised and deferred development costs of its in-process research and development of drug candidates for the purpose of continuing the research and development work and commercialisation of the products, which are classified as intangible assets not ready for use.

Impairment of non-financial assets (other than intangible assets not ready for use)

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

4. OPERATING SEGMENT INFORMATION

Segment information

For the purpose of resource allocation and performance assessment, the key management of the entities and business comprising the Group, being the chief operating decision maker, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment and no further analysis of this single segment is presented.

Geographical information

During the reporting period, all of the Group's revenue was derived from customers located in the PRC and the Group's non-current assets are substantially located in the PRC, accordingly, no geographical information in accordance with IFRS 8 *Operating Segments* is presented.

Information about a major customer

There was no revenue derived from the transaction with a single customer amounting to 10% or more of the Group's revenues in 2024. Revenue of approximately RMB14,151,000 was derived from the exclusive right for the commercialisation in Mainland China with a single customer in 2023.

5. REVENUE

An analysis of revenue is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Revenue from contracts with customers		
Revenue from the sale of pharmaceutical products	**215,195**	69,923
Revenue from the exclusive right for the commercialisation in Mainland China	**30,525**	16,601
Revenue from the rendering of contract services	**71**	637
Revenue from the contract development and manufacturing agreements	**12,437**	–
Total	**258,228**	87,161

5. REVENUE (continued)

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024 *RMB'000*	2023 *RMB'000*
Geographical market		
Mainland China	**258,228**	87,161
Timing of revenue recognition		
Over time	**30,525**	16,601
At a point in time	**227,703**	70,560
Total	**258,228**	87,161

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2024 *RMB'000*	2023 *RMB'000*
Revenue from the sale of pharmaceutical products	**151**	23
Revenue from the rendering of contract services	**–**	566
Revenue from the contract development and manufacturing agreement	**6,598**	–
Revenue from the exclusive right for the commercialisation in Mainland China	**25,975**	14,151
Total	**32,724**	14,740

5. REVENUE (continued)

Revenue from contracts with customers (continued)

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of pharmaceutical products

The performance obligation is satisfied upon delivery of the products and acceptance by the customer, and payment is generally due within 30 to 90 days from delivery. Some contracts provide customers with rights of return and sales rebates which give rise to variable consideration subject to constraint.

Exclusive right for the commercialisation

The performance obligation is satisfied overtime during the expected commercialisation period after the commercialisation authorisation from the local authorities is obtained, with reference to the budgeted manufacture order from the customer (i.e. when the customer receives and consumes the benefits during the commercialisation stage) or the expected product life cycle (10 years).

Contract development and manufacturing agreement with customers

The performance obligation is satisfied upon delivery of the control of rights of the deliverables and acceptance by the customer.

Revenue from the rendering of contract services

The performance obligation is satisfied upon delivery of the control of rights of the deliverables and acceptance by the customer.

5. REVENUE (continued)

Revenue from contracts with customers (continued)

(b) Performance obligations (continued)

Revenue from the rendering of contract services (continued)

The amounts of transaction prices allocated to the unsatisfied performance obligations as at 31 December are as follows:

	2024 *RMB'000*	2023 *RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**45,544**	42,030
Over one year	**351,952**	304,771
Total	**397,496**	346,801

The remaining performance obligations expected to be recognised after one year mainly relate to the transaction prices allocated to the exclusive right for the commercialisation. The revenue from the exclusive right for the commercialization is expected to be recognised during the future estimated commercialisation period. The amounts disclosed above do not include variable consideration.

6. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Bank interest income	513	151
Government grants and subsidies related to income	7,478	3,272
Others	–	149
Total	7,991	3,572

7. OTHER GAINS AND LOSSES

	2024 RMB'000	2023 RMB'000
Loss on deposit for construction	(3,000)	–
Donations	(1,664)	–
Net foreign exchange losses	(1,195)	(1,367)
Gains on termination of a lease contract	155	–
Fair value gains on financial assets at FVTPL	115	342
Others	(125)	(341)
Total	(5,714)	(1,366)

8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2024 *RMB'000*	2023 *RMB'000*
Depreciation for property, plant and equipment	**53,729**	51,858
Depreciation for right-of-use assets	**7,600**	8,837
Gain on termination of a lease contract	**(155)**	–
Impairment losses on financial assets		
– Impairment of trade receivables	**1,879**	427
Loss on deposit for construction	**3,000**	–
Fair value gains on financial assets at FVTPL	**(115)**	(342)
Foreign exchange differences, net	**1,195**	1,367
Staff cost (including directors' emoluments):		
– Independent non-executive directors' fee	**351**	324
– Salaries and other benefits	**72,077**	69,314
– Pension scheme contributions	**7,696**	8,769
– Share-based payment expenses	**11,824**	13,469
– Consultation fee	**–**	501
	91,948	92,377
Auditors' remuneration	**3,323**	3,342
Short-term lease payment	**79**	107
Government grants and subsidies related to income	**(7,478)**	(3,272)
Cost of inventories sold and services provided	**38,834**	11,923
Cost of inventories recognised as expense (included in research and development expenses)	**15,136**	15,682

9. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on loans from a related party *(note 33)*	912	1,384
Interest on bank and other borrowings	7,090	5,642
Interest on lease liabilities	2,550	2,552
Total	10,552	9,578

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB'000	2023 RMB'000
Fees	351	324
Other emoluments:		
Salaries, allowances and benefits in kind	3,972	3,757
Discretionary bonuses	–	–
Pension scheme contributions	314	198
Share-based payment expenses	10,860	6,667
Consultation fee	–	501
Subtotal	15,146	11,123
Total fees and other emoluments	15,497	11,447

Certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 29 to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures. No new share option was granted during the year.

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024 *RMB'000*	2023 *RMB'000*
Mr. Guo Liangzhong	**98**	108
Dr. Zhang Yanyun	**98**	108
Dr. Tao Qian	**57**	–
Mr. Liang Haoming	**98**	108
Total	**351**	324

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, non-executive directors and the chief executive

	Salaries, bonuses, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Pension scheme contributions *RMB'000*	Share-based payment expenses *RMB'000*	Consultation fee *RMB'000*	Total remuneration *RMB'000*
Year ended 31 December 2024						
Executive directors:						
Dr. Wang Hao	1,078	–	71	4,424	–	5,573
Dr. Qian Weizhu *(note i)*	324	–	30	5,282	–	5,636
Dr. Hou Sheng	709	–	71	–	–	780
Mr. Li Yunfeng	930	–	71	577	–	1,578
Mr. Tao Jing	931	–	71	577	–	1,579
Subtotal	3,972	–	314	10,860	–	15,146
Non-executive directors:						
Mr. Jiao Shuge	–	–	–	–	–	–
Dr. Qian Weizhu *(note i)*	–	–	–	–	–	–
Mr. Cen Jialin *(note i)*	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–
Total	3,972	–	314	10,860	–	15,146

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, non-executive directors and the chief executive (continued)

	Salaries, bonuses, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Pension scheme contributions *RMB'000*	Share-based payment expenses *RMB'000*	Consultation fee *RMB'000*	Total remuneration *RMB'000*
Year ended 31 December 2023						
Executive directors:						
Dr. Wang Hao	1,067	–	56	4,473	–	5,596
Dr. Li Jing *(note i)*	814	–	–	583	–	1,397
Dr. Hou Sheng *(note i)*	64	–	6	–	–	70
Mr. Li Yunfeng	928	–	68	583	–	1,579
Mr. Tao Jing	884	–	68	583	–	1,535
Subtotal	3,757	–	198	6,222	–	10,177
Non-executive directors:						
Mr. Jiao Shuge	–	–	–	–	–	–
Dr. Qian Weizhu *(note i)*	–	–	–	445	–	445
Mr. Guo Jianjun *(note i)*	–	–	–	–	501	501
Subtotal	–	–	–	445	501	946
Total	3,757	–	198	6,667	501	11,123

Notes:

i. On 10 July 2024, Dr. Qian Weizhu resigned as a non-executive director and was re-designated as an executive director. Mr. Cen Jialin was appointed as a non-executive director to replace Dr. Qian Weizhu's vacancy.

ii. On 28 November 2023, Dr. Li Jing resigned as an executive director and Dr. Hou Sheng was appointed to replace her vacancy; and Mr. Guo Jianjun resigned as an non-executive director and Dr. Qian Weizhu was appointed to replace his vacancy. The amounts disclosed in this note represented the remuneration of the directors in respect of their qualifying services.

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, non-executive directors and the chief executive (continued)

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

In 2023, the consultation fee paid to the non-executive director, Mr. Guo Jianjun, was for his advisory services provided to the Group.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four directors, one of which being the chief executive (2023: four directors, one of which being the chief executive), details of whose remuneration are set out in note 10 above. Details of the remuneration for the year of the remaining one (2023: one) highest paid employee who was neither a director nor chief executive of the Company are as follows:

	2024 *RMB'000*	2023 *RMB'000*
Salaries, allowances and benefits in kind	977	896
Discretionary bonuses	–	–
Pension scheme contributions	66	63
Inducement fee to join or upon joining the Group	–	–
Compensation for loss of office	–	–
Share-based payment expenses	–	–
Total	1,043	959

The remuneration of the non-director and non-chief executive highest paid employee fell within the following band:

	Number of employees	
	2024	2023
HK$1,000,001 to HK$1,500,000	1	1

12. INCOME TAX

The Company was incorporated in the Cayman Islands and is exempted from income tax.

Hong Kong profits tax is provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No Hong Kong profits tax was provided for as there was no estimated assessable profit of the Group's Hong Kong subsidiary that was subject to Hong Kong profits tax during the year.

Under the Law of the PRC of Enterprise Income Tax (the "**EIT Law**") and the Implementation Regulation of the EIT Law, the tax rate of the Group's PRC subsidiaries is 25% throughout the reporting period.

In November 2024, Taizhou Pharmaceutical was reaccredited as a "High and New Technology Enterprise", therefore is entitled to a preferential tax rate of 15% for a three-year period since 2024. The qualification as a High and New Technology Enterprise will be subject to review by the relevant tax authority in the PRC for every three years and Taizhou Pharmaceutical should self-evaluate whether it meets the criteria of High and New Technology Enterprise each year.

Pursuant to Caishui [2018] circular No. 76, Taizhou Pharmaceutical can carry forward its unutilised tax losses for up to ten years. This extension of expiration period applies to all the unutilised tax losses that were carried forward by Taizhou Pharmaceutical at the effective date of the tax circular.

Pursuant to the relevant EIT Laws, Taizhou Pharmaceutical enjoyed a super deduction of 200% on qualifying research and development expenditures during the period from 1 January 2023 to 31 December 2024.

12. INCOME TAX (continued)

A reconciliation of the tax expense applicable to loss before tax at the statutory tax rate for the jurisdiction in which the Company and its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Loss before tax	**(127,947)**	(209,356)
Income tax expense calculated at 25%	**(31,987)**	(52,339)
Effect of different tax rates of subsidiaries operating in other jurisdictions and enacted by local authority	**13,585**	20,989
Tax effect of expenses not deductible for tax purposes	**2,755**	2,110
Effect of research and development expenses that are additionally deducted	**(14,786)**	(7,221)
Tax effect of tax losses and deductible temporary differences not recognised	**30,433**	36,461
Income tax expense recognised in profit or loss	**–**	–

The Group has unused tax losses of RMB1,423,370,000 available for offset against future profits as of 31 December 2024 (2023: RMB1,264,261,000). The tax losses of the entity will expire in one to ten years for offsetting against taxable profits of the companies in which the losses arose. The Group had deductible temporary differences of RMB255,429,000 at 31 December 2024 (2023: RMB207,972,000), which are mainly related to deferred income and accrued expenses.

Deferred taxation had not been recognised on the unused tax losses and deductible temporary differences since it is not probable that the taxable profits will be available against which the tax losses and deductible temporary differences can be utilised in the foreseeable future.

13. DIVIDENDS

No dividend was paid or proposed for holders of ordinary shares of the Company for the year ended 31 December 2024, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

14. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share is based on the following data:

	2024 *RMB'000*	2023 *RMB'000*
Loss attributable to ordinary equity holders of the Company for the purpose of calculating basic loss per share	**(127,947)**	(209,356)

	2024 *'000*	2023 *'000*
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**4,124,080**	4,124,080

The calculation of diluted loss per share amounts for the years ended 31 December 2024 and 2023 did not assume the exercise of the pre-IPO share options since its inclusion would be anti-dilutive.

15. PROPERTY, PLANT AND EQUIPMENT

	Transportation equipment *RMB'000*	Furniture, fixtures and machinery *RMB'000*	Leasehold improvements *RMB'000*	Buildings *RMB'000*	Construction in progress ("CIP") *RMB'000*	Total *RMB'000*
31 December 2024						
At 1 January 2024:						
Cost	878	356,656	78,788	198,209	167,225	801,756
Accumulated depreciation	(743)	(135,142)	(30,675)	(19,964)	–	(186,524)
Net carrying amount	135	221,514	48,113	178,245	167,225	615,232
At 1 January 2024, net of accumulated depreciation	135	221,514	48,113	178,245	167,225	615,232
Additions	–	153	–	–	393	546
Depreciation provided during the year	(92)	(36,498)	(7,717)	(9,422)	–	(53,729)
Transfer from CIP	–	33,441	306	80	(33,827)	–
Assets related grants deduction (note 27)	–	(1,804)	–	–	(8,492)	(10,296)
At 31 December 2024, net of accumulated depreciation	43	216,806	40,702	168,903	125,299	551,753
At 31 December 2024:						
Cost	878	388,446	79,094	198,289	125,299	792,006
Accumulated depreciation	(835)	(171,640)	(38,392)	(29,386)	–	(240,253)
Net carrying amount	43	216,806	40,702	168,903	125,299	551,753

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	Transportation equipment *RMB'000*	Furniture, fixtures and machinery *RMB'000*	Leasehold improvements *RMB'000*	Buildings *RMB'000*	Construction in progress ("CIP") *RMB'000*	Total *RMB'000*
31 December 2023						
At 1 January 2023:						
Cost	878	334,266	78,788	117,918	239,122	770,972
Accumulated depreciation	(621)	(101,468)	(22,780)	(9,797)	–	(134,666)
Net carrying amount	257	232,798	56,008	108,121	239,122	636,306
At 1 January 2023, net of accumulated depreciation	257	232,798	56,008	108,121	239,122	636,306
Additions	–	1,065	–	–	29,719	30,784
Depreciation provided during the year	(122)	(33,674)	(7,895)	(10,167)	–	(51,858)
Transfer from CIP	–	21,325	–	80,291	(101,616)	–
At 31 December 2023, net of accumulated depreciation	135	221,514	48,113	178,245	167,225	615,232
At 31 December 2023:						
Cost	878	356,656	78,788	198,209	167,225	801,756
Accumulated depreciation	(743)	(135,142)	(30,675)	(19,964)	–	(186,524)
Net carrying amount	135	221,514	48,113	178,245	167,225	615,232

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land and buildings used in its operations. Lump sum payments were made upfront to acquire the leased land from the owner with lease periods of 50 years, and no ongoing payments will be made under the terms of the land lease. Leases of buildings generally have lease terms between 3 and 18 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land *RMB'000*	Buildings *RMB'000*	Total *RMB'000*
As at 1 January 2023	35,089	32,618	67,707
Lease modification	–	12,434	12,434
Depreciation charge	(771)	(8,066)	(8,837)
As at 31 December 2023 and 1 January 2024	**34,318**	**36,986**	**71,304**
Additions	**–**	**497**	**497**
Depreciation charge	**(771)**	**(6,829)**	**(7,600)**
Termination of a lease contract	**–**	**(1,709)**	**(1,709)**
As at 31 December 2024	**33,547**	**28,945**	**62,492**

16. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities to third parties

The carrying amount of lease liabilities to third parties and the movements during the year are as follows:

	2024 *RMB'000*	2023 *RMB'000*
Carrying amount at 1 January	**45,958**	32,394
New lease	**497**	–
Lease modification	**–**	12,434
Accretion of interest recognised during the year	**2,432**	2,121
Payments	**(1,386)**	(983)
Exchange gain	**–**	(8)
Carrying amount at 31 December	**47,501**	45,958
Analysed into:		
Current portion	**17,207**	12,612
Non-current portion	**30,294**	33,346

The maturity analysis of lease liabilities to third parties is disclosed in note 36 to the financial statements.

16. LEASES (continued)

The Group as a lessee (continued)

(c) Lease liability to a related party

The carrying amount of the lease liability to a related party and the movements during the year are as follows:

	2024 *RMB'000*	2023 *RMB'000*
Lease liability to Biomabs (note):		
Carrying amount at 1 January	4,386	9,235
Accretion of interest recognised during the year	118	431
Termination of a lease contract	(1,864)	–
Payments	(2,640)	(5,280)
Carrying amount at 31 December	–	4,386
Analysed into:		
Current portion	–	4,386
Non-current portion	–	–

Note: Biomabs is ultimately controlled by a close family member of the controlling shareholder.

16. LEASES

The Group as a lessee (continued)

(d) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 *RMB'000*	2023 *RMB'000*
Interest on lease liabilities to third parties	**2,432**	2,121
Interest on lease liability to a related party	**118**	431
Depreciation for right-of-use assets	**7,600**	8,837
Expense relating to short-term leases	**79**	107
Total amount recognised in profit or loss	**10,229**	11,496

(e) The total cash outflows for leases and future cash outflows relating to leases that have not yet commenced are disclosed in note 31(c) to the financial statements.

17. INTANGIBLE ASSETS

	Deferred development costs *RMB'000*
31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	**–**
Additions	**33,345**
At 31 December 2024	**33,345**
At 31 December 2024:	
Cost	**33,345**
Accumulated amortisation	**–**
Net carrying amount	**33,345**

17. INTANGIBLE ASSETS (continued)

At 31 December 2024, management determined that no impairment loss to be recognised for the deferred development costs not yet available for use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Management believes that any reasonably possible change in any of the key assumptions would not cause the recoverable amounts to be lower than their carrying amounts.

18. OTHER NON-CURRENT ASSETS

	2024 *RMB'000*	2023 *RMB'000*
Prepayment for acquisition of property, plant and equipment *(note a)*	**2,854**	1,421
Deposit for construction of production facilities	**–**	3,000
VAT recoverable	**–**	1,810
Total	**2,854**	6,231

Note:

(a) Prepayment for acquisition of property, plant and equipment is mainly related to the new production facilities on the parcel of industrial land of approximately 100,746 square metres in the Taizhou Hi-tech Zone.

19. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials and consumables	63,599	67,781
Work in progress	40,515	23,735
Finished Goods	6,895	10,521
Total	111,009	102,037

20. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	96,950	19,968
Impairment	(2,424)	(545)
Total	94,526	19,423

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 90 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

20. TRADE RECEIVABLES (continued)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months	75,807	16,454
4 to 6 months	11,482	2,182
7 to 9 months	6,283	109
10 to 12 months	954	678
Total	94,526	19,423

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	545	118
Impairment losses	1,879	427
At end of year	2,424	545

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on aging. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

20. TRADE RECEIVABLES (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

	With 3 months	4 to 6 months	7 to 9 months	10 to 12 months	Over 12 months	Total
Expected credit loss rate	0.89%	3.37%	12.02%	31.02%	100.00%	2.50%
Gross carrying amount *(RMB'000)*	76,484	11,883	7,141	1,383	59	96,950
Expected credit losses *(RMB'000)*	(677)	(401)	(858)	(429)	(59)	(2,424)
Net amount *(RMB'000)*	75,807	11,482	6,283	954	–	94,526

As at 31 December 2023

	With 3 months	4 to 6 months	7 to 9 months	10 to 12 months	Over 12 months	Total
Expected credit loss rate	0.56%	2.71%	9.06%	31.16%	100.00%	2.73%
Gross carrying amount *(RMB'000)*	16,547	2,243	120	985	73	19,968
Expected credit losses *(RMB'000)*	(93)	(61)	(11)	(307)	(73)	(545)
Net amount *(RMB'000)*	16,454	2,182	109	678	–	19,423

21. PREPAYMENTS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Other receivables	1,560	979
Prepayments for research and development services	18,628	11,280
Other deposits and prepayments	3,722	3,834
VAT recoverable *(note)*	7,644	22,991
Total	31,554	39,084

Note: VAT recoverable is presented in prepayments and other receivables and other non-current assets based on management's estimation of the amount of VAT recoverable to be utilised within one year.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

22. CONTRACT COSTS

	2024 RMB'000	2023 RMB'000
Cost to fulfil contracts in relation to contract development and manufacturing agreement	–	7,508

23. CASH AND BANK BALANCES AND RESTRICTED BANK DEPOSITS

Restricted bank deposits

At 31 December 2024, the bank deposits of RMB39,341,000 (2023: Nil) were restricted for a dispute with a supplier. The dispute was settled in January 2025 and the bank deposits were released subsequently.

Cash and bank balances

Cash and bank balances comprise cash at banks and short-term bank deposits with an original maturity of three months or less. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Cash and bank balances that are denominated in currencies as set out below:

	2024	2023
	RMB'000	*RMB'000*
RMB	**88,153**	172,367
Hong Kong dollar ("**HK$**")	**1,142**	903
US dollar ("**US$**")	**49**	75
Total	**89,344**	173,345

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

24. TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables	11,709	10,012
Accrued expenses for research and development services	22,807	32,091
Other payables for purchases of property, plant and equipment	33,671	57,831
Salary and bonus payables	13,289	15,160
Other taxes payable	634	658
Accrued listing expenses and issue costs	11,189	11,189
Other payables	76,068	23,699
Total	169,367	150,640

Payment terms with suppliers are mainly on credit with 60 days from the time when the goods and/or services are received/rendered from the suppliers. The ageing analysis of the trade payables presented based on the receipt of goods/services by the Group at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
Within 60 days	8,712	4,467
Over 60 days but within 1 year	1,728	5,545
Over 1 year	1,269	–
Total	11,709	10,012

Trade and other payables are unsecured, non-interest-bearing and repayable on demand.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2024			31 December 2023		
	Effective Interest rate *(%)*	Maturity	Amount *RMB'000*	Effective Interest rate *(%)*	Maturity	Amount *RMB'000*
Current:						
Other loans – unsecured			–	6.0%	2024	59,183
Bank loans – secured *(note)*	One-year loan prime rate ("LPR")+50 bps	2025	80,054	One-year loan prime rate ("**LPR**")+50 bps	2024	49,077
Total-current			80,054			108,260
Non-current:						
Other loans – unsecured	4.0-6.0%	2032	65,537	6.0%	2025	1,469
Bank loans – secured *(note)*	One-year loan prime rate ("LPR")	2026	100,000	One-year loan prime rate ("**LPR**")	2026	100,000
Total-non current			165,537			101,469
Total			245,591			209,729

25. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

	2024 RMB'000	2023 RMB'000
Analysed into:		
Bank loans and other loans repayable:		
In the first year	80,054	108,260
In the second year	100,000	1,469
In the third to fifth years, inclusive	65,537	100,000
Total	245,591	209,729

Note: At 31 December 2024, a 100,746-square-meter land in Taizhou Hi-tech Zone with a carrying amount of approximately RMB33,547,000 (2023: RMB34,318,000) and a 50,835-square-meter building with a carrying amount of approximately RMB168,903,000 (2023: RMB102,520,000) were pledged to the bank to secure the bank borrowings of the Group. The manufacturing facilities with a carrying amount of approximately RMB195,164,000 (2023: RMB200,245,000) were pledged to an independent third-party customer to secure the entrusted bank borrowings of the Group.

26. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Amounts received in advance for contract development and manufacturing agreement	–	6,598
Amounts received in advance for the exclusive right for the commercialisation	395,562	322,313
Amounts received in advance for the sale of products	15	151
Total	395,577	329,062
Analysed into:		
Current portion	43,625	32,724
Non-current portion	351,952	296,338

27. DEFERRED INCOME

	2024 RMB'000	2023 RMB'000
Income-related government grants	1,872	8,955
Asset-related government grants	–	10,296
Total	1,872	19,251
Analysed into:		
Current portion	1,872	7,555
Non-current portion	–	11,696

Movements of income-related government grants:

	2024 RMB'000	2023 RMB'000
At 1 January	8,955	7,455
Government grants received	67	4,050
Credited to profit or loss	(7,150)	(2,550)
At 31 December	1,872	8,955

27. DEFERRED INCOME (continued)

Movements of asset-related government grants:

	2024 RMB'000	2023 RMB'000
At 1 January	10,296	10,000
Government grants received	–	296
Deduction from the calculation of the carrying amount of the assets	(10,296)	–
At 31 December	–	10,296

During the year ended 31 December 2024, the Group received government grants of RMB67,000 (2023: RMB4,346,000) to compensate for the expense of Group's research projects. The grants related to income were recognised in profit or loss upon the compliance of the Group with the conditions attached to the grants and the government acknowledged acceptance. The grants related to assets were deducted from the calculation of the carrying amount of the assets upon the compliance of the Group with the conditions attached to the grants and the government acknowledged acceptance and were recognised in profit or loss in the form of reduced depreciation charges over the remaining lives of the depreciable assets.

28. SHARE CAPITAL

	2024 RMB'000	2023 RMB'000
Issued and fully paid:		
4,124,080,000 (2023: 4,124,080,000) ordinary shares	2,804	2,804

29. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

The Company's Pre-IPO Share Option Scheme (the "**Scheme**") was adopted pursuant to a resolution passed on 10 August 2018 for the primary purpose of providing incentives to directors of the Company and eligible employees of the Group. Under the Scheme, 1,875,000 options were granted on 18 August 2018 to directors of the Company and eligible employees of the Group to subscribe for shares in the Company, which will expire on 17 August 2028.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Scheme as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The Scheme has a service condition that shall vest over an 8-year period, with 20%, 20%, 20%, 20% and 20% of the total number of the options granted to be vested on the fourth, fifth, sixth, seventh and eighth anniversaries of the listing date, respectively.

The exercise price in relation to each option granted shall be the final offer price per share at which the shares are to be acquired by the investors pursuant to the Hong Kong Public Offering and the International Offering, which shall not be less than the par value of the shares, provided that the exercise price shall be adjusted in the event of any capitalisation issue, rights issue, open offer, sub-division, consolidation of shares, or reduction of capital of the Company.

On 8 April 2019, a shareholders' resolution about the capitalisation issue was passed and after taking account of the capitalisation issue, the number of share options was increased to 83,512,500.

29. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Equity-settled share option scheme of the Company (continued)

The following table discloses details of the movements of the outstanding options granted under the Scheme during the year ended 31 December 2024:

	2024		2023	
	Weighted average exercise price HK$ per share	Number of options '000	Weighted average exercise price HK$ per share	Number of options '000
At 1 January	HK$1.5	76,122	HK$1.5	76,469
Forfeited during the year		(2,676)		(347)
At 31 December	HK$1.5	73,446	HK$1.5	76,122

The exercise price and exercise period of the share options outstanding as at the end of the reporting period are as follows:

2024

Number of options *'000*	Exercise price *per share*	Exercise period
73,446	HK$1.5	31 May 2023 to 17 August 2028

2023

Number of options *'000*	Exercise price *per share*	Exercise period
76,122	HK$1.5	31 May 2023 to 17 August 2028

29. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Equity-settled share option scheme of the Company (continued)

The Group recognised the total expense of RMB11,824,000 during the year ended 31 December 2024 (2023: RMB13,469,000) in relation to share options granted by the Company.

At the end of the reporting period, the Company had 73,446,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 73,446,000 additional ordinary shares of the Company and additional share capital of US$7,345 (equivalent to RMB57,013) and reserve of RMB101,968,000 (before issue expense).

At the date of approval of these financial statements, the Company had 72,671,000 share options outstanding under the Scheme, which represented approximately 1.8% of the Company's shares in issue as at that date.

30. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 181 of the financial statements.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB497,000 (2023: additions to right-of-use assets of RMB12,434,000) and RMB497,000 (2023: additions to lease liabilities of RMB12,434,000), respectively, in respect of lease arrangements for buildings.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities

	Amounts due to a related party *RMB'000*	Accrued listing expenses and issue costs *RMB'000*	Interest-bearing bank and other borrowings *RMB'000*	Lease liabilities to third parties and lease liability to a related party *RMB'000*	Total *RMB'000*
At 1 January 2024	23,564	11,189	209,729	50,344	294,826
Changes from financing cash flows	(5,257)	–	27,563	(4,026)	18,280
Interest on a related party	912	–	–	–	912
Interest on bank and other borrowings	–	–	7,090	–	7,090
Interest on lease liabilities	–	–	–	2,550	2,550
Lease addition	–	–	–	497	497
Termination of a lease contract	–	–	–	(1,864)	(1,864)
Unrealised exchange losses	–	–	1,210	–	1,210
Expenses incurred in clinical business paid by a related party on behalf of the Group	877	–	–	–	877
At 31 December 2024	20,096	11,189	245,592	47,501	324,378

	Amounts due to a related party *RMB'000*	Accrued listing expenses and issue costs *RMB'000*	Interest-bearing bank and other borrowings *RMB'000*	Lease liabilities to third parties and lease liability to a related party *RMB'000*	Total *RMB'000*
At 1 January 2023	45,527	11,037	84,708	41,629	182,901
Changes from financing cash flows	(26,003)	–	117,863	(6,263)	85,597
Interest on a related party	1,384	–	–	–	1,384
Interest on bank and other borrowings	–	–	5,642	–	5,642
Interest on lease liabilities	–	–	–	2,552	2,552
Lease modification	–	–	–	12,434	12,434
Unrealised exchange losses	–	152	1,516	(8)	1,660
Expenses incurred in clinical business paid by a related party on behalf of the Group	2,656	–	–	–	2,656
At 31 December 2023	23,564	11,189	209,729	50,344	294,826

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Within operating activities	**79**	107
Within financing activities	**4,026**	6,263
Total	**4,105**	6,370

32. CAPITAL COMMITMENTS

The Group had capital commitments for acquisitions of equipment and building construction under contracts as follows:

	2024 *RMB'000*	2023 *RMB'000*
Contracted but not provided *(note)*	**4,223**	3,978

Note: The capital commitments are mainly related to the new production facilities on the parcel of industrial land of approximately 100,746 square metres in the Taizhou Hi-tech Zone.

33. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed in note 16 to the financial statements, the Group had the following transactions with related parties during the year:

	2024 *RMB'000*	2023 *RMB'000*
Expenses incurred in clinical business and CMAB807 paid by a related party on behalf of the Group:		
Biomabs	**877**	2,704
Repayments to a related party regarding the expenses incurred in clinical business and CMAB807 paid by a related party on behalf of the Group:		
Biomabs	**877**	2,656
Repayment of loans to a related party – unsecured:		
Biomabs *(note a)*	**(4,000)**	(22,500)
Interest on loans from a related party:		
Biomabs	**912**	1,384
Interest on loans repaid to a related party:		
Biomabs	**380**	847

Note:

a. In September 2022, the Group borrowed unsecured loans from Biomabs amounting to RMB45,000,000 at an interest rate of 3.7% per annum with a term from the date on receiving the loan by the Group to 31 December 2024. In December 2023, the Group renewed the loan contract and extended the maturity date to 31 December 2027.

33. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties:

	2024 *RMB'000*	2023 *RMB'000*
Rental deposit to a related party:		
Biomabs	–	411
Prepayments – non-trade nature		
Biomabs	–	398
Amounts due to a related party:		
Trade payables		
Biomabs *(note a)*	47,280	47,326
Interest payables		
Biomabs	1,596	1,064
Loans payables		
Biomabs	18,500	22,500
Total	67,376	70,890
Analysed into:		
Current portion	–	14
Non-current portion	67,376	70,876
Total	67,376	70,890

Non-trade payables to Biomabs are unsecured, non-interest-bearing and repayable on demand.

Note:

a. In March 2021, the Group entered into an agreement with Biomabs in relation to the acquisition of the intellectual property in connection with CMAB807 from Biomabs at a consideration of RMB66,038,000 (excluding value added tax). On 29 December 2023, the Group entered into a supplemental agreement with Biomabs, pursuant to which, the maturity date of the outstanding payable balance of RMB47,170,000 was extended to 31 December 2027.

33. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties: **(continued)**

Payment terms with suppliers are mainly on credit with 60 days from the time when the goods and/or services are received from the suppliers. The ageing analysis of the trade payables presented based on the receipt of goods/services by the Group at the end of the reporting period is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 60 days	**–**	14
Over 1 year	**47,280**	47,312
Total	**47,280**	47,326

(c) Compensation of key management personnel of the Group

	2024	2023
	RMB'000	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	**3,972**	3,757
Pension scheme contributions	**314**	198
Directors' fee	**351**	324
Share-based compensation	**10,860**	6,667
Consultation fee	**–**	501
Total	**15,497**	11,447

Further details of directors' and the chief executive's emoluments are included in note 10 to the financial statements.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 December 2024

Financial assets

	Financial assets at amortised cost *RMB'000*
Financial assets included in prepayments and other receivables	1,560
Trade receivables	94,526
Restricted bank deposits	39,341
Cash and bank balances	89,344
Total	224,771

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Financial liabilities included in trade and other payables	155,444
Interest-bearing bank and other borrowings	245,591
Amounts due to a related party	67,376
Total	468,411

34. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

31 December 2023

Financial assets

	Financial assets at amortised cost *RMB'000*
Financial assets included in prepayments and other receivables and other non-current assets	3,979
Rental deposit to a related party	411
Trade receivables	19,423
Cash and bank balances	173,345
Total	197,158

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Financial liabilities included in trade and other payables	134,822
Interest-bearing bank and other borrowings	209,729
Amounts due to a related party	70,890
Total	415,441

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, restricted bank deposits, trade receivables, financial assets included in prepayments and other receivables, rental deposit to a related party (in the current portion), financial liabilities included in trade and other payables, amounts due to a related party (in the current portion) and interest-bearing bank and other borrowings (in the current portion) approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of financial assets and liabilities included in non-current portion of interest-bearing bank and other borrowings and the non-current portion of amounts due to related parties have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2024 were assessed to be insignificant.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances, restricted bank deposits, trade receivables, interest-bearing bank and other borrowings, and amounts due to a related party. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as a rental deposit to a related party, trade receivables, financial assets included in prepayments and other receivables and other non-current assets and financial liabilities included in trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with a floating interest rate. The Group does not use derivative financial instruments to hedge its interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	(Increase)/ decrease in loss before tax *RMB'000*	Increase/ (decrease) in equity *RMB'000*
31 December 2024			
RMB-denominated borrowings	**50**	**(900)**	**(900)**
RMB-denominated borrowings	**(50)**	**900**	**900**
31 December 2023			
RMB-denominated borrowings	50	(745)	(745)
RMB-denominated borrowings	(50)	745	745

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

Certain bank balances and cash and restricted bank deposits are denominated in foreign currencies of the respective group entities which are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the Group's management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's loss before tax (arising from US$ and HK$denominated financial instruments) and the Group's equity.

	Increase/ (decrease) in rate of foreign currency %	(Increase)/ decrease in loss before tax *RMB'000*	Increase/ (decrease) in equity *RMB'000*
31 December 2024			
If RMB weakens against US$	**5**	**(3,138)**	**(3,138)**
If RMB strengthens against US$	**(5)**	**3,138**	**3,138**
If RMB weakens against HK$	**5**	**(80)**	**(80)**
If RMB strengthens against HK$	**(5)**	**80**	**80**
31 December 2023			
If RMB weakens against US$	5	(2,955)	(2,955)
If RMB strengthens against US$	(5)	2,955	2,955
If RMB weakens against HK$	5	(28)	(28)
If RMB strengthens against HK$	(5)	28	28

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's financial assets, which comprise cash and bank balances, trade receivables, a rental deposit to a related party, and financial assets included in prepayments and other receivables and other non-current assets with a maximum exposure equal to the carrying amount of these instruments.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

The amounts presented are gross carrying amounts for financial assets.

31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Simplified approach *RMB'000*	Total *RMB'000*
Financial assets included in prepayments and other receivables and other non-current assets *(note a)*	1,560	–	–	–	1,560
Trade receivables *(note b)*	–	–	–	94,526	94,526
Restricted bank deposits	39,341	–	–	–	39,341
Cash and bank balances – Not yet past due	89,344	–	–	–	89,344
Total	130,245	–	–	94,526	224,771

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Simplified approach *RMB'000*	Total *RMB'000*
Financial assets included in prepayments and other receivables and other non-current assets *(note a)*	3,979	–	–	–	3,979
Rental deposit to a related party	411	–	–	–	411
Trade receivables *(note b)*	–	–	–	19,423	19,423
Cash and bank balances					
– Not yet past due	173,345	–	–	–	173,345
Total	177,735	–	–	19,423	197,158

Notes:

a. The credit quality of the financial assets included in prepayments and other receivables and other non-current assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

b. For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix and further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables is disclosed in note 19 to the financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group monitors and maintains a level of cash and bank balances deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2024			
	Less than 1 year or on demand *RMB'000*	1 to 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
Amounts due to a related party	–	69,430	–	69,430
Financial liabilities included in trade and other payables	155,444	–	–	155,444
Interest-bearing bank and other borrowings	83,504	195,823	–	279,327
Lease liabilities to third parties	19,421	20,029	19,879	59,329
Total	258,369	285,282	19,879	563,530

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

	2023			
	Less than 1 year or on demand *RMB'000*	1 to 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
Amounts due to a related party	14	74,206	–	74,220
Financial liabilities included in trade and other payables	134,822	–	–	134,822
Interest-bearing bank and other borrowings	114,897	108,241	–	223,138
Lease liabilities to third parties	14,173	16,337	19,879	50,389
Lease liability to a related party	4,526	–	–	4,526
Total	268,432	198,784	19,879	487,095

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group regards equity attributable to owners of the Company as its capital and manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets with reference to the gearing ratio. To maintain or adjust the capital structure, the Group may redeem existing shares, issue new shares or issue new debts. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2023.

	2024	2023
	RMB'000	*RMB'000*
Total liabilities	**927,284**	829,916
Total assets	**1,016,218**	1,034,973
Gearing ratio	**91%**	80%

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Non-current assets		
Plant and equipment	**8**	18
Right-of-use assets	**255**	474
Investments in subsidiaries	**1,414,021**	1,402,197
	1,414,284	1,402,689
Current assets		
Prepayments and other receivables	**492**	58
Amounts due from a subsidiary	**10,880**	10,945
Cash and bank balances	**189**	599
	11,561	11,602
Current liabilities		
Trade and other payables	**11,189**	10,530
	11,189	10,530
Net current assets	**372**	1,072
Total assets less current liabilities	**1,414,656**	1,403,761
Net assets	**1,414,656**	1,403,761
Capital and reserves		
Share capital	**2,804**	2,804
Reserves *(note)*	**1,411,852**	1,400,957
Total equity	**1,414,656**	1,403,761

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium *RMB'000*	Share option reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
Balance at 1 January 2023	1,400,504	53,717	(65,727)	1,388,494
Loss and total comprehensive expense for the year	–	–	(1,006)	(1,006)
Recognition of equity-settled share-based compensation	–	13,469	–	13,469
At 31 December 2023 and 1 January 2024	**1,400,504**	**67,186**	**(66,733)**	**1,400,957**
Loss and total comprehensive expense for the year	**–**	**–**	**(929)**	**(929)**
Recognition of equity-settled share-based compensation	**–**	**11,824**	**–**	**11,824**
At 31 December 2024	**1,400,504**	**79,010**	**(67,662)**	**1,411,852**

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2025.

Five Year Financial Summary

	For the year ended December 31,				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(audited)	(audited)
Revenue	**258,228**	87,161	55,918	82,882	–
Cost of sales	**(38,834)**	(11,923)	(15,375)	(16,777)	–
Gross profit	**219,394**	75,238	40,543	66,105	–
Other income	**7,991**	3,572	27,302	14,818	32,237
Other expenses	**–**	–	–	–	–
Other gains and losses	**(5,714)**	(1,366)	(4,682)	(6,637)	(26,714)
Selling and distribution expenses	**(151,566)**	(48,925)	(28,213)	(9,423)	–
Research and development expenses	**(75,212)**	(123,211)	(147,906)	(263,572)	(120,418)
Administrative expenses	**(110,409)**	(104,659)	(90,557)	(90,632)	(65,795)
Impairment losses on financial assets	**(1,879)**	(427)	(118)	–	–
Finance costs	**(10,552)**	(9,578)	(7,188)	(2,403)	(3,942)
Listing expenses	**(127,947)**	(209,356)	–	–	–
Loss before tax	**–**	–	(210,819)	(291,744)	(184,632)
Income tax credit	**(127,947)**	(209,356)	–	–	–
Loss and total comprehensive expense for the year	**(127,947)**	(209,356)	(210,819)	(291,744)	(184,632)
Total comprehensive expense attributable to:					
Owners of the Company	**(127,947)**	(209,356)	(210,819)	(291,744)	(184,632)
Non-controlling interests	**–**	–	–	–	–
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
Loss per share					
– Basic	**(0.03)**	(0.05)	(0.05)	(0.07)	(0.04)
– Diluted	**(0.03)**	(0.05)	(0.05)	(0.07)	(0.04)

	As at December 31, 2024	As at December 31, 2023	As at December 31, 2022	As at December 31, 2021	As at December 31, 2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(audited)	(audited)
Non-current assets	**650,444**	692,767	716,401	652,132	593,911
Current assets	**365,774**	342,206	201,120	247,770	569,126
Current liabilities	**312,125**	316,191	188,401	235,004	202,627
Net current assets	**53,649**	26,015	12,719	12,766	366,499
Non-current liabilities	**615,159**	513,725	328,176	62,917	78,925
Net assets	**88,934**	205,057	400,944	601,981	881,485

Definitions

In this annual report, the following expressions have the meanings set out below unless the context requires otherwise.

"Articles of Association"	the amended and restated articles of association of the Company adopted on April 8, 2019 with effect from Listing, as amended on June 17, 2022 and from time to time
"Asia Mabtech"	Asia Mabtech Limited, a limited liability company incorporated in the BVI on November 23, 2017 and one of the Controlling Shareholders
"Asia Pacific Immunotech Venture"	Asia Pacific Immunotech Venture Limited, a limited liability company incorporated in the BVI on July 23, 2018 and one of the Controlling Shareholders
"Audit Committee"	the audit committee of the Board
"Biomabs"	Shanghai Biomabs Pharmaceuticals Co., Ltd. (上海百邁博製藥有限公司), a limited liability company incorporated in the PRC on October 16, 2009 and a direct wholly-owned subsidiary of Sinomab as of the date of this annual report
"Board" or "Board of Directors"	the board of Directors of the Company
"BVI"	the British Virgin Islands
"CDH"	CDH PE and CDH VC
"CDH PE"	CDH Mabtech Limited, a limited liability company incorporated in the Cayman Islands
"CDH VC"	Genemab Holding Limited, a limited liability company incorporated in the BVI
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules

"Company"	Mabpharm Limited (邁博药业有限公司), an exempted company incorporated in the Cayman Islands with limited liability on June 1, 2018 and whose Shares are listed on the Stock Exchange on the Listing Date
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consolidated Financial Statements"	the audited consolidated financial statements of the Group
"Controlling Shareholders"	has the meaning ascribed thereto in the Listing Rules and, unless the context otherwise requires, refers to Mr. Guo Jianjun, Guo Family Trustee, Asia Pacific Immunotech Venture, Asia Mabtech and United Circuit
"core product(s)"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purpose of this annual report, our core products include CMAB008 and CMAB009
"Director(s)"	the director(s) of our Company
"FDA"	Food and Drug Administration of the United States
"FH Investment"	Fortune-Healthy Investment Limited, a limited liability company incorporated in the BVI
"Global Offering"	has the meaning ascribed to it under the Prospectus
"GPO"	Group Purchasing Organization
"Group", "our Group", "the Group", "we", "us", or "our"	the Company and its subsidiaries from time to time
"Guo Family Trust"	Guo Family Trust, a trust created by Mr. Guo Jianjun on August 8, 2018 under the laws of BVI for the benefit of his family members, for which Guo Family Trustee serves as trustee
"Guo Family Trustee"	Guo Family (PTC) Limited, a limited liability company incorporated in the BVI on March 1, 2018 and the trustee of the Guo Family Trust

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollar" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"independent third party(ies)"	any entity or person who is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules
"IPO"	initial public offering
"Listing"	the listing of our Shares on the Main Board of the Stock Exchange on May 31, 2019
"Listing Date"	May 31, 2019, being the date on which the Shares were listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the Main Board of the Stock Exchange
"Medical Insurance"	National Medical Insurance of the People's Republic of China
"Memorandum"	the memorandum of association of the Company, as amended, modified or otherwise supplemented from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"MTJA"	Shanghai Sinomab Biotechnology Co., Ltd.* (上海邁泰君奧生物技術有限公司) (formerly known as Shanghai Bai'an Medical Star Investment Co., Ltd.* (上海百安醫星投資有限公司)), a limited liability company incorporated in the PRC on May 30, 2012, a former indirect wholly-owned subsidiary of Sinomab, and an independent third party since July 2019
"NMPA"	National Medical Products Administration (國家藥品監督管理局) of China, formerly known as China's Food and Drug Administration ("**CFDA**") (國家食品藥品監督管理局) or China's Drug Administration ("**CDA**") (國家藥品監督管理局); references to NMPA include CFDA and CDA
"NHSA"	National Healthcare Security Administration

"Nomination Committee"	the nomination committee of the Board
"PIC/S"	Pharmaceutical Inspection Co-operation Scheme
"PRC"	the People's Republic of China, excluding, for the purposes of this annual report, Hong Kong, the Macau Special Administrative Region and Taiwan
"Prospectus"	the prospectus issued by the Company on May 20, 2019 in connection with the Hong Kong public offering of the Shares
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the year from January 1, 2024 to December 31, 2024
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	holder(s) of Share(s)
"Shares"	ordinary share(s) in the capital of the Company with nominal value of US$0.0001 each
"Shengheng Biotech"	Shanghai Shengheng Biotechnology Limited* (上海晟珩生物技術有限公司), a limited liability company incorporated in the PRC on August 28, 2018 and an indirect wholly-owned subsidiary of the Company
"Sinomab"	Sinomab Limited (formerly known as Mabtech Limited), a limited liability company incorporated in the Cayman Islands on September 4, 2014, and a company which an associate of the controlling shareholder of the Company indirectly controls 66.67% voting rights as of the date of this annual report

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Taizhou Pharmaceutical"	Taizhou Mabtech Pharmaceutical Limited* (泰州邁博太科藥業有限公司), a limited liability company incorporated in the PRC on February 4, 2015 and an indirect wholly-owned subsidiary of the Company
"United Circuit"	United Circuit Limited (域聯有限公司), a limited liability company incorporated in the BVI on August 25, 2015 and one of the Controlling Shareholders
"Zhangjiang Biotech"	Shanghai Zhangjiang Biotechnology Co., Ltd.* (上海張江生物技術有限公司), a limited liability company incorporated in the PRC on December 7, 1998 and was an indirect wholly-owned subsidiary of Sinomab from February 2015 to July 2017, and an independent third party thereafter

* *For Identification Only*

Glossary of Technical Terms

"autoimmune disease"	diseases such as rheumatoid arthritis and lupus which arise from an abnormal immune response of the body against substances and tissues normally present in the body
"biosimilar"	also known as follow-on biologic or subsequent entry biologic. It is a biologic medical product that is almost an identical copy of an original product that is manufactured by a different company. Biosimilars are officially approved versions of original "innovator" products and can be manufactured when the original product's patent expires. A biosimilar product is similar in terms of quality, safety and efficacy to a reference medicinal product, which has been granted a marketing authorisation on the basis of a complete dossier in the community
"carcinoma"	a type of cancer that develops from epithelial cells. Specifically, a carcinoma is a cancer that begins in a tissue that lines the inner or outer surfaces of the body, and that arises from cells originating in the endodermal, mesodermal or ectodermal germ layer during embryogenesis
"cell culture"	the process by which cells are grown under controlled conditions, generally outside of their natural environment
"cell line"	a cell culture developed from a single cell and therefore consisting of cells with a uniform genetic makeup
"CDMO"	Contract Development and Manufacturing Organization
"CHO"	Chinese Hamster Ovary Cells
"CMAB008"	one of our Core Products, a recombinant anti-TNF-alpha chimeric monoclonal antibody and our new drug candidate based on infliximab
"CMAB009"	one of our Core Products, a recombinant anti-EGFR chimeric monoclonal antibody and our new drug candidate based on cetuximab

"CMAB807"	is a Denosumab, a human IgG2 monoclonal antibody with affinity and specificity for human RANKL (receptor activator of nuclear factor kappa-B ligand), which is a transmembrane or soluble protein essential for the formation, function, and survival of osteoclasts, the cells responsible for bone resorption
"CRO"	contract research organization
"EGFR"	epidermal growth factor receptor
"GMP"	good manufacturing practices
"IgE"	immunoglobulin E
"IgG1 κ "or "IgG1 kappa"	immunoglobulin G (IgG), a type of antibody. Representing approximately 75% of serum antibodies in humans, IgG is the most common type of antibody found in blood circulation. IgG molecules are created and released by plasma B cells. Each IgG has two antigen binding sites. There are four IgG subclasses (IgG1, 2, 3, and 4) in humans, named in order of their abundance in serum (IgG1 being the most abundant). IgG antibodies are large molecules of about 150 kDa made of four peptide chains. It contains two identical classheavy chains of about 50 kDa and two identical light chains of about 25 kDa, thus a tetrameric quaternary structure There are two types of light chain in humans kappa (κ) chain and lambda (λ) chain. Only one type of light chain is present in a typical antibody, thus the two light chains of an individual antibody are identical. IgG1 κ is an antibody molecule which contains two γ1 heavy chains and two κ light chains
"immunoglobulin" or "Ig"	an antibody (Ab), also known as an immunoglobulin (Ig). It is a large, Y-shaped protein produced mainly by plasma cells that is used by the immune system to neutralize pathogens such as pathogenic bacteria and viruses. The antibody recognizes a unique molecule of the pathogen, called an antigen, via the Fab's variable region

"infliximab"	a chimeric IgG1 κ monoclonal antibody (composed of human constant and murine variable regions) specific for human tumor necrosis factor-alpha used for adult patients with moderately to severely active rheumatoid arthritis in combination with methotrexate
"mCRC"	metastatic colorectal cancer
"monoclonal antibody" or "mAb"	an antibody produced by a single clone of immune cells or cell line and consisting of identical antibody molecules
"NDA"	new drug application
"omalizumab"	anti-IgE humanized IgG1 κ monoclonal antibody used to reduce sensitivity to allergens
"oncology"	a branch of medicine that deals with tumors, including study of their development, diagnosis, treatment and prevention
"pathogen"	infectious agent such as a bacterium, fungus, virus, or other micro-organism
"R&D"	research and development
"RA" or "rheumatoid arthritis"	a chronic, systemic inflammatory disorder that may affect many tissues and organs, but principally attacks synovial joints
"SMO"	site management organization
"TNF α "	recombinant anti-tumor necrosis factor α