GENOR
BIOPHARMA

嘉和生物藥業(開曼)控股有限公司

GENOR BIOPHARMA HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code: 6998

2024

ANNUAL REPORT

CONTENTS

COMPANY PROFILE

OUR MISSION

Striving to "provide innovative therapeutics initially for patients in China and gradually for patients globally", the Company presses on with its effort in becoming a biopharmaceutical engine in discovery, research and development of innovative biopharmaceutical drugs.

OVERVIEW

Since its establishment in 2007, the Group is committed to becoming an innovative company capable of drugs innovation, research and development, pre-clinical study, clinical development, registration and chemistry, manufacturing and controls ("**CMC**") development.

Since the successful implementation of the development strategy of "focus, optimization, acceleration, expansion" in 2022 and the achievement of initial results in 2023, the Group has consistently pushed forward the execution of this strategy in 2024, with a view to achieving stable development and efficient operation as well as creating opportunities under the challenging economic and industry environment.

The Group has further optimized its structure and adopted various flexible modes of external cooperation during the Reporting Period, successfully achieving the transformation into an enterprise adopting the asset-light model, thereby reducing operating costs significantly. While reducing its costs and increasing its efficiency, the Group actively conducted strategic cooperation, signed merger agreements and reached business development cooperation in various pipelines, focusing on promoting the development of core pipelines and new drug approval.

In terms of external cooperation and expansion, the Group entered into a merger agreement (the "**Merger Agreement**") with Edding Group Company Limited ("**Edding**") on 13 September 2024, whereby the Company will acquire Edding by way of a merger (the "**Proposed Merger**"), and in consideration therefor, the Company will allot and issue shares (the "**Consideration Shares**") to the shareholders of Edding. Immediately upon completion of the Proposed Merger, the original shareholders of Edding will hold approximately 77%, and the shareholders of the Company (the "**Shareholders**") will hold approximately 23%, of the issued shares of the Company as enlarged by the allotment and issue of the Consideration Shares (the final issue size is subject to the number of relevant Shares at the time of closing of the Proposed Merger). The Proposed Merger will bring about complementary advantages from multiple perspectives and create significant synergies, including the complementarity of research and development capabilities and commercialization platforms, the synergy between product pipelines and market expansion, the optimization and integration of financial resources. The Proposed Merger is expected to achieve the two-way empowerment of "research and development-driven" and "product commercialization", and the in-depth integration between the two parties in areas such as research and development, sales, production and finance is expected to enhance the market competitiveness of the Group. The Proposed Merger constitutes a very substantial acquisition and a reverse takeover of the Company, and is therefore subject to approval of the Shareholders. The Group as enlarged by Edding and its subsidiaries upon the closing of the Proposed Merger (the "**Enlarged Group**") must be able to meet the basic listing eligibility requirements of the Rules Governing the Listing of Securities (the "**Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Apart from signing the Merger Agreement with Edding, the Group entered into the License Agreement and the Stock Purchase Agreement with TRC 2004, Inc. on 2 August 2024. Under the License Agreement, the Group has agreed, among others, to grant TRC 2004, Inc. an exclusive worldwide license (excluding mainland China, Hong Kong, Macau and Taiwan) to develop, use, manufacture, commercialize and otherwise exploit GB261 (CD20/CD3, BsAb) ("**GB261**"). The collaboration with TRC 2004, Inc. will mainly focus on exploring the potential of GB261 in autoimmune diseases. This is a recognition for the Company's independent research and development capabilities. It is also expected that this potential BIC CD20/CD3 bi-specific antibody will be validated by more clinical trial data as soon as possible, which will ultimately demonstrate its promising efficacy and favorable safety profile. The Company expects GB261 to become an "innovative therapeutic for patients in China and globally" and support the Company to achieve its mission. In September 2024, Candid Therapeutics merged with TRC 2004, Inc.

In addition, the Group entered into a technology transfer agreement with Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd ("**Zhongmei Huadong**") in January 2024, under which the Group's anit-FGFR2b molecular sequences, technical data and related intellectual property ("**IP**") rights were transferred to the latter.

On 2 January 2025, Genor Biopharma Co., Ltd. ("**Genor Biopharma**"), the Company's wholly-owned subsidiary entered into a cooperative development agreement (the "**Cooperative Development Agreement**") with Edding in relation to two tri-specific antibodies: GBD218 is a lead molecule of tri-specific antibody targeting CD3/BCMA/GPRC5D, and project GBD220 aims to generate a CD3/CD19/BCMA tri-specific antibody. Both are in the early discovery stage (before preclinical candidate compounds ("**PCC**")).

In terms of focusing on the development of core pipelines and new drug approval, the interim analysis of the phase III clinical study of Lerociclib (GB491) in combination with letrozole for treatment of the advanced first-line breast cancer has reached the primary endpoint. The Company officially submitted the new drug application ("**NDA**") of Lerociclib in combination with letrozole for the treatment of locally advanced or metastatic hormone receptor (HR)-positive, human epidermal growth factor receptor 2-negative ("**HR+/HER2-**") breast cancer (first-line treatment for advanced breast cancer) that had not received prior systemic antitumor therapy to the China National Medical Products Administration ("**NMPA**") on 28 February 2024, which was officially accepted on 13 March 2024. The on-site clinical inspection was completed in September 2024, and the feedback of NDA queries was submitted in December 2024.

The NDA of Lerociclib (GB491) in combination with Fluvestran as the second-line treatment for the advanced breast cancer also made a good progress in 2024. The feedback of NDA queries was submitted in March 2024. The drug testing at the China National Institutes for Food and Drug Control was completed in May 2024. The overseas on-site production Pre-Approval Inspections for the active pharmaceutical ingredients ("**API**") and drug product plants were completed in September and October 2024, respectively, and the reports for follow-up items of the Center for Food and Drug Inspection ("**CFDI**") inspection were submitted to CFDI in December 2024. On 24 February 2025, the Center for Drug Evaluation ("**CDE**") formally accepted the overseas on-site production Pre-Approval Inspection follow-up reports and restarted the NDA review for advanced second-line breast cancer.

COMPANY PROFILE

GB268 is another differentiated innovative anti-PD-1/ VEGF/ CTLA-4 tri-specific antibody solely developed by the Group, which specifically targeting PD-1, VEGF and CTLA-4. The pre-clinical results show that GB268 can substantially enhance the anti-tumor effect with a better safety profile compared to the combination of three monoclonal antibodies, targeting PD-1, CTLA-4 and VEGF respectively, as well as the anti-PD-1/VEGF BsAb or anti-PD-1/CTLA-4 BsAb. It has the potential to become an upgraded immune checkpoint inhibitor. GB268 entered the pre-investigational new drug ("**IND**") enabling stage in 2024, and its Good Laboratory Practice ("**GLP**") toxicology study in cynomolgus monkeys with weekly dosing for 4 weeks was completed in March 2025, with no serious drug-related adverse effects observed in animals after multiple doses. The preliminary CMC results suggest that the tri-specific molecule has a good drug developability and stability, and the pilot-scale Good Manufacturing Practice ("**GMP**") production have been completed.

GB261 (CD20/CD3, BsAb) demonstrated a favorable safety, pharmacokinetic profile and promising clinical antitumor activities in the phase I/II clinical trial for lymphoma, which validated the molecular design mechanism of GB261. The Company completed the phase I/II clinical trial of GB261 for lymphoma in 2024, and completed the clinical study report in July 2024.

Developed independently by the Group as the world's first EGFR/cMET/cMET TsAb, GB263T has shown promising efficacy at the therapeutic dose range (1,260-1,680 mg). It has also shown a favorable safety profile. The updated clinical study results have been accepted by the European Society for Medical Oncology ("**ESMO**") Congress 2024 and were published on 14 September 2024.

In terms of early-stage research and development, the Company focused on the targets and projects with first-in-class ("**FIC**")/best-in-class ("**BIC**") potential. As of 31 December 2024, a number of PCC molecules have been developed, all of which are highly innovative and have the potential to become BIC bi-specific/multi-specific antibody projects. Abstracts of two of the tri-specific antibody molecules (GB268 anti-PD-1/VEGF/CTLA-4 and GBD218 CD3/BCMA/GPRC5D) have been accepted for publication at the 2024 Annual Meeting of the American Association for Cancer Research ("**AACR**").

THE GROUP'S DRUG CANDIDATES

As at the date of this annual report, the Group relies on the highly specialised departments, the close collaboration between different departments, and its efforts to expand external cooperation to persistently advance the clinical progress of innovative pipeline drugs across the world.

PRODUCT PIPELINE

The following chart shows our robust pipeline of drug candidates that are currently under development in China and worldwide across various therapeutic areas and the development status of antibody drug candidates in clinical stage as at the date of this annual report:

Product	Target/MoA (reference drug)	Indication	Classification	Commercial Rights	Discovery	Pre-Clinical	IND Enabling	Phase I	Phase II	Phase III	NDA
GB491 (Lerociclib)	CDK4/6+AI (combo w/ letrozole)	1L HR+/HER2- BC	Novel (In-license)	APAC ex-JP							
	CDK4/6+SERD (combo w/ fulvestrant)	2L HR+/HER2- BC									
GB261	CD20×CD3	NHL	Novel (In-house)	Worldwide(1)				Phase I/II			
GB263T	EGFR×c-Met×c-Met	NSCLC	Novel (In-house)	Worldwide				Phase I/II			
GB242 (Infliximab)	TNF-α (infliximab)	RA, AS, Ps, CD, UC	Biosimilar (In-house)	Worldwide							NDA Approved
GB226+GB492 (Geptanolimab+ IMSA101)	PD-1 (combo w/ GB226)+STING	Solid Tumours	Novel (In-license)	APAC ex-JP							
GB221 (Coprelotamab)	HER2	HER2+ 1L/2L+ mBC	Novel (In-house)	Worldwide							
GB223	RANKL	GCTB, PMO	Novel (Co-develop)	Worldwide							
GB241 (Rituximab)	CD20 (rituximab)	1L DLBCL	Biosimilar (In-house)	Co-development							
GB251	HER2 ADC	HER2+ 1L/2L+ mBC	Novel (Co-develop)	Worldwide							
GB268	PD-1/VEGF/CTLA-4	Cancers	Novel (In-house)	Worldwide							
GB262	PD-L1/CD55	Cancers	Novel (In-house)	Worldwide							
GB264	Claudin 18.2/CD3	GI Cancers	Novel (In-house)	Worldwide							
GB266	PD-L1/L.AG3/LAG3	Cancers	Novel (In-house)	Worldwide							
GB267	CD3/BCMA/GPRC5D	Cancers	Novel (In-house)	Worldwide(2)							
***	Undisclosed	Cancers	Novel (In-house)	Worldwide							

Notes:

(1) Exclusive worldwide license to Candid Therapeutics to develop, use, manufacture, commercialize and otherwise exploit GB261, excluding the mainland China, Hong Kong, Macau and Taiwan.

(2) Assigned to Edding the rights to develop, manufacture and commercialize GBD218 worldwide.

* Several undisclosed candidate molecules are in discovery stage

Continued internal development of GB226 PD-1 and GB221 have been paused and pending further assessment of development strategy and resource allocation.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Dr. Guo Feng (郭峰)
(Chief Executive Officer) (Resigned as executive Director and Chairman of the Board on 12 September 2024 and remains as the Chief Executive Officer)
Mr. Weng Chengyi (翁承毅) *(Chief Financial Officer) (Appointed on 12 September 2024)*

Non-Executive Directors

Dr. Lyu Dong (呂東)
Mr. Chen Yu (陳宇) *(Resigned on 2 January 2024)*
Mr. Yu Tieming (于鐵銘) *(Appointed on 2 January 2024)*
Mr. Liu Yi (劉逸)

Independent Non-Executive Directors

Mr. Zhou Honghao (周宏灝)
(Resigned on 18 September 2024)
Mr. Fung Edwin (馮冠豪)
Mr. Chen Wen (陳文)
Ms. Cui Bai (崔白) *(Appointed on 29 September 2024)*

AUDIT COMMITTEE

Mr. Fung Edwin (馮冠豪) *(Chairman)*
Mr. Liu Yi (劉逸)
Mr. Zhou Honghao (周宏灝)
(Resigned on 18 September 2024)
Ms. Cui Bai (崔白) *(Appointed on 29 September 2024)*

COMPENSATION COMMITTEE

Mr. Chen Wen (陳文) *(Chairman)*
Mr. Chen Yu (陳宇) *(Resigned on 2 January 2024)*
Mr. Yu Tieming (于鐵銘) *(Appointed on 2 January 2024)*
Mr. Fung Edwin (馮冠豪)

NOMINATION COMMITTEE

Mr. Chen Wen (陳文) *(Chairman)*
Dr. Lyu Dong (呂東)
Mr. Fung Edwin (馮冠豪)

COMPANY SECRETARY

Mr. Ip Tak Wai (葉德偉)

AUTHORISED REPRESENTATIVES

Mr. Chen Yu (陳宇) *(Resigned on 2 January 2024)*
Mr. Yu Tieming (于鐵銘) *(Appointed on 2 January 2024)*
Mr. Ip Tak Wai (葉德偉)

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CORPORATE INFORMATION

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COMPANY WEBSITE

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FINANCIAL HIGHLIGHTS

- **Total revenue** was approximately RMB206.2 million for the Reporting Period, as compared with nil for the year ended 31 December 2023. The increase was primarily due to revenue from license and stock purchase agreements with TRC 2004, Inc.

- **Research and development expenses** were approximately RMB202.8 million for the Reporting Period, as compared with approximately RMB564.3 million for the year ended 31 December 2023. The spending was mainly attributable to (i) our new drugs development fee and ongoing clinical trials expenses; (ii) our employee salary and related benefit costs.

- **Total comprehensive loss** was approximately RMB51.5 million for the Reporting Period, as compared with approximately RMB676.0 million for the year ended 31 December 2023. The decrease was primarily due to increase in revenue and decrease in expenses.

- Under **Non-HKFRS measures**, our adjusted loss(1) was approximately RMB41.3 million for the Reporting Period, as compared with approximately RMB614.3 million for the year ended 31 December 2023.

(1) Adjusted loss is calculated as loss for the years of 2024 and 2023 excluding share-based payment expenses. For details of the reconciliation of the loss for the Reporting Period to the adjusted loss of the Group, please refer to the section headed "Financial Review" in this annual report.

BUSINESS HIGHLIGHTS

The Group has further optimized its structure and adopted various flexible modes of external cooperation during the Reporting Period, successfully achieving the transformation into an enterprise adopting the asset-light model, thereby reducing operating costs. While reducing its costs and increasing its efficiency, the Group actively conducted strategic cooperation, signed merger agreements and reached business development ("**BD**") cooperation in various pipelines, focusing on promoting the development of core pipelines and new drug approval.

Strategic Cooperation

Proposed Merger with Edding

- On 13 September 2024, the Group entered into the Merger Agreement with Edding whereby the Company will acquire Edding by way of a merger (the "**Proposed Merger**"), and in consideration therefor, the Company will allot and issue Consideration Shares to the shareholders of Edding. Immediately upon completion of the Proposed Merger, the original shareholders of Edding will hold approximately 77%, and the Shareholders will hold approximately 23%, of the issued shares of the Company as enlarged by the allotment and issue of the Consideration Shares (the final issue size is subject to the number of relevant Shares at the time of closing of the Proposed Merger).

- The Group is principally engaged in the development and commercialisation of oncology and autoimmune drugs and has been striving to "provide innovative therapeutics initially for patients in China and gradually for patients globally" through building rich and innovative drug candidates and pipelines. The Directors expects that CDK4/6i will soon be commercialised and the Company has reached a critical development stage which requires strong commercial power to seize all possible market opportunities. Other drug products of the Company are also at clinical development stages, so the Company requires abundant and continuous cash flow to support the relevant R&D work and needs to strengthen their commercialisation capabilities for the subsequent product launch for late-stage products, in order to maintain a leading position in the highly competitive pharmaceutical industry.

- Having evaluated a number of potential target companies, the Board considers that Edding satisfies the above criteria and that it will be in the interest of the Company and the Shareholders as a whole to effect a merger with Edding for the following reasons:

BUSINESS HIGHLIGHTS

- Edding has a diversified portfolio of innovative leading patented drugs of immense market potential and originator-branded drugs with competitive market advantages:

  Edding has established a diversified product portfolio focusing on the largest and fastest-growing therapeutic areas in China comprising six key products, including three commercialised originator-branded products (namely, Vancocin, Ceclor and FPN) and three innovative leading patented drug products (Vascepa, Mulpleta and Entinostat).

- Edding has a well-developed commercialisation platform supporting robust financial performance:

  Gross revenue of Edding from the three key commercialised originator-branded products in aggregate amounted to RMB2,191.9 million for the year ended 31 December 2023. The robust and continuous cash flow of Edding is expected to provide support to the R&D of the Group's pipeline products, including ongoing and planned clinical trials, indication expansion and preparation for registration filings.

- Edding has an industry-leading sales and marketing network in supporting the future commercialisation of synergized pipelines:

  Edding has a well-established sales and marketing system with an over-twenty-year proven track record in terms of marketing efficiency and output per capita. As of 30 June 2024, Edding had over 900 sales representatives across 30 provinces in China and covering more than 12,000 hospitals. Edding's Entinostat, an HDAC inhibitor indicated for the treatment of HR+/HER2- breast cancer, is expected to create strong synergies from a commercialisation perspective with CDK4/6i, the Group's core product, also for the treatment of HR+/HER2- advanced breast cancer. Hence, with Edding's established sales and distribution network, and an advanced and comprehensive manufacturing system, the Proposed Merger, if materialises, will significantly enhance the commercialisation success of CDK4/6i.

- Edding has advanced manufacturing platforms and global supply chain system:

  Edding has established its own localized manufacturing platform with techniques and know-how meeting international standards for drug manufacturing with unmatched quality, with a deep pool of seasoned management personnel, forming a key competitive moat against its peers. Edding also leverages its cross-regional supply chain management and coordination capabilities to manage an end-to-end global supply chain, and its long-term relationships with suppliers to ensure efficiency and stability of our supply chain. It is expected that these in-house core manufacturing capabilities would be crucial to the commercialisation, production and supply of CDK4/6i and serve as the cornerstone for the future success of the Enlarged Group.

- The consideration of the Proposed Merger is to be wholly settled by way of issuing Consideration Shares and there would be no cash outlay by the Group. The Enlarged Group will have sufficient cash resources to develop and expand its business following the closing of the Proposed Merger.

- The Proposed Merger is a key step for the Company to transform into a developed and fully integrated biopharmaceutical company. The production operation, international supply chain management, the marketing authorization holder ("**MAH**") management capabilities and commercialisation capabilities possessed by Edding are crucial to the commercialisation and launch of originator-branded drug products. The continuous positive cash flow of Edding is also a core pillar for Edding to maintain its leading position in researching and developing originator-branded drug products. Following the closing of the Proposed Merger, the shortcomings relating to Edding's R&D facilities can also be resolved. The Proposed Merger is expected to bring complementary and synergetic effects to both the Group and Edding and lay an important foundation for the sustainable development of the Enlarged Group. The Proposed Merger constitutes a very substantial acquisition and a reverse takeover of the Company, and is therefore subject to approval of the Shareholders. The Enlarged Group must be able to meet the basic listing eligibility requirements of the Listing Rules.

- On 24 January 2025, the Group and Edding entered into an amendment agreement to the Merger Agreement to extend the deadline for submitting the new listing application in connection with the Proposed Merger (the "**New Listing Application**") and the long stop date of the closing of the Proposed Merger. Please refer to the announcement of the Company dated 24 January 2025 for further details.

- As at the date of this annual report (i.e. 28 March 2025), the Company and Edding are in the course of preparing the New Listing Application. The Company currently expects to submit the New Listing Application by the end of April 2025. For further details, please refer to the announcement of the Company dated 25 March 2025.

International Cooperation of GB261

- On 2 August 2024, the Group has entered into a license agreement (the "**License Agreement**") and a stock purchase agreement (the "**Stock Purchase Agreement**") with TRC 2004, Inc. (a company co-founded by Two River, LLC and Third Rock Ventures in Delaware, the United States of America). Under the License Agreement, the Group has agreed, among others, to grant TRC 2004, Inc. an exclusive worldwide license to develop, use, manufacture, commercialize and otherwise exploit GB261 (CD20/CD3, BsAb), excluding mainland China, Hong Kong, Macau and Taiwan. The collaboration between the parties will mainly focus on exploring the potential of GB261 (CD20/CD3, BsAb) in autoimmune diseases.

    - The Group shall receive: (i) a significant equity participation in TRC 2004, Inc.; (ii) a double digit million US dollars upfront payment; (iii) up to 443 million US dollars in milestone payments; and (iv) tiered single to double digits royalty payments on net sales.

- In September 2024, Candid Therapeutics merged with TRC 2004, Inc. It has an experienced management team, which includes Mr. Ken Song as the chief executive officer. The successful international cooperation of GB261 demonstrated the recognition of the world-class biotechnology investment institutions and the management team for the Company's new drug research and development and innovation pipeline.

BUSINESS HIGHLIGHTS

Cooperation with Zhongmei Huadong

- On 19 January 2024, the Company entered into an antibody molecules and technology transfer agreement with Zhongmei Huadong, under which an antibody drug and the related IP rights of the Company were transferred to Zhongmei Huadong.

Updates on Pipeline

GB491 (Lerociclib, a differentiated oral CDK4/6 inhibitor) – to provide breast cancer patients a CDK4/6 inhibitor with better efficacy and tolerability

- The Company has completed its patient enrolment for the phase III clinical study of GB491 (Lerociclib) in combination with letrozole as the first-line treatment for the advanced breast cancer and its interim analysis has reached the primary endpoint. The Company submitted the NDA to NMPA for Lerociclib in combination with letrozole for the treatment of locally advanced or metastatic hormone receptor (HR)-positive, human epidermal growth factor receptor 2-negative ("**HR+/HER2-**") breast cancer (first-line treatment for advanced breast cancer) that had not received prior systemic antitumor therapy on 28 February 2024. The application was officially accepted on 13 March 2024. The on-site clinical inspection was completed in September 2024. The feedback of NDA queries was submitted in December 2024.

    - The Independent Data Monitoring Committee ("**IDMC**") has reviewed the efficacy and safety data from the interim analysis of the phase III clinical trial of Lerociclib in combination with letrozole as the first-line treatment for the advanced first-line breast cancer. The IDMC recommended that this clinical trial had met the prespecified requirement of statistical significance in efficacy of the interim analysis with good safety and tolerance.

        - Progression-free survival ("**PFS**") based on the investigator assessment: hazard-ratio (95% CI) and p-value, 0.464 (0.293, 0.733), p=0.0004.

        - PFS based on the Independent Review Committee's ("**IRC**") assessment: hazard-ratio (95% CI) and p-value, 0.457 (0.274, 0.761), p=0.0011.

    - The results of the interim analysis were presented in the poster discussion session at the American Society of Clinical Oncology ("**ASCO**") annual meeting held in June 2024.

- On 28 March 2023, the NMPA has officially accepted the NDA of GB491 (Lerociclib) in combination with Fluvestran for the treatment of HR+/HER2- locally advanced or metastatic breast cancer patients (second-line treatment for advanced breast cancer) with disease progression following previous endocrine therapy. On 31 August 2023, clinical on-site inspection was completed. The feedback of NDA queries were submitted in March 2024 and the drug testing at the China National Institutes for Food and Drug Control was completed in May 2024. In September and October 2024, the overseas on-site production Pre-Approval Inspections of the API and the drug product plants were completed, respectively, and the reports for follow-up items of CFDI inspection were submitted to CFDI in December 2024.

- On 13 September 2024, the Company has entered into the CDK4/6i Outsourcing Management Agreement with Edding, pursuant to which the Company agreed to entrust Edding with, and Edding agreed to provide services for, the management of all matters relating to CDK4/6i, including the submission of new drug application(s), manufacturing, supply chain management and any other relevant matters. For further details of the CDK4/6i Outsourcing Management Agreement, please refer to the announcement of the Company dated 7 October 2024.

GB268 (anti-PD-1/VEGF/CTLA-4, TsAb)

- GB268 is another innovative tri-specific antibody solely developed by the Group, specifically targeting PD-1, CTLA-4 and VEGF, with a novel molecular design that balances the activity of different arms of the antibody. The pre-clinical results show that GB268 can substantially enhance the antitumor effect with a better safety profile compared to the combination of three monoclonal antibodies, namely PD-1, CTLA-4 and VEGF, as well as the anti-PD-1/VEGF or anti-PD-1/CTLA-4 BsAb. It has the potential to become an upgraded immune checkpoint inhibitor.

  In 2024, GB268 entered the pre-IND enabling stage and conducted the CMC process development and GLP toxicology study. The preliminary results suggest that the tri-specific molecule has a good drug developability and stability, and no significant drug-related toxicity has been observed in the high, medium and low dose groups of the 4-week exploratory toxicological experiment in cynomolgus monkeys.

GB261 (CD20/CD3, BsAb)

- GB261 is the first T-Cell Engager ("**TCE**") with low affinity to bind CD3 and has Fc functions (ADCC and CDC), and has potential to be a better and safer TCE. The first-in-human ("**FIH**") clinical trials of GB261 were conducted in several clinical research centers in Australia and China, indicating a favorable safety, pharmacokinetic profile and promising clinical antitumor activities, which validated the molecular design mechanism of GB261. The Company completed the phase I/II clinical trial of GB261 for lymphoma in 2024 and completed the clinical study report in July 2024.

BUSINESS HIGHLIGHTS

GB263T (EGFR/cMET/cMET, TsAb)

- As of 31 December 2023, a total of 15 patients had received at least one GB263T treatment. All patients had received previous third-generation EGFR-TKI and platinum-based chemotherapy and the median number of prior lines of systemic therapy was 3.

- GB263T has shown promising efficacy at the therapeutic dose range (1,260-1,680 mg).

    - The confirmed objective response rate ("**ORR**") at the therapeutic dose range of patients with EGFR-sensitive mutations and resistant to the third-generation TKI and progressed after chemotherapy was 28.6%;

    - Clinical benefit has been observed in three patients (2 PRs, 1 persistent SD) who have cMET alterations after a third-generation TKI treatment.

- At the same time, an advantage of safety profile was also demonstrated.

    - The infusion reaction rate was relatively low and mild;

    - The severity of paronychia and rash were mild (grade 1/2); and only grade 1 diarrhea;

    - No MET target-related peripheral edema were reported.

- These updated research data have been accepted by the ESMO Congress 2024 and were published on 14 September 2024.

Research and Development of the Global Innovative New Drugs

- The Company's R&D team focused on the development of targets and projects with FIC/BIC potential. As at 31 December 2024, a number of preclinical candidate compounds ("**PCC**") molecules have been developed, all of which are highly innovative and have the potential to become BIC bi-specific/multi-specific antibody projects; among which, research abstracts of two tri-specific antibody molecule projects (GB268 anti-PD-1/VEGF/CTLA-4 and GBD218 CD3/BCMA/GPRC5D) have been accepted for publication at the 2024 Annual Meeting of the AACR.

Drive Continuous Optimization of CMC Quality and Efficiency

- In accordance with the Company's strategy of "focus and optimization", the CMC team of the Company continued to promote the platform-based construction of the internal and external cooperation workflow of the project.

  - Through the domestic exploration of culture medium, chromatographic filler, disposable products (dispensing bags, storage bags, filling bags and filters) and auxiliary materials, we, without affecting the quantity and quality of products, have significantly reduced production costs, improved the stability of the supply chain, reduced storage costs, and enhanced liquidity efficiency.

  - We continued to promote the establishment and optimization of a molecular developable assessment platform for rapid protein expression, high-throughput purification, full range of characterization and process applicability assessment, and also facilitate the development and application of high-concentration preparation development platform in line with the demand of projects.

  - We further improved the quality control and study platform. We strengthened the construction of applicable quality system and MAH-related quality system and initiated the establishment of the drug variety archive. We supervised the conformity of contract development and manufacturing organization ("**CDMO**")'s process and method development, production process control and testing process according to the quality manual formulated per Good Manufacturing Practice ("**GMP**") which was released according to the conformity of the final product, and further optimized the working mode and cooperation efficiency.

  - In addition to solving the industry pain points such as low heterologous pairing rate, high polymer content, removal of homodimer impurities, unstable intermediates, difficulty in activity analysis methods and difficulty in the development of formulations, especially high-concentration formulations, the CMC team of the Company also demonstrated industry-leading strength and rapid execution in the process technology development of GB261 (CD20/CD3, BsAb), GB263T (EGFR/cMET/cMET, TsAb), GB268 (anti-PD-1/VEGF/CTLA-4, TsAb) and other products.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, on the basis of further organizational optimization, the Group continued to make remarkable progress in strategic cooperation and the development/registration of drug candidates pipelines. The main corporate achievements are as follows:

BUSINESS REVIEW

1. Events during the Reporting Period

Strategic Cooperation and Commercialization

Proposed Merger with Edding

As set out in the section headed "BUSINESS HIGHLIGHTS – Strategic Cooperation – Proposed Merger with Edding" above, on 13 September 2024, the Group entered into the Merger Agreement with Edding whereby the Company will acquire Edding by way of a merger. For further details of the Proposed Merger, please refer to the announcement of the Company dated 7 October 2024.

- On 24 January 2025, the Group and Edding entered into an amendment agreement to the Merger Agreement to extend the deadline for submitting the new listing application in connection with the Proposed Merger (the "**New Listing Application**") and the long stop date of the closing of the Proposed Merger. Please refer to the announcement of the Company dated 24 January 2025 for further details.

- As at the date of this annual report (i.e. 28 March 2025), the Company and Edding are in the course of preparing the New Listing Application. The Company currently expects to submit the New Listing Application by the end of April 2025. For further details, please refer to the announcement of the Company dated 25 March 2025.

International Cooperation of GB261

- As set out in the section headed "BUSINESS HIGHLIGHTS – Strategic Cooperation – International Cooperation of GB261" above, on 2 August 2024, the Group has entered into the License Agreement and the Stock Purchase Agreement with TRC 2004, Inc. in respect of GB261. For further details, please refer to the announcement of the Company dated 5 August 2024.

Cooperation with Zhongmei Huadong

As set out in the section headed "BUSINESS HIGHLIGHTS – Strategic Cooperation – Cooperation with Zhongmei Huadong" above, on 19 January 2024, the Company entered into an antibody molecules and related technology transfer agreement with Zhongmei Huadong, under which anti-FGFR2b, an antibody drug, and the related IP rights of the Company were transferred to Zhongmei Huadong.

Pipeline Advancement of Drug Candidates

During the Reporting Period, the Company has achieved rapid progress of pre-clinical and clinical trials of product pipelines, which were attributable to the high specialization of and close cooperation across departments:

- Based on in-depth perception of product science, mechanisms and features, the Group has developed its registration and clinical development strategies. The Group has continuously enhanced communication with industry leaders in relevant treatment fields, drug regulatory authorities, drug review agencies, and clinical research centers.

- Relying on rich experience and extensive resources, efficient, high-quality and speedy accomplishment was made in the planning and collaboration with the research centres, project initiating and management, selection and, enrolment of the study participants.

During the Reporting Period, the Group has speedily completed the data cleaning and the interim analysis of the phase III clinical study evaluating efficacy and safety of Lerociclib in combination with letrozole as first-line treatment for HR+/HER2- advanced breast cancer. The Company submitted the corresponding NDA which was accepted by the NMPA.

During the Reporting Period, we have continued our efforts in promoting the clinical pipelines development and achieved milestones as follows:

1) The NDA of GB491 (Lerociclib) in combination with letrozole for the treatment of locally advanced or metastatic hormone receptor (HR)-positive, human epidermal growth factor receptor 2-negative ("**HR+/HER2-**") breast cancer (first-line treatment for advanced breast cancer) that had not received prior systemic antitumor therapy, has been accepted in March 2024. The on-site clinical inspection was completed in September 2024 and the feedback of NDA queries was submitted in December 2024.

2) Regarding the NDA of GB491 (Lerociclib) combined with Fluvestran for the treatment of HR+/HER2- patients with locally advanced or metastatic breast cancer (advanced second-line breast cancer) that have disease progression following previous endocrine therapy, the Company has completed the submission of the feedback of NDA queries and drug testing at China National Institutes for Food and Drug Control in March and May 2024 respectively. In September and October 2024, overseas on-site production Pre-Approval Inspections of the API and drug product plants were completed, respectively, and the reports for follow-up items of CFDI inspection were submitted to CFDI in December 2024.

3) GB268 (anti-PD-1/VEGF/CTLA-4, TsAb) entered the pre-clinical pre-IND development stage in 2024 for CMC process development and GLP toxicology studies.

4) The Phase I/II clinical trial of GB261 (CD20/CD3, BsAb) for lymphoma ended in 2024, and the clinical study report was completed in July 2024.

5) GB263T (EGFR/cMET/cMET, TsAb) Phase I/II clinical trial results have been accepted by ESMO Congress 2024 and were published on 14 September 2024.

GB491 (Lerociclib, a differentiated oral CDK4/6 inhibitor) – to provide breast cancer patients a CDK4/6 inhibitor with better efficacy and tolerability

GB491 (Lerociclib), is a novel, potent, selective oral bioavailable CDK4/6 inhibitor co-developed by the Group and G1 Therapeutics, for use in combination with endocrine therapy in advanced breast cancer.

On 28 March 2023, the NMPA has officially accepted the NDA of GB491 (Lerociclib) in combination with Fluvestran for the treatment of HR+/HER2- locally advanced or metastatic breast cancer patients (second-line treatment for advanced breast cancer) with disease progression following previous endocrine therapy. On 31 August 2023, clinical on-site inspection was completed. The feedback of NDA queries was submitted in March 2024 and the drug testing at the China National Institutes for Food and Drug Control was completed in May 2024. In September and October 2024, the overseas on-site production Pre-Approval Inspections of the API and the drug product plants were completed, respectively, and the reports for follow-up items of CFDI inspection were submitted to CFDI in December 2024.

On 28 February 2024, the Company has formally submitted the NDA of GB491 (Lerociclib) in combination with letrozole for the treatment of locally advanced or metastatic hormone receptor (HR)-positive, human epidermal growth factor receptor 2-negative ("HR+/HER2-") breast cancer (first-line treatment for advanced breast cancer) that had not received prior systemic antitumor therapy to the NMPA, and the application was officially accepted on 13 March 2024. The on-site clinical inspection was completed in September 2024. The feedback of NDA queries was submitted in December 2024.

- The Independent Data Monitoring Committee ("**IDMC**") has conducted efficacy and safety data evaluation on the interim analysis of the phase III clinical trial of Lerociclib in combination with letrozole as the first-line treatment for advanced breast cancer. The IDMC recommended that this clinical trial had met the prespecified requirement of statistical significance in efficacy for the interim analysis with good safety and tolerance.

- The interim analysis results showed that Lerociclib significantly reduced the risk of disease progression in patients by more than 50%. Progression-free survival ("**PFS**") based on the investigator assessment: for disease progression in the Lerociclib in combination with letrozole group versus the placebo in combination with letrozole group, hazard-ratio (95% CI) and p-value, 0.464 (0.293, 0.733), p=0.0004, respectively; investigator-assessed median PFS was not reached in the Lerociclib group, and was 16.56 months in the placebo group. PFS based on the Independent Review Committee's ("**IRC**") assessment: hazard-ratio (95% CI) and p-value, 0.457 (0.274, 0.761), p=0.0011, respectively.

- The safety advantage was reaffirmed: the overall incidence rate of gastrointestinal adverse events ("**AEs**") was low and mild, with grade 3 diarrhea occurred in only one patient (0.7%). No grade ≥3 nausea or vomiting has occurred, and grade 4 neutropenia occurred in only 5.1%.

- The results of the interim analysis were presented in the poster session at the American Society of Clinical Oncology ("**ASCO**") annual meeting in June 2024.

The superior efficacy and safety profile of GB491 (Lerociclib) will provide a better treatment option for patients with HR+/HER2- advanced breast cancer:

- HR+/HER2- is the most common subtype of advanced breast cancer, and its treatment has entered the era of targeted therapy. The combination therapy with CDK4/6 inhibitors has been recommended in multiple guidelines as the preferred regimen for patients with advanced breast cancer.

- The innovative molecular structure, targeting specificity and high efficacy, with its unique pharmacokinetics/pharmacodynamics ("**PK/PD**"), has allowed for continuous oral administration of Lerociclib without the need for treatment breaks. It achieves sustained target inhibition and antitumor effects while significantly reduces the common adverse effects of CDK4/6 inhibitors, such as severe myelosuppression and diarrhea.

- GB491 (Lerociclib) demonstrated a superior efficacy with advantages in terms of safety and tolerance profile in two phase III clinical studies, and hence fully demonstrating the differentiation advantage of Lerociclib for clinical purposes.

    - The LEONARDA-1 clinical study has demonstrated that the combination therapy of Lerociclib with Fluvestran significantly reduce the risk of disease progression and death in HR+/HER2- advanced breast cancer patients following previous endocrine therapy as compared to using Fluvestran as a monotherapy. The investigator-assessed hazard ratio ("**HR**") was 0.451 and the Blinded Independent Central Review ("**BICR**")-assessed HR was 0.353. The median progression free survival ("**mPFS**") (months) assessed by the investigator and BICR were 11.07 vs. 5.49 and 11.93 vs. 5.75, respectively. Furthermore, the results of all predefined subgroups were consistent with the overall efficacy. The LEONARDA-1 clinical study enrolled a high proportion of refractory patients, including patients with liver metastasis, treated with primary resistance, with four or more metastatic organs, and received first-line chemotherapy at an advanced stage. The use of Lerociclib substantially improved the PFS of the refractory patients. The LEONARDA-1 clinical study showed that, in comparison with other marketed CDK4/6 inhibitors, Lerociclib had significant comprehensive advantages in terms of safety and tolerance profile. It recorded a low incidence rate of diarrhea at 19.7%, which was a relatively low percentage of grade 3/4 myelosuppression, and only a 5.1% incidence rate of grade 4 neutropenia.

- The LEONARDA-2 clinical study also demonstrated superior efficacy and safety profile in combination with letrozole for the treatment of HR+/HER2- locally advanced or metastatic breast cancer patients who had not received prior systemic antitumor therapy.

    - The interim analysis showed that Lerociclib significantly reduced the risk of disease progression in patients by more than 50%, based on investigator-assessed PFS: hazard ratio (95% CI) and p-value were 0.464 (0.293, 0.733), p=0.0004, respectively; mPFS was not reached in the Lerociclib group, and was 16.56 months in the placebo group. PFS based on IRC assessment: hazard ratio (95% CI) and p-value were 0.457 (0.274, 0.761), p=0.0011, respectively.

    - The safety advantage was reaffirmed: the overall incidence rate of gastrointestinal adverse events ("**AEs**") was low and mild, with grade 3 diarrhea occurred in only one patient (0.7%). No grade ≥3 nausea or vomiting has occurred, and grade 4 neutropenia occurred in only 5.1% of the patients.

On 13 September 2024, the Company has entered into the CDK4/6i Outsourcing Management Agreement with Edding, pursuant to which the Company agreed to entrust Edding with, and Edding agreed to provide services for, the management of all matters relating to CDK4/6i, including the submission of new drug application(s), manufacturing, supply chain management and any other relevant matters. For further details of the CDK4/6i Outsourcing Management Agreement, please refer to the announcement of the Company dated 7 October 2024.

The transfer of technology for local manufacture of GB491 (Lerociclib) has been initiated.

GB268 (anti-PD-1/VEGF/CTLA-4, TsAb)

GB268 is a significantly innovative tri-specific antibody solely developed by the Group that specifically blocks PD-1, VEGF and CTLA-4 signaling pathways. To reduce the CTLA4 inhibition-induced AEs, the CTLA-4 arm only partially blocked the interaction of CTLA4 to its ligands CD80/CD86, and furthermore, the combination of CTLA-4 arm was highly dependent on PD-1 arm. Preclinical data demonstrated the efficient antitumor activities of GB268. At the meantime, immune-related AEs are alleviated. Thus, GB268 may emerge as a promising novel therapy for cancer treatment.

- In multiple PBMC-humanized models including A375 melanoma model, HT29 colorectal cancer model, and NCI-H460 NSCLC model, etc., GB268 exhibited better antitumor efficacy, compared to PD-1/CTLA-4 BsAb and PD-1/VEGF BsAb, or the combination of the three monoclonal antibodies, namely PD-1, CTLA-4 and VEGF.

- In arthritis induction model using hPD1/hCTLA4 KI mice, GB268 had improved tolerance than cadonilimab and at least 20-fold better safety profile than ipilimumab combined with OPDIVO.

GB268 (anti-PD-1/VEGF/CTLA-4, TsAb) entered the pre-clinical pre-IND enabling development stage in 2024 for CMC process development and GLP toxicology studies. The preliminary results suggest that the tri-specific molecule has a good drug developability and stability, with no significant drug-related toxicity observed in the high, medium and low dose groups of 4-week exploratory toxicological experiment in the cynomolgus monkeys.

GB261 (CD20/CD3, BsAb)

GB261 (CD20/CD3, BsAb) is the first T-cell engager ("**TCE**") with low affinity to bind CD3 and has Fc functions (ADCC and CDC). GB261 significantly inhibits rituximab-resistant cancer cell proliferation in both in vitro assays and in vivo models; meanwhile with T-cell activation, GB261 induces less cytokine release compared with compound in the same class. Thus, GB261 is a highly potent bispecific therapeutic antibody for B-cell malignancies. It has potential to be a better and safer TCE with significant competitive advantages over other CD3/CD20 agents.

The GB261 Phase I/II lymphoma clinical trial was led by Peking University Cancer Hospital, and was completed in 2024 at multiple clinical research centers in Australia and China. The clinical study report was completed in July 2024. Complete and sustained remission was observed in patients with relapsed refractory diffuse large B-cell lymphoma (RR DLBCL) at a low-dose (3mg) conducted in the Australian study center. The favorable safety, pharmacokinetic profile and promising clinical antitumor activities obtained in the trial were consistent with the molecular design mechanism of GB261.

The preliminary results of phase I/II study of GB261 were presented at the annual meeting of the 65th American Society of Hematology in the poster session:

- GB261 is a novel and highly differentiated CD20/CD3 bispecific antibody and is the first clinical stage Fc+ CD20/CD3 TCE. In heavily pretreated BNHL failed patients, GB261 showed a highly advantageous safety/efficacy balance. The safety profile of GB261 is excellent especially for the CRS which is very mild, transient and less frequent as compared with other CD20/CD3 bispecific antibodies. The response after GB261 treatment was early, deep and durable. Additionally, clinical benefit is also seen in other CD20/CD3 failed patients, which provides clinical support to the unique and differentiated mechanism of action of GB261.

GB263T (EGFR/cMET/cMET, TsAb)

GB263T (EGFR/cMET/cMET, TsAb) is the first tri-specific antibody of EGFR/cMET/cMET in the world, targeting EGFR and two different cMET epitopes, so designed to enhance its safety and efficacy profile. With highly differentiated design, GB263T exhibits multiple mechanisms of action to inhibit primary and secondary EGFR mutations and cMET signaling pathway simultaneously.

In pre-clinical studies, GB263T effectively thwarted ligand-induced phosphorylation of EGFR and cMET compared to Amivantamab (JNJ-372) analogue, and demonstrated better dual inhibition of EGFR and cMET signaling pathways. Meanwhile, GB263T effectively induced the endocytosis of EGFR and cMET, and significantly reduced the protein expression levels of EGFR and cMET. GB263T played a significant dosage-dependent role in tumor suppression in several different tumor models including EGFR exon 20 insertions, EGFR exon 19 deletions, C797S mutations and various cMET expression abnormalities. In toxicology studies in cynomolgus monkeys, no significant toxic side effects were observed after 4 weeks of observation, even in the highly-dosed group.

- As of 31 December 2023, a total of 15 patients had received at least one GB263T treatment. All patients had received previous third-generation EGFR-TKI and platinum-based chemotherapy and the median number of prior lines of systemic therapy was 3. These updated research data have been accepted by the ESMO Congress 2024 and were published on 14 September 2024.

- GB263T has shown promising efficacy at the therapeutic dose range (1,260-1,680 mg).

  ➢ The confirmed objective response rate ("**ORR**") of patients with EGFR-sensitive mutations and resistance to the third-generation TKI treatment and have disease progression at the therapeutic dose range of 1,260/1,680mg was 28.6%;

  ➢ An apparent benefit was observed in three patients (2 PRs and 1 durable SD) who have developed drug-resistant cMET changes after a third-generation TKI treatment. As of the date of relevant data, treatment durations are over 12 months (840mg, SD patients), over 10 months (1,260mg, PR patients), and over 8 months (1,680mg, PR patients), respectively.

- At the same time, an advantage of safety profile was also demonstrated.

  ➢ The infusion reaction rate was relatively low (33.3%) and mild (no ≥3 infusion reactions); infusion reactions occurred only in 10% of cases at effective doses and were all grade 1;

  ➢ Other common treatment-related AEs were rash (60%), fatigue (40%), and paronychia (40%), all of which were mild (grade 1/2);

  ➢ No MET target-related peripheral edema toxicity was reported. No venous thrombosis occurred.

Research and Development of the Global Innovative New Drugs

The Company's R&D team focused on developing targets and projects with FIC/BIC potential. As of 31 December 2024, multiple development of bi-poly antibody molecules at or near the PCC stage have been completed, all of which are highly innovative bi-specific/multi-specific antibody projects with the potential to be BIC.

- Abstracts of two TsAb molecule projects have been accepted for publication at the 2024 Annual Meeting of the AACR.

  - Topic of "Single Target and Bispecific Antibodies", Number: PO.IM01.06

    Title: "**Development of GB268, a tri-specific antibody targeting PD-1/CTLA-4/VEGF, with enhanced efficacy and reduced toxicity in pre-clinical studies**"

    Abstract

    ➢ Research background:

    Immunotherapy using immune checkpoint modulators such as anti-PD1/PD-L1 have been widely used in cancer therapy. Combination use of anti-PD1 and anti-CTLA4 inhibitors may improve therapeutic efficacy but is also accompanied by severe immune related adverse events ("**irAEs**") which limited their clinical use. Bi-specific antibody targeting PD-1/CTLA-4 such as cadonilimab has shown improved clinical benefits with reduced irAEs in cervical cancer. Vascular endothelial growth factor ("**VEGF**") is overexpressed in various solid tumors and anti-VEGF agents inhibit neovascularization. Combined application of bevacizumab and PD-1/PD-L1 blockade displays durable and significant antitumor effects. GB268 is a tri-specific molecule that specifically targets PD-1, CTLA-4 and VEGF. The pre-clinical results show the combined effect of triple targets and good safety.

    ➢ Methods:

    GB268 is a hexavalent antibody with symmetrical structure, composed of anti-PD-1 VHH antibody, anti-CTLA-4 VHH antibody, and anti-VEGF conventional antibody. The design of molecule and the activity of each arm have been adjusted and explored based on the biological characteristics in order to achieve functional balance. L234A/L235A mutations have been introduced to the FC part.

➢ Results:

GB268 specifically bound to PD-1, VEGF, and CTLA-4 effectively blocked PD-1 and VEGF pathways. To reduce the CTLA4 inhibition-induced AEs, the CTLA-4 arm only partially blocked the interaction of CTLA4 to its ligands CD80/CD86, and furthermore, the combination of CTLA-4 arm was highly dependent on PD-1 arm. GB268 displayed robust antitumor efficacy with attenuated toxicity in murine models. In multiple PBMC-humanized models including A375 melanoma model, HT29 colorectal cancer model, and NCI-H460 NSCLC model, etc., GB268 exhibited better antitumor efficacy, compared to PD-1/CTLA-4 BsAb and PD-1/VEGF BsAb, or in the combination of the three monoclonal antibodies, namely PD-1, CTLA-4 and VEGF. In arthritis induction model using hPD1/hCTLA4 KI mice, GB268 had improved tolerance than cadonilimab and at least 20-fold better safety profile than ipilimumab combined with OPDIVO.

➢ Conclusions:

GB268 is a anti-PD-1/CTLA-4/VEGF tri-specific antibody with innovative design. Preclinical data demonstrated the efficient antitumor responses of GB268. At the meantime, immune-related AEs is alleviated. Thus, GB268 may emerge as a promising novel therapeutics for cancer treatment.

- Topic of "Late-Breaking Research: Immunology 2", Number: LBPO.IM02

Title: "**GBD218 – A tri-specific T cell engager (TCE) targeting BCMA and GPRC5D for treatment of multiple myeloma**"

Abstract

➢ Research background:

Multiple myeloma ("**MM**") accounts for 10% of all hematologic cancers. Recent advances in MM therapy have greatly increased the overall response and survival rate. However, most of the patients eventually relapse. The prognosis still remains poor. Although CAR-T and T cell engager ("**TCE**") targeting BCMA or GPRC5D have been highly efficacious in treating MM patients, resistance still occurs. Since the expression of BCMA and GPRC5D in MM are heterogeneous, to further improve the overall response and survival, the Company has generated a tri-specific TCE, GBD218, targeting both BCMA and GPRC5D.

➢ Methods:

Anti-BCMA and GPRC5D nanobodies were screened from alpaca immune libraries. The format of the tri-specific antibodies was optimized by multiple rounds of in vitro activity and drug physicochemical properties evaluation. The in vivo tumor growth inhibition effects were evaluated in PBMC-humanized xenograft mouse models.

➢ Results:

GBD218 is able to potently bind hBCMA (KD=0.4nM) and hGPRC5D (cell binding EC50 ~ 2nM). To reduce CRS and other potential AEs associated with TCEs, anti-CD3 with relatively low affinity was used. In cell-based functional assays, GBD218 showed efficient killing effect against single and double positive MM cell lines with various expression levels of BCMA and GPRC5D. Cell activation and cytokine release are nicely balanced for great killing efficacy and the low risk of CRS. The vitro results showed that GBD218 exhibited superior in vitro killing activity compared to benchmarks, including teclistamab, talquetamab, the combination of teclistamab and talquetamab, suggesting a synergistic effect of GBD218 by targeting both BCMA and GPRC5D. In xenograft models, GBD218 showed excellent antitumor activity, indicating potential for GBD218 as a promising therapeutics for MM.

➢ Conclusions:

GBD218 is a tri-specific antibody that showed potent in vitro and in vivo antitumor activity. GBD218 efficiently kills both BCMA and/or GPRC5D expressing MM cells, which may hold promise to increase response rate and improve survival in MM patients in clinic.

Drive continuous optimization of CMC quality and efficiency

In accordance with the Company's strategy of "focus and optimization", the CMC team of the Company continued to promote the platform-based construction of the internal and external cooperation workflow of the project.

- Through the domestic exploration of culture medium, chromatographic filler, disposable products (dispensing bags, storage bags, filling bags and filters) and auxiliary materials, we, without affecting the quantity and quality of products, have significantly reduced production costs, improved the stability of the supply chain, reduced storage costs, and enhanced liquidity efficiency.

- We continued to promote the establishment and optimization of a molecular developable assessment platform for rapid protein expression, high-throughput purification, full range of characterization and process applicability assessment, and also facilitate the development and application of high-concentration preparation development platform in line with the demand of projects.

- We further improved the quality control and study platform. We strengthened the construction of applicable quality system and MAH-related quality system and initiated the establishment of the drug variety archive. We supervised the conformity of contract development and manufacturing organization ("**CDMO**")'s process and method development, production process control and testing process according to the quality manual formulated per GMP which was released according to the conformity of the final product, and further optimizing the working mode and cooperation efficiency.

- In addition to solving the industry pain points such as low heterologous pairing rate, high polymer content, removal of homodimer impurities, unstable intermediates, difficulty in activity analysis methods and difficulty in the development of formulations, especially high-concentration formulations, the CMC team of the Company also demonstrated industry-leading strength and rapid execution in the process technology development of GB261 (CD20/CD3, BsAb), GB263T (EGFR/cMET/cMET, TsAb), GB268 (anti-PD-1/VEGF/CTLA-4, TsAb) and other products.

2. Events after the Reporting Period

- On 2 January 2025, Genor Biopharma and Edding entered into the Cooperative Development Agreement in relation to two tri-specific antibodies: GBD218 is a lead molecule of tri-specific antibody targeting CD3/BCMA/GPRC5D with therapeutic potential for treating multiple myeloma, and project GBD220 aims to generate a CD3/CD19/BCMA tri-specific antibody with potential for treating autoimmune diseases. Both are in the early discovery stage (before PCC). Pursuant to the Cooperative Development Agreement, Genor Biopharma has agreed, among others, to assign to Edding all rights to develop, manufacture and commercialize GBD220 and GBD218 worldwide and in all fields (i.e. treatment, mitigation, diagnosis or prevention of human or animal diseases). For details, please refer to the announcement of the Company dated 24 January 2025.

- With effect from 10 January 2025, the address of the principal place of business in Hong Kong of the Company has been changed to Room 1920, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. For details, please refer to the announcement of the Company dated 9 January 2025.

- On 24 January 2025, the Group and Edding entered into an amendment agreement to the Merger Agreement to extend the deadline for submitting the New Listing Application and the long stop date of the closing of the Proposed Merger. For details, please refer to the announcement of the Company dated 24 January 2025.

- On 16 January 2025, the Nature Communications published the phase 3 study (LEONARDA-1) results titled "GB491 (Lerociclib) combined with fulvestrant for the treatment of HR+/HER2- patients with locally advanced or metastatic breast cancer that have disease progression following previous endocrine therapy: LEONARDA-1 a phase III randomized trial". LEONARDA-1 Phase III study (ClinicalTrials.gov identifier, NCT05054751) was led by the lead author Prof. Binghe Xu, MD, PhD, the academician of the Chinese Academy of Engineering, the Head of Medical Oncology at Cancer Hospital affiliated with Chinese Academy of Medical Sciences.

- On 19 February 2025, the Company convened an extraordinary general meeting to approve the removal of PricewaterhouseCoopers and the appointment of Ernst & Young as the auditor of the Company. Each of the said proposed removal and proposed appointment was approved by the Shareholders by way of an ordinary resolution. Accordingly, with effect from 19 February 2025, PricewaterhouseCoopers has been removed as the auditor of the Company, and Ernst & Young has been appointed as the new auditor of the Company and to hold office until the conclusion of the next annual general meeting of the Company. For details, please refer to the announcements of the Company dated 22 January 2025 and 19 February 2025, the circular of the Company dated 4 February 2025.

- On 24 February 2025, the CDE formally accepted the overseas on-site production Pre-Approval Inspection reports and restarted the NDA review for advanced second-line breast cancer.

- The GLP toxicology studies in cynomolgus monkeys of GB268 (anti-PD-1/VEGF/CTLA-4) with repeated administration for 4 weeks was completed in March 2025, with no serious drug-related adverse effects observed in animals after multiple doses, and the pilot-scale GMP production has been completed.

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules of the Stock Exchange: Apart from Jiayoujian 佳佑健® (GB242, Infliximab Biosimilar), the Company cannot guarantee that it will be able to develop, and ultimately market, any of the other drug candidates successfully. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the shares of the Company.

Shareholders and potential investors should note that the closing of the Proposed Merger is subject to the fulfillment or waiver (as the case may be) of the conditions precedent to the obligations of the Company and/or Edding to consummate the Proposed Merger (the "Merger Conditions Precedent"). In addition, the Listing Committee of the Stock Exchange may or may not approve the New Listing Application to be made by the Company. In the event that approval of the New Listing Application is not granted, the Merger Agreement will not become unconditional and the Proposed Merger will not proceed.

The Executive of the Securities and Futures Commission of Hong Kong (the "Executive") may or may not grant the whitewash waiver in connection with the Proposed Merger (the "Whitewash Waiver"). It is one of the Merger Conditions Precedent that the Whitewash Waiver has been granted. In the event that the Whitewash Waiver is not granted by the Executive or the Whitewash Waiver and the Proposed Merger are not approved at the extraordinary general meeting by the independent Shareholders, the Merger Agreement will not become unconditional and the Proposed Merger will not proceed.

As the Merger Closing may or may not take place, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

BUSINESS OUTLOOK

The Group will further concentrate its efforts on potential global FIC and BIC innovation pipelines for tumors and autoimmune diseases, optimize and maximize its existing product portfolio by developing and executing a comprehensive strategy to conduct research on molecules with the best potential to become clinically beneficial and commercially viable drugs, with a view to achieving the mission of addressing unmet medical needs in China and globally.

During the Reporting Period, the Group further optimized its structure and successfully realized the enterprise's asset-light model through various flexible forms of external cooperation, thus significantly reducing operating costs. While reducing costs and enhancing efficiency, we actively carried out strategic cooperation, signed a merger agreement, and reached BD cooperations for several pipelines, focusing on promoting the development of core pipelines and new drug approvals.

With a focus on high-quality and original innovation, the Group is actively exploring its highly differential research and development platforms, technologies and development projects for early discovery on an ongoing basis. After successfully realizing the enterprise's transformation into asset-light model, not only will the Group reduce costs and enhance efficiency, but it will also continue to focus on promoting key projects of tumours and autoimmune diseases and exploration of FIC/BIC potential in multi-dimensions to achieve an effective balance between efficiency and costs. The Group actively carried out strategic cooperation and spared no effort to advance the Proposed Merger process with Edding, and the approval of GB491 (Lerociclib) for marketing, and IND and FIH clinical trials for GB268.

The Proposed Merger is expected to be filed with the Stock Exchange in the first half of 2025 and its closing is expected to be completed in the second half of 2025. The NDA for GB491 (Lerociclib) in combination with Fluvestran for the treatment of HR+/HER2- locally advanced or metastatic breast cancer patients (second-line treatment for advanced breast cancer) with disease progression following previous endocrine therapy and the NDA for GB491 (Lerociclib) in combination with letrozole for the treatment of HR+/ HER2- locally advanced or metastatic breast cancer (first-line treatment for advanced breast cancer) that had not received prior systemic antitumor therapy are expected to be approved in 2025. The transfer of technology for local production of GB491 (Lerociclib) has been initiated simultaneously. The Company will also proactively advance the FIH clinical trial for GB268 this year. On the basis of the clinical proof-of-concept data for GB263T (EGFR/cMET/cMET, TsAb), the Group will actively seek international cooperation.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Reporting Period compared to year ended 31 December 2023

	Notes	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Revenue	2	**206,229**	–
Cost of revenue	3	**(1,341)**	–
Gross profit		**204,888**	–
Administrative expenses	4	**(71,707)**	(125,237)
Research and development expenses	5	**(202,778)**	(564,278)
Impairment losses on financial assets		**(31,588)**	(8,922)
Other income – net	6	**37,107**	5,649
Other loss – net		**(8,475)**	(18,408)
Operating loss		**(72,553)**	(711,196)
Finance income	7	**37,703**	34,739
Finance costs	7	**(282)**	(1,039)
Finance income – net		**37,421**	33,700
Loss before tax		**(35,132)**	(677,496)
Income tax (expense)/credit		**(17,842)**	2,280
Loss for the Reporting Period	8	**(52,974)**	(675,216)

MANAGEMENT DISCUSSION AND ANALYSIS

1. Overview

During the Reporting Period, the revenue of the Group was RMB206.2 million, as compared to nil for the year ended 31 December 2023, and the loss for the Reporting Period were RMB53.0 million, as compared to a loss of RMB675.2 million for the year ended 31 December 2023.

Research and development expenses of the Group were RMB202.8 million for the Reporting Period, as compared to RMB564.3 million for the year ended 31 December 2023. Administrative expenses were RMB71.7 million for the Reporting Period, as compared to RMB125.2 million for the year ended 31 December 2023.

2. Revenue

Revenue for the Reporting Period was RMB206.2 million. Revenue for the year ended 31 December 2023 was nil. This change was primary due to license and stock purchase agreements with TRC 2004, Inc.

3. Cost of Revenue

Cost of revenue for the Reporting Period was RMB1.3 million, as compared to nil for the year ended 31 December 2023. This change was primary due to increase in our revenue.

4. Administrative Expenses

Administrative expenses decreased by 42.7% from RMB125.2 million in 2023 to RMB71.7 million in 2024, primarily due to the decrease in employee benefits expenses.

5. Research and Development Expenses

Research and development expenses decreased by 64.1% from RMB564.3 million in 2023 to RMB202.8 million in 2024, primarily due to (i) the decrease in employee benefits expenses for research and development personnel; (ii) the decrease in our new drugs development fee and clinical trial expenses; and (iii) the decrease in raw material and consumables used.

The following table summarises the components of the research and development expenses of the Group for the years ended 31 December 2024 and 2023:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Development fee and clinical trial expenses	**78,298**	194,298
Employee benefits expenses	**44,179**	127,367
Impairment of property and equipment	**31,472**	39,924
Depreciation and amortisation	**15,841**	69,951
Traveling and transportation expenses	**8,787**	9,881
Professional and technical service fee	**5,618**	8,732
Write down of inventories	**4,972**	33,832
Impairment of intangible assets	**2,118**	39,362
Raw material and consumables used	**4,310**	34,399
Others	**7,183**	6,532
Total	**202,778**	564,278

6. Other Income – Net

Other income – net was approximately RMB37.1 million, mainly attributable to the government grants increased from RMB3.7 million in 2023 to RMB36.8 million in 2024.

7. Finance Income and Costs

Finance income increased from RMB34.7 million in 2023 to RMB37.7 million in 2024, primarily due to the fluctuation of the interest income from bank deposits.

Finance costs decreased from RMB1.0 million in 2023 to RMB0.3 million in 2024, primarily due to decreased in interest expense on lease liabilities.

8. Loss for the Reporting Period

As a result of the foregoing, our losses decreased from RMB675.2 million in 2023 to RMB53.0 million in 2024.

9. Liquidity and Source of Funding and Borrowing

Our management monitors and maintains a level of cash and bank balances deemed adequate to finance our operations and to mitigate the effects of fluctuations in cash flow. We rely on equity financing as the major source of liquidity.

As at 31 December 2024, our cash and bank balances decreased to RMB1,058.8 million from RMB1,165.5 million as at 31 December 2023. The decrease was mainly due to the operating loss for the Reporting Period.

10. Non-HKFRS Measure

To supplement the Group's consolidated financial statements which are prepared in accordance with the Hong Kong Financial Reporting Standards (the "**HKFRS**"), the Company also uses adjusted loss as an additional financial measure, which is not required by, or presented in accordance with HKFRS. The Company believes that this non-HKFRS financial measure is useful for understanding and assessing underlying business performance and operating trends. The Company also believes that the Company's management and investors may benefit from referring to this non-HKFRS financial measure in assessing the Group's financial performance by eliminating the impact of certain items that the Group does not consider indicative of the performance of the Group's business. However, the presentation of this non-HKFRS financial measure is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with HKFRS. The use of this non-HKFRS measure has limitations as an analytical tool, and investors should not view the non-HKFRS financial results on a stand-alone basis or as a substitute for results under HKFRS, or as being comparable to results reported or forecasted by other companies.

The following table reconciles our Adjusted Loss for the Reporting Period to the most directly comparable financial measure calculated and presented in accordance with HKFRS:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
HKFRS Loss for the year	**(52,974)**	(675,216)
Add:		
Share-based payment expenses	**11,645**	60,910
Adjusted Loss for the year	**(41,329)**	(614,306)

11. Capital Structure and Treasury Policies

The business activities of the Group are mainly financed by equity. The Directors will continue to follow a prudent policy in managing the Group's financial resources such as cash with the objective of maintaining a strong and healthy liquidity position to ensure that the Group is placed to seize future growth opportunities as and when such opportunities appear. We did not use any financial instruments for hedging purposes nor any derivative contracts to hedge against our exposure to currency risk during the Reporting Period. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. For details, please refer to the section headed "Foreign Exchange Exposure" in this report below.

12. Key Financial Ratios

The following table sets forth the key financial ratios for the details indicated:

	As at 31 December 2024	As at 31 December 2023
Current ratio[1]	**8.74**	5.41
Quick ratio[2]	**8.72**	5.25
Gearing ratio[3]	**0.11**	0.18

Notes:

1. Current ratio is calculated using current assets divided by current liabilities as at the same date.

2. Quick ratio is calculated using current assets less inventories and prepayments and divided by current liabilities as at the same date.

3. Gearing ratio is calculated using total liabilities divided by total assets as at the same date.

13. Significant Investments

As a consideration for the license sale, the Group was settled with an unlisted equity investment. The Group designated this equity investments as equity investment designated at fair value through other comprehensive income. As at 31 December 2024, the measurement of this equity investment designated at fair value through other comprehensive income was categorized within Level 3 hierarchy.

14. Material Acquisitions and Disposals

Save for the Proposed Merger, the Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the Reporting Period (for the year ended 31 December 2023: nil).

15. Pledge of Assets

As at 31 December 2024, none of the Group's assets were pledged (as at 31 December 2023: nil).

16. Contingent Liabilities

In April 2024, Genor Biopharma, an indirectly wholly-owned subsidiary of the Company, was notified that it has been named as a defendant in the lawsuit brought by an independent third party for an alleged breach of cooperation agreement once entered into among the two parties and its relevant supplemental agreements. The claim amounted to RMB15,000,000.

The directors, based on the advice from the Group's legal counsel, believed that it could not make reliable estimation of the outcome of the claim. Therefore, the Group did not provide for any claim arising from the litigation, other than the related legal and other costs.

In the opinion of the Company's directors, the Group had no significant contingent liabilities as at 31 December 2024 (as at 31 December 2023: nil).

17. Foreign Exchange Exposure

During the Reporting Period, we operated in the People's Republic of China (the "**PRC**") with most of the transactions settled in Renminbi. Our presentation and functional currency is Renminbi. We were not exposed to significant foreign exchange risk as there were no significant financial assets or liabilities of us denominated in the currencies other than Renminbi, except for the cash at bank in U.S. Dollar ("**USD**") which were primarily received from the investors as capital contributions and the proceeds obtained from the initial public offering.

The Group's monetary items mainly consisted of cash and bank balances. As at 31 December 2024, if RMB weakened or strengthened by 10% against USD, with all other variables held constant, loss before tax would have been RMB102,897,000 lower or higher (2023: RMB18,226,000).

We did not use any derivative contracts to hedge against our exposure to currency risk during the Reporting Period. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

18. Employees and Remuneration

As at 31 December 2024, the Group had a total of 24 employees in Shanghai. The following table sets forth the total number of employees by function as at 31 December 2024:

	Number of employees	% of total
Function		
Research and Development	6	25
Clinical Development	11	46
General and Administration	7	29
Total	**24**	**100**

The total remuneration cost incurred by the Group for the Reporting Period was RMB81.4 million, as compared to RMB225.4 million for the year ended 31 December 2023.

Our employees' remuneration comprises salaries, bonuses, social security contributions and other welfare payments. In accordance with applicable Chinese laws, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees. As at 31 December 2024, we had complied with all statutory social security insurance fund and housing fund obligations applicable to us under Chinese laws in all material aspects. In respect of the pension scheme detailed in Note 37.11 to the consolidated financial statement, the Group's contributions to such pension schemes are not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in such contributions.

The Company has also adopted a pre-IPO share option plan (the "**Pre-IPO Share Option Plan**"), a post-IPO share option plan (the "**Post-IPO Share Option Plan**"), a 2021 restricted share unit plan (the "**2021 RSU Plan**"), a 2023 share option plan (the "**2023 Share Option Plan**") and a 2023 restricted share unit plan (the "**2023 RSU Plan**") to provide incentives or rewards to eligible participants for their contribution to the Group. The Post-IPO Share Option Plan and the 2021 RSU Plan were terminated on 27 October 2023. All outstanding share options (to the extent not already exercised) granted under the Post-IPO Share Option Plan shall continue to be valid and exercisable in accordance with the terms of the Post-IPO Share Option Plan and the relevant grant agreements. All unvested restricted share units granted under the 2021 RSU Plan shall continue to be valid and shall vest in accordance with the terms of the 2021 RSU Plan and the relevant grant agreements.

Please refer to the section headed "Statutory and General Information – D. Share Option Schemes" in Appendix IV to the prospectus of the Company dated 23 September 2020 (the "**Prospectus**") for further details of the Pre-IPO Share Option Plan and the Post-IPO Share Option Plan and the announcements of the Company dated 3 June 2021, dated 27 August 2021, dated 5 October 2022 for further details of the 2021 RSU Plan, and the circular of the Company dated 12 October 2023 for further details of the 2023 Share Option Plan and 2023 RSU Plan.

During the Reporting Period, the Group did not experience significant labour disputes or difficulties in recruiting employees.

REPORT OF DIRECTORS

The Board is pleased to present this report of Directors together with the consolidated financial statements of the Group for the Reporting Period.

DIRECTORS

The Directors who held office during the Reporting Period and up to the date of this annual report are:

Executive Director

Dr. Guo Feng (郭峰) *(Chief Executive Officer) (Resigned as executive Director and Chairman of the Board on 12 September 2024 and remains as the Chief Executive Officer)*
Mr. Weng Chengyi (翁承毅) *(Chief Financial Officer) (Appointed on 12 September 2024)*

Non-Executive Directors

Dr. Lyu Dong (呂東)
Mr. Chen Yu (陳宇) *(Resigned on 2 January 2024)*
Mr. Yu Tieming (于鐵銘) *(Appointed on 2 January 2024)*
Mr. Liu Yi (劉逸)

Independent Non-Executive Directors

Mr. Zhou Honghao (周宏灝) *(Resigned on 18 September 2024)*
Mr. Fung Edwin (馮冠豪)
Mr. Chen Wen (陳文)
Ms. Cui Bai (崔白) *(Appointed on 29 September 2024)*

Biographical details of the Directors are set out in the section headed "Directors and Senior Management" on pages 72 to 78 of this annual report.

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 10 April 2017 as an exempted limited liability company. The Shares were listed on the Main Board of the Stock Exchange on 7 October 2020.

PRINCIPAL ACTIVITIES

We are a commercial-ready biopharmaceutical company focusing on developing and commercialising oncology and autoimmune drugs. Our mission is to become a biopharmaceutical engine in discovery, research, development, manufacturing and commercialisation of innovative therapeutics initially for patients in China and gradually for patients globally.

RESULTS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 106 to 107 of this annual report.

BUSINESS REVIEW

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance, including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business is set out in the sections headed "Business Review" and "Business Outlook" of this report. These discussions form part of this annual report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Management Discussion and Analysis – Business Review – Events after the Reporting Period" in this annual report. An account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company is set out in the "Environmental, Social and Governance Report".

PRINCIPAL RISKS AND UNCERTAINTIES

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

- the financial position and need for additional capital;
- uncertain outcomes of clinical development of our drug candidates;
- its ability to identify, discover or in-license new drug candidates;
- all material aspects of the research, development and commercialisation of pharmaceutical products are heavily regulated;
- commercialisation of our drug candidates;
- reliance on third parties;
- the patent and other intellectual property protection for our drug candidates; and
- risks related to industry, business and operations.

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.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment, giving back to the community and achieving sustainable growth. The Directors are not aware of any material non-compliance with the environmental laws and regulations during the year ended 31 December 2024. Further information on the Group's environmental policy and performance will be set out in the "Environmental, Social and Governance Report" to be published on the same date as this report.

REPORT OF DIRECTORS

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

The sales to the Group's five largest customers accounted for 100% of the Group's revenue in the year ended 31 December 2024. The sales to the Group's largest customer accounted for approximately 93.1% of the Group's revenue for the year ended 31 December 2024. For the year ended 31 December 2023, the revenue of the Group was nil and thus no reportable major customers.

Major Suppliers

For the Reporting Period, purchases from the Group's five largest suppliers accounted for approximately 35% (2023: 34.37%) of the Group's total purchase amount in the same year. Purchases from the Group's largest supplier for the Reporting Period accounted for approximately 9.9% (2023: 19.17%) of the Group's total purchase amount for the same year.

During the Reporting Period, none of the Directors, their respective close associates, or any shareholder of the Company who, to the knowledge of the Directors, owns more than 5% of the Company's issued capital (excluding treasury shares), has any interest in any of the Group's five largest suppliers or customers.

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

FINANCIAL SUMMARY

A summary of the audited consolidated results, assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 185 of this annual report. This summary does not form part of the audited 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 the 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.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 11 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 14 to the consolidated financial statements.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Group for the Reporting Period and details of the Shares issued (including selling treasury shares) during the Reporting Period are set out in Note 21 to the consolidated financial statements.

DONATION

During the Reporting Period, the Group made no donations for charitable or other purposes (2023: nil).

DEBENTURE ISSUED

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

EQUITY-LINKED AGREEMENTS

Save for the Pre-IPO Share Option Plan, the Post-IPO Share Option Plan, the 2021 RSU Plan, the 2023 Share Option Plan and the 2023 RSU Plan as set out in this annual report, and ABT Subscription and Stock Purchase Agreement as set out in the Prospectus, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Group during the Reporting Period, or subsisted during the Reporting Period.

FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the Reporting Period (2023: nil). The Board is not aware of any shareholders who have waived or agreed to waive any dividends.

PERMITTED INDEMNITY

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 for the benefit of the Directors and officers of the Company is currently in force as at the date of this annual report and has been in force throughout the Reporting Period. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

DISTRIBUTABLE RESERVES

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

As at 31 December 2024, the Company had distributable reserves for share premium of RMB9,477,833,000 (2023: RMB9,397,851,000).

Details of movements in the reserves of the Group and the Company during the Reporting Period are set out in the consolidated statement of changes in equity on pages 110 to 111 and in Note 21, Note 23 and Note 36 to the consolidated financial statements, respectively.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2024, the short-term borrowings from bank was nil (as at 31 December 2023: nil).

DIRECTORS' SERVICE CONTRACTS

Mr. Weng Chengyi, the executive Director, has entered into a service agreement with the Company for an initial term of three years with effect from 12 September 2024, and renewable automatically thereafter for successive periods of three years until terminated by giving to the other party no less than three months prior notice in writing.

Each of the non-executive Directors has entered into a letter of appointment with the Company for an initial term of three years with effect from the date of his letter of appointment, and renewable automatically thereafter for successive terms of three years until terminated by giving to the other party no less than three months prior notice in writing.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of three years with effect from the date of his/her letter of appointment, and renewable automatically thereafter for successive periods of three years until terminated by giving to the other party no less than three months prior notice in writing.

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

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with members of the Group that is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the Note 35 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.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Hillhouse has ceased to be the Company's Controlling Shareholders immediately after the completion of the Global Offering. The Company has no Controlling Shareholders after the Listing Date. As such, during the Reporting Period, there was no loan agreement of the Group with covenants relating to specific performance of the Controlling Shareholders. There are also no contract of significance between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders or any of its subsidiaries subsisted at the end of the Reporting Period or at any time during the Reporting Period.

MANAGEMENT CONTRACTS

Saved for the Proposed Merger 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 December 2024, the interests and short positions of the Directors or chief executives of our Company in any of the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix C3 to the Listing Rules were as follows:

Name of Director	Capacity/Nature of interest	Number of ordinary Shares	Approximate percentage of holding[1]	Long position/ Short position
Mr. Weng Chengyi	Beneficial owner	1,522,500[2]	0.29%	Long position
Dr. Guo Feng[4]	Beneficial owner	21,158,108[3]	4.07%	Long position

Notes:

(1) The calculation is based on the total number of 520,358,899 Shares in issue as at 31 December 2024.

(2) These Shares include Mr. Weng's entitlement to receive, subject to the conditions of those options and RSUs, (i) up to 340,000 Shares pursuant to the exercise of Options under the Pre-IPO Share Option Scheme; (ii) up to 600,000 Shares pursuant to the exercise of Options under the Post-IPO Share Option Scheme; and (iii) up to 210,000 RSUs pursuant to the vesting of RSUs under the 2021 RSU Plan. For further details of these Options and RSUs, please refer to the section headed "EQUITY PLANS" below.

(3) These Shares include Dr. Guo's entitlement to receive, subject to the conditions of those options and RSUs, (i) up to 477,679 Shares pursuant to the exercise of options held by MaplesFS (BVI) Limited under the Pre-IPO Share Option Scheme on behalf of AKQM Partner Trust; (ii) up to 5,000,000 Shares pursuant to the exercise of Options under the Post-IPO Share Option Scheme; (iii) up to 5,579,054 Shares pursuant to the exercise of options under the 2023 Share Option Plan and (iv) up to 3,157,500 RSUs pursuant to the vesting of RSUs under the 2023 RSU Plan. For further details of these Options and RSUs, please refer to the section headed "EQUITY PLANS" below.

(4) Dr. Guo tendered his resignation as the chairman of the Board and an executive Director with effect from 12 September 2024. Dr. Guo remains as the chief executive officer of the Company.

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

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

As at 31 December 2024, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of ordinary Shares	Approximate percentage of holding[1]	Long position/ Short position
HHJH Holdings Limited[2]	Beneficial owner	126,239,103	24.26%	Long position
HH BIO Investment Fund L.P. ("**HH Bio**")[2]	Interest in a controlled corporation	126,239,103	24.26%	Long position
Hillhouse Fund IV, L.P. ("**Hillhouse Fund IV**")[2]	Interest in a controlled corporation	126,239,103	24.26%	Long position
Hillhouse Investment Management, Ltd.[2]	Investment manager	127,989,103	24.60%	Long position
Kanghe Medical Technology Limited ("**Kanghe Medical**") [3]	Beneficial owner	44,311,060	8.52%	Long position
Kang Jia Medical Technology Limited ("**Kang Jia Medical**") [3]	Beneficial owner	13,491,962	2.59%	Long position
Walga Biotechnology Limited[4]	Beneficial owner	37,560,998	7.22%	Long position
Shanghai Walga Biotechnology Co., Ltd. 上海沃嘉生物技術有限公司[4]	Interest in a controlled corporation	37,560,998	7.22%	Long position
Yunnan Walvax Biotechnology Co., Ltd. 雲南沃森生物技術股份有限公司[4]	Interest in a controlled corporation	37,560,998	7.22%	Long position
Aranda Investments Pte. Ltd. ("**Aranda Investments**") [5]	Beneficial owner	29,157,348	5.60%	Long position
Seletar Investments Pte Ltd[5]	Interest in a controlled corporation	29,157,348	5.60%	Long position
Temasek Capital (Private) Limited[5]	Interest in a controlled corporation	29,157,348	5.60%	Long position
Temasek Holdings (Private) Limited[5]	Interest in a controlled corporation	31,157,348	5.99%	Long position

Notes:

(1) The calculation is based on the total number of 520,358,899 Shares in issue as at 31 December 2024.

(2) HHJH Holdings Limited is wholly-owned by HH BIO. While the general partner of HH BIO is HH BIO Holdings GP, Ltd., all investment related decisions of HH BIO, including but not limited to acquisition and disposition of the investments, requires prior approval of its sole limited partner, Hillhouse Fund IV, pursuant to a limited partnership agreement governing HH BIO. Hillhouse Investment Management, Ltd. acts as the sole management company of Hillhouse Fund IV. Besides, Hillhouse Investment Management, Ltd. also holds about 0.34% of the Shares in issue indirectly through other entities.

(3) Each of Kanghe Medical and Kang Jia Medical is a subsidiary of Zhejiang CONBA Pharmaceutical Co., Ltd (浙江康恩貝製藥股份有限公司) as at 31 December 2024.

(4) Walga is wholly-owned by Shanghai Walga Biotechnology Co., Ltd. (上海沃嘉生物技術有限公司), which is in turn wholly-owned by Walvax, a company listed on the Shenzhen Stock Exchange (stock code: 300142). As such, under the SFO, Shanghai Walga Biotechnology Co., Ltd. and Walvax are deemed to be interested in the 37,560,998 Shares held by Walga. Walga is an indirect wholly-owned subsidiary of Walvax.

(5) Aranda Investments is a company incorporated in Singapore and its principal activity is investment trading and investment holding. Aranda Investments is wholly-owned by Seletar Investments Pte Ltd, which in turn is wholly-owned by Temasek Capital (Private) Limited. Temasek Capital (Private) Limited is a wholly-owned subsidiary of Temasek Holdings (Private) Limited. Besides, Temasek Holdings (Private) Limited also holds about 0.38% of the Shares in issue indirectly through other entities.

Save as disclosed above and other than the Directors or chief executives of the Company whose interests are set out in this annual report, as at 31 December 2024, no other persons had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

EQUITY PLANS

1. Pre-IPO Share Option Plan

The following is a summary of the principal terms of the Pre-IPO Share Option Plan of the Company as adopted on 19 August 2019 and amended and restated on 16 April 2020 and 31 July 2020.

(a) Purpose

The purpose of the Pre-IPO Share Option Plan is to advance the interests of the Company by providing for the grant to participants of the options, and to motivate the selected participants to contribute to the Company's growth and development. The Pre-IPO Share Option Plan, which will be in the form of options, will enable the Company to recruit, incentivize and retain key employees.

(b) *Participants*

The Administrator will select Eligible Persons from among employees, directors, consultants and advisors of the Company and its affiliates, or any other persons approved by the Administrator to participate in the Pre-IPO Share Option Plan. Such Eligible Persons will become participants with the approval of the Administrator, and upon entering into a grant agreement with the Company. Unless otherwise approved by the Administrator, "Eligible Person" means such person who maintains an active employment relationship (employees and directors) or contractual relationship (consultants and advisors) with the Company, and the employment or contractual relationship is not terminated, whether on the grounds that he has been guilty of misconduct pursuant to the rules and regulations promulgated by the Company, or has committed an act of bankruptcy or has become insolvent or has made an arrangement or composition with creditors generally, or has been convicted of a criminal offence involving his integrity or honesty, or on any other ground on which an employer would be entitled to terminate his employment or contractual relationship forthwith pursuant to applicable laws or under the participant's employment or other contract, provided that a person who is on long term medical leave shall be deemed to have failed to maintain an active employment relationship with the Company.

(c) *Total Number of Shares Available for Issue*

The total number of Shares available for issue under the Pre-IPO Share Option Scheme at any time shall not exceed 58,573,872 Shares, representing approximately 11.26% of the Shares in issue (i.e. 520,358,899 Shares) as at the date of this annual report (i.e. 28 March 2025).

(d) *Maximum Entitlement of Each Participant*

There is no maximum entitlement of each Eligible Person under the Pre-IPO Share Option Plan.

(e) *Exercise Period and Vesting Period of the Options Granted*

Any vested part of an option shall be eligible to be exercised only after the completion of the Global Offering, except as otherwise agreed and set forth in the grant agreement. Any exercise of an option shall be at all times subject to the terms and provisions of the grant agreement, the trading policy as adopted or amended by the Company from time to time and any applicable laws.

The Administrator may determine the time or times at which an option will vest or become exercisable and the terms on which an option will remain exercisable. Such terms and conditions should be set out in the grant agreement.

(f) *Consideration for Application or Acceptance of the Options*

Nil consideration was required to be paid by the grantees for the application or acceptance of the options granted under the Pre-IPO Share Option Plan.

(g) Exercise Price

The exercise price of options was determined by the Administrator. Options, once granted, may be repriced only in accordance with the applicable requirements of the Pre-IPO Share Option Plan and the grant agreement. There is no basis in determining the exercise price under the Pre-IPO Share Option Plan.

(h) Remaining Life of the Pre-IPO Share Option Plan

The Pre-IPO Share Option Plan will expire on 19 August 2029. The remaining life of the Pre-IPO Share Option Plan is approximately 4.3 years from the date of this annual report (i.e. 28 March 2025).

(i) Outstanding Share Options under the Pre-IPO Share Option Plan

The tables below show the details of the movement of the outstanding options granted to all grantees under the Pre-IPO Share Option Plan during the Reporting Period. No further options may be granted after 18 September 2020 and no further options were granted since then.

Name	Role	Date of Grant	Vesting Period[2]	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2024	Exercised during the Reporting Period[4]	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2024
Dr. GUO Feng	then Executive Director and Chairman of the Board, currently the Chief Executive Officer[5]	30 April 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$0.0002	3,343,754	3,343,754	–	–	–
		30 April 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$2	–	–	–	–	–
		30 April 2020	Milestone Achievement	10 years from Date of Grant	US$0.0002	1,576,341	1,098,662	0	0	477,679
		30 April 2020	Milestone Achievement	10 years from Date of Grant	US$2	–	–	–	–	–
Mr. WENG Chengyi	Executive Director and Chief Financial Officer	16 September 2019	Date of Grant-4.5 years from Date of Grant	10 years from Date of Grant	US$2	220,000	0	0	0	220,000
		16 April 2020	Milestone Achievement	10 years from Date of Grant	US$2	120,000	0	0	0	120,000
Total:						**5,260,095**	**4,442,416**	**0**	**0**	**817,679**

Date of Grant	Vesting Period[2]	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2024	Exercised during the Reporting Period[4]	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2024
Employees Group A (MaplesFS (BVI) Limited on behalf of AKQM Partner Trust)[3]								
16 September 2019	Date of Grant-4.5 years from Date of Grant	10 years from Date of Grant	US$0.0002	72,889	0	0	0	72,889
16 September 2019	Milestone Achievement	10 years from Date of Grant	US$0.0002	125	0	0	0	125
16 September 2019	Date of Grant-4.5 years from Date of Grant	10 years from Date of Grant	US$2	474,779	0	0	0	474,779
16 April 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$0.0002	2,755,021	2,755,000	0	0	21
16 April 2020	Milestone Achievement	10 years from Date of Grant	US$0.0002	518	0	0	0	518
16 April 2020	Milestone Achievement	10 years from Date of Grant	US$2	211,000	0	0	0	211,000
31 July 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$0.0002	650,000	487,500	0	0	162,500
31 July 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$2	1,500,000	0	0	0	1,500,000
Employees Group B								
16 September 2019	Date of Grant-4.5 years from Date of Grant	10 years from Date of Grant	US$0.0002	109,500	7,500	0	0	102,000
16 September 2019	Milestone Achievement	10 years from Date of Grant	US$0.0002	27,212	27,000	0	212	0
16 September 2019	Date of Grant-4.5 years from Date of Grant	10 years from Date of Grant	US$2	270,000	0	0	40,000	230,000
16 September 2019	Milestone Achievement	10 years from Date of Grant	US$2	62,500	0	0	62,500	0
29 February 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$0.0002	91,000	34,250	0	16,750	40,000
29 February 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$2	292,000	0	0	132,000	160,000
16 April 2020	Milestone Achievement	10 years from Date of Grant	US$0.0002	59,965	59,500	0	465	0
16 April 2020	Milestone Achievement	10 years from Date of Grant	US$2	112,000	0	0	62,000	50,000
30 April 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$0.0002	31,750	6,500	0	6,250	19,000

Date of Grant	Vesting Period[2]	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2024	Exercised during the Reporting Period[4]	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2024
30 April 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$2	100,000	0	0	50,000	50,000
31 July 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$0.0002	130,000	97,500	0	32,500	0
31 July 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$2	260,000	0	0	260,000	0
31 August 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$0.0002	277,500	202,500	0	45,000	30,000
31 August 2020	Date of Grant-4 years from Date of Grant	10 years from Date of Grant	US$2	555,000	0	0	495,000	60,000
Total				**8,042,759**	**3,677,250**	**0**	**1,202,677**	**3,162,832**

Notes:

(1) Save as disclosed above, none of the grantees were (i) directors, chief executive or substantial Shareholders of the Company, or their respective associates; (ii) participants with options granted and to be granted in excess of the 1% individual limit; (iii) related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of Shares in issue as set out in Rule 17.07 of the Listing Rules.

(2) The options are vested based on the grantees' performance or milestone achievement. For those options vested based on the grantees' performance, the respective vesting period is listed in the above table. For those options vested based on milestone achievement, the options shall vest upon achievement of the relevant milestones with respect to the clinical development status, launching status, business development partnering status and/or manufacturing status of the Company's drug candidates.

(3) The outstanding options granted to these grantees are held by MaplesFS (BVI) Limited on behalf of AKQM Partner Trust.

(4) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the Reporting Period was HK$1.24 per share.

(5) Dr. Guo tendered his resignation as the chairman of the Board and an executive Director with effect from 12 September 2024. Dr. Guo remains as the chief executive officer of the Company.

2. Post-IPO Share Option Plan

The Post-IPO Share Option Plan was adopted on 18 September 2020 and terminated with effect from the adoption of the 2023 Share Option Plan and 2023 RSU Plan (i.e. 27 October 2023). Upon the termination of the Post-IPO Share Option Plan, no option was available for grant but all outstanding options (to the extent not already exercised) granted under the Post-IPO Share Option Plan shall continue to be valid and exercisable in accordance with the terms of the Post-IPO Share Option Plan and the relevant grant agreements. The following is a summary of the principal terms of the Post-IPO Share Option Plan:

(a) Purpose

The purpose of the Post-IPO Share Option Plan is to advance the interests of the Company by motivating the selected participants to contribute to the Company's growth and development. The Post-IPO Share Option Plan will enable the Company to recruit, incentivize and retain key employees.

(b) Participants

The Administrator will select Eligible Persons from among employees, directors, consultants and advisors of the Company and its affiliates, or any other persons approved by the Administrator to participate in the Post-IPO Share Option Plan. The basis of eligibility of any Eligible Persons to the grant of the options shall be determined by the Administrator from time to time on the basis of their contribution to the development and growth of the Group.

Such Eligible Person will become participants with the approval of the Administrator and upon entering into a grant agreement with the Company. Unless otherwise approved by the Administrator, "Eligible Person" means such person who maintains an active employment relationship (employees and directors) or contractual relationship (consultants and advisors) with the Company, and the employment or contractual relationship is not terminated, whether on the grounds that he has been guilty of misconduct pursuant to the rules and regulations promulgated by the Company, or has committed an act of bankruptcy or has become insolvent or has made an arrangement or composition with creditors generally, or has been convicted of a criminal offence involving his integrity or honesty, or on any other ground on which an employer would be entitled to terminate his employment or contractual relationship forthwith pursuant to applicable laws or under the participant's employment or other contract. Provided, a person who is on long term medical leave shall be deemed to have failed to maintain an active employment relationship with the Company.

The Administrator shall comply with the requirements under Chapter 17 of the Listing Rules when selecting the consultants and advisors of the Company and its affiliates as Eligible Persons.

(c) Total Number of Shares Available for Issue

The maximum number of Shares in respect of which options might be granted under the Post-IPO Share Option Plan is 48,109,150, representing approximately 9.25% of the Shares in issue (i.e. 520,358,899 Shares) as at the date of this annual report (i.e. 28 March 2025). As at the date of this annual report, no further option could be granted under the Post-IPO Share Option Plan.

(d) *Maximum Entitlement of Each Participant*

Unless approved by Shareholders in a general meeting, the maximum number of Shares underlying the options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue for the time being.

(e) *Exercise Period and Vesting Period of the Options granted*

Unless the Administrator otherwise determined and stated in the grant agreement, a participant is not required to achieve any performance targets before any options granted under the Post-IPO Share Option Plan can be exercised and there is no minimum period for which any option must be held before it can be exercised. The exercise period is from the relevant date of vesting of the option to ten (10) years from the date of grant. Any exercise of an option shall be at all times subject to the terms and provisions of the grant agreement, the trading policy as adopted or amended by the Company from time to time and any applicable laws.

The Administrator might determine the time or times at which an option will vest or become exercisable and the terms on which an option will remain exercisable. Such terms and conditions should be set out in the grant agreement. The Administrator shall comply with the requirements under Chapter 17 of the Listing Rules when determining the vesting period of the Options.

(f) *Consideration for Application or Acceptance of the Options*

Nil consideration was required to be paid by the grantees for the application or acceptance of the options granted under the Post-IPO Share Option Plan.

(g) *Exercise Price*

The exercise price of options was determined by the Administrator, in compliance with Chapter 17 of the Listing Rule. The exercise price of options must be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares. Options, once granted, may be repriced only in accordance with the applicable requirements of the Post-IPO Share Option Plan and the grant agreement.

(h) *Remaining Life of the Post-IPO Share Option Plan*

The Post-IPO Share Option Plan was terminated with effect from the adoption of the 2023 Share Option Plan and 2023 RSU Plan (i.e. 27 October 2023).

(i) *Outstanding Share Options under the Post-IPO Share Option Plan*

The tables below show the details of the movement of the outstanding options granted to all grantees under the Post-IPO Share Option Plan during the Reporting Period.

Name	Role	Date of Grant	Vesting Period[2]	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2024	Granted during the Reporting Period	Exercised during the Reporting Period[3]	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2024
Dr. GUO Feng	then Executive Director and Chairman of the Board, currently the Chief Executive Officer[4]	25 May 2023	25 May 2024 – 25 May 2027	10 years from Date of Grant	HK$1.808	3,250,000	–	0	0	0	3,250,000
		25 May 2023	Milestone Achievement	10 years from Date of Grant	HK$1.808	1,750,000	–	0	0	0	1,750,000
Mr. WENG Chengyi	Executive Director and Chief Financial Officer	31 August 2023	2 September 2024 – 2 September 2027	10 years from Date of Grant	HK$1.5	600,000	–	0	0	0	600,000
Total:						**5,600,000**	**–**	**0**	**0**	**0**	**5,600,000**

Date of Grant	Vesting Period[2]	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2024	Granted during the Reporting Period	Exercised during the Reporting Period[3]	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2024
Employees									
3 June 2021	Date of entry – 4 years from Date of entry	10 years from Date of Grant	HKD 17.080	1,233,700	–	0	0	1,055,175	178,525
27 August 2021	Date of entry – 4 years from Date of entry	10 years from Date of Grant	HKD 10.848	815,000	–	0	0	779,000	36,000
5 October 2022	Date of entry – 4 years from Date of entry	10 years from Date of Grant	HKD 1.728	2,086,500	–	0	0	538,500	1,548,000
25 May 2023	25 May 2024 – 30 July 2024	10 years from Date of Grant	HKD 1.808	1,300,000	–	0	0	0	1,300,000
25 May 2023	25 May 2024 – 25 May 2025	10 years from Date of Grant	HKD 1.808	1,140,000	–	0	0	1,140,000	0
25 May 2023	25 May 2024 – 25 May 2026	10 years from Date of Grant	HKD 1.808	682,500	–	0	0	0	682,500
25 May 2023	25 May 2024 – 25 May 2027	10 years from Date of Grant	HKD 1.808	2,021,500	–	0	0	884,000	1,137,500
25 May 2023	Milestone Achievement	10 years from Date of Grant	HKD 1.808	1,456,000	–	0	0	476,000	980,000
31 August 2023	2 Sep 2024 – 2 Sep 2027	10 years from Date of Grant	HKD 1.500	8,978,867	–	188,000	0	6,932,307	1,858,560
Total				**19,714,067**	**–**	**188,000**	**0**	**11,804,982**	**7,721,085**

Notes:

(1) Save as disclosed above, none of the grantees were (i) directors, chief executive or substantial Shareholders of the Company, or their respective associates; (ii) participants with options granted and to be granted in excess of the 1% individual limit; (iii) related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of Shares in issue as set out in Rule 17.07 of the Listing Rules.

(2) The options are vested based on the grantees' performance or milestone achievement. For those options vested based on the grantees' performance, the respective vesting period is listed in the above table. For those options vested based on milestone achievement, the options shall vest upon achievement of the relevant milestones with respect to the clinical development status, launching status, business development partnering status and/or manufacturing status of the Company's drug candidates.

(3) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the Reporting Period was HK$1.94 per share.

(4) Dr. Guo tendered his resignation as the chairman of the Board and an executive Director with effect from 12 September 2024. Dr. Guo remains as the chief executive officer of the Company.

(j) Further Information in relation to the Options granted and to be granted under the Post-IPO Share Option Plan

The grants of options under the Post-IPO Share Option Plan consist of (i) performance grants; and (ii) milestone grants.

The options granted under performance grants shall vest conditional upon the relevant grantee having fulfilled the performance evaluation conducted under the Company's employee performance evaluation system; and the options to be vested on the relevant vesting date shall be adjusted based on the grantee's annual performance results for the preceding fiscal year prior to the relevant vesting date as follows:

i. 100% of the options can be vested on the relevant vesting date shall vest, if annual performance of the grantee is rated "B+" or above;

ii. 60% of the options can be vested on the relevant vesting date shall vest, if annual performance of the grantee is rated "B";

iii. none of the options shall vest, if the probation review is failed or annual performance of the grantee is rated under "B"; and

iv. the Administrator shall determine at its discretion the grantee's level of performance with respect to each fiscal year under the Company's employee performance evaluation system and such determination shall be binding and conclusive upon the grantee.

The options granted under milestone grants shall vest conditional upon fulfillment of milestones with respect to the clinical development status, launching status, business development partnering status and/or manufacturing status of the Company's drug candidates as set out in the relevant granting agreement entered into between the relevant grantee and the Company.

The Post-IPO Share Option Plan was terminated with effect from the adoption of the 2023 Share Option Plan and 2023 RSU Plan (i.e. 27 October 2023). Accordingly, no option was available for grant under the Post-IPO Share Option Plan at the beginning and at the end of the Reporting Period.

3. 2021 RSU Plan

The 2021 RSU Plan was adopted on 3 June 2021 and terminated with effect from the adoption of the 2023 Share Option Plan and 2023 RSU Plan (i.e. 27 October 2023). Upon the termination of the 2021 RSU Plan, no RSU was available for grant but all unvested RSUs granted under the 2021 RSU Plan shall continue to be valid and shall vest in accordance with the terms of the 2021 RSU Plan and the relevant grant agreements. The following is a summary of the principal terms of the 2021 RSU Plan:

(a) Purpose

The purpose of the 2021 RSU Plan is to (i) advance the interests of the Company by motivating the selected participants to contribute to the Company's growth and development; (ii) recruit, incentivise and retain key employees; (iii) recognise the contributions by the participants with an opportunity to acquire a proprietary interest in the Company; and (iv) motivate the participants to maximise the value of the Company for the benefits of both the participants and the Company, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the participants directly to the Shareholders through ownership of Shares.

(b) Participants

The Administrator will select Eligible Persons from among employees, directors, consultants and advisors of the Company and its Affiliates, or any other persons approved by the Administrator to participate in the 2021 RSU Plan. The basis of eligibility of any Eligible Persons to the grant of the award shall be determined by the Administrator from time to time on the basis of their contribution to the development and growth of the Group.

The Administrator shall comply with the requirements under Chapter 17 of the Listing Rules when selecting the consultants and advisors of the Company and its affiliates as Eligible Persons.

(c) Total Number of Shares Available for Issue

The maximum number of Shares in respect of which RSUs may be granted under the 2021 RSU Plan is 14,730,911, representing approximately 2.83% of the Shares in issue (i.e. 520,358,899 Shares) as at the date of this annual report (i.e. 28 March 2025). As at the date of this annual report, no further RSU could be granted under the 2021 RSU Plan.

(d) *Maximum Entitlement of Each Participant*

Unless approved by Shareholders in a general meeting, the maximum number of Shares underlying the RSUs granted to each eligible participant in any 12-month period shall not exceed 1% of the Shares in issue for the time being.

(e) *Vesting Period of the RSUs granted*

The Administrator may determine the time or terms and conditions at which a RSU will vest, including without limitation, the granting date, the number of RSUs, the vesting dates and other conditions and rules. Such terms and conditions shall be set out in the grant agreement. The Administrator shall comply with the requirements under Chapter 17 of the Listing Rules when determining the vesting period of the RSUs.

(f) *Consideration for Application or Acceptance of the RSUs*

Nil consideration is required to be paid by the grantees for the application or acceptance of the RSUs granted under the 2021 RSU Plan.

(g) *Purchase Price of the RSUs*

Nil purchase price is required to be paid by the grantees for the RSUs granted under the 2021 RSU Plan.

(h) *Remaining Life of the 2021 RSU Plan*

The 2021 RSU Plan was terminated with effect from the adoption of the 2023 Share Option Plan and 2023 RSU Plan (i.e. 27 October 2023).

(i) *RSUs Granted under the 2021 RSU Plan*

The tables below show the details of the movement of the RSUs granted to all grantees under the 2021 RSU Plan during the Reporting Period. No further RSUs were granted since 27 October 2023.

Name	Role	Date of grant	Vesting period	Unvested as at 1 January 2024	Vested during the Reporting Period[3]	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as at 31 December 2024
Mr. WENG Chengyi	Executive Director and Chief Financial Officer	31 August 2023	2 September 2024 – 2 September 2027	280,000	70,000	0	0	210,000
Total				**280,000**	**70,000**	**0**	**0**	**210,000**

Date of Grant	Vesting Period[2]	Unvested as at 1 January 2024	Vested during the Reporting Period[3]	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as at 31 December 2024
Employees						
3 June 2021	Date of entry – 4 years from Date of entry	777,450	316,600	0	460,850	0
27 August 2021	Date of entry – 4 years from Date of entry	205,500	4,500	0	196,500	4,500
5 October 2022	Date of entry – 4 years from Date of entry	525,250	189,250	0	151,250	184,750
25 May 2023	25 May 2024 – 25 May 2026	682,500	409,500	0	0	273,000
25 May 2023	25 May 2024 – 25 May 2027	1,371,500	342,875	0	663,000	365,625
25 May 2023	Milestone Achievement	2,206,000	1,568,300	0	333,200	304,500
31 August 2023	2 September 2024 – 2 September 2027	4,459,893	308,820	0	3,469,113	681,960
Total		**10,228,093**	**3,139,845**	**0**	**5,273,913**	**1,814,335**

Notes:

(1) None of the grantees were (i) directors, chief executive or substantial Shareholders of the Company, or their respective associates; (ii) participants with option granted and to be granted in excess of the 1% individual limit; (iii) related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of Shares in issue as set out in Rule 17.07 of the Listing Rules.

(2) The RSUs are vested based on the grantees' performance or milestone achievement. For those RSUs vested based on grantees' performance, the respective vesting period is listed in the above table. For those RSUs vested based on milestone achievement, the RSUs shall vest upon the first anniversary of the date of grant or achievement of the relevant milestones with respect to the clinical development status, launching status, business development partnering status and/or manufacturing status of the Company's drug candidates, whichever is later.

(3) The weighted average closing price of the Shares immediately before the dates on which the RSUs were vested during the Reporting Period was HK$1.34 per share.

(j) *Further Information in relation to the RSUs granted and to be granted under the 2021 RSU Plan*

The grants of RSUs under the 2021 RSU Plan consist of (i) performance grants; and (ii) milestone grants.

The RSUs granted under performance grants shall vest conditional upon the relevant grantee having fulfilled the performance evaluation conducted under the Company's employee performance evaluation system; and the RSU to be vested on the relevant vesting date shall be adjusted based on the grantee's annual performance results for the preceding fiscal year prior to the relevant vesting date as follows:

i. 100% of the RSUs can be vested on the relevant vesting date shall vest, if annual performance of the grantee is rated "B+" or above;

ii. 60% of the RSUs can be vested on the relevant vesting date shall vest, if annual performance of the grantee is rated "B";

iii. None of the RSUs shall vest, if the probation review is failed or annual performance of the grantee is rated under "B"; and

iv. The Administrator shall determine at its discretion the grantee's level of performance with respect to each fiscal year under the Company's employee performance evaluation system and such determination shall be binding and conclusive upon the grantee.

The RSUs granted under milestone grants shall vest conditional upon fulfillment of milestones with respect to the clinical development status, launching status, business development partnering status and/or manufacturing status of the Company's drug candidates as set out in the relevant granting agreement entered into between the relevant grantee and the Company.

The 2021 RSU Plan was terminated with effect from the adoption of the 2023 Share Option Plan and 2023 RSU Plan (i.e. 27 October 2023). Accordingly, no RSU was available for grant under the 2021 RSU Plan at the beginning and at the end of the Reporting Period.

4. 2023 Share Option Plan

The following is a summary of the principal terms of the 2023 Share Option Plan which was adopted on 27 October 2023:

(a) Purpose

The purposes of the 2023 Share Option Plan are (i) to advance the interests of the Company by motivating the Eligible Participants of the 2023 Share Option Plan to contribute to the Company's growth and development; and (ii) to enable the Company to recruit, incentivize and retain key employees.

(b) Participants

Eligible Participants are persons eligible to participate in the 2023 Share Option Plan and shall comprise director(s) (including executive director(s), non-executive director(s) and independent non-executive director(s)) and employee(s) (whether full-time or part-time) of any member of the Group, including any person who is granted options under the 2023 Share Option Plan as an inducement to enter into employment contracts with any member of the Group.

In determining the eligibility of an Eligible Participant, the Administrator may take into account various factors that it in its sole and absolute discretion considers relevant in assessing his contribution to the long-term development and growth of the Group, including (i) individual performance; (ii) time commitment; (iii) responsibilities or employment conditions according to the prevailing market practice and industry standard; (iv) the length of engagement with the Group; and (v) the actual and/or potential contribution to the development and growth of the Group.

(c) Total Number of Shares Available for Issue

The total number of Shares which may be issued in respect of all options to be granted under the 2023 Share Option Plan shall not exceed 21,449,808 Shares, representing approximately 4.12% of the Shares in issue (i.e. 520,358,899 Shares) as at the date of this annual report (i.e. 28 March 2025).

(d) Maximum Entitlement of Each Participant

Unless approved by Shareholders in a general meeting with such Eligible Participant and his close associates (or associates if such Eligible Participant is a connected person of the Company) abstaining from voting, the maximum number of Shares underlying the options granted to each eligible participant (excluding any options and awards lapsed in accordance with the terms of all effective share plans of the Company which are governed by Chapter 17 of the Listing Rules) in any 12-month period shall not exceed 1% of the Shares in issue for the time being.

(e) *Exercise Period and Vesting Period of the Options granted*

The Administrator may in its sole and absolute discretion determine the exercise period of the option(s), but in all circumstances the exercise period shall not be more than ten (10) years from the grant date.

The vesting period of the options shall not be less than twelve (12) months, save and except that options to be granted to an Eligible Participant may be subject to a vesting period of less than twelve (12) months (or no vesting period) in the following circumstances:

a. grants of "make-whole" options to a new joiner to replace the options he forfeited when leaving his previous employers;

b. grants to an Eligible Participant whose employment is terminated due to death or disability or occurrence of any out of control event;

c. grants with performance-based vesting conditions in lieu of time-based vesting criteria;

d. grants that are made in batches during a year for administrative and compliance reasons. They may include options that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which the options would have been granted; and

e. grants with a mixed or accelerated vesting schedule such as where the options may vest evenly over a period of 12 months.

(f) *Consideration for Application or Acceptance of the Options*

The grantee shall not be required to pay any amount for the application or acceptance of the grant of options.

(g) *Exercise Price*

The exercise price of the options granted under the 2023 Share Option Plan shall be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the grant date; and (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five (5) Business Days immediately preceding the grant date.

(h) *Remaining Life of the 2023 Share Option Plan*

Subject to any early termination as determined by the Board, the 2023 Share Option Plan shall be valid and effective for a period of ten (10) years commencing from its effective date (i.e. 27 October 2023). The 2023 Share Option Plan will expire on 27 October 2033. The remaining life of the 2023 Share Option Plan is approximately 8.5 years from the date of this annual report (i.e. 28 March 2025).

(i) *Outstanding Share Options under the 2023 Share Option Plan*

The table below shows the details of the movement of the outstanding options granted to all grantees under the 2023 Share Option Plan during the Reporting Period.

Name	Role	Date of Grant	Vesting Period[2]	Exercise Period	Exercise Price (per Share)	Outstanding as at 1 January 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2024
Dr. GUO Feng	then Executive Director and Chairman of the Board, currently the Chief Executive Officer[5]	31 August 2023[3]	2 September 2024 – 2 September 2027	10 years from the relevant date of vesting of the options	HK$1.50	3,626,385	0	0	0	0	3,626,385
		31 August 2023[3]	Milestone Achievement	10 years from the relevant date of vesting of the options	HK$1.50	1,952,669	0	0	0	0	1,952,669
Total:						**5,579,054**	**0**	**0**	**0**	**0**	**5,579,054**

Notes:

(1) Save as disclosed above, none of the grantees were (i) directors, chief executive or substantial Shareholders of the Company, or their respective associates; (ii) participants with options granted and to be granted in excess of the 1% individual limit; (iii) related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of Shares in issue as set out in Rule 17.07 of the Listing Rules.

(2) The options are vested based on the grantees' performance or milestone achievement. For those options vested based on the grantees' performance, the respective vesting period is listed in the above table. For those options vested based on milestone achievement, the options shall vest upon achievement of the relevant milestones with respect to the clinical development status, launching status, business development partnering status and/or manufacturing status of the Company's drug candidates.

(3) The grant of share options was approved by the Board on 31 August 2023 and approved by the Shareholders at the extraordinary general meeting held on 27 October 2023.

(4) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the Reporting Period was not applicable as no options were exercised under the 2023 Share Option Plan during the Reporting Period.

(5) Dr. Guo tendered his resignation as the chairman of the Board and an executive Director with effect from 12 September 2024. Dr. Guo remains as the chief executive officer of the Company.

(j) *Further Information in relation to the Options granted and to be granted under the 2023 Share Option Plan*

The grants of options under the 2023 Share Option Plan consist of (i) performance grants; and (ii) milestone grants.

The options granted under performance grants shall vest conditional upon the relevant grantee having fulfilled the performance evaluation conducted under the Company's employee performance evaluation system; and the options to be vested on the relevant vesting date shall be adjusted based on the grantee's annual performance results for the preceding fiscal year prior to the relevant vesting date as follows:

i. 100% of the options can be vested on the relevant vesting date shall vest, if annual performance of the grantee is rated "B+" or above;

ii. 60% of the options can be vested on the relevant vesting date shall vest, if annual performance of the grantee is rated "B";

iii. none of the options shall vest, if the annual performance of the grantee is rated under "B"; and

iv. the Administrator shall determine at its discretion the grantee's level of performance with respect to each fiscal year under the Company's employee performance evaluation system and such determination shall be binding and conclusive upon the grantee.

The options granted under milestone grants shall vest conditional upon fulfillment of milestones with respect to the clinical development status, launching status, business development partnering status and/or manufacturing status of the Company's drug candidates as set out in the relevant granting agreement entered into between the relevant grantee and the Company.

The 2023 Share Option Plan was adopted on 27 October 2023. The number of options available for grant under the 2023 Share Option Plan was 15,870,754 on 1 January 2024 and 15,870,754 on 31 December 2024.

5. 2023 RSU Plan

The following is a summary of the principal terms of the 2023 RSU Plan which was adopted on 27 October 2023:

(a) Purpose

The purposes of the 2023 RSU Plan are (i) to advance the interests of the Company by motivating the Eligible Participants of the 2023 RSU Plan to contribute to the Company's growth and development; (ii) to recruit, incentivise and retain key employees; (iii) to recognise the contributions by the Eligible Participants with an opportunity to acquire a proprietary interest in the Company; and (iv) to motivate the Eligible Participants to maximise the value of the Company for the benefits of both the Eligible Participants and the Company, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Eligible Participants directly to the Shareholders through ownership of Shares.

(b) Participants

Eligible Participants are persons eligible to participate in the 2023 RSU Plan and shall comprise director(s) (including executive director(s), non-executive director(s) and independent non-executive director(s)) and employee(s) (whether full-time or part-time) of any member of the Group, including any person who is granted awards under the 2023 RSU Plan as an inducement to enter into employment contracts with any member of the Group.

In determining the eligibility of an Eligible Participant, the Administrator may take into account various factors that it in its sole and absolute discretion considers relevant in assessing his contribution to the long-term development and growth of the Group, including (i) individual performance; (ii) time commitment; (iii) responsibilities or employment conditions according to the prevailing market practice and industry standard; (iv) the length of engagement with the Group; and (v) the actual and/or potential contribution to the development and growth of the Group.

(c) Total Number of Shares Available for Issue

The total number of Shares which may be issued in respect of all RSUs to be granted under the 2023 RSU Plan shall not exceed 5,964,556 Shares, representing approximately 1.15% of the Shares in issue (i.e. 520,358,899 Shares) as at the date of this annual report (i.e. 28 March 2025).

(d) Maximum Entitlement of Each Participant

Unless approved by Shareholders in a general meeting with such Eligible Participant and his close associates (or associates if such Eligible Participant is a connected person of the Company) abstaining from voting, the maximum number of Shares underlying the Awards granted to each eligible participant (excluding any options and awards lapsed in accordance with the terms of all effective share plans of the Company which are governed by Chapter 17 of the Listing Rules) in any 12-month period shall not exceed 1% of the Shares in issue for the time being.

(e) *Vesting Period of the Awards granted*

The vesting period of the awards shall not be less than twelve (12) months, save and except that awards to be granted to an Eligible Participant may be subject to a vesting period of less than twelve (12) months (or no vesting period) in the following circumstances:

a. grants of "make-whole" awards to a new joiner to replace the Awards he forfeited when leaving his previous employers;

b. grants to an Eligible Participant whose employment is terminated due to death or disability or occurrence of any out of control event;

c. grants with performance-based vesting conditions in lieu of time-based vesting criteria;

d. grants that are made in batches during a year for administrative and compliance reasons. They may include awards that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which the awards would have been granted; and

e. grants with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of 12 months.

(f) *Consideration for Application or Acceptance of the Awards*

The grantee shall not be required to pay any amount for the application or acceptance of the grant of awards.

(g) *Purchase Price of RSUs*

No purchase price is to be paid by the grantee upon vesting of the RSUs under the 2023 RSU Plan.

(h) *Remaining Life of the 2023 RSU Plan*

Subject to any early termination as determined by the Board, the 2023 RSU Plan shall be valid and effective for a period of ten (10) years commencing from its effective date (i.e. 27 October 2023). The 2023 RSU Plan will expire on 27 October 2033. The remaining life of the 2023 RSU Plan is approximately 8.5 years from the date of this annual report (i.e. 28 March 2025).

(i) *Unvested RSUs granted under the 2023 RSU Plan*

The table below shows the details of the movement of the unvested RSUs granted to all grantees under the 2023 RSU Plan during the Reporting Period.

Name	Role	Date of Grant	Vesting Period[2]	Unvested as at 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as at 31 December 2024
Dr. GUO Feng	then Executive Director and Chairman of the Board, currently the Chief Executive Officer[5]	31 August 2023[3]	2 September 2024 – 2 September 2027	2,736,500	0	684,125	0	0	2,052,375
		31 August 2023[3]	Milestone Achievement	1,473,500	0	368,375	0	0	1,105,125
Total:				**4,210,000**	**0**	**1,052,500**	**0**	**0**	**3,157,500**

Notes:

(1) Save as disclosed above, none of the grantees were (i) directors, chief executive or substantial Shareholders of the Company, or their respective associates; (ii) participants with options granted and to be granted in excess of the 1% individual limit; (iii) related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of Shares in issue as set out in Rule 17.07 of the Listing Rules.

(2) The RSUs are vested based on the grantees' performance or milestone achievement. For those RSUs vested based on the grantees' performance, the respective vesting period is listed in the above table. For those RSUs vested based on milestone achievement, the RSUs shall vest upon achievement of the relevant milestones with respect to the clinical development status, launching status, business development partnering status and/or manufacturing status of the Company's drug candidates.

(3) The weighted average closing price of the Shares immediately before the dates on which the RSUs were vested during the Reporting Period was HK$1.50 per share.

(4) The grant of RSUs were approved by the Board on 31 August 2023 and approved by the Shareholders at the extraordinary general meeting held on 27 October 2023.

(5) Dr. Guo tendered his resignation as the chairman of the Board and an executive Director with effect from 12 September 2024. Dr. Guo will remain as the chief executive officer of the Company.

(j) *Further Information in relation to the RSUs granted and to be granted under the 2023 RSU Plan*

The grants of RSUs under the 2023 RSU Plan consist of (i) performance grants; and (ii) milestone grants.

The RSUs granted under performance grants shall vest conditional upon the relevant grantee having fulfilled the performance evaluation conducted under the Company's employee performance evaluation system; and the RSUs to be vested on the relevant vesting date shall be adjusted based on the grantee's annual performance results for the preceding fiscal year prior to the relevant vesting date as follows:

i. 100% of the RSUs can be vested on the relevant vesting date shall vest, if annual performance of the grantee is rated "B+" or above;

ii. 60% of the RSUs can be vested on the relevant vesting date shall vest, if annual performance of the grantee is rated "B";

iii. none of the RSUs shall vest, if the annual performance of the grantee is rated under "B"; and

iv. the Administrator shall determine at its discretion the grantee's level of performance with respect to each fiscal year under the Company's employee performance evaluation system and such determination shall be binding and conclusive upon the grantee.

The RSUs granted under milestone grants shall vest conditional upon fulfillment of milestones with respect to the clinical development status, launching status, business development partnering status and/or manufacturing status of the Company's drug candidates as set out in the relevant granting agreement entered into between the relevant grantee and the Company.

The 2023 RSU Plan was adopted on 27 October 2023. The number of RSUs available for grant under the 2023 RSU Plan was 1,754,556 on 1 January 2024 and 1,754,556 on 31 December 2024.

The number of shares that may be issued in respect of options and RSUs granted under all schemes of the Company (i.e the Pre-IPO Share Option Plan, the Post-IPO Share Option Plan, the 2021 RSU Plan, the 2023 Share Option Plan and the 2023 RSU Plan) during the Reporting Period divided by the weighted average number of the Shares in issue for the Reporting Period is not applicable as no options or awards were granted under all schemes of the Company during the Reporting Period.

REPORT OF DIRECTORS

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

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

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

In compliance with Rule 3.25 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules, the Company has established the Compensation Committee to formulate remuneration policies. The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Compensation Committee. The Directors and the senior management personnel are eligible participants of the Equity Plans. Details of the remuneration of the Directors, senior management and the five highest paid individuals are set out in Notes 9, 33(c) and 35 respectively 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

During the Reporting Period, none of our Directors had any interest in a business, apart from the business of our 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.

CONNECTED TRANSACTIONS

The Group has no non-exempt connected transaction or continuing connected transactions for the Group during the Reporting Period. Details of related party transactions of the Group for the Reporting Period are set out in Note 33 to the consolidated financial statements.

The Board confirms that the related party transactions as disclosed in Note 33 to the consolidated financial statements does not fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

Save for the share options and share awards granted as disclosed under the section headed "EQUITY PLANS" in this annual report, for the year ended 31 December 2024, no other convertible securities, options, warrants or similar rights were issued or granted by the Company or any of its subsidiaries or were exercised. As at 31 December 2024, save for the outstanding share options and share awards as disclosed under the section headed "EQUITY PLANS" in this annual report, no convertible securities, options, warrants or similar rights remained outstanding.

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

Neither the Company nor any of its subsidiaries or consolidated affiliated entities purchased, sold or redeemed any of the Company's listing securities (including sale of treasury shares (as defined under the Listing Rules)) during the Reporting Period. As at 31 December 2024, the Company did not hold any treasury shares (as defined under the Listing Rules).

LOAN ARRANGEMENTS GRANTED TO ENTITIES

For the year ended 31 December 2024, the Group did not grant any loan to any entity which is subject to disclosure requirements under Rule 13.13 and Rule 13.20 of the Listing Rules.

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDERS

Hillhouse has ceased to be the Company's Controlling Shareholders immediately after the completion of the Global Offering. The Company has no Controlling Shareholders after the Listing Date. As such, during the Reporting Period, there was no pledge of Shares by the Controlling Shareholders of the Company.

BREACH OF LOAN AGREEMENTS

For the year ended 31 December 2024, there was no breach of the loan agreements by the Company in which the loan involved would have a significant impact on the business operations of the Company.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

For the year ended 31 December 2024, there was no financial assistance or guarantee to affiliated companies by the Company which is subject to disclosure under Rule 13.16 and 13.22 of the Listing Rules.

GUARANTEE REGARDING THE FINANCIAL PERFORMANCE OF A COMPANY OR BUSINESS ACQUIRED

For the year ended 31 December 2024, there was no guarantee regarding the financial performance of a company or business acquired which is subject to disclosure requirements under Rule 14.36B and/or Rule 14A.63 of the Listing Rules.

MATERIAL LITIGATION

Save as disclosed in the section headed "Contingent Liabilities", 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 GLOBAL OFFERING

The Company's shares were listed on the Stock Exchange on 7 October 2020 with a total of 129,683,500 offer shares (including shares issued as a result of the partial exercise of the overallotment option) issued and the net proceeds raised during the global offering were approximately HKD2,923 million (equivalent to approximately RMB2,536 million) (the "**Net Proceeds**"). As set out in the Company's announcement dated 28 October 2020, the Company shall utilise the additional Net Proceeds raised from the partial exercise of the over-allotment option on a pro-rata basis for the purposes set out in the Prospectus. There has been no issue of equity securities for cash (including sale of treasury shares) by the Company during the Reporting Period.

As at 31 December 2024, the Company had utilised RMB1,866.1 million of Net Proceeds in accordance with the plan disclosed in the Prospectus, the change in use of net proceeds from the global offering allocated to the different stages of each of our Core Products, other key products and other pipeline products as disclosed in the interim results announcement of the Company for the six months ended 30 June 2022, and the further change in use of Net Proceeds as disclosed in the interim result announcement of the Company for the six months ended 30 June 2023 ("**2023 Interim Results Announcement**").

As at 31 December 2024, approximately RMB669.9 million of the Net Proceeds remained unutilised and will be allocated and used in accordance with the purposes and proportions as set out in the 2023 Interim Results Announcement. The Company will gradually utilize the residual amount of the Net Proceeds in accordance with such intended purposes depending on actual business needs.

Details of the use of the Net Proceeds are set out as below.

	Revised Allocation of Net Proceeds [Note 1] RMB million	Unutilised Net Proceeds as at 1 January 2024 RMB million	Net Proceeds utilised during the year ended 31 December 2024 RMB million	Utilised Net Proceeds as at 31 December 2024 RMB million	Unutilised Net Proceeds as at 31 December 2024 RMB million	Expected timeline to fully utilise the remaining unutilised Net Proceeds [Note 2]
Fund research and development activities of GB491, GB261 and GB263, including ongoing and planned clinical trials, indication expansion and preparation for registration filings, and commercialisation	1,329.2	**591.5**	**152.4**	**890.1**	**439.1**	On or before 31 December 2026
Fund the expansion of our drug pipeline	253.6	**147.8**	**12.4**	**118.2**	**135.4**	On or before 31 December 2026
Fund ongoing and planned clinical trials, preparation for registration filings, and commercialization of GB226 (including combination trials with GB492), GB242 and the other drug candidates in our pipeline	699.6	**73.7**	**25.1**	**651.0**	**48.6**	On or before 31 December 2026
General corporate purposes	253.6	**51.8**	**5.0**	**206.8**	**46.8**	On or before 31 December 2025
Total	**2,536.0**	**864.8**	**194.9**	**1,866.1**	**669.9**	

Notes:

1. The Net Proceeds figure has been translated to Renminbi for the allocation and the utilisation calculation, and has been adjusted slightly due to the fluctuation of the foreign exchange rates since the Listing.

2. The expected timeline for fully utilising the remaining unutilised Net Proceeds is based on the best estimation of the future market conditions made by the Group. It may be subject to change based on the current and future development of market conditions.

The table below specifies further breakdown for the Net Proceeds to be allocated to different stages of our products and their utilisation during the Reporting Period.

	Revised Allocation of Net Proceeds to Each Stage (Note 1)							
	Pre-clinical RMB million	Clinical RMB million	Commercialization (including registration) RMB million	Unutilised Net Proceeds as at 1 January 2024 RMB million	Net Proceeds utilised during the year ended 31 December 2024 RMB million	Utilised Net Proceeds as at 31 December 2024 RMB million	Unutilised Net Proceeds as at 31 December 2024 RMB million	Expected timeline to fully utilise the remaining unutilised Net Proceeds (Note 2)
GB491	–	736.4	100	**273.8**	**106.7**	**669.3**	**167.1**	On or before 31 December 2026
GB261	55.8	277.1	–	**223.0**	**40.8**	**150.7**	**182.2**	On or before 31 December 2026
GB263	45.8	114.1	–	**94.7**	**4.9**	**70.1**	**89.8**	On or before 31 December 2026
GB242, GB226, GB492 and other products (Note 3)	23.9	549.7	126	**73.7**	**25.1**	**651.0**	**48.6**	On or before 31 December 2026
Total				**665.2**	**177.5**	**1,541.1**	**487.7**	

Notes:

1. The Net Proceeds figure has been translated to Renminbi for the allocation and the utilisation calculation, and has been adjusted slightly due to the fluctuation of the foreign exchange rates since the Listing.

2. The expected timeline for fully utilising the remaining unutilised Net Proceeds is based on the best estimation of the future market conditions made by the Group. It may be subject to change based on the current and future development of market conditions.

3. Other products include GB221, GB223, GB241, GB251, GB262, and GB264. The Company will make investment on those products according to the current and future development conditions and market competition environment.

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.

AUDITOR

On 19 February 2025, the Company convened an extraordinary general meeting to approve the removal of PricewaterhouseCoopers and the appointment of Ernst & Young as the auditor of the Company. Each of the said proposed removal and proposed appointment was approved by the Shareholders by way of an ordinary resolution. Accordingly, with effect from 19 February 2025, PricewaterhouseCoopers has been removed as the auditor of the Company, and Ernst & Young has been appointed as the new auditor of the Company and to hold office until the conclusion of the AGM. Save as disclosed above, there were no other changes in auditor of the Company during the past three years.

The consolidated financial statements of the Group have been audited by Ernst & Young, who will retire and, being eligible, offer themselves for re-appointment at the AGM.

IMPORTANT EVENTS AFTER THE REPORTING DATE

Save as disclosed in this annual report, no important events affecting the Company occurred since the Reporting Period and up to the date of this annual report.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this annual report, we do not have other plans for material investments and capital assets.

By the order of the Board
Mr. Weng Chengyi
Executive Director and Chief Financial Officer

Hong Kong
28 March 2025

DIRECTORS AND SENIOR MANAGEMENT

Below set out the biographical details of the Directors and senior management of the Company as at the date of this annual report (i.e. 28 March 2025):

The Board consists of one executive Director, three non-executive Directors and three independent non-executive Directors.

DIRECTORS

Executive Director

Mr. Weng Chengyi (翁承毅), aged 44, was appointed as an executive Director and a Chief Financial Officer of the Company on 12 September 2024. Mr. Weng has served as the assistant manager at Deloitte Touche Tohmatsu CPA Limited for approximately 7 years. Mr. Weng also has more than 11 years of experience serving as finance manager and finance director at various listed companies. From November 2018 to September 2024, Mr. Weng has been serving as the secretary of the Board and the Vice President of Finance of the Company.

Mr. Weng holds a Bachelor's degree of business administration from the Fu Jen Catholic University.

Save as disclosed above, Mr. Weng has no other relationship with any other Directors, senior management, substantial and controlling Shareholders (as defined in the Listing Rules) and has not held any position with the Company.

Non-executive Directors

Dr. Lyu Dong (呂東), aged 50, was appointed as a non-executive Director of the Company on 2 November 2021. He is a member of the Nomination Committee. Dr. Lyu joined the Group in November 2021. Dr. Lyu also holds the position of a director of Genor Biopharma. Dr. Lyu is primarily responsible for providing overall guidance on the business, strategies and development of the Group.

Before 31 December 2024, Dr. Lyu was the managing director of Zhuhai Gao Ling Equity Investment Management Co., Ltd. (珠海高瓴股權投資管理有限公司). Dr. Lyu served as a vice president of the pharmaceutical and medical device investment department of Shanghai Panxin Equity Investment Management Co., Ltd (上海磐信股權投資管理有限公司) from July 2011 to July 2016. He then served as the managing director of PAG Growth (Zhuhai) Holding Investment Management Co., Ltd (太盟成長(珠海)股權投資管理有限公司) for four years from September 2016 to September 2020. After his service at PAG Growth (Zhuhai) Holding Investment Management Co., Ltd (太盟成長(珠海)股權投資管理有限公司), he joined Zhuhai Gao Ling Equity Investment Management Co., Ltd (珠海高瓴股權投資管理有限公司) from September 2020 to 31 December 2024. Dr. Lyu was a non-executive director of Luye Phama Group Ltd. (綠葉製藥集團有限公司) (a company listed on the Stock Exchange, stock code: 2186) from December 2023 to March 2025. Dr. Lyu was a non-executive director of Keymed Biosciences Inc. (康諾亞生物醫藥科技有限公司) (a company listed on the Stock Exchange, stock code: 2162) from March 2021 to March 2022 and a non-executive director of Clover Biopharmaceuticals, Ltd. (三葉草生物製藥有限公司) (a company listed on the Stock Exchange, stock code: 2197) from March 2021 to October 2022. Dr. Lyu was a non-executive director of Jacobio Pharmaceuticals Group Co., Ltd. (加科思藥業集團有限公司) (a company listed on the Stock Exchange, stock code: 1167) from November 2020 to August 2023.

Dr. Lyu obtained his bachelor's degree in pharmacy from Beijing Medical University (北京醫科大學) (currently known as Peking University Health Science Center (北京大學醫學部)) in July 1996, his master's degree in pharmaceutics from Peking University (北京大學) in June 2003 and his PHD in social and administrative pharmacy from China Pharmaceutical University (中國藥科大學) in June 2010.

Save as disclosed above, Dr. Lyu has no other relationship with any other Directors, senior management, substantial and controlling Shareholders (as defined in the Listing Rules) and has not held any position with the Company, or any other member of the Group.

Mr. Yu Tieming (于鐵銘), aged 43, was appointed as a non-executive Director of the Company on 2 January 2024. He is also a member of the Compensation Committee. Mr. Yu is primarily responsible for providing overall guidance on the business, strategies and development of the Group.

Mr. Yu is currently a partner at Hillhouse Investment. From July 2006 to October 2011, Mr. Yu served as the manager of Global Capital Market Group at PricewaterhouseCoopers Zhong Tian LLP. From October 2011 to May 2014, Mr. Yu served as the manager of Capital Market and Accounting Consulting Services at PricewaterhouseCoopers of Sydney. From May 2014 to February 2016, Mr. Yu served as the senior investment manager at Keytone Ventures. Since February 2016, Mr. Yu has joined Hillhouse Investment and now serves as a partner. From April 2021 to May 2022, Mr. Yu has also served as a director of Zhejiang Hisun Pharmaceutical Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600267.SH).

Mr. Yu holds a Bachelor Degree in Financial Management from Northern Jiaotong University (currently known as Beijing Jiaotong University), a Master's Degree in Accounting from Beijing Jiaotong University and an EMBA Degree from China Europe International Business School (CEIBS). Mr. Yu is also a member of the Chinese Institute of Certified Public Accountants (CICPA) and CPA Australia.

Save as disclosed above, Mr. Yu has no other relationship with any other Directors, senior management, substantial and controlling Shareholders (as defined in the Listing Rules) and has not held any position with the Company, or any other member of the Group.

Mr. Liu Yi (劉逸), aged 35, was appointed as a non-executive Director of the Company on 29 July 2022. He is also a member of the Audit Committee. Mr. Liu is primarily responsible for providing overall guidance on the business, strategies and development of the Group.

Mr. Liu has approximately ten years of experience in biopharmaceutical business consulting and venture investment. Mr. Liu currently serves as an investment director at Shanghai TF Venture Capital Management Co., Ltd (上海泰甫創業投資管理有限公司). From January 2016 to July 2017, Mr. Liu was an associate consultant at IMS Market Research Consulting (Shanghai) Co., Ltd. (艾美仕市場調研諮詢(上海)有限公司). From September 2017 to July 2019, Mr. Liu was a senior associate at Shanghai TF Venture Capital Management Co., Ltd (上海泰甫創業投資管理有限公司). From July 2019 to May 2020, Mr. Liu was an associate at Quan Capital Management (Shanghai) Co., Ltd (泉創企業管理諮詢(上海)有限公司).

Mr. Liu holds a Master Degree in Cell Biology from Xiamen University.

Save as disclosed above, Mr. Liu has no other relationship with any other Directors, senior management, substantial and controlling Shareholders (as defined in the Listing Rules) and has not held any position with the Company, or any other member of the Group.

Independent Non-executive Directors

Mr. Fung Edwin (馮冠豪), aged 60, was appointed as an independent non-executive Director of the Company on 16 June 2020. He is the Chairman of the Audit Committee and a member of the Compensation Committee and Nomination Committee. Mr. Fung is responsible for providing independent judgment to the Board; advising on matters relating to audit, remuneration and nomination matters of the Group.

Mr. Fung has over 35 years of experience in an international accounting firm. He joined KPMG in Hong Kong in July 1986. Mr. Fung held various senior positions in KPMG, including the founding chairman of KPMG's Global China Practice, the senior partner of KPMG Northern China region and Beijing office, and the Vice Chairman of KMPG China before he retired from KPMG in September 2017. Mr. Fung was an independent director of Wanda Sports Group Company Limited, a company listed on NASDAQ (ticker symbol: WSG) from May 2019 to January 2021, and an independent director of Phoenix Tree Holdings Limited, a company listed on the New York Stock Exchange (stock code: DNK) from January 2020 to December 2020. He was the director of Beijing Vantone Real Estate Co., Ltd. (北京萬通地產股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600246) from June 2019 to December 2019. Mr. Fung currently acts as the advisor to the Sino-International Entrepreneurs Federation. Mr. Fung served as an independent non-executive Director of Poly Culture Group Corporation Limited (保利文化集團股份有限公司) from June 2022 to November 2023, a company previously listed on Hong Kong Stock Exchange (previous stock code: 3636).

He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Fung obtained a diploma in accounting from Hong Kong Institution of Vocational Education in July 1986.

Save as disclosed above, Mr. Fung has no other relationship with any other Directors, senior management, substantial and controlling Shareholders (as defined in the Listing Rules) and has not held any position with the Company, or any other member of the Group.

Mr. Chen Wen (陳文), aged 56, was appointed as an Independent non-executive Director on 16 June 2020. He is the chairman of each of the Compensation Committee and the Nomination Committee. Mr. Chen is primarily responsible for supervising and providing independent judgment to the Board.

Mr. Chen has over 11 years of experience in clinical research and business development of pharmaceutical companies. Prior to joining the Group, Mr. Chen was the deputy general manager and general manager of the business development department of Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300347) and the Hong Kong Stock Exchange (stock code: 3347) from September 2010 to February 2020 and from May 2009 to February 2020, respectively. Mr. Chen currently serves as a partner of healthcare investment at Shanghai Yonghua Investment Management Co., Ltd. (上海湧鏵投資管理有限公司).

Mr. Chen graduated from Purdue University, the United States with a bachelor's degree of science in May 1992. He obtained his master's degree in medicine in Washington University in St. Louis, the United States, and his master's degree in business administration in the University of Durham in the UK in May 1997 and December 1999, respectively.

Save as disclosed above, Mr. Chen has no other relationship with any other Directors, senior management, substantial and controlling Shareholders (as defined in the Listing Rules) and has not held any position with the Company, or any other member of the Group.

Ms. Cui Bai (崔白), aged 43, was appointed as an Independent non-executive Director on 29 September 2024. She is a member of the Audit Committee. Ms. Cui is primarily responsible for supervising and providing independent judgment to the Board.

She is currently a partner of Merits & Tree Law Offices. Prior to joining Merits & Tree Law Offices in 2021, Ms. Cui was a partner of Grandway Law Offices. Ms. Cui has more than 10 years' experience advising clients on capital markets, and mergers and acquisition transactions, as well as compliance matters of listed companies. She has represented various biomedical, high-end equipment manufacturing, fine chemicals, software and information technology services companies in their initial public offerings on the stock exchanges of Shanghai, Shenzhen and Hong Kong. She is also currently a part-time tutor at the School of Law of the Shanghai University of Finance and Economics, and a member of the Securities Professional Committee of the 12th Shanghai Lawyers Association.

Ms. Cui has passed the PRC bar exam and obtained her practicing certificate in law in the PRC issued by the China Ministry of Justice in 2006.

Ms. Cui received her master's degree in law from the China University of Political Science and Law in 2011.

Save as disclosed above, Ms. Cui has no other relationship with any other Directors, senior management, substantial and controlling Shareholders (as defined in the Listing Rules) and has not held any position with the Company, or any other member of the Group.

SENIOR MANAGEMENT

Dr. Guo Feng (郭峰), aged 55, is the Chief Executive Officer of the Group. Dr. Guo joined the Group in April 2020. He was appointed as an executive Director and the Chief Executive Officer of the Company on 16 April 2020 and Chairman of the Board on 2 November 2021. Dr. Guo subsequently resigned as the Chairman of the Board and an executive Director with effect from 12 September 2024 but has remained as the Chief Executive Officer of the Company.

Dr. Guo also holds the positions of director of Genor Biopharma and executive director of Yuxi Genor. Dr. Guo is primarily responsible for the overall management, business and strategy of the Group. Dr. Guo has accumulated over 20 years of experience in biopharmaceutical industry, particularly in its management and in research and development.

Prior to joining the Group, Dr. Guo was the chairman and director of Xuanzhu (Beijing) Pharmaceutical Technology Limited (軒竹(北京)醫藥科技有限公司) from February 2019 to April 2020 and was responsible for supervising and managing its long-term development strategies and clinical operations. Dr. Guo was the executive director and vice president of Sihuan Pharmaceutical Holdings Group Limited (四環醫藥控股集團有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 460), from December 2017 to April 2018 and from August 2017 to December 2018, respectively. Dr. Guo served as the chief executive officer of Tayu Huaxia Biotech Medical Group Co., Ltd. (大有華夏生物醫藥集團有限公司), a company specialising in research and development of advanced immunotherapy drugs, from October 2016 to May 2017. He served at Merck Serono (Beijing) Pharmaceutical R&D Co., Ltd. as the head of its China R&D Hub and vice president, from May 2013 to September 2016. From January 2002 to April 2013, Dr. Guo served with Pfizer, Inc., a company listed on NYSE (ticker symbol: PFE), and held a number of senior positions, including as the associate director at Pfizer Global R&D Headquarter based in Connecticut, the United States and the head of its Clinical Pharmacology Asia in China from January 2002 to June 2011, the director of its China R&D Center and the head of its Wuhan Research and Development Centre, China.

Dr. Guo obtained his Doctorate in clinical pharmacology from the University of Toronto in Canada in May 2001.

Save as disclosed above, Dr. Guo has no other relationship with any Directors, other senior management, substantial and controlling Shareholders (as defined in the Listing Rules).

Mr. Weng Chengyi (翁承毅) is an executive Director and the Chief Financial Officer of the Group. His biographical details are set out in the above paragraph headed "Directors - Executive Director" of this section.

Mr. Liang Qibin (梁其斌), aged 68, has been appointed as the Chief Technology Officer of the Group since October 2021. Mr. Liang is primarily responsible for the manufacturing science and technology of drug products and quality control of the Group, to further strengthen the innovation ability of core technologies and achieve efficient innovation in technology, research and development, processes, management and other areas.

Mr. Liang has around 30 years of experience in the operation and management in the CMC and manufacturing of globally renowned biopharmaceutical companies. Mr. Liang has been responsible for the development and scale-up of biopharmaceutical process, technology transfer and the quality management during his time at Bayer Corporation, Genentech Inc. and Progenics Pharmaceuticals, Inc. etc. in the United States. Apart from his experience in the United States, Mr. Liang has also led the establishment and operation of 3 Chinese biopharmaceutical companies, including Wuxi AppTec, MabPlex International and CMAB Biopharma Inc.

Mr. Liang obtained his bachelor's degree in chemical engineering from the East China University of Science and Technology and obtained a master's degree also in chemical engineering from the University of Idaho.

Save as disclosed above, Mr. Liang has no other relationship with any Directors, other senior management, substantial and controlling Shareholders (as defined in the Listing Rules).

Ms. Li Tong (李彤), aged 56, has been serving as the Group's Chief Medical Officer since August 2020. Ms. Li is primarily responsible for the overall management of clinical trials and clinical development of the Group.

Before joining the Group, Ms. Li worked at the clinical development department of Xuanzhu (Beijing) Biopharmaceutical Technology Limited (軒竹(北京)醫藥科技有限公司) as the senior vice president and the head of clinical development from November 2018 to July 2020. Ms. Li also served at Janssen China Research & Development Center, a division of Johnson & Johnson (China) Investment Ltd. from April 2016 to November 2018, where she last served as the senior director and the head of the clinical development department. From January 2010 to April 2016, Ms. Li served at the Beijing Branch of Xian Janssen Pharmaceutical Ltd. (西安楊森製藥有限公司), a subsidiary of Johnson & Johnson (China) Investment Ltd, including serving as TA head (internal medicine). Prior to that, she worked as a medical affairs manager of Beijing Merck Pharmaceutical Consulting, Ltd. (北京默克藥業諮詢有限公司), currently known as Merck Serono (Beijing) Pharmaceutical Research and Development Co., Ltd. (默克雪蘭諾(北京)醫藥研發有限公司), from September 2008 to January 2010. From September 2006 to September 2008, Ms. Li worked at Pfizer Investment Co., Ltd. (輝瑞投資有限公司), where she last served as the clinical research clinician. Before that, Ms. Li held the position of research associate, in Ontario Cancer Institute in Toronto, Canada from April 1998. From August 1992 to July 1995, Ms. Li worked as a physician in China Rehabilitation Research Center.

Ms. Li graduated from Beijing Medical University, currently known as Peking University Health Science Center with a bachelor's degree in clinical medicine in July 1992. In May 1998, she received a master's degree of science from Queen's University at Kingston, Ontario, Canada.

Save as disclosed above, Ms. Li has no other relationship with any Directors, other senior management, substantial and controlling Shareholders (as defined in the Listing Rules).

CHANGE IN SENIOR MANAGEMENT

Dr. Han Shuhua (韓淑華) resigned as the Chief Scientist of the Group with effect from 29 March 2024.

DIRECTORS AND SENIOR MANAGEMENT

CHANGES TO DIRECTORS' INFORMATION

Changes in information of the Directors during the financial year ended 31 December 2024 and up to the date of this annual report, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Positions Held in the Group

Mr. Chen Yu ("**Mr. Chen**") tendered his resignation as a non-executive Director, an authorized representative of the Company and a member of the Compensation Committee with effect from 2 January 2024 due to his decision to devote more time on his other business commitments.

Following the resignation of Mr. Chen, Mr. Yu Tieming has been appointed as a non-executive Director, an authorised representative of the Company and a member of the Compensation Committee with effect from 2 January 2024.

Dr. Guo tendered his resignation as the Chairman of the Board and an executive Director with effect from 12 September 2024 due to his decision to devote more time on his other business commitments. Dr. Guo resigned as a director of Genor Biopharma (HK) Limited with effect from 31 October 2024.

Following the resignation of Dr. Guo, Mr. Weng Chengyi has been appointed as an executive Director and the Chief Financial Officer with effect from 12 September 2024.

Mr. Zhou Honghao ("**Mr. Zhou**") tendered his resignation as an independent non-executive Director and a member of the Audit Committee since Mr. Zhou could no longer serve as an independent non-executive Director under the Administrative Measures for Part-time Work of Academicians of the Chinese Academy of Engineering (Trial Implementation), with effect from 18 September 2024.

Following the resignation of Mr. Zhou, Ms. Cui Bai has been appointed as an independent non-executive Director and a member of the Audit Committee with effect from 29 September 2024.

Emoluments

Movement of the emoluments of the Directors and chief executive are set out in Note 35 to the consolidated financial statements.

Positions Held

Dr. Lyu resigned as a non-executive director of Luye Phama Group Ltd. with effect from 10 March 2025 due to other work commitments.

Save as disclosed above, there is no change in the information of the Directors as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as at 31 December 2024 and up to the date of this annual report.

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE CULTURE

As a biopharmaceutical company listed in Hong Kong, we know well that strengthening corporate governance and enhancing risk management is an important cornerstone for the Group's sustainable and rapid development in a volatile situation. In order to achieve long-term steady corporate development, the Group insists on quality safety management, innovation and talent development and conducts business according to the ethical standards of anti-bribery, diversity, fairness and inclusion, integrity and transparency, with a view to ensuring the long-term benefits of our shareholders, partners, employees, and patients.

We believe that each and every employee is a driving force in achieving our vision and goals, serving as a pillar for sustainable development. Therefore, the Board has established the following values to guide the conducts, behaviors and business activities of employees, and to ensure that these values spread through the Company's ambition, mission, policies and business strategies:

- Big picture – Make all decisions with the core goals and interests of the Company in mind and keep them in alignment with the strategic objectives of the Company.
- Entrepreneurial spirit – Dare to take actions and work steadfastly towards achievements by pushing yourself and others forward.
- Build trust – Be an expert in the designated area, with clear and unambiguous communication and direct and honest feedback.
- Respect each other – Treat people equally, act fairly, discuss openly; to be realistic, express different views and give constructive feedback openly.
- Dare to take responsibilities – Maximize individual capabilities, take responsibilities, promote and support changes, stimulate interest, and pursue unremittingly.

Meanwhile, we are constantly reviewing the changing market conditions and will adjust our business strategies as and when necessary, for the sake of taking prompt and proactive measures to respond to changes, meet market needs and promote the sustainable development of the Group.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has applied the principles of the CG Code to its corporate governance practices as described in this report.

During the Reporting Period, to the best knowledge of the Board, the Company has complied with all the code provisions set out in the CG Code, save for deviation from code provision C.2.1 as explained in this report.

CORPORATE GOVERNANCE REPORT

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code and maintain a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code to regulate all dealings by Directors and relevant employees in securities of the Company and other matters covered by the Model Code.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2024.

The Company has also established written guidelines (the "**Employees Written Guidelines**") no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board shall regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The composition of the Board during the year ended 31 December 2024 and up to the date of this annual report is set out below:

Executive Directors

Dr. Guo Feng *(Chief Executive Officer) (resigned as executive Director and Chairman of the Board on 12 September 2024 and remains as the Chief Executive Officer)*
Mr. Weng Chengyi *(Chief Financial Officer) (appointed on 12 September 2024)*

Non-executive Directors

Dr. Lyu Dong
Mr. Yu Tieming *(appointed on 2 January 2024)*
Mr. Chen Yu *(resigned on 2 January 2024)*
Mr. Liu Yi

Independent non-executive Directors

Mr. Zhou Honghao *(resigned on 18 September 2024)*
Mr. Fung Edwin
Mr. Chen Wen
Ms. Cui Bai *(appointed on 29 September 2024)*

Mr. Weng Chengyi, who has been appointed as an Executive Director on 12 September 2024 and Ms. Cui Bai, who has been appointed as an Independent non-executive Director on 29 September 2024, have obtained the legal advice referred to in Rules 3.09D of the Listing Rules and on Hong Kong law as regards the requirements under the Listing Rules that are applicable to them as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 11 September 2024 and 29 September 2024 respectively, and they have confirmed their understood their obligations as a director of a listed issuer.

The biographical information of the Directors is set out in the section headed "Directors and Senior Management" on pages 72 to 78 of this annual report for the Reporting Period.

None of the members of the Board is related to one another. There are also no financial, business, family or other material/relevant relationship(s) among the members of the Board and in particular, between the Chairman and the Chief Executive Officer of the Company.

Board Meetings

The Directors are continually updated with the regulatory requirements, business activities and development of the Company to facilitate the discharge of their responsibilities. Through regular Board meetings, all Directors are kept abreast of the conduct, business activities and development of the Company.

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance.

Regular Board meetings should be held at least four times a year at approximately quarterly intervals involving active participation, either in person or through electronic means of communication, of the Directors. Notice of regular Board meetings is served to all Directors at least 14 days before the meeting. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least three days before each Board meeting or committee meeting to keep Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management where necessary.

Minutes of the Board and committee meetings are prepared and kept by the company secretary of the Group and are open for inspection by Directors upon request. All Directors have access to the advice and services of the company secretary and are allowed to seek external professional advice if needed.

Where necessary, the senior management shall attend regular Board meetings and other Board and committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance, and other major aspects of the Company.

Directors' Attendance Records

During the Reporting Period, four Board meetings, two Audit Committee meetings, one Compensation Committee meeting, one Nomination Committee meeting and one general meeting were held. The attendance of each Director during the Reporting Period is set out in the table below:

	Attendance/Eligible to Attend				
Directors	**Board**	**Audit Committee**	**Compensation Committee**	**Nomination Committee**	**General Meeting**
Executive Director					
Dr. Guo Feng[1]	2/2	N/A	N/A	N/A	1/1
Mr. Weng Chengyi[2]	2/2	N/A	N/A	N/A	N/A
Non-executive Directors					
Dr. Lyu Dong	4/4	N/A	N/A	1/1	0/1
Mr. Yu Tieming[3]	3/4	N/A	1/1	N/A	0/1
Mr. Chen Yu[4]	0/0	N/A	0/0	N/A	N/A
Mr. Liu Yi	4/4	7/7	N/A	N/A	1/1
Independent Non-executive Directors					
Mr. Zhou Honghao[5]	2/3	2/2	N/A	N/A	0/1
Mr. Fung Edwin	4/4	7/7	1/1	1/1	1/1
Mr. Chen Wen	3/4	N/A	1/1	1/1	1/1
Ms. Cui Bai[6]	1/1	5/5	N/A	N/A	N/A

Notes:

(1) Dr. Guo Feng resigned as an Executive Director with effect from 12 September 2024.

(2) Mr. Weng Chengyi was appointed as an Executive Director with effect from 12 September 2024.

(3) Mr. Yu Timing was appointed as a non-executive Director and a member of the Compensation Committee with effect from 2 January 2024.

(4) Mr. Chen Yu resigned as a non-executive Director with effect from 2 January 2024.

(5) Mr. Zhou Honghao resigned as an Independent Non-executive Director and a member of the Audit Committee with effect from 18 September 2024.

(6) Ms. Cui Bai was appointed as an Independent Non-executive Director and a member of the Audit Committee with effect from 29 September 2024.

Apart from regular Board meetings, a meeting between the chairman of the Board and independent non-executive Directors without the presence of other Director was held during the Reporting Period in order to comply with the code provision C.2.7 of the CG Code.

Chairman and Chief Executive Officer

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Dr. GUO Feng ("**Dr. Guo**") performed both of the roles as the chairman and the chief executive officer of the Company with effect from 2 November 2021, and tendered his resignation as the chairman and an executive Director with effect from 12 September 2024, but remained as the chief executive officer of the Company. During Dr. Guo's tenure of office as the chairman and the chief executive of the Company (the "**Relevant Period**"), code provision C.2.1 of the CG Code was deviated, which requires that the roles of chairman and chief executive should be separated and should not be performed by the same individual. During the Relevant Period, after evaluation of the situation of the Company and taking into account of the experience and past performance of Dr. Guo, the Board was of the opinion that it was appropriate and in the best interests of the Company for Dr. Guo to hold both positions as the chairman and the chief executive officer of the Company as it helped facilitate the execution of the Group's business strategies and boost effectiveness of its operation. Therefore, the Board considered that the deviation from code provision C.2.1 of the CG Code during the Relevant Period was appropriate in such circumstance. In addition, during the Relevant Period, under the supervision of the Board which comprised one executive Director, three non-executive Directors and three independent non-executive Directors, the Board was appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders.

Following Dr. Guo's resignation as the chairman of the Company with effect from 12 September 2024, the Company has re-complied with code provision C.2.1 of the CG Code. The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

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 one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

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

Board Independence Evaluation

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

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

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the Reporting Period, all Directors has completed the independence evaluation in the form of a questionnaire individually. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

During the Reporting Period, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

Appointment and Re-election of Directors

The non-executive Directors (including independent non-executive Directors) are appointed for a specific term of three years, subject to renewal after the expiry of the then current term.

All the Directors are subject to retirement by rotation and re-election at the annual general meetings. Under the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Articles of Association also provides that any Directors so appointed to fill a causal vacancy or as an addition to the Board shall hold office only until the next following general meeting of the Company and shall be eligible for re-election.

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

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

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances.

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

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

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

Continuous Professional Development of Directors

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

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

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

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

During the Reporting Period, the Company organized training sessions conducted by the qualified professionals for all Directors. The training sessions covered a wide range of relevant topics including directors' duties and responsibilities, corporate governance and regulatory updates. In addition, relevant reading materials including compliance manual/legal and regulatory updates/seminar handouts have been provided to the Directors for their reference and studying.

The records of continuous professional development relating to director's duties and regulatory and business development that have been received by the Directors during the Reporting Period are summarized as follows:

Directors	Areas Legal, regulatory and corporate governance	Businesses of the Group	Directors' roles, functions and duties
Executive Directors			
Dr. Guo Feng *(resigned on 12 September 2024)*[1]	✓	✓	✓
Mr. Weng Chengyi *(appointed on 12 September 2024)*[2]	✓	✓	✓
Non-executive Directors			
Dr. Lyu Dong	✓	✓	✓
Mr. Yu Tieming *(appointed on 2 January 2024)*[3]	✓	✓	✓
Mr. Chen Yu *(resigned on 2 January 2024)*[4]	✗	✗	✗
Mr. Liu Yi	✓	✓	✓
Independent Non-executive Directors			
Mr. Zhou Honghao *(resigned on 18 September 2024)*[5]	✓	✓	✓
Mr. Fung Edwin	✓	✓	✓
Mr. Chen Wen	✓	✓	✓
Ms. Cui Bai *(appointed on 29 September 2024)*[6]	✓	✓	✓

(1) Dr. Guo Feng resigned as an executive Director with effect from 12 September 2024.

(2) Mr. Weng Chengyi was appointed as an executive Director with effect from 12 September 2024.

(3) Mr. Yu Tieming was appointed as a non-executive Director with effect from 2 January 2024.

(4) Mr. Chen Yu resigned as a non-executive Director with effect from 2 January 2024.

(5) Mr. Zhou Honghao resigned as an independent non-executive Directors with effect from 18 September 2024.

(6) Ms. Cui Bai was appointed as an independent non-executive Directors with effect from 29 September 2024.

BOARD COMMITTEES

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

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 6 of this annual report.

Audit Committee

The Audit Committee consists of three members, a non-executive Director, namely Mr. Liu Yi and two independent non-executive Directors, namely Mr. Fung Edwin and Ms. Cui Bai. Mr. Fung Edwin who holds the appropriate professional qualifications is the chairman of the Audit Committee. Mr. Zhou Honghao has resigned as an independent non-executive Director and a member of the Audit Committee since 18 September 2024.

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 to (i) review the annual results for the year ended 31 December 2023, interim results for the six months ended 30 June 2024 as well as the audit report prepared by the external auditor relating to accounting issues and major findings in course of audit and review the external auditor's audit work planning for the year ended 31 December 2024; (ii) review the effectiveness of the risk management and internal control systems and internal audit function; and (iii) make recommendation to the Board on the re-appointment of external auditor and relevant scope of works.

The Audit Committee also met with the external auditor four times without the presence of the executive Directors during the Reporting Period.

For the year ended 31 December 2024, the Board had no disagreement with the Audit Committee' s view on the selection, appointment, resignation or dismissal of the external auditor.

Compensation Committee

The Compensation Committee consists of three members, a non-executive Director, namely Mr. Yu Tieming and two independent non-executive Directors, namely Mr. Fung Edwin and Mr. Chen Wen. Mr. Chen Wen is the chairman of the Compensation Committee.

The terms of reference of the Compensation Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Compensation Committee include making recommendations to the Board on the policy and structure for the remuneration of Directors and senior management, and establishing a formal and transparent procedure for developing such remuneration policy and structure and to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

During the Reporting Period, the Compensation Committee held one meeting to (i) review and determine the Company's policy and structure for the remuneration of all Directors and senior management; (ii) make recommendations to the Board on the remuneration packages of individual executive Directors and senior management of the Company;

Details of the emolument of the members of the senior management of the Group by band for the Reporting Period are set out below:

Emolument	Number of persons[2]
Nil – RMB1,000,000	–
RMB1,000,001 – RMB10,000,000	4
RMB10,000,001 – RMB50,000,000	1
RMB50,000,001 – RMB75,000,000	–

Note:

1. The emolument mainly comprises of salaries, bonuses and share-based payment expenses, and the share-based payment expenses were recognised based on the fair value at the grant date. Details are set out in Note 9, Note 24 and Note 33(c) to the consolidated financial statements.

2. The senior management includes both the persons disclosed in the section headed "Directors and Senior Management" and the senior management who has resigned during the Reporting Period.

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

The Compensation Committee also made recommendations to the Board on the terms of the appointment letter of the new executive Director and independent non-executive Director appointed as at the date of this annual report.

Nomination Committee

The Nomination Committee consists of three members, a non-executive Director, namely Dr. Lyu Dong and two independent non-executive Directors, namely Mr. Fung Edwin and Mr. Chen Wen. Mr. Chen Wen 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 identifying, considering and recommending to the Board appropriate candidates to serve as directors of the Company, overseeing the process for evaluating the performance of the Board, and developing and recommending to the Board the nomination guidelines, which shall be consistent with any applicable laws, regulations and listing standards.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Board Diversity Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the Reporting Period, the Nomination Committee held one meeting to (i) review the structure, size and composition of the Board and the independence of the independent non-executive Directors; and (ii) recommended to the Board on re-election of Directors.

Board Diversity Policy

The Company has adopted a Board Diversity Policy on 17 September 2020 which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board comprises seven members, including one executive Director, three non-executive Directors and three independent non-executive Directors. The Directors age from 35 to 60 and have a balanced mix of experiences, including management and strategic development, finance and investment and accounting experiences in addition to biopharmaceutical industry knowledge.

The Nomination Committee will report annually a summary of the Board Diversity Policy and, where applicable, measurable objectives that the Board has adopted for implementation of the Board Diversity Policy and the progress made towards achieving these objectives in the Company's corporate governance report.

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

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at 31 December 2024:

	Female	Male
Board	1	6

	Female	Male
Senior Management	25%	75%
	1	3
Other employees	85%	15%
	17	3
Overall workforce	75%	25%
	18	6

The Board had appointed one female Director on 29 September 2024 and considers the current board gender diversity is satisfactory. The Board had achieved at least 25% of female senior management and 75% of female employees of the Group and considers that the above current gender diversity is satisfactory. The Board is of the view that it generally meets the diversity requirement under the Listing Rules. The Board will strive to increase the proportion of female directors and senior management members when suitable candidates are identified, but currently has not set additional quantifiable targets for such purpose.

During the Reporting Period, the Board was not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

Process of appointment of directors

In accordance with the strategic needs of the Board, suitable candidates are identified for consideration by the Nomination Committee. The Nomination Committee would consider such candidates based on various factors such as the gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience set out in the Board Diversity Policy. Recommendation will be made to the Board based on meritocracy and objective criteria, having due regard for the benefits of diversity on the Board. The Board will ultimately decide on the merits of the candidate and their potential contributions to the Board. New directors so appointed shall be re-elected at the Company's general meeting as required by the Articles of Association.

Corporate Governance Functions

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

During the Reporting Period, the Audit Committee had determined, developed and reviewed the Company's corporate governance policies and practices and made recommendations to the Board, reviewed and monitored training and continuous professional development of directors and senior management, reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements, developed, reviewed and monitored the compliance of the Model Code and Written Employee Guidelines, and reviewed the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROL

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

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. The Board always regards risk management as an important task and believes that effective corporate risk management is an essential element of good corporate governance.

The Audit Committee assists the Board by providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Company, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

The Company had adopted the risk management framework formulated by the Committee of Sponsoring Organisations (COSO) of the Treadway Commission in the United States as recommended by the Hong Kong Institute of Certified Public Accountants (HKICPA). The purpose of the Company's risk management process is to identify and manage risks in such a way that the Company is able to meet its strategic and financial targets.

The key elements of the Company's risk management and internal control structure are as follows:

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

- Well-defined organizational structure with appropriate segregation of duties, limit of authority, reporting lines and responsibilities.

- Clear and written policies and procedures have been established and regularly reviewed for major functions and operations, such as research and development, procurement, human resources, financial reporting and management.

- Important business functions or activities are managed by experienced, qualified and suitably key staff.

- The Company has formulated a number of policies to ensure that the Company complies with the Listing Rules, including but not limited to corporate governance, inside information, conflict of interest and Directors' securities transactions.

- The Internal Audit Department plays a major role in monitoring the internal governance of the Company. The major tasks of the Internal Audit Department are reviewing the risk management and internal control of the Company as well as conducting comprehensive audits of all branches and subsidiaries of the Company on a regular basis. The review covers all material controls including financial, operational, compliance controls and risk management. Review results and recommendations in the form of written reports are submitted to the Audit Committee for discussion and review. Follow up actions will be taken up by the Internal Audit Department to ensure that material weaknesses previously identified have been properly resolved and the business operations continue to meet the Company's system requirements as well as external regulatory requirements.

RISK MANAGEMENT

The Company seeks to have risk management features embedded in the day-to-day operations. We have adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis as well as to resolve material internal control defects. The assessment includes potential likelihood and impact of the identified risks. For the risks identified, the Company determines the action plans and management targets.

All departments conducted risk management and internal control assessment regularly to identify risks that potentially impact the business of the Company and various aspects including key operational and financial processes, regulatory compliance and information security, and implement measures to mitigate such risks.

The senior management of the Company, in coordination with division/department heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress. No significant control deficiencies or weaknesses have been identified during the Reporting Period.

Internal Audit Department monitors the implementation of risk management, and continuously reviews and assesses the efficiency and adequacy of action plans in regular basis. Such assessment results will be regularly communicated and reported to Audit Committee and the Board.

INTERNAL CONTROL

In addition to the arrangements we have put in place pursuant to our risk management framework, 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. Below is a summary of the internal control policies, measures and procedures we have implemented and/or plan to implement:

- We have adopted various measures and procedures regarding each aspect of our operation, such as protection of trademark, management and protection of intellectual property rights.

- We have developed standard operating procedures governing our activities including production, research and development as well as office security.

- We provided our employees with our employee handbook, as amended from time to time. To strengthen compliance awareness, we established the employee orientation program and also provide periodic internal and external compliance training to our employees as part of our employee training program.

- We have evaluated the design and operating effectiveness of the internal control systems of the Company and did not identify any material weaknesses as a result of the evaluation.

Effectiveness of Risk Management and Internal Controls

The Board has the overall responsibility for maintaining sound and effective risk management and internal control systems to safeguard the Group's assets and stakeholders' interests, as well as for reviewing the effectiveness of the systems. The management has confirmed to the Board and the Audit Committee on the overall effectiveness and adequacy of the risk management and internal control systems for the Reporting Period. However, the risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the Reporting Period, the Board, through the Audit Committee, reviewed the overall effectiveness of the Company's risk management and internal control systems, covering financial, operational and compliance controls and risk management functions, which included the adequacy of resources, qualifications and experience of staff, training programs and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's ESG performance and reporting, reviewing the effectiveness of the risk management and internal control systems and resolving material internal control defects.

As stated in Note 19(a) to the Consolidated Financial Statement, in 2024, the Group discovered misappropriation of bank accounts by an exemployee, who had been transferring out money from the Group's bank accounts without authorization from 2022 to 2024 ("**Incident**"). The Group has reported to the police, and the case is currently under investigation. Further details are set out in the Company's circular dated 4 February 2025.

In light of the Incident, the Board and the management have, with the assistance of external consultants, reviewed and enhanced its risk management and internal control systems, including but not limited to, the adoption and implementation of (1) a new control policy to ensure segregation of responsibilities, (2) an amended company stamp management policy to ensure proper oversight of stamping process, (3) an amended cash management policy to maintain proper records of cheque usage and bank accounts, and (4) an enhanced human resources policy to ensure suitability and credibility of prospective key employee candidates. Furthermore, the Company has taken and will take appropriate additional measures to further improve and enhance its internal control systems and internal audit functions, such as engaging an external professional consulting firm to perform internal audit tests to ensure the effective execution of these remedial controls.

The Company considered that the said remedial measures are sufficient and effective to address and resolve any internal control issues causing the Incident.

At the meetings held in August 2024 and March 2025, the Audit Committee reviewed the effectiveness of the risk management and internal control systems of the Group for the six months ended 30 June 2024 and for the year 2024 respectively, and considered the systems effective and adequate, after taking into account the proactive investigation, review process and rectification measures carried out by the Group in respect of the Incident.

The Board believes that there are no material internal control deficiencies that may significantly affect the shareholders of the Company. An effective and adequate risk management and internal control system is in place to safeguard the assets of the Company. The Audit Committee monitors the implementation of risk management policies on an ongoing basis to ensure the policies and implementation are effective and sufficient.

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

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the internal compliance department, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

During the Reporting Period, there were no non-compliance cases in relation to bribery and corruption.

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

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.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 101 to 105 of this annual report.

AUDITORS' REMUNERATION

The Company initially appointed PricewaterhouseCoopers as the external auditor for the Reporting Period. On 19 February 2025, the Company convened an extraordinary general meeting to approve the removal of PricewaterhouseCoopers and the appointment of Ernst & Young as the auditor of the Company. Each of the said proposed removal and proposed appointment was approved by the Shareholders by way of an ordinary resolution. Accordingly, with effect from 19 February 2025, PricewaterhouseCoopers has been removed as the auditor of the Company, and Ernst & Young has been appointed as the new auditor of the Company and to hold office until the conclusion of the next annual general meeting of the Company (to be held on Thursday, 26 June 2025).

Details of the fees paid/payable in respect of the audit and non-audit services provided by PricewaterhouseCoopers for the Reporting Period are set out in the table below:

Services rendered for the Company	**Total fees paid and payable RMB'000**
Annual audit services (including review on interim results, as applicable)	4,898
Non-audit services (including capital verification and other services)	–
Total	4,898

Details of the fees paid/payable in respect of the audit and non-audit service provided by Ernst & Young for the Reporting Period are set out in the table below:

Services rendered for the Company	Total fees paid and payable RMB'000
Annual audit services	3,800
Non-audit services (including capital verification and other services)	–
Total	3,800

COMPANY SECRETARY

Mr. Ip Tak Wai has been appointed as the Company's company secretary. Mr. Ip is an executive director of Share Registry & Issuer Services in Tricor Services Limited. Mr. Ip has confirmed that he has taken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules during the Reporting Period.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Mr. Yu Tieming, a non-executive Director, has been designated as the primary contact person at the Company which would work and communicate with Mr. Ip on the Company's corporate governance and secretarial and administrative matters.

SHAREHOLDERS' RIGHTS

The Company engages with Shareholders through various communication channels.

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

Procedures for Shareholders to convene an Extraordinary General Meeting and Putting Forward Proposal at General Meeting

Article 12.3 of the Company's Articles of Association provides that the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitionist(s). If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

There are no provisions under the Articles regarding procedures for the Company's shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders of the Company may follow the procedures set out above to convene a general meeting for any business specified in such written requisition.

Putting Forward Enquiries to the Board

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.

Contact Details

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

Address:	Room 1920, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong (For the attention of the Board of Directors/Company Secretary)
Telephone:	+86 21 61690700
Email:	ir@genorbio.com

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

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. For this purpose, the Company has set up a website (https://www.genorbio.com), where relevant latest information, the up-to-date status of the Company's business operation and development, the Company's financial information and corporate governance practices and other data are available to the public.

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, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

POLICIES RELATING TO SHAREHOLDERS

Shareholders' Communication Policy

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

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

(a) Corporate Communication

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

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

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

(c) Corporate Website

Any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website (www.genorbio.com). Other corporate information about the Company's business developments, goals and strategies, corporate governance and risk management will also be available on the Company's website.

(d) Shareholders' Meetings

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

(e) Shareholders' Enquiries

Enquiries about Shareholdings

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, by online platform at https://www-uk.computershare.com/Investor/#Contact/Enquiry?cc=hk&lang=en, or calling its telephone hotline at +852 2862 8555, or going in person to its investor enquiry counter at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

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

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send any enquiries to the Board by email: ir@genorbio.com or by post to Room 501-02, Building 6, 690 Bibo Road, Pudong New District, Shanghai 201203, China. Shareholders may call the Company at +86 21 61690700 for any assistance.

(f) Other Investor Relations Communication Platforms

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

The Company's communication policy ensured the Shareholders be provided with ready, equal, and timely access to balanced and understandable information about the Company at all times.

The Board reviews the Company's communications policy on an annual basis, and makes any changes it considers necessary to ensure its effectiveness and that the legal interests of Shareholders and investors are substantially protected. The Board has conducted a review of the implementation and effectiveness of the communications policy of the Company. Having considered the diverse channels of communication in place, the Board is satisfied that an effective Shareholders' communications policy has been effectively implemented throughout the year ended 31 December 2024.

Amendments to Constitutional Documents

During the Reporting Period, the Company has made changes to its Memorandum and Articles of Association for the purpose of complying with the expansion of the paperless listing regime set out in Rule 2.07A of the Listing Rules which took effect on 31 December 2023. An up to date version of the Company's Memorandum and Articles of Association is also available on the Company's website and the Stock Exchange's website.

Dividend Policy

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

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of Genor Biopharma Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Genor Biopharma Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 106 to 184, 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 Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

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

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

Key audit matter	**How our audit addressed the key audit matter**
Revenue recognition	
The Group recorded revenue of RMB206,229,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024, of which RMB192,031,000 was derived from the license-out contracts with one customer for a pipeline product. Revenue from the license-out contracts with customers should be recognised when control of licenses and 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 licenses or services. The above-mentioned license-out revenue was significant to the consolidated statement of profit or loss and other comprehensive income, and the license-out contracts included several types of considerations including variable considerations, which were subject to professional judgement and estimation. Therefore, the revenue recognition of the license-out contracts was considered as a key audit matter. The disclosures of revenue from the sale of licenses and services are included in notes 4 and 6 to the consolidated financial statements.	Our audit procedures included, among others: – We evaluated the Group's accounting policies relating to revenue recognition; – We obtained the license-out contracts and reviewed the terms to assess the management's identification of performance obligations, determination of the fair value of the considerations, and the timing of the revenue recognition; – We involved our internal specialists to assist us in the assessment of the methodologies and the assumptions used by management in estimation of the fair value of the considerations obtained from the transaction; – We obtained confirmations from the customers to confirm the amount of revenue consideration received. We also checked bank receipts for cash consideration settlement for the transaction.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the Management Discussion and Analysis section, which we obtained prior to the date of this auditor's report, and the other sections of the Annual Report not including the consolidated financial statements and our auditor's report thereon, which are expected to be made available after that date.

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 HKFRSs issued by the HKICPA 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.

INDEPENDENT AUDITOR'S REPORT

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.

- 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.

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 Cheung Ng.

Ernst & Young
Certified Public Accountants

Hong Kong
28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Revenue	*6*	**206,229**	–
Cost of revenue		**(1,341)**	–
Gross profit		**204,888**	–
Administrative expenses	*8*	**(71,707)**	(125,237)
Research and development expenses	*8*	**(202,778)**	(564,278)
Impairment losses on financial assets	*19*	**(31,588)**	(8,922)
Other income – net	*6*	**37,107**	5,649
Other loss – net		**(8,475)**	(18,408)
Operating loss		**(72,553)**	(711,196)
Finance income	*10*	**37,703**	34,739
Finance costs	*10*	**(282)**	(1,039)
Finance income – net		**37,421**	33,700
Loss before tax		**(35,132)**	(677,496)
Income tax (expenses)/credit	*12*	**(17,842)**	2,280
Loss for the year		**(52,974)**	(675,216)
Loss attributable to:			
Owners of the Company		**(51,283)**	(674,362)
Non-controlling interests		**(1,691)**	(854)
		(52,974)	(675,216)
Other comprehensive income/(loss) for the year, net of tax			
Items that may be reclassified to profit or loss			
– Exchange differences on translation of foreign operations		**(11,691)**	(745)
Items that may be not reclassified to profit or loss			
– Equity investment designated at fair value through other comprehensive income			
Changes in fair value		**13,178**	–
Total other comprehensive income/(loss) for the year, net of tax		**1,487**	(745)
Total comprehensive loss for the year		**(51,487)**	(675,961)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(49,801)**	(675,107)
Non-controlling interests		**(1,686)**	(854)
		(51,487)	(675,961)
Loss per share attributable to the ordinary equity holders of the Company			
Basic loss per share (in RMB)	*13*	**(0.10)**	(1.33)
Diluted loss per share (in RMB)	*13*	**(0.10)**	(1.33)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
ASSETS			
Non-current assets			
Property and equipment	*14*	**4,915**	53,417
Right-of-use assets	*15*	**904**	6,720
Intangible assets	*16*	**100,466**	110,099
Equity investment designated at fair value through other comprehensive income	*17*	**83,732**	–
Other receivables, deposits and prepayments	*19*	**23,503**	27,168
Deferred tax assets	*28*	**8,915**	8,350
Total non-current assets		**222,435**	205,754
Current assets			
Inventories		**–**	5,667
Contract cost		**–**	1,341
Other receivables, deposits and prepayments	*19*	**8,503**	68,634
Cash and bank balances	*20*	**1,058,790**	1,165,481
Total current assets		**1,067,293**	1,241,123
Total assets		**1,289,728**	1,446,877
LIABILITIES			
Non-current liabilities			
Lease liabilities	*15*	**555**	3,924
Amounts due to a related party	*27*	**350**	559
Deferred income		**4,262**	10,574
Deferred tax liabilities	*28*	**10,796**	11,595
Total non-current liabilities		**15,963**	26,652

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Current liabilities			
Trade payables	*25*	**82,825**	141,661
Contract liabilities		**–**	4,893
Other payables and accruals	*26*	**26,711**	75,883
Lease liabilities	*15*	**356**	3,231
Amounts due to a related party	*27*	**–**	165
Deferred income		**5,853**	3,692
Tax payable		**6,341**	–
Total current liabilities		**122,086**	229,525
Total liabilities		**138,049**	256,177
EQUITY			
Equity attributable to the ordinary equity holders of the Company			
Share capital	*21*	**70**	69
Share premium	*21*	**9,477,833**	9,397,851
Treasury shares	*21, 22*	**(747)**	(5,198)
Other reserves	*23*	**(1,484,058)**	(1,413,572)
Accumulated losses		**(6,841,619)**	(6,790,336)
		1,151,479	1,188,814
Non-controlling interests		**200**	1,886
Total equity		**1,151,679**	1,190,700
Total equity and liabilities		**1,289,728**	1,446,877

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 106 to 184 were approved by the board of directors on 28 March 2025 and were signed on its behalf.

Weng Chengyi
Executive Director and Chief Financial Officer

Yu Tieming
Non-executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company							
	Notes	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2023		69	9,375,785	(5,198)	(1,452,204)	(6,115,974)	1,802,478	2,740	1,805,218
Comprehensive loss									
– Loss for the year		–	–	–	–	(674,362)	(674,362)	(854)	(675,216)
– Other comprehensive loss		–	–	–	(745)	–	(745)	–	(745)
Transaction with owners									
– Share-based payment	*24*	–	–	–	60,910	–	60,910	–	60,910
– Shares exercised under employee option plan and RSU plan	*24*	–*	21,536	–	(21,533)	–	3	–	3
– Issuance of shares as consideration for a business combination	*21*	–*	530	–	–	–	530	–	530
Balance at 31 December 2023		69	9,397,851	(5,198)	(1,413,572)	(6,790,336)	1,188,814	1,886	1,190,700

* The balance stated above was less than RMB1,000.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company							
	Notes	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2024		69	9,397,851	(5,198)	(1,413,572)	(6,790,336)	1,188,814	1,886	1,190,700
Comprehensive loss									
– Loss for the year		–	–	–	–	(51,283)	(51,283)	(1,691)	(52,974)
– Other comprehensive loss		–	–	–	1,482	–	1,482	5	1,487
Transaction with owners									
– Share-based payment	*24*	–	–	–	11,645	–	11,645	–	11,645
– Shares exercised under employee option plan and restricted share unit ("RSU") plan	*24*	1	79,125	4,451	(83,613)	–	(36)	–	(36)
– Shares held for employee share scheme	*21*	–*	–	–*	–	–	–	–	–
– Issuance of shares as consideration for a business combination	*21*	–	857	–	–	–	857	–	857
Balance at 31 December 2024		70	9,477,833	(747)	(1,484,058)	(6,841,619)	1,151,479	200	1,151,679

* The balance stated above was less than RMB1,000.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Cash flows from operating activities			
Cash used in operations	*30*	**(161,978)**	(447,388)
Interest received		**39,999**	22,268
Net cash outflow from operating activities		**(121,979)**	(425,120)
Cash flows from investing activities			
Payments for property and equipment		**(1,568)**	(1,034)
Proceeds from disposals of property and equipment		**9,578**	7,021
Net cash inflow from investing activities		**8,010**	5,987
Cash flows from financing activities			
Principal elements of lease payments		**(1,445)**	(5,936)
Interest of lease payments		**(112)**	(888)
Proceeds from issuance of shares exercised under employee option plan		**–**	2
Net cash outflow from financing activities		**(1,557)**	(6,822)
Net decrease in cash and bank balances		**(115,526)**	(425,955)
Cash and bank balances at the beginning of the year		**1,165,481**	1,588,705
Effect of foreign exchange rate changes, net		**8,835**	2,731
Cash and bank balances at the end of the year		**1,058,790**	1,165,481

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**1,058,790**	1,165,481
Cash and cash equivalents as stated in the statement of financial position	**1,058,790**	1,165,481
Cash and cash equivalents as stated in the statement of cash flows	**1,058,790**	1,165,481

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Genor Biopharma Holdings Limited (the "Company"), previously known as JHBP (CY) Holdings Limited, and its subsidiaries (together the "Group"), are principally engaged in developing and commercialising oncology and autoimmune drugs in the People's Republic of China (the "PRC").

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (Cap.22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

These financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Genor Biopharma Holdings Limited and its subsidiaries.

(a) Compliance with HKFRSs and the disclosure requirements of HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance ("HKCO") Cap. 622.

(b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(c) Changes in Accounting Polices and Disclosures

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

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

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(d) Issued but not yet effective Hong Kong Financial Reporting Standards

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

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

Certain amendments to accounting standards and interpretation have been published that are not mandatory for the 31 December 2024 reporting period and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

(a) Foreign exchange risk

Foreign currency risk is the risk that the value of a financial instrument fluctuates because of the change in foreign exchange rates.

The Group mainly operates in the People's Republic of China ("PRC") with most of the transactions settled in RMB. The Company's presentation and currency of the primary economic environment in which the entity operates (the "functional currency") is RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the functional currency of the relevant group entity.

As at 31 December 2024, the Group had currencies of Hong Kong dollars ("HKD"), United States dollars ("USD") and RMB and was exposed to foreign exchange risk arising from foreign currency transactions.

The amounts denominated on the currency other than the functional currency of the relevant group entity were as follows:

	As at 31 December 2024			As at 31 December 2023		
	HKD	**USD**	**RMB**	HKD	USD	RMB
	RMB'000	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000
Cash and bank balances	**374**	**1,028,969**	**18**	3,696	182,260	–

The aggregate net foreign exchange gains recognised were:

	Years ended 31 December 2024	Years ended 31 December 2023
	RMB'000	RMB'000
Net foreign exchange gains included in finance income	**5,015**	5,070

The Group's monetary items mainly consisted of cash and bank balances. As at 31 December 2024, if RMB weakened or strengthened by 10% against USD, with all other variables held constant, loss for the year would have been RMB102,897,000 lower or higher (2023: RMB18,226,000).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk

The credit risk of the Group mainly arises from cash and bank balances, and other receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The credit risk of cash and bank balances is relatively limited, because the counterparties are mainly state-owned or public-listed commercial banks.

(i) Impairment of financial assets

The Group has one type of financial assets that are subject to the expected credit loss model as at end of this year:

- Other receivables

While cash and bank balances are subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on other receivables are presented net of impairment losses within profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

For other receivables, management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records and past experience and adjusts for forward-looking information.

The Group assesses the 12-month expected credit losses for other receivables upon initial recognition. Once there is a significant increase in credit risk, lifetime expected credit losses shall be assessed (stage 2). Once the receivables credit impaired (e.g. default), lifetime expected credit losses shall still be assessed (stage 3).

As at 31 December 2024, the loss allowance for other receivables was RMB40,510,000 (2023: RMB8,922,000).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2024					
Trade payables	**82,825**	**–**	**–**	**–**	**82,825**
Other payables and accruals (excluding non-financial liabilities)	**20,560**	**–**	**–**	**–**	**20,560**
Lease liabilities	**377**	**377**	**188**	**–**	**942**
Total	**103,762**	**377**	**188**	**–**	**104,327**
At 31 December 2023					
Trade payables	141,661	–	–	–	141,661
Other payables and accruals (excluding non-financial liabilities)	52,179	–	–	–	52,179
Lease liabilities	3,460	2,409	1,495	–	7,364
Total	197,300	2,409	1,495	–	201,204

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

The Group's primary objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors its capital structure on the basis of liability-to-asset ratio, which is calculated as total liabilities divided by total assets. The liability-to-asset ratio of the Group as at 31 December 2024 and 2023 was as follows:

	As at 31 December 2024	As at 31 December 2023
Gearing ratio	**10.70%**	17.71%

There were no changes in the Group's approach for capital management for the year ended 31 December 2024.

3.3 Fair value estimation

The Group's equity investment designated at fair value through other comprehensive income was measured at fair value at the end of the reporting period. The Group applied the back-solve method to determine the fair value of the equity investment. The fair value measurement of this equity investment may involve unobservable inputs such as volatility and risk-free rate.

The Group's contingent consideration in amounts due to a related party was measured at fair value at the end of the reporting period. The valuation techniques used to determine the fair value are based on quoted market prices and the probability of the contingencies at the year end.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: nil).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

As at 31 December 2024

	Fair value measurement using				
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2)** RMB'000	**Significant unobservable inputs (Level 3)** RMB'000	**Total** RMB'000	**Carrying amounts** RMB'000
Equity investment designated at fair value through other comprehensive income	**–**	**–**	**83,732**	**83,732**	**83,732**
Contingent consideration in amounts due to a related party	**–**	**350**	**–**	**350**	**350**
Total	**–**	**350**	**83,732**	**84,082**	**84,082**

As at 31 December 2023

	Fair value measurement using				
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000	Carrying amounts RMB'000
Contingent consideration in amounts due to a related party	**–**	**724**	**–**	**724**	**724**

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.4 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

There was no offsetting during the year.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4.1 Recognition of revenue

Revenue from the license-out contracts with customers should be recognised when control of licenses and 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 licenses or services. The license-out contracts included several types of considerations including variable considerations, which were subject to professional judgement and estimation.

4.2 Impairment assessment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 16.

The bases for the key assumptions used in the impairment testing as of 31 December 2024 are as follows:

(i) Revenue (% compound growth rates)

The revenue compound growth rates for a fourteen-year projection period are based on the Company's forecast of its average revenue growth rate from 2025 to 2038. The Company considers the business strategy and the management's expectation for the market development in estimating these growth rates.

(ii) Research and development expenses (% compound growth rates)

The research and development expenses (% compound growth rates) are determined on the basis of management's expectation and the progress of clinical trials.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 Impairment assessment of goodwill (Continued)

(iii) Pre-tax discount rates

The discount rates for the forecast period and after that period are determined by reference to discount rates provided by the management. Discount rates were estimated based on the weighted average cost of capital ("WACC") with reference to the industry risk premium and the debt to equity ratio of some guideline companies in the biopharmaceutical sector.

As at 31 December 2024, a decrease in revenue growth rate from 9.5% to 8.9%, or an increase in research and development expenses compound growth rates for each forecast period by -33.2% and -11.2%, or an increase in pre-tax discount rate from 23.1% to 28% would cause the carrying amount of the cash-generating unit to exceed its recoverable amount. In the opinion of the directors of the Group, any reasonably possible change in other key assumptions on which the recoverable amount is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

4.3 Impairment assessment of property and equipment

The Group assesses whether there is any indication that the Group's property and equipment may be impaired. To determine whether an impairment indicator exists, management considers both internal and external sources of information, including the plan and progress of the research and development projects and the prospect of the technology. If any such indication exists, the Group will estimate the recoverable amount of the asset. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount was determined based on the higher of FVLCD ("Fair Value Less Costs of Disposal") and VIU ("Value in Use") calculations which require the use of estimates. When applying valuation techniques, the Group relies on a number of factors and judgements, including, among others, historical results, business plans, forecasts and market data.

4.4 Impairment assessment of licenses

The Group assesses whether there is any indication that the Group's licenses may be impaired. To determine whether an impairment indicator exists, management considers both internal and external sources of information, including the plan and progress of the research and development projects and the prospect of the technology. If any such indication exists, the Group will estimate the recoverable amount of the asset. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount was determined based on the higher of FVLCD and VIU calculations which require the use of estimates. When applying valuation techniques, the Group relies on a number of factors and judgements, including, among others, historical results, business plans, forecasts and market data.

5 SEGMENT

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Group.

The Group has been operating in a single reporting segment, engaging in the discovery, development and commercialisation of biopharmaceutical products for human use. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the Group regards that there is only one segment which is used to make strategic decisions.

The major operating entities of the Group are domiciled in the PRC. Accordingly, the Group's operating results were primarily derived in the PRC.

Revenue from continuing operations of approximately RMB192,031,000 (2023: nil) was derived from a license-out agreement to a single customer.

Non-current assets

	2024	2023
	RMB'000	RMB'000
Cayman Islands	**98,725**	105,344
Mainland China	**6,319**	55,434
Other countries/regions	**337**	2,738
Total non-current assets	**105,381**	163,516

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

6 REVENUE, OTHER INCOME AND GAINS

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2024

Segments

	2024 RMB'000	2023 RMB'000
Types of services		
Licensing revenue	**206,229**	–
Geographical markets		
United States of America	**192,031**	–
Mainland China	**14,198**	–
Total	**206,229**	–
Timing of revenue recognition		
Licenses and services transferred at a point in time	**206,229**	–

The Group has only one segment and no further segment information of revenue is applicable.

6 REVENUE, OTHER INCOME AND GAINS (CONTINUED)

(b) Accounting policy of revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of licenses and 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 HKFRS 15.

License

The Group grant intellectual property licenses (the "License") of certain products.

For the intellectual property licenses which the customer gets a right to use the License, the revenue of the License is recognised at the point of time when the control of the license is transferred to the customer and the customer is able to consume and benefit from the License. The consideration for the License comprises fixed elements, variable elements and non-cash consideration. The variable elements are included in the transaction price when the Group can conclude that it is highly probable there will not be a significant reversal of revenue. The non-cash consideration includes equity in the customer obtained, which does not constitute control or significant influence. The non-cash consideration is included in the transaction price by using the fair value of the equity on trade-date less the costs paid.

The performance obligation of intellectual property licenses is satisfied at a point in time and payment is billed based on the milestone achieved.

6 REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Other income

	2024 RMB'000	2023 RMB'000
Government grants	**36,848**	3,692
Fair value change of the amount due to a related party	**(178)**	1,338
Others	**437**	619
Total	**37,107**	5,649

7 MATERIAL PROFIT OR LOSS ITEMS

The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

	Notes	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Share-based payment expenses	*24*	**11,645**	60,910
Impairment of property and equipment	*14*	**31,472**	39,924
Impairment of intangible assets	*16*	**2,118**	39,363
Impairment of other non-current assets		**1,499**	–
		46,734	140,197

8 EXPENSES BY NATURE

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Employee benefits expenses *(note 9)*	**81,351**	225,410
Development fee and clinical trial expenses	**78,298**	194,298
Impairment of property and equipment	**31,472**	39,924
Professional and technical service fee	**27,756**	18,802
Depreciation and amortisation	**18,220**	76,887
Write-down of and provision for inventories	**4,972**	33,832
Raw material and consumables used	**4,310**	34,399
Impairment of intangible assets	**2,118**	39,363
Impairment of other non-current assets	**1,499**	–
Auditor's remuneration		
– Audit services	**5,150**	3,030
– Non-audit services	**148**	113
Others	**19,191**	23,457
Total	**274,485**	689,515

9 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Salaries, bonuses and other benefits	**47,865**	124,739
Share-based payment expenses *(note 24)*	**11,645**	60,910
Termination benefits	**17,220**	22,037
Social security costs and housing benefits	**2,508**	9,808
Pension-defined contribution plan *(i)*	**2,113**	7,916
	81,351	225,410

(i) The Group did not have any forfeited contribution for the year ended 31 December 2024 (2023: nil) in connection with the defined contribution plan operated by local governments.

9 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2023: one) director, whose emoluments are reflected in the analysis presented in note 35. The emoluments payable to the remaining four (2023: four) individuals were as follows

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Basic salaries, housing allowances, share options, other allowances and benefits in kind	**9,105**	23,191
Contribution to pension scheme	**125**	66
Discretionary bonuses	**1,869**	3,560
	11,099	26,817

During the year, no emoluments have been paid to the five highest individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office (2023: nil).

The emoluments fell within the following bands:

	Year ended 31 December 2024 number of individuals	Year ended 31 December 2023 number of individuals
Emolument bands (in HKD)		
HKD2,000,001 to HKD2,500,000	**2**	–
HKD2,500,001 to HKD3,000,000	**1**	–
HKD3,000,001 to HKD3,500,000	**–**	1
HKD3,500,001 to HKD4,000,000	**–**	1
HKD6,000,001 to HKD6,500,000	**1**	–
HKD11,000,001 to HKD11,500,000	**–**	2

10 FINANCE INCOME AND COSTS

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Finance income		
Interest from bank deposits	**32,688**	29,669
Net foreign currency exchange gain	**5,015**	5,070
	37,703	34,739
Finance costs		
Interest on lease liabilities	**(112)**	(888)
Others	**(170)**	(151)
	(282)	(1,039)
Financial income – net	**37,421**	33,700

11 SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2024 are set out below. Unless otherwise stated, they have share/paid-up capital that is held by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or establishment is also their principal place of business.

Name of entity	Country/place and principal country/place of operation and date of incorporation/ establishment and kind of legal entity	Registered/issued and paid-up capital	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
			2024	2023	**2024**	2023
Directly owned:						
Genor Biopharma (HK) Limited ("GBHK")	PRC, Hong Kong, 24 October 2016, limited liability company	1 ordinary share, HKD0.001	**100%**	100%	**–**	–
Genor Biopharma (USA), Inc. ("GBUS")	United States of America ("USA"), USA, 23 November 2020, corporation	100 ordinary shares, USD0.001	**100%**	100%	**–**	–
AB Therapeutics Inc. ("ABT")	USA, USA, 19 August 2019, limited liability company	10,000,000 ordinary shares, USD100	**80%**	80%	**20%**	20%
Genor Biopharma PTY LTD ("GBAUS") *(i)*	Australia, Australia, 19 May 2022, Limited liability company	100 ordinary shares, AUD100	**–**	–	**–**	–
Indirectly owned:						
Genor Biopharma Co., Ltd. (嘉和生物藥業有限公司) ("Genor Biopharma")	PRC, Mainland China, 4 December 2007, limited liability company*	RMB831,338,351	**100%**	100%	**–**	–
Yuxi Genor Biotechnology Co., Ltd. (玉溪嘉和生物技術有限公司)	PRC, Mainland China, 8 July 2014, limited liability company	RMB400,000,000	**100%**	100%	**–**	–

* Registered as a wholly-foreign owned enterprise under PRC law.

11 SUBSIDIARIES (CONTINUED)

(a) Restrictions

As at 31 December 2024, cash and bank balances of RMB28,685,330 (2023: RMB977,147,000) were held in Mainland China and were subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

(b) Investments in subsidiaries

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Interests in subsidiaries, net	**406,565**	406,565
Deemed capital contribution to subsidiaries *(i)*	**613,295**	601,650
Total	**1,019,860**	1,008,215

(i) The amounts represent the equity-settled share-based payments in respect of the respective share options granted by the Company to certain employees of certain subsidiaries for employees' services rendered to the respective subsidiaries under the Company's employee option plan as disclosed in note 24. Since the subsidiaries have no obligation to reimburse such expenses, the amounts are treated as deemed capital contribution by the Company to the subsidiaries and included in the Company's cost of investments in subsidiaries.

12 INCOME TAX

(a) Income tax

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Current	**19,206**	–
Deferred *(note 28)*	**(1,364)**	(2,280)
Total	**17,842**	(2,280)

(b) Numerical reconciliation of loss before income tax to income tax credit

A reconciliation of the tax expense/credit applicable to loss before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Loss before tax	**(35,132)**	(677,496)
Calculated at the statutory tax rate of 25%	**(8,783)**	(169,374)
Effect of different tax rates of operating entities in other jurisdictions	**(125,391)**	11,700
Effect of preferential tax rates	**–**	44,780
Expenses not deductible for taxation purposes:		
– Share-based payment expenses	**2,872**	11,976
– Others	**133**	918
Additional deduction of research and development expenses	**(23,514)**	(34,189)
Unused tax loss not recognised as deferred tax assets	**153,319**	131,909
USA withholding tax	**19,206**	–
Income tax credit	**17,842**	(2,280)

12 INCOME TAX (CONTINUED)

(b) Numerical reconciliation of loss before income tax to income tax credit (Continued)

(i) Accounting for research and development tax credit

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense.

(ii) Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is exempted from the Cayman Islands income tax.

(iii) Hong Kong profits tax

No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax for the years ended 31 December 2024 and 2023.

(iv) USA corporate income tax

Except for certain revenue arising from license-out transaction this year, which was subject to USA withholding tax, no USA profit tax was provided for as there was no estimated assessable profit that was subject to USA profits tax for the years ended 31 December 2024 and 2023.

(v) PRC corporate income tax

In 2022, a "Certificate of New Hi-tech Enterprise" was granted to Genor Biopharma with a valid period of 3 years, and Genor Biopharma became eligible for a preferential corporate income tax rate of 15% for the year ended 31 December 2023. In 2024, Genor Biopharma had its qualification as a High and New Technology Enterprise renewed, and the income tax rate was changed from 15% to 25% for 2024. Other subsidiaries established and operating in Mainland China were subject to the PRC corporate income tax at the rate of 25% for the year ended 31 December 2024 (2023: 25%).

(vi) Australian corporate income tax

No Australian corporate tax was provided for as there was no estimated assessable profit that was subject to Australian corporate tax for the years ended 31 December 2024 and 2023.

(vii) Investment allowances and similar tax incentives

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense.

12 INCOME TAX (CONTINUED)

(c) Tax losses

As at 31 December 2024, ABT had net operating losses amounting to RMB29,876,000 (2023: RMB27,982,000). Under federal tax regulations, the net operating losses can be carried forward and deductible for income tax purposes indefinitely. Under California state tax regulations, the net operating losses can generally be carried forward 20 years following the year of the loss incurred. Accordingly, the Company recognised deferred tax assets amounting to RMB8,915,000.

The Group also has tax losses arising in Mainland China of RMB3,857,000 (2023: RMB4,837,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

13 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Year ended 31 December 2024	Year ended 31 December 2023
Loss attributable to owners of the Company (in RMB'000)	**(51,283)**	(674,362)
Weighted average number of ordinary shares outstanding (in thousand)	**513,547**	506,245
Basic loss per share (in RMB)	**(0.10)**	(1.33)

(b) Diluted loss per share

The Group had potential dilutive shares for the year ended 31 December 2024 in relation to the shares held for employee option plan (note 24) and shares to be issued to Ab Studio Inc. ("ABS") (note 27(a)), which was a non-controlling shareholder of ABT. Due to the Group's loss for the year ended 31 December 2024, the potential dilutive shares had anti-dilutive effect on the Group's loss per share. Thus, the diluted loss per share is the same as basic loss per share.

14 PROPERTY AND EQUIPMENT

Non-current	Leasehold improvements RMB'000	Equipment and instruments RMB'000	Motor vehicles RMB'000	Office equipment and furniture RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2023						
Cost	84,398	280,673	602	6,289	9,684	381,646
Accumulated depreciation	(53,252)	(143,579)	(569)	(4,256)	–	(201,656)
Net carrying value	31,146	137,094	33	2,033	9,684	179,990
Year ended 31 December 2023						
Opening net carrying value	31,146	137,094	33	2,033	9,684	179,990
Additions	3	103	–	–	880	986
Transfer upon completion	783	3,352	–	–	(4,135)	–
Disposals	–	(31,228)	(11)	(172)	–	(31,411)
Depreciation charge *(a)*	(31,113)	(24,225)	(2)	(884)	–	(56,224)
Impairment charge *(b)*	–	(35,481)	–	(211)	(4,232)	(39,924)
Closing net carrying value	819	49,615	20	766	2,197	53,417
At 31 December 2023						
Cost	85,184	196,749	387	4,958	6,429	293,707
Accumulated depreciation and impairment	(84,365)	(147,134)	(367)	(4,192)	(4,232)	(240,290)
Net carrying value	819	49,615	20	766	2,197	53,417
Year ended 31 December 2024						
Opening net carrying value	**819**	**49,615**	**20**	**766**	**2,197**	**53,417**
Disposals	**–**	**(7,599)**	**–**	**(146)**	**–**	**(7,745)**
Depreciation charge *(a)*	**(686)**	**(8,087)**	**(2)**	**(510)**	**–**	**(9,285)**
Impairment charge *(b)*	**–**	**(29,472)**	**–**	**–**	**(2,000)**	**(31,472)**
Closing net carrying value	**133**	**4,457**	**18**	**110**	**197**	**4,915**
At 31 December 2024						
Cost	**89,322**	**175,433**	**387**	**4,655**	**6,429**	**276,226**
Accumulated depreciation and impairment	**(89,189)**	**(170,976)**	**(369)**	**(4,545)**	**(6,232)**	**(271,311)**
Net carrying value	**133**	**4,457**	**18**	**110**	**197**	**4,915**

14 PROPERTY AND EQUIPMENT (CONTINUED)

(a) Depreciation method and useful lives

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

– Leasehold improvements	Shorter of remaining lease term or estimated useful lives
– Equipment and instruments	5 – 10 years
– Office equipment and furniture	5 years
– Motor vehicles	5 years

Depreciation charges in the following categories:

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Research and development expenses	**8,669**	54,547
Administrative expenses	**616**	1,677
Total	**9,285**	56,224

(b) Impairment charges

In the year of 2024, the Group performed a review of the recoverable amount of the property and equipment, which led to impairment charges of RMB31,472,000 in relation to idle assets in property and equipment. The impairment loss was included in research and development expenses in the consolidated statement of profit or loss and other comprehensive income.

For some assets that were customised and designed for special purposes, the management, considering the fact that the related research and developments had been terminated and there was no plan to restart in the foreseeable future, the management was of the view that there would be no value-in-use of these assets. In determination of the fair value less disposal cost, the management adopted the market method to determine the fair value of assets. For some general equipment where there was second-hand trading price, the price was taken as its fair value. For other equipment where there was no sale agreement or active trading market, the fair value was estimated by reference to the recoverable rate of disposal transactions for similar assets.

15 LEASES

(a) Amounts recognised in the statement of financial position

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Right-of-use assets		
Property	**904**	6,720
Lease liabilities		
Current	**356**	3,231
Non-current	**555**	3,924
Total	**911**	7,155

Additions to the right-of-use assets in 2024 were RMB1,084,000 (2023: RMB8,889,000).

(b) Amounts recognised in the statement of profit or loss

The statement of profit or loss and other comprehensive income shows the following amounts relating to leases.

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Depreciation charge of right-of-use assets		
Property	**1,481**	6,917
Interest expense (included in finance costs)	**112**	888
Expense relating to short-term leases (included in research and development expenses and administrative expenses)	**460**	904
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in research and development expenses and administrative expenses)	**–**	27

The total cash outflow for leases in 2024 was approximately RMB2,017,000 (2023: RMB7,755,000).

16 INTANGIBLE ASSETS

Non-current assets	Goodwill RMB'000 *(note b)*	Computer software RMB'000	Licenses RMB'000	Total RMB'000
At 1 January 2023				
Cost	21,753	13,611	164,760	200,124
Accumulated amortisation	–	(7,965)	(28,951)	(36,916)
Net carrying value	21,753	5,646	135,809	163,208
Year ended 31 December 2023				
Opening net carrying value	21,753	5,646	135,809	163,208
Amortisation	–	(4,685)	(9,061)	(13,746)
Impairment charge	(3,934)	–	(35,429)	(39,363)
Closing net carrying value	17,819	961	91,319	110,099
At 31 December 2023				
Cost	21,753	13,611	164,760	200,124
Accumulated amortisation and impairment	(3,934)	(12,650)	(73,441)	(90,025)
Net carrying value	17,819	961	91,319	110,099
Year ended 31 December 2024				
Opening net carrying value	**17,819**	**961**	**91,319**	**110,099**
Disposals	**–**	**(61)**	**–**	**(61)**
Amortisation*	**–**	**(680)**	**(6,774)**	**(7,454)**
Impairment charge**	**–**	**–**	**(2,118)**	**(2,118)**
Closing net carrying value	**17,819**	**220**	**82,427**	**100,466**
At 31 December 2024				
Cost	**21,753**	**13,549**	**164,760**	**200,062**
Accumulated amortisation and impairment	**(3,934)**	**(13,329)**	**(82,333)**	**(99,596)**
Net carrying value	**17,819**	**220**	**82,427**	**100,466**

16 INTANGIBLE ASSETS (CONTINUED)

* Amortisation charges were expensed in the following categories in the consolidated statement of profit or loss and other comprehensive income:

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Research and development expenses	**7,126**	9,256
Administrative expenses	**328**	4,490
	7,454	13,746

** The carrying amount of the original groups of cash-generating units ("CGUs") of therapeutic antibody research and development department (the "Therapeutic Antibody CGUs") and licenses have been reduced to their recoverable amounts through recognition of impairment losses against goodwill and licenses. The losses are included in research and development expenses in the consolidated statement of profit or loss and other comprehensive income.

(a) Amortisation methods and periods

(i) Goodwill

Goodwill is measured as described in note 37. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 5).

(ii) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring the specific software into usage. These costs are amortised using the straight-line method over the shorter of their estimated useful lives of 5 years or remaining years of use. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

16 INTANGIBLE ASSETS (CONTINUED)

(a) Amortisation methods and periods (Continued)

(iii) Licenses

Licenses acquired separately or as part of a business combination are recognised as intangible assets at historical cost and amortised using the straight-line method over their estimated useful lives of 10 to 20 years, which are determined by reference to the authorised useful lives and the management's estimation. The estimation is made considering the duration of the patent right and the technique advancement of the licenses. They are subsequently carried at cost less accumulated amortisation and impairment losses.

(iv) Research and development

The Group incurs significant costs and efforts on research and development activities, which include expenditures on oncology and autoimmune drugs. Research expenditures are charged to the profit or loss as an expense in the period the expenditure is incurred. Development costs are recognised as assets if they can be directly attributable to a newly developed biopharmaceutical product and all the following can be demonstrated:

(i) The technical feasibility to complete the development project so that it will be available for use or sale;

(ii) The intention to complete the development project to use or sell the product;

(iii) The ability to use or sell the product;

(iv) The manner in which the development project will generate probable future economic benefits for the Group;

(v) The availability of adequate technical, financial and other resources to complete the development and to use or sell the product; and

(vi) The expenditure attributable to the asset during its development can be reliably measured.

The cost of an internally generated intangible asset is the sum of the expenditure incurred from the date the asset meets the recognition criteria above to the date when it is available for use. The costs capitalised in connection with the intangible asset include costs of materials and services used or consumed, testing fee, employee costs incurred in the creation of the asset and an appropriate portion of relevant overheads.

Capitalised development costs are amortised using the straight-line method over the life of the related product. Amortisation shall begin when the asset is available for use.

16 INTANGIBLE ASSETS (CONTINUED)

(a) Amortisation methods and periods (Continued)

(iv) Research and development (Continued)

Development expenditures not satisfying the above criteria are recognised in the profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(b) Impairment tests for goodwill

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The following is a summary of goodwill allocation for the Therapeutic Antibody CGUs:

	Opening RMB'000	Addition RMB'000	Impairment RMB'000	Closing RMB'000
Year ended 31 December 2024				
Therapeutic Antibody CGUs	**17,819**	**–**	**–**	**17,819**
Year ended 31 December 2023				
Therapeutic Antibody CGUs	21,753	–	(3,934)	17,819

17 EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Equity investment designated at fair value through other comprehensive income		
Unlisted equity investment, at fair value	**83,732**	–

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers the investment to be strategic in nature.

As a consideration for the license sale, the Group was settled with an unlisted equity investment. The Group designated this equity investment as financial instrument through other comprehensive income. As at 31 December 2024, the measurement of this equity investment designated through other comprehensive income was categorised within Level 3 hierarchy.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2024:

	Valuation technique	Significant unobservable input	Sensitivity of fair value to the input
Unlisted equity investment	Back-solve method	Volatility	Increasing/decreasing expected volatility by 1% would increase/decrease the fair value of financial instruments by RMB333,000 and RMB338,000 respectively
		Risk-free rate	Increasing/decreasing expected risk-free rate by 1% would increase/decrease the fair value of financial instruments by RMB621,000 and RMB643,000 respectively

18 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Financial assets		
Equity investment at fair value through other comprehensive income	**83,732**	–
Financial assets at amortised cost		
Other receivables, deposits and prepayments (excluding prepayments and input value-added tax ("VAT") to be deducted)	**45,500**	48,127
Cash and bank balances	**1,058,790**	1,165,481
	1,188,022	1,213,608

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Financial liabilities		
Financial liabilities at amortised cost:		
Trade payables	**82,825**	141,661
Other payables and accruals (excluding accrued employee benefits and other tax payable)	**20,561**	52,179
Lease liabilities	**911**	7,155
Financial liabilities at fair value through profit or loss:		
Contingent consideration in amounts due to a related party	**350**	724
	104,647	201,719

The trade payables and other payables are unsecured. Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements are reverted to the lessor in the event of default.

19 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Current			
Tax prepayment for share option and RSU plans	*(b)*	**30,706**	30,706
Receivable from an employee in respect of asset misappropriation	*(a)*	**9,804**	–
Prepayment for inventories and clinical fee		**2,878**	27,453
Rental deposits		**1,529**	1,260
Receivable from disposals of property and equipment		**184**	7,434
Interest receivables		**90**	7,401
Others		**3,822**	3,302
Subtotal		**49,013**	77,556
Less: provision for impairment		**(40,510)**	(8,922)
		8,503	68,634
Non-current			
VAT input tax to be deducted		**23,503**	24,425
Advance payment for equipment		**–**	1,499
Rental deposits		**–**	1,244
Subtotal		**23,503**	27,168
Total		**23,503**	27,168

The carrying amounts of other receivables and deposits are mainly denominated in RMB and approximate to their fair values.

19 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

(a) In 2024, the Group discovered misappropriation of bank accounts by an ex-employee, who had been transferring out money from the Group's bank accounts without authorisation from 2022 to 2024. The Group has reported to the police, and the case is currently under investigation. Based on the Group's investigation, the net loss of bank accounts caused by the misappropriation, after being offset by the amount transferred in by this ex-employee or other parties, amounted to RMB100,000, RMB1,398,000, and RMB8,306,000 for the years ended 31 December 2022, 2023 and 2024, respectively. Considering that there was remote chance to collect the cash, the Group made full impairment of these amounts in current year's financial statements. In the opinion of the Company's directors, the impact of the aforesaid misappropriation was not significant to the financial statements for the years ended 31 December 2022 and 2023. Further details are set out in the Company' s announcement dated 4 February 2025.

(b) The amount included a balance of RMB14,146,000 for payment on behalf of a chief executive in respect of taxes relating to share options granted in previous years.

20 CASH AND BANK BALANCES

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Cash on hand	**–**	614
Cash at banks		
– USD	**1,029,711**	184,607
– RMB	**28,685**	976,563
– HKD	**374**	3,696
– AUD	**20**	1
Cash and bank balances	**1,058,790**	1,165,481

21 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of shares	**Nominal value of shares** USD
Authorised ordinary shares		
As at 31 December 2024	**1,000,000,000**	**20,000**

21 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (CONTINUED)

	Number of shares	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Total RMB'000
Issued ordinary shares					
As at 1 January 2023	505,241,598	69	9,375,785	(5,198)	9,370,656
Shares exercised under employee option plan and RSU plan	1,767,064	–*	21,536	–	21,536
Issuance of shares as consideration for the acquisition of business	511,363	–*	530	–	530
As at 31 December 2023 and 1 January 2024	507,520,025	69	9,397,851	(5,198)	9,392,722
Shares exercised under employee option plan and RSU plan	**9,327,511**	**1**	**79,125**	**4,451**	**83,577**
Shares issued and held for employee share scheme	**3,000,000**	**–***	**–**	**–***	**–**
Issuance of shares as consideration for the acquisition of business	**511,363**	**–***	**857**	**–**	**857**
As at 31 December 2024	**520,358,899**	**70**	**9,477,833**	**(747)**	**9,477,156**

* The amounts stated above were less than RMB1,000.

22 TREASURY SHARES

	2024 RMB'000	2023 RMB'000
Shares held for employee share scheme	**747**	5,198

	2024 Number of shares	2023 Number of shares
Shares held for employee share scheme	**3,544,184**	3,786,684

23 OTHER RESERVES

	Other reserves			
	Capital reserve RMB'000	Share-based payment reserve RMB'000	Other comprehensive loss RMB'000	Total RMB'000
At 1 January 2023	(1,703,265)	255,403	(4,342)	(1,452,204)
Other comprehensive loss	–	–	(745)	(745)
Share-based payment *(note 24)*	–	60,910	–	60,910
Shares exercised under employee option plan and RSU plan	–	(21,533)	–	(21,533)
At 31 December 2023 and 1 January 2024	(1,703,265)	294,780	(5,087)	(1,413,572)
Other comprehensive income	**–**	**–**	**1,482**	**1,482**
Share-based payment *(note 24)*	**–**	**11,645**	**–**	**11,645**
Shares exercised under employee option plan and RSU plan	**–**	**(83,613)**	**–**	**(83,613)**
At 31 December 2024	**(1,703,265)**	**222,812**	**(3,605)**	**(1,484,058)**

24 SHARE-BASED PAYMENTS

(a) 2020 Employee Option Plan

Set out below are summaries of options granted:

	Category I	
	Exercise price per share	Number of options
As at 1 January 2023	USD0.0002	10,400,047
Exercised	USD0.0002	(885,721)
Forfeited	USD0.0002	(416,088)
As at 31 December 2023	USD0.0002	9,098,238
Vested and exercisable at 31 December 2023	USD0.0002	5,796,288
As at 1 January 2024	**USD0.0002**	**9,098,238**
Exercised	**USD0.0002**	**(8,092,454)**
Forfeited	**USD0.0002**	**(101,177)**
As at 31 December 2024	**USD0.0002**	**904,607**
Vested and exercisable at 31 December 2024	**USD0.0002**	**426,928**

	Category II	
	Exercise price per share	Number of options
As at 1 January 2023	USD2.0000	13,692,711
Forfeited	USD2.0000	(9,565,432)
As at 31 December 2023	USD2.0000	4,127,279
Vested and exercisable at 31 December 2023	USD2.0000	3,565,554
As at 1 January 2024	**USD2.0000**	**4,127,279**
Forfeited	**USD2.0000**	**(1,051,500)**
As at 31 December 2024	**USD2.0000**	**3,075,779**
Vested and exercisable at 31 December 2024	**USD2.0000**	**2,916,279**

24 SHARE-BASED PAYMENTS (CONTINUED)

(a) 2020 Employee Option Plan (Continued)

	Category III (A)	
	Exercise price per share	Number of options
As at 1 January 2023	USD0.0002	27,337
As at 31 December 2023	USD0.0002	27,337
Vested and exercisable at 31 December 2023	USD0.0002	27,337
As at 1 January 2024	**USD0.0002**	**27,337**
Exercised	**USD0.0002**	**(27,212)**
As at 31 December 2024	**USD0.0002**	**125**
Vested and exercisable at 31 December 2024	**USD0.0002**	**125**

	Category III (B)	
	Exercise price per share	Number of options
As at 1 January 2023	USD2.0000	50,000
As at 31 December 2023	USD2.0000	50,000
Vested and exercisable at 31 December 2023	USD2.0000	50,000
As at 1 January 2024	**USD2.0000**	**50,000**
Forfeited	**USD2.0000**	**(50,000)**
As at 31 December 2024	**USD2.0000**	**–**
Vested and exercisable at 31 December 2024	**USD2.0000**	**–**

24 SHARE-BASED PAYMENTS (CONTINUED)

(a) 2020 Employee Option Plan (Continued)

The fair value of the options under Category I ranged from RMB6.3224 to RMB8.5361. The fair value of the options under Category II ranged from RMB1.5520 to RMB4.2642. The fair value of the options under Category III ranged from RMB3.8199 to RMB6.3224.

Share options outstanding as at 31 December 2024 had the following exercise prices:

	Exercise price per share	Share options as at 31 December 2024
Category I	USD0.0002	**904,607**
Category II	USD2.0000	**3,075,779**
Category III (A)	USD0.0002	**125**
Category III (B)	USD2.0000	**–**
Total		**3,980,511**

(b) Post-IPO Share Option Plan

On 18 September 2020, the board of directors of the Company approved the Post-IPO Share Option Plan. Under the plan, the Company granted options to executive directors and key employees to award their previous contributions and to acquire their long-term service in future.

The share-based payments under the Post-IPO Share Option Plan are equity-settled share-based payments with exercise price of HKD17.08, HKD10.85, HKD1.73, HKD1.81 or HKD1.50. The Company entered into agreements with certain employees on 3 June 2021 ("Batch I"), 27 August 2021 ("Batch II"), 5 October 2022 ("Batch III"), 25 May 2023 ("Batch IV") and 31 August 2023 ("Batch V"). Under these agreements, the options are vested based on service conditions or performance conditions. The service conditions are designed to acquire service from certain employees for a specified period. In addition, the performance conditions also include specified performance targets, such as the achievement of certain research and development programs and the achievement of financing activities.

24 SHARE-BASED PAYMENTS (CONTINUED)

(b) Post-IPO Share Option Plan (Continued)

Set out below are summaries of options and shares granted:

	Batch I Exercise price per share	Number of options
As at 1 January 2023	HKD17.08	2,945,500
Forfeited	HKD17.08	(1,711,800)
As at 31 December 2023	HKD17.08	1,233,700
Vested and exercisable at 31 December 2023	HKD17.08	815,850
As at 1 January 2024	**HKD17.08**	**1,233,700**
Forfeited	**HKD17.08**	**(1,055,175)**
As at 31 December 2024	**HKD17.08**	**178,525**
Vested and exercisable at 31 December 2024	**HKD17.08**	**178,525**

	Batch II Exercise price per share	Number of options
As at 1 January 2023	HKD10.85	933,000
Forfeited	HKD10.85	(118,000)
As at 31 December 2023	HKD10.85	815,000
Vested and exercisable at 31 December 2023	HKD10.85	407,500
As at 1 January 2024	**HKD10.85**	**815,000**
Forfeited	**HKD10.85**	**(779,000)**
As at 31 December 2024	**HKD10.85**	**36,000**
Vested and exercisable at 31 December 2024	**HKD10.85**	**27,000**

24 SHARE-BASED PAYMENTS (CONTINUED)

(b) Post-IPO Share Option Plan (Continued)

	Batch III Exercise price per share	Number of options
As at 1 January 2023	HKD1.73	2,251,500
Forfeited	HKD1.73	(165,000)
As at 31 December 2023	HKD1.73	2,086,500
Vested and exercisable at 31 December 2023	HKD1.73	999,750
As at 1 January 2024	**HKD1.73**	**2,086,500**
Forfeited	**HKD1.73**	**(538,500)**
As at 31 December 2024	**HKD1.73**	**1,548,000**
Vested and exercisable at 31 December 2024	**HKD1.73**	**1,038,500**

	Batch IV Exercise price per share	Number of options
As at 1 January 2023	HKD1.81	–
Granted	HKD1.81	11,600,000
As at 31 December 2023	HKD1.81	11,600,000
Vested and exercisable at 31 December 2023	HKD1.81	–
As at 1 January 2024	**HKD1.81**	**11,600,000**
Forfeited	**HKD1.81**	**(2,500,000)**
As at 31 December 2024	**HKD1.81**	**9,100,000**
Vested and exercisable at 31 December 2024	**HKD1.81**	**3,271,875**

24 SHARE-BASED PAYMENTS (CONTINUED)

(b) Post-IPO Share Option Plan (Continued)

	Batch V Exercise price per share	Number of options
As at 1 January 2023	HKD1.50	–
Granted	HKD1.50	9,578,867
As at 31 December 2023	HKD1.50	9,578,867
Vested and exercisable at 31 December 2023	HKD1.50	–
As at 1 January 2024	**HKD1.50**	**9,578,867**
Exercised	**HKD1.50**	**(188,000)**
Forfeited	**HKD1.50**	**(6,932,307)**
As at 31 December 2024	**HKD1.50**	**2,458,560**
Vested and exercisable at 31 December 2024	**HKD1.50**	**614,640**

The fair value of the options under the Post-IPO Share Option Plan ranged from RMB0.6149 to RMB6.9810.

24 SHARE-BASED PAYMENTS (CONTINUED)

(b) Post-IPO Share Option Plan (Continued)

Fair value of options granted

The fair value at grant date is independently determined using binomial option pricing model by an independent qualified valuer. The significant inputs were listed below:

Post-IPO Share Option Plan	Batch I	Batch II	Batch III	Batch IV	Batch V
Expected price volatility	51.95% to 52.08%	52.40% to 52.54%	53.42% to 53.51%	53.35%	53.04%
Expected option life (year)	10	10	10	10	10
Risk free interest rate	1.26% to 1.40%	1.09% to 1.20%	3.49% to 3.51%	3.51%	3.80%
Spot price of ordinary shares (HKD)	17.08	10.85	1.73	1.73	1.5

The volatility factor estimated was based on the historical daily share price volatility of the comparable companies for the period close to the expected time to exercise. The risk free interest rate was referred to the market yield of government bond with similar issuance dates and maturity dates as of the respective grant dates.

(c) 2023 Share Option Plan

On 27 October 2023, the shareholders of the Company approved the 2023 Share Option Plan. Under the plan, the Company granted options to executive directors and key employees to award their previous contributions and to acquire their long-term service in future.

The share-based payments under the 2023 Share Option Plan are equity-settled share-based payments with exercise price of HKD1.50. The Company entered into agreements with certain employees on 27 October 2023 ("Batch I"). Under these agreements, the options are vested based on service conditions or performance conditions. The service conditions are designed to acquire service from certain employees for a specified period. In addition, the performance conditions also include specified performance targets, such as the achievement of certain research and development programs and the achievement of financing activities.

24 SHARE-BASED PAYMENTS (CONTINUED)

(c) 2023 Share Option Plan (Continued)

Set out below are summaries of options and shares granted:

	Batch I	
	Exercise price per share	Number of options
As at 1 January 2023	HKD1.50	–
Granted	HKD1.50	5,579,054
As at 31 December 2023	HKD1.50	5,579,054
Vested and exercisable at 31 December 2023	HKD1.50	–
As at 1 January 2024 and 31 December 2024	**HKD1.50**	**5,579,054**
Vested and exercisable at 31 December 2024	**HKD1.50**	**2,175,830**

The fair value of the options under the 2023 Share Option Plan ranged from RMB0.4074 to RMB0.4573.

Fair value of options granted

The fair value at grant date is independently determined using binomial option pricing model by an independent qualified valuer, the significant inputs were listed below:

Post-IPO Share Option Plan	Batch I
Expected price volatility	52.88%
Expected option life (year)	10
Risk free interest rate	4.31%
Spot price of ordinary shares (HKD)	1.16

The volatility factor estimated was based on the historical daily share price volatility of the comparable companies for the period close to the expected time to exercise. The risk free interest rate was referred to the market yield of government bond with similar issuance dates and maturity dates as of the respective grant dates.

24 SHARE-BASED PAYMENTS (CONTINUED)

(d) 2021 RSU Plan

On 3 June 2021, the board of directors of the Company approved the 2021 restricted share unit plan (the "2021 RSU Plan"). Under the plan, the Company granted RSUs to employees to recruit, incentivise and retain key employees.

The share-based payments under the 2021 RSU Plan are equity-settled share-based payments with exercise price of nil. The Company entered into agreements with certain employees on 3 June 2021, 27 August 2021, 5 October 2022, 25 May 2023 and 31 August 2023. Under these agreements, the shares are vested based on service conditions or performance conditions. The service conditions are designed to acquire service from certain employees for a specified period. In addition, the performance conditions also include specified performance targets, such as the achievement of certain research and development programs and the achievement of financing activities.

Set out below are summaries of shares granted:

	2021 RSU Plan	
	Exercise price per share	Number of options
As at 1 January 2023	–	2,634,150
Granted	–	8,999,893
Exercised	–	(824,525)
Forfeited	–	(301,425)
As at 31 December 2023	–	10,508,093
Vested and exercisable at 31 December 2023	–	–
As at 1 January 2024	**–**	**10,508,093**
Granted	**–**	
Exercised	**–**	**(3,209,845)**
Forfeited	**–**	**(5,273,913)**
As at 31 December 2024	**–**	**2,024,335**
Vested and exercisable at 31 December 2024	**–**	**–**

The fair value of the RSUs under the 2021 RSU Plan granted on 25 May 2023 and 31 August 2023 were RMB1.56 per share and RMB1.37 per share, respectively, based on the closing price on the date of grant.

24 SHARE-BASED PAYMENTS (CONTINUED)

(e) 2023 RSU Plan

On 27 October 2023, the shareholders of the Company approved the 2023 restricted share unit plan (the "2023 RSU Plan"). Under the plan, the Company granted RSUs to employees to recruit, incentivise and retain key employees.

The share-based payments under the 2023 RSU Plan are equity-settled share-based payments with exercise price of nil. The Company entered into agreements with certain employees on 27 October 2023. Under these agreements, the shares are vested based on service conditions or performance conditions. The service conditions are designed to acquire service from certain employees for a specified period. In addition, the performance conditions also include specified performance targets, such as the achievement of certain research and development programs and the achievement of financing activities.

Set out below are summaries of shares granted:

	2023 RSU Plan	
	Exercise price per share	Number of shares
As at 1 January 2023	–	–
Granted	–	4,210,000
As at 31 December 2023	–	4,210,000
Vested and exercisable at 31 December 2023	–	–
As at 1 January 2024	**–**	**4,210,000**
Exercised	**–**	**(1,052,500)**
As at 31 December 2024	**–**	**3,157,500**
Vested and exercisable at 31 December 2024	**–**	**–**

The fair value of the RSUs under the 2023 RSU Plan was RMB1.07 per share, based on the closing price on the date of grant.

No options and shares expired during the year covered by the above tables in note 24(a), (b), (c), (d) and (e).

24 SHARE-BASED PAYMENTS (CONTINUED)

(f) Share subscription and purchase agreement

On 26 September 2019, the Company entered into a subscription agreement with ABS, Dr. Yue Liu and ABT. Pursuant to the subscription agreement, the Company shall allot and issue 8,181,819 new ordinary shares to ABS and 909,091 new ordinary shares to Dr. Yue Liu. After the shares consolidated on 3 September 2020, the number of the above new ordinary shares changed to 4,090,910 and 454,546 for ABS and Dr. Yue Liu, respectively.

Out of 4,090,910 ordinary shares to be issued to ABS, 2,045,455 shares would be evenly issued on each anniversary of the closing of the subscription agreement ("Closing") through the fourth anniversary of the Closing, and 2,045,455 shares would be issued based on the level of achievement of ABT's completion of milestones with respect to certain research and development programs.

Out of 454,546 ordinary shares to be issued to Dr. Yue Liu, 227,273 shares would be evenly issued on each anniversary of the Closing through the fourth anniversary of the Closing ("ABT Batch I"), and 227,273 shares would be issued based on the level of achievement of ABT's completion of milestones with respect to certain research and development program ("ABT Batch II").

On 13 August 2024, as a result of certain research and development program milestone achievements, the Company issued 460,227 shares and 51,136 shares to ABS and Dr. Yue Liu, respectively. During the year of 2024, 51,136 shares were exercised under ABT Batch II.

(g) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised for the years ended 31 December 2024 and 2023 as part of employee benefit expenses were as follows:

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Employee option plan		
Equity-settled share-based payments	**11,645**	60,377
Share-based payment to Dr. Yue Liu	**–**	533
Total	**11,645**	60,910

24 SHARE-BASED PAYMENTS (CONTINUED)

(h) Equity-settled share-based payment transactions

The Group operates an equity-settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (including shares or share options) of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions
- excluding the impact of any service and non-market performance vesting conditions (for example, remaining an employee of the entity over a specified time period)
- including the impact of any non-vesting conditions (for example, the fulfilment of each applicable milestone with respect to certain research and development program).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of share options that are expected to vest based on the non-market performance and service conditions, irrespective of whether those non-vesting conditions are satisfied. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

25 TRADE PAYABLES

The ageing analysis, based on the invoice date, of trade payables as at the end of the reporting period was as follows:

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Within 1 year	**79,826**	139,012
More than 1 year	**2,999**	2,649
	82,825	141,661

The carrying amounts of trade payables are denominated in RMB. The carrying amounts approximate to the fair values due to short-term maturities.

26 OTHER PAYABLES AND ACCRUALS

		As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Payables to suppliers of services, property and equipment		**7,760**	10,553
Government grants	*(a)*	**5,744**	37,423
Accrued employee benefits		**5,154**	21,860
Other tax payable		**997**	1,844
Others		**7,056**	4,203
		26,711	75,883

(a) This amount represents the government grants received in 2020 that the conditions had not been fully met.

The carrying amounts of accruals and other payables are mainly denominated in RMB. The carrying amounts approximate to the fair values due to their short-term maturities.

27 AMOUNTS DUE TO A RELATED PARTY

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Amounts due to a related party		
Non-trade in nature		
ABS	**350**	724
Less: non-current portion	**(350)**	(559)
Current portion	**–**	165

(a) ABS is the non-controlling shareholder of ABT. The amounts due to ABS are attributable to the contingent consideration for the acquisition of ABT. As at 31 December 2024, the fair value of contingent consideration was approximately RMB350,000. The amount will be payable to ABS upon reaching certain milestone achievements in relation to development progress, regulatory approval and license-out arrangements.

28 DEFERRED INCOME TAX

(a) Deferred tax assets

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
The balance comprises temporary differences attributable to:		
Lease liabilities	**247**	1,680
Tax losses	**8,915**	8,350
	9,162	10,030
Set-off of deferred tax assets pursuant to set-off provisions	**(247)**	(1,680)
Net deferred tax assets	**8,915**	8,350

Movements	**Lease liabilities** RMB'000	**Tax losses** RMB'000	**Total** RMB'000
At 1 January 2023	6,307	6,913	13,220
Credited/(Charged) to the profit or loss	(4,627)	1,437	(3,190)
At 31 December 2023 and 1 January 2024	1,680	8,350	10,030
Credited/(Charged) to the profit or loss	**(1,433)**	**565**	**(868)**
At 31 December 2024	**247**	**8,915**	**9,162**

(i) At the end of the reporting period, the Group has unused tax losses of RMB3,857,529,000 (2023: RMB4,837,361,000) available to offsetting against future profits. A deferred tax asset has been recognised for such tax losses amounting to RMB35,660,000 (2023: RMB33,400,000). No deferred tax asset has been recognised for the remaining tax losses of RMB3,821,869,000 (2023: RMB4,803,961,000) as it is not considered probable that taxable profits will be available to utilise those tax losses.

28 DEFERRED INCOME TAX (CONTINUED)

(b) Deferred tax liabilities

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
The balance comprises temporary differences attributable to:		
Right-of-use assets	**247**	1,680
Intangible assets	**10,796**	11,595
	11,043	13,275
Set-off of deferred tax liabilities pursuant to set-off provisions	**(247)**	(1,680)
Net deferred tax liabilities	**10,796**	11,595

Movements	**Right-of-use assets** RMB'000	**Intangible assets** RMB'000	**Total** RMB'000
At 1 January 2023	6,306	12,439	18,745
Credited to the profit or loss	(4,626)	(844)	(5,470)
At 31 December 2023 and 1 January 2024	1,680	11,595	13,275
Credited to the profit or loss	**(1,433)**	**(799)**	**(2,232)**
At 31 December 2024	**247**	**10,796**	**11,043**

29 DIVIDEND

No dividend has been paid or declared by the Company during the years ended 31 December 2024 and 2023.

30 NET CASH USED IN OPERATIONS

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Loss before income tax	**(35,132)**	(677,496)
Adjustments for:		
– Provision for impairment of inventories, intangible assets, property and equipment, other non-current assets	**40,061**	113,119
– Depreciation of property and equipment	**9,285**	56,224
– Share-based payment expenses	**11,645**	60,910
– Provision for impairment of financial assets	**31,588**	8,922
– Amortisation of right-of-use assets and intangible assets	**8,935**	20,663
– Losses on disposal of property and equipment	**5,481**	16,956
– Interest income	**(32,688)**	(29,669)
– Government grants	**(36,848)**	(3,692)
– Foreign exchange gains	**(5,015)**	(3,478)
– Others	**(174)**	(4,354)
	(2,862)	(441,895)
Changes in working capital (excluding the effects of acquisition and currency translation differences on consolidation):		
– Other receivables, deposits and prepayments	**16,415**	9,621
– Trade payables	**(58,836)**	9,503
– Contract cost	**1,341**	–
– Other payables and accruals	**(31,438)**	(32,804)
– Inventories	**695**	7,905
– Equity investments at fair value through other comprehensive income	**(70,554)**	–
– Deferred income of reimbursement of future expenses	**1,020**	282
– Contract liabilities	**(4,893)**	–
– Tax paid	**(12,866)**	–
Net cash used in operations	**(161,978)**	(447,388)

30 NET CASH USED IN OPERATIONS (CONTINUED)

Reconciliation of liabilities arising from financing activities:

	Lease liabilities RMB'000
At 1 January 2023	28,586
Changes from financing cash flows	(6,824)
New leases	8,147
Interest expense	888
Termination of leases	(23,642)
At 31 December 2023 and 1 January 2024	7,155
Changes from financing cash flows	**(1,557)**
New leases	**1,084**
Interest expense	**112**
Termination of leases	**(5,883)**
At 31 December 2024	**911**

31 CONTINGENCIES

In April 2024, Genor Biopharma, an indirectly wholly-owned subsidiary of the Company, was notified that it has been named as a defendant in the lawsuit brought by an independent third party for an alleged breach of cooperation agreement once entered into among the two parties and its relevant supplemental agreements. The claim amounted to RMB15,000,000.

The directors, based on the advice from the Group's legal counsel, believed that it could not make reliable estimation of the outcome of the claim. Therefore, the Group did not provide for any claim arising from the litigation, other than the related legal and other costs.

In the opinion of the Company's directors, the Group had no significant contingent liabilities as at 31 December 2024 (as at 31 December 2023: nil).

32 COMMITMENTS

(a) Capital commitments

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Contracted but not provided for – Property and equipment	19	1,435

33 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related because they are subject to common control, common significant influence or joint control in the controlling shareholder's families. Members of key management of the Group and their close family members are also considered as related parties.

The executive directors are of the view that the following party that had transactions or balances with the Group is a related party:

Name	Relationship with the Group
ABS	Minority shareholder of ABT

The following significant transactions were carried out between the Group and its related parties for the years ended 31 December 2024 and 2023. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and on terms negotiated between the Group and the respective related parties.

(a) Transactions with related parties

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Purchase of rental services and utilities	436	534
Purchase of research and development services	790	343
Total	1,226	877

33 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amounts due to a related party

Amounts due to a related party as at 31 December 2024 and 2023 disclosed were disclosed in note 27.

(c) Key management compensation

Key management includes directors and senior management. The compensation paid or payable to key management for employee services was shown below:

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Salaries, bonuses and other benefits	**14,118**	20,435
Share-based payment expenses *(i)*	**42,135**	28,552
Pension, social security costs and housing benefits	**3,008**	1,935
Total	**59,261**	50,922

(i) The share-based payment expenses were recognised based on the fair value at the grant date, see note 23 for further details.

34 EVENTS AFTER THE REPORTING PERIOD

There is no subsequent event after the reporting period which has a material impact to the consolidated financial statements of the Group.

35 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the years ended 31 December 2024 and 2023 was set out below:

	Directors' fees RMB'000	Salaries *(i)* RMB'000	Discretionary bonuses RMB'000	Share-based payment expenses *(i)* RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Social security costs, housing benefits and other employee benefits RMB'000	Total RMB'000
For the year ended 31 December 2024							
Name of directors							
Dr. Guo Feng	–	4,500	1,175	12,363	–	1,926	19,964
Mr. Weng Chengyi	–	276	71	446	–	40	833
Dr. Lyu Dong	–	–	–	–	–	–	–
Mr. Chen Yu	–	–	–	–	–	–	–
Mr. Liu Yi	–	–	–	–	–	–	–
Ms. Cui Bai	105	–	–	–	–	–	105
Mr. Zhou Honghao	315	–	–	–	–	–	315
Mr. Fung Edwin	420	–	–	–	–	–	420
Mr. Chen Wen	420	–	–	–	–	–	420
Total	1,260	4,776	1,246	12,809	–	1,966	22,057
For the year ended 31 December 2023							
Name of directors							
Dr. Guo Feng	–	4,500	1,500	16,617	–	1,668	24,285
Dr. Lyu Dong	–	–	–	–	–	–	–
Mr. Chen Yu	–	–	–	–	–	–	–
Mr. Liu Yi	–	–	–	–	–	–	–
Mr. Zhou Honghao	420	–	–	–	–	–	420
Mr. Fung Edwin	420	–	–	–	–	–	420
Mr. Chen Wen	420	–	–	–	–	–	420
Total	1,260	4,500	1,500	16,617	–	1,668	25,545

35 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive's emoluments (Continued)

(i) The share-based payment expenses were recognised based on the fair value at the grant date (note 24).

The salaries paid to a director is generally an emolument paid or receivable in respect of that person's other services in connection with the management of the affairs of the Company and its subsidiaries.

On September 12 2024, Dr. Guo Feng resigned from his position as an executive Director, and will remain as the chief executive officer of the Company.

On September 12 2024, Mr. Weng Chengyi was appointed as an executive Director and the remuneration for this year disclosed above represented the remuneration since then.

Mr. Chen Yu resigned on 2 January 2024.

Ms. Cui Bai was appointed as an independent non-executive director of the Company on 29 September 2024.

Mr. Zhou Honghao resigned on 18 September 2024.

In 2024, none of the directors waived or agreed to waive any emoluments (2023: nil). In addition, no emoluments were paid to directors as an inducement to join or upon joining the Group or as compensation for loss of office (2023: nil).

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 December 2024 and 2023.

No loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate and connected entities, subsisted at the end of the year or at any time for the year ended 31 December 2024.

The Company did not provide any consideration to third parties for making available directors' services for the year ended 31 December 2024.

36 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	Notes	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Assets			
Non-current assets			
Intangible assets		**67,653**	73,360
Investments in subsidiaries		**1,019,860**	1,008,215
Financial assets at fair value through profit or loss		**19,327**	13,602
Equity investment designated at fair value through other comprehensive income		**83,732**	–
Total non-current assets		**1,190,572**	1,095,177
Current assets			
Other receivables and prepayments		**3,100**	7,454
Cash and bank balances		**957,628**	185,985
Total current assets		**960,728**	193,439
Total assets		**2,151,300**	1,288,616
EQUITY			
Equity attributable to owners of the Company			
Share capital		**70**	69
Share premium		**9,477,833**	9,397,851
Treasury shares		**(747)**	(5,198)
Other reserves	*(a)*	**(1,224,195)**	(1,165,405)
Accumulated losses	*(a)*	**(6,170,603)**	(6,939,988)
Total equity		**2,082,358**	1,287,329

36 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
LIABILITIES		
Non-current liabilities		
Amounts due to a related party	**350**	559
Total non-current liabilities	**350**	559
Current liabilities		
Other payables and accruals	**16,623**	563
Amounts due to a subsidiary	**51,969**	165
Total current liabilities	**68,592**	728
Total liabilities	**68,942**	1,287
Total equity and liabilities	**2,151,300**	1,288,616

Reserve movement of the Company

	Other reserves RMB'000	Accumulated losses RMB'000
At 1 January 2023	(1,204,782)	(6,142,298)
Loss for the year	–	(797,690)
Share-based payment	60,910	–
Shares exercised under employee option plan and RSU plan	(21,533)	–
At 31 December 2023 and 1 January 2024	(1,165,405)	(6,939,988)
Loss for the year	**–**	**769,385**
Share-based payment	**11,645**	**–**
Shares exercised under employee option plan and RSU plan	**(83,613)**	**–**
Other comprehensive income	**13,178**	**–**
At 31 December 2024	**(1,224,195)**	**(6,170,603)**

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES

37.1 Basis of consolidation

The consolidated financial statements include the financial statements of 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.

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.

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.2 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, add space that are expected to benefit from the synergies of the combination, irrespective of whether other asset or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.3 Foreign currencies

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. 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).

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.4 Property and equipment

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property 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 HKFRS 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.

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.

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.

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.5 Impairment of non-financial assets

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

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

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

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.6 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 HKFRS 15.

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

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

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

Subsequent measurement

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.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.6 Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.7 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 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.

37.8 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.

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.

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.8 Impairment of financial assets (Continued)

General approach (Continued)

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

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

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

37.9 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at payables 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 borrowings and payables.

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.9 Financial liabilities (Continued)

Subsequent measurement

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

Financial liabilities at amortised cost

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

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

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 the statement of profit or loss.

37.10 Cash and bank balances

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.

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.11 Income tax

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

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

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

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

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

- 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.

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.11 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.

37.12 Other employee benefits

Pension scheme

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute part of its 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.

37.13 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.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.14 Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

37.15 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.

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.

37 SUMMARY OF OTHER MATERIAL ACCOUNTING POLICIES (CONTINUED)

37.15 Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

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

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

FIVE YEARS FINANCIAL SUMMARY

	Year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**206,229**	–	15,932	–	10,331
Loss before income tax	**(35,132)**	(677,496)	(732,420)	(866,306)	(3,036,310)
Income tax (expenses)/credit	**(17,842)**	2,280	2,024	932	5,806
Loss for the year	**(52,974)**	(675,216)	(730,396)	(865,374)	(3,030,504)
Loss for the year is attributable to:					
Owners of the Company	**(51,283)**	(674,362)	(730,214)	(865,224)	(3,027,102)
Non-controlling interests	**(1,691)**	(854)	(182)	(150)	(3,402)

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**1,289,728**	1,446,877	2,115,091	2,862,841	3,573,449
Total liabilities	**138,049**	256,177	309,873	369,730	336,324
Total equity	**1,151,679**	1,190,700	1,805,218	2,493,111	3,237,125
Equity attributable to:					
Owners of the Company	**1,151,479**	1,188,814	1,802,478	2,490,189	3,234,053
Non-controlling interests	**200**	1,886	2,740	2,922	3,072

DEFINITIONS

"2021 RSU Plan"	the RSU plan adopted by the Company on 3 June 2021
"2022 Interim Results Announcement"	the interim results announcement of the Company for the six months ended 30 June 2022 dated 30 August 2022
"2023 Interim Results Announcement"	the interim results announcement of the Company for the six months ended 30 June 2023 dated 30 August 2023
"2023 Share Option Plan"	the 2023 Share Option Plan adopted by the Company on 27 October 2023
"2023 RSU Plan"	the 2023 RSU Plan adopted by the Company on 27 October 2023
"AACR"	American Association of Cancer Research
"ABS"	AB Studio Inc., a company established under the laws of the State of Delaware, U.S. on 23 January 2017
"ABT"	Ab Therapeutics, Inc., a company established under the laws of the State of Delaware, U.S. on 19 August 2019, and a subsidiary of the Company
"ABT Subscription and Stock Purchase Agreement"	the subscription and stock purchase agreement entered into between ABT, ABS, Dr. Yue Liu and the Company dated 26 September 2020
"Administrator"	the Compensation Committee or its delegates which administer the operation of the Pre-IPO Share Option Plan, the Post-IPO Share Option Plan and the 2021 RSU Plan
"AEs"	adverse events
"AGM"	the annual general meeting for the year ended 31 December 2024 to be held by the Company
"API"	active pharmaceutical ingredients
"Articles of Association"	the seventh amended and restated articles of association of the Company adopted on 29 June 2023 with effect from Listing, as amended from time to time
"ASCO"	American Society of Clinical Oncology
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Company

DEFINITIONS

"Award(s)"	award(s) of RSU(s) granted to a grantee pursuant to the terms of the 2021 RSU Plan or the 2023 RSU Plan
"BD"	business development
"BIC"	best-in-class
"BICR"	the Blinded Independent Central Review
"Board" or "Board of Directors"	the board of directors of our Company
"Business Day(s)"	any day on which the Stock Exchange is open for the business of dealing in securities
"Candid Therapeutics"	Candid Therapeutics, Inc.
"CDE"	Centre for Drug Evaluation
"CDMO"	contract development and manufacturing organization
"CFDI"	Center for Food and Drug Inspection
"CG Code"	the Corporate Governance Code set out in Appendix C1 of the Listing Rules
"China" or the "PRC"	the People's Republic of China, and for the purpose of this report only, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"CMC"	chemistry, manufacturing and controls
"Compensation Committee"	the compensation committee of the Company
"Company", "our Company" or "the Company"	Genor Biopharma Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 10 April 2017
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transactions"	has the meaning ascribed to it under the Listing Rules
"Cooperative Development Agreement"	the cooperative development agreement entered into between Genor Biopharma and Edding on 2 January 2025

DEFINITIONS

"Consideration Shares"	the Shares to be allotted and issued by the Company to the shareholders of pursuant to the Merger Agreement
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"CRS"	Cytokine Release Syndrome
"Director(s)"	the director(s) of our Company
"Dr. Guo"	Dr. Guo Feng (郭峰)
"Edding"	Edding Group Company Limited, a company established under the laws of the Cayman Islands with limited liability
"Eligible Participant(s)"	person(s) eligible to participate in the 2023 Share Option Plan or the 2023 RSU Plan (as the case may be)
"Eligible Person(s)"	each participant(s) selected or approved by the Administrator to participate in the Pre-IPO Share Option Plan, the Post-IPO Share Option Plan, or the 2021 RSU Plan
"Employees Written Guidelines"	has the meaning ascribed thereto under the Corporate Governance Report
"Enlarged Group"	the Group as enlarged by Edding and its subsidiaries upon the closing of the Proposed Merger
"Equity Plans"	all share plans of the Company including the Pre-IPO Share Option Plan, the Post-IPO Share Option Plan, the 2021 RSU Plan, the 2023 Share Option Plan and the 2023 RSU Plan
"ESMO"	European Society for Medical Oncology
"Executive"	the Executive of the Securities and Futures Commission of Hong Kong
"FIC"	first-in-class
"FIH"	first-in-human
"GenEdd"	GenEdd, a company established under the laws of the Cayman Islands, and a wholly-owned subsidiary of the Company
"GB261"	GB261 (CD20/CD3, BsAb)
"Genor Biopharma"	Genor Biopharma Co., Ltd. (嘉和生物藥業有限公司), a company established under the laws of the PRC on 4 December 2007 and one of the Company's principal subsidiaries

"Global Offering"	the offer of Shares for subscription by the public in Hong Kong and the conditional placing of the Shares, as further described in the section headed "Structure of the Global Offering" in the Prospectus
"GLP"	Good Laboratory Practice
"GMP"	Good Manufacturing Practice
"Group", "our Group", "the Group", "we", "us" or "our"	the Company and its subsidiaries from time to time
"HR"	hazard-ratio
"HR+/ HER2-"	hormone receptor- positive, human epidermal growth factor receptor 2-negative
"HHJH"	HHJH Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 1 June 2018, a member of Hillhouse and one of our Pre-IPO Investors
"Hillhouse"	refers to HHJH, HH BIO Investment Fund, L.P., Hillhouse Fund IV, L.P., and Hillhouse Investment Management, Ltd.
"HKFRS"	Hong Kong Financial Reporting Standards
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"ICANS"	Immune effector cell-associated neurotoxicity syndrome
"IDMC"	Independent Data Monitoring Committee
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Incident"	has the meaning ascribed thereto under the Corporate Governance Report
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"IP"	intellectual property
"IPO"	initial public offering

DEFINITIONS

"irAEs"	immune related adverse events
"IRC"	Independent Review Committee
"License Agreement"	the license agreement entered into among the Group and TRC 2004, Inc. on 2 August 2024
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	7 October 2020, the date on which the Shares are listed and on which dealings in the Shares are fist permitted to take place on the Stock Exchange
"Listing Rules"	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"MAH"	marketing authorization holder
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"Merger Agreement"	the agreement and plan of merger dated 13 September 2024 entered into among the Group and Edding in respect of the Proposed Merger
"Merger Conditions Precedent"	conditions precedents to the obligations of the Company and/or Edding to consummate the Proposed Merger
"MM"	multiple myeloma
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
"mPFS"	median progression-free survival
"Mr. Weng"	Mr. Weng Chengyi (翁承毅)
"NDA"	new drug application
"New Listing Application"	the deemed new listing application of the Company in relation to the Proposed Merger
"NMPA"	China National Medical Products Administration (國家藥品監督管理局), successor to the China Food and Drug Administration (國家食品藥品監督管理總局)

"Nomination Committee"	the nomination committee of the Company
"NSCLC"	non-small cell lung cancer
"Option(s)"	Option(s) granted to a grantee to subscribe for Shares pursuant to the terms of the Pre-IPO Share Option Plan, Post-IPO Share Option Plan or the 2023 Share Option Plan
"ORR"	objective response rate
"PCC"	preclinical candidate compounds
"PFS"	progression free survival
"PK"	Pharmacokinetics
"PK/PD"	pharmacokinetics/pharmacodynamics
"POC"	Proof of Concept
"Post-IPO Share Option Plan"	The Post-IPO Share Option Plan adopted by the Company on 18 September 2020 and effective from the Listing Date (i.e. 7 October 2020)
"Pre-IPO Share Option Plan"	the Pre-IPO Share Option Plan adopted by the Company on 19 August 2019 and amended and restated on 16 April 2020 and 31 July 2020
"Proposed Merger"	the proposed acquisition of Edding by the Company by way of merger, with Edding surviving such merger and becoming a wholly-owned subsidiary of the Company, pursuant to the Merger Agreement
"Prospectus"	the prospectus of the Company dated 23 September 2020
"R&D"	research and development
"RMB" or "Renminbi"	Renminbi, the lawful currency of PRC
"Reporting Period"	the year ended 31 December 2024
"RSU(s)"	restricted share unit(s) granted under the 2021 RSU Plan or the 2023 RSU Plan
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

"Share(s)"	ordinary share(s) in the share capital of our Company, currently with a par value of US$0.00002 each
"Shareholder(s)"	holder(s) of the Share(s)
"SITC"	Society for Immunotherapy of Cancer
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Stock Purchase Agreement"	the stock purchase agreement entered into among the Group and TRC 2004, Inc. on 2 August 2024
"subsidiary" or "subsidiaries"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules
"TCE"	T-cell engager
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"VEGF"	vascular endothelial growth factor
"Walga"	Walga Biotechnology Limited (沃嘉生物技術有限公司), a business company incorporated under the laws of the British Virgin Islands on 5 June 2019 and an indirect wholly-owned subsidiary of Walvax and one of our substantial shareholders
"Walvax"	Yunnan Walvax Biotechnology Co., Ltd. (雲南沃森生物技術股份有限公司), a public company established under the laws of the PRC on 16 January 2001 and listed on the Shenzhen Stock Exchange (stock code: 300142)
"Whitewash Waiver"	the whitewash waiver in connection with the Proposed Merger
"Yuxi Genor"	Yuxi Genor Biotechnology Co., Ltd. (玉溪嘉和生物技術有限公司), a company established under the laws of the PRC on 8 July 2014 and one of the Company's principal subsidiaries
"Zhongmei Huadong"	Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd
"%"	per cent