君实生物
TopAlliance

上海君實生物醫藥科技股份有限公司
Shanghai Junshi Biosciences Co., Ltd.*

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

Stock code: 1877

2024
Annual Report

* For identification purpose only

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Xiong Jun *(Chairman and Legal Representative)*
Dr. Li Ning *(Vice Chairman)*[1]
Dr. Zou Jianjun *(Chief Executive Officer and General Manager)*[2]
Mr. Li Cong *(Co-Chief Executive Officer)*
Mr. Zhang Zhuobing
Dr. Yao Sheng
Dr. Wang Gang[14]
Dr. Li Xin[3]

NON-EXECUTIVE DIRECTORS

Mr. Tang Yi
Dr. Feng Hui[4]

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhang Chun
Dr. Feng Xiaoyuan[15]
Dr. Yang Yue[5]
Mr. Li Zhongxian[6]
Ms. Lu Kun[7]
Dr. Meng Anming[8]
Dr. Shen Jingkang[9]
Dr. Roy Steven Herbst[10]
Mr. Qian Zhi[11]

SUPERVISORS

Ms. Kuang Hongyan *(Chairman of the Board of Supervisors)*[12]
Ms. Wang Pingping
Ms. Huo Yilian
Mr. Wu Yu[13]

AUDIT COMMITTEE

Mr. Zhang Chun *(Chairman)*
Mr. Tang Yi
Mr. Li Zhongxian[6]
Dr. Shen Jingkang[9]
Mr. Qian Zhi[11]

NOMINATION COMMITTEE

Dr. Feng Xiaoyuan[15] *(Chairman)*
Mr. Xiong Jun
Dr. Yang Yue[5]
Mr. Qian Zhi[11]

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Zhang Chun *(Chairman)*
Mr. Xiong Jun
Dr. Zou Jianjun[2]
Dr. Feng Xiaoyuan[15]
Dr. Yang Yue[5]
Dr. Li Ning[1]
Mr. Qian Zhi[11]

STRATEGIC COMMITTEE

Mr. Xiong Jun *(Chairman)*
Dr. Zou Jianjun[2]
Dr. Wang Gang[14]
Mr. Zhang Chun
Dr. Feng Xiaoyuan[15]
Dr. Meng Anming[8]
Dr. Shen Jingkang[9]
Dr. Roy Steven Herbst[10]
Dr. Li Ning[1]

JOINT COMPANY SECRETARIES

Mr. Wang Zhengyu[16]
Ms. Lai Siu Kuen
Ms. Chen Yingge[17]

AUTHORIZED REPRESENTATIVES

Mr. Wang Zhengyu[16]
Ms. Lai Siu Kuen
Ms. Chen Yingge[17]

CORPORATE INFORMATION

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

Level 4, No. 987 Cai Lun Road, China (Shanghai) Pilot Free Trade Zone, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG UNDER PART 16 OF THE COMPANIES ORDINANCE

Room 1918, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

H SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

LEGAL ADVISERS

Jones Day (as to Hong Kong law)
Jia Yuan Law Offices (as to PRC law)

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

LISTING

H Shares on the Hong Kong Stock Exchange
(Stock code: 01877)
A Shares on the STAR Market
(Stock code: 688180)

NUMBER OF SHARES (AS AT THE DATE OF THIS REPORT)

985,689,871 Shares
(including 219,295,700 H Shares and 766,394,171 A Shares)

BOARD LOT OF H SHARES

200 H Shares

COMPANY'S WEBSITE

www.junshipharma.com

INVESTOR RELATIONS

Corporate press releases, financial reports and other investor information of the Group are available on the Company's website

1 Elected as Vice Chairman of the Board and ceased to be General Manager and Chief Executive Officer on 12 January 2024, and retired from his position as members of Remuneration and Appraisal Committee and Strategic Committee on 21 June 2024
2 Appointed as Chief Executive Officer and General Manager on 12 January 2024, and appointed as members of Remuneration and Appraisal committee and Strategic Committee on 21 June 2024
3 Re-designated as an executive Director from her position as a non-executive Director on 28 February 2024
4 Retired with effect from 21 June 2024
5 Appointed on 21 June 2024
6 Appointed on 20 December 2024
7 Appointed on 20 December 2024
8 Resigned with effect from 20 December 2024
9 Appointed on 21 June 2024 and ceased to be a director pursuant to the announcement of the Company dated 23 October 2024
10 Retired with effect from 21 June 2024
11 Retired with effect from 21 June 2024
12 Appointed on 21 June 2024
13 Retired with effect from 21 June 2024
14 Appointed as a member of Strategic Committee on 20 December 2024
15 Appointed as a member of Strategic Committee on 20 December 2024
16 Appointed on 24 April 2024
17 Resigned with effect from 24 April 2024

HIGHLIGHTS

FINANCIAL HIGHLIGHTS

- As at 31 December 2024, total revenue of the Group was approximately RMB1,948 million for the Reporting Period, representing an increase of approximately 30% compared to the corresponding period in 2023, which was mainly due to the increase in revenue from pharmaceutical products, in particular: the domestic sales revenue of our core product TUOYI® (toripalimab) was approximately RMB1,501 million, representing an increase of approximately 66% compared to the corresponding period in 2023.

- Total R&D expenses of the Group were approximately RMB1,275 million for the Reporting Period, representing a decrease of approximately 34% compared to the corresponding period in 2023. The decrease in R&D expenses was mainly due to the Group's cost control policy and efforts to optimize resource allocation and focus on R&D pipelines with greater potential. In addition, a number of clinical trials of our core product TUOYI® successively met the primary endpoints, which also contributed to natural decline of R&D expenditure.

- Loss attributable to owners of the Company decreased to RMB1,282 million for the Reporting Period, representing a decrease of approximately RMB999 million or approximately 44% compared to the corresponding period in 2023.

- As at 31 December 2024, the aggregate balance of bank balances and cash and financial products of the Group was approximately RMB2,917 million, ensuring a relatively sufficient cash position to support the Group's development.

HIGHLIGHTS

BUSINESS HIGHLIGHTS

During the Reporting Period, focusing on the "unmet medical needs", we have made original, innovative and breakthrough progress in discovery, R&D and commercialization of innovative therapies and innovative drugs with accelerating international development. The following achievements and milestones were attained:

- Our innovative R&D field has expanded from monoclonal antibodies to the research and development of various drug modalities, including small molecules drugs, polypeptide drugs, antibody drug conjugates (ADCs), bi-specific or multi-specific antibodies, bispecific antibody drug conjugates, fusion protein and nucleic acid drugs, as well as the exploration of next-generation innovative therapies including cancer and autoimmune diseases. Our product pipelines cover five major therapeutic areas including malignant tumors, autoimmune diseases, chronic metabolic diseases, neurologic diseases and infectious diseases. A total of four drugs (TUOYI®, JUNMAIKANG (君邁康®), MINDEWEI (民得維®) and JUNSHIDA (君適達®)) have been commercialized, around 30 assets are undergoing clinical trials, and over 20 drug candidates are at preclinical drug development stage.

  - In January 2024, Coherus, a partner of the Company, announced that toripalimab was available for access and administration in the United States. Prior to this, toripalimab (U.S. trade name: LOQTORZI®) was approved for marketing by the FDA in October 2023, and is the first drug for the treatment of NPC in the United States. At present, it is also the only preferred drug recommended in the *NCCN Clinical Practice Guidelines in Oncology for Head and Neck Cancers 2025.V1* for the treatment of recurrent/metastatic NPC across all lines.

  - In January 2024, the NDA for toripalimab for the treatment of NPC was accepted by the HSA. In March 2025, the NDA for toripalimab (Singapore trade name: LOQTORZI®) in combination with cisplatin and gemcitabine for the first-line treatment of adult patients with recurrent, not amenable to surgery or radiotherapy, or metastatic NPC has been approved by the HSA. Toripalimab has become the first and only approved immuno-oncology treatment for NPC in Singapore.

  - In April 2024, the PMDA agreed that the Company may proceed with a randomized, doubleblind, placebo-controlled, international multi-regional phase III clinical study of tifcemalimab (a recombinant humanized anti-BTLA monoclonal antibody, code: TAB004/JS004) in combination with toripalimab as consolidation therapy for patients with LS-SCLC without disease progression following chemo-radiotherapy.

  - In April 2024, the sNDA for TUOYI® in combination with axitinib for the first-line treatment for patients with medium to high risk unresectable or metastatic RCC was approved by the NMPA. This is the first approved immunotherapy for renal carcinoma in China.

  - In April 2024, the NDA for toripalimab in combination with cisplatin and gemcitabine, for the first-line treatment of adults with metastatic or recurrent locally advanced NPC, and for toripalimab, as a single agent, for the treatment of adults with recurrent, unresectable, or metastatic NPC with disease progression on or after platinum-containing chemotherapy was accepted by the DO, and was approved by the PPB in October 2024, making toripalimab the first and only immunotherapy drug for NPC in Hong Kong SAR, China.

HIGHLIGHTS

- In June 2024, the primary endpoints of PFS and OS of a multinational multi-center, randomized, open-label, active controlled phase III clinical study (the HEPATORCH study, NCT04723004) of TUOYI® in combination with bevacizumab for the first-line treatment of advanced HCC met the pre-defined efficacy boundary, and the relevant sNDA was accepted by the NMPA in July 2024 and has been approved by the NMPA in March 2025.

- In June 2024, the sNDA for TUOYI® in combination with etoposidein plus platinum as the first-line treatment of ES-SCLC was approved by the NMPA.

- In June 2024, the sNDA for TUOYI® in combination with paclitaxel for injection (albumin-bound) for the first-line treatment of recurrent or metastatic TNBC with a well-validated test to evaluate PD-L1 positive (CPS ≥ 1) was approved by the NMPA.

- In July 2024, the IND application for JS125 (a targeted HDACs inhibitor) was accepted by the NMPA, and was approved by the NMPA in September 2024.

- In July 2024, a positive opinion from the CHMP of the EMA was obtained for the MAA of toripalimab (European trade name: LOQTORZI®), which recommends approval for the treatment of two indications: toripalimab in combination with cisplatin and gemcitabine for the first-line treatment of adult patients with recurrent, not amenable to surgery or radiotherapy, or metastatic NPC, and toripalimab in combination with cisplatin and paclitaxel for the first-line treatment of adult patients with unresectable advanced, recurrent, or metastatic ESCC. In September 2024, such MAA was approved by the EC. The approval is applicable to all 27 member states of the EU, Iceland, Norway and Liechtenstein, making toripalimab the first and only drug for the treatment of NPC and the only first-line treatment for advanced or metastatic ESCC regardless of PD-L1 status in Europe.

- In August 2024, the sNDA for TUOYI® as the first-line treatment for unresectable or metastatic melanoma was accepted by the NMPA.

- In September 2024 and November 2024, toripalimab was approved for marketing in India and Jordan, respectively, for the treatment of two indications: toripalimab in combination with cisplatin and gemcitabine, for the first-line treatment of adults with metastatic or recurrent, locally advanced NPC and toripalimab, as a single agent, for the treatment of adults with recurrent unresectable or metastatic NPC with disease progression on or after a platinum-containing chemotherapy. Toripalimab officially commenced commercial sales in India in 2024.

- In October 2024, the NDA for ongericimab injection (a recombinant humanized anti-PCSK9 monoclonal antibody injection, trade name: JUNSHIDA (君適達®)) as the treatment for adult patients with primary hypercholesterolemia (non-familial) and mixed dyslipidemia was approved for marketing by the NMPA.

HIGHLIGHTS

- In November 2024, toripalimab (UK trade name: LOQTORZI®) obtained the marketing authorisation from the UK's MHRA for the treatment of two indications: toripalimab in combination with cisplatin and gemcitabine for the first-line treatment of adult patients with recurrent, not amenable to surgery or radiotherapy, or metastatic NPC, and toripalimab in combination with cisplatin and paclitaxel for the first-line treatment of adult patients with unresectable advanced, recurrent, or metastatic ESCC. Toripalimab has become the first and only drug for the treatment of NPC and the only first-line treatment for advanced or metastatic ESCC regardless of PD-L1 status in the UK.

- In November 2024, four new indications of TUOYI® were successfully included in Category B of the HRDL. The ten approved indications of TUOYI® in Chinese mainland were all included in the NRDL, and TUOYI® is the only anti-PD-1 monoclonal antibody included in the NRDL for the treatment of melanoma, perioperative treatment of NSCLC, treatment of renal carcinoma and treatment of TNBC.

• Business operations

- In June 2024, the Company convened the 2023 annual general meeting, the 2024 first class meeting of A shareholders and the 2024 first class meeting of H shareholders, and completed the election of the fourth session of the Board of Directors and the board of supervisors of the Company and other matters.

- In July 2024, Suzhou Union Biopharm Co., Ltd.* (蘇州眾合生物醫藥科技有限公司), a wholly-owned subsidiary of the Company, received the CERTIFICATE OF GMP COMPLIANCE OF A MANUFACTURER issued by HPRA in accordance with the relevant regulations of the EMA. This is the first time that the relevant production facilities of toripalimab obtained the GMP certificate of a member state of the EU. According to the GMP mutual recognition system among the EU member states, the obtaining of the GMP certificate indicates that the production facilities with the certificate have met the GMP standards of the EU.

- In August 2024, the A Shares were included in the SSE STAR Brand Name Drug Index. The index selects 30 securities of companies listed on the STAR Market with the largest market capitalization and engaged in innovative drugs as constituents, reflecting the overall performance of the securities of the companies listed on the STAR Market and engaged in innovative drugs.

- As of September 2024, the Company completed the implementation of the A-Share repurchase plan, with a total of 815,871 A Shares repurchased, accounting for 0.0828% of the total share capital of the Company, which will be used for the purpose of share incentives and/or employee stock ownership plan(s) at an appropriate time in the future.

- In December 2024, the Company's A Shares were included in the CSI A500 Index. The index selects 500 securities with the largest market capitalization and good liquidity from various sectors as constituents, reflecting the overall performance of the securities of the most representative listed companies across different sectors.

HIGHLIGHTS

From the end of the Reporting Period to the date of this report, in addition to the aforementioned achievements, we have also made significant progress in the R&D and cooperation of several products, including:

- In January 2025, the indication of TUOYI® for the treatment of unresectable or metastatic melanoma after failure of standard systemic therapy has been approved by the NMPA for conversion from conditional approval to regular approval.

- In January 2025, the IND application for JS212 (a recombinant humanized EGFR and HER3 bispecific ADC) has been accepted by the NMPA, and has been approved by the NMPA in March 2025.

- In January 2025, the indication of MINDEWEI for the treatment of adult patients with mild to moderate Covid-19 has been approved by the NMPA for conversion from conditional approval to regular approval.

- In January 2025, the NCE application for toripalimab in combination with cisplatin and gemcitabine, for the first-line treatment of adults with metastatic or recurrent, locally advanced NPC and toripalimab, as a single agent, for the treatment of adults with recurrent unresectable or metastatic NPC with disease progression on or after a platinum-containing chemotherapy has been approved by the TGA. Toripalimab has become the first and only immuno-onocology treatment for NPC in Australia.

- In January 2025, TopAlliance, a wholly-owned subsidiary of the Company, has entered into a distribution and marketing agreement with LEO Pharma. TopAlliance will grant LEO Pharma the exclusive right to store, distribute, promote, market and sell toripalimab in the Territory. LEO Pharma shall pay TopAlliance an upfront payment of EUR15 million, milestone payment(s) for any subsequent approved indication(s) for toripalimab in the Territory, and a revenue share of a double-digit percentage on the net sales of toripalimab throughout the Territory.

- In February 2025, the IND application for JS213 (a PD-1 and IL-2 bifunctional antibody fusion protein) has been approved by the NMPA.

HIGHLIGHTS

IFRS

	For the year ended 31 December				
	2020	2021	2022	2023	**2024**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Operating results					
Revenue	1,594,897	4,024,841	1,453,493	1,502,550	**1,948,317**
Gross Profit	1,222,366	2,766,654	927,211	835,260	**1,449,456**
Loss for the year	(1,665,639)	(728,181)	(2,582,095)	(2,533,882)	**(1,381,580)**
Total comprehensive expense for the year	(1,687,567)	(718,579)	(2,650,714)	(2,607,540)	**(1,399,450)**
Total comprehensive expense for the year attributable to:					
Owners of the Company	(1,687,567)	(708,955)	(2,454,686)	(2,355,282)	**(1,300,268)**
Non-controlling interests	–	(9,624)	(196,028)	(252,258)	**(99,182)**
Loss per share					
From continuing operations					
– Basic (RMB yuan)	(2.02)	(0.80)	(2.60)	(2.32)	**(1.30)**
– Diluted (RMB yuan)	(2.02)	(0.80)	(2.60)	(2.32)	**(1.30)**

	At 31 December				
	2020	2021	2022	2023	**2024**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Financial position					
Non-current assets	3,312,147	5,218,981	5,371,381	5,812,637	**6,516,271**
Current assets	4,698,717	5,831,739	7,204,905	5,549,827	**4,283,817**
Total assets	8,010,864	11,050,720	12,576,286	11,362,464	**10,800,088**
Non-current liabilities	677,022	701,903	1,007,782	1,547,100	**2,315,700**
Current liabilities	1,492,582	2,016,635	1,774,254	2,475,156	**2,534,131**
Total liabilities	2,169,604	2,718,538	2,782,036	4,022,256	**4,849,831**
Net assets	5,841,260	8,332,182	9,794,250	7,340,208	**5,950,257**

HIGHLIGHTS

PRC GAAP

	For the year ended 31 December				
	2020	2021	2022	2023	**2024**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Operating results					
Revenue	1,594,897	4,024,841	1,453,493	1,502,550	**1,948,317**
Gross Profit	1,214,645	2,773,235	938,772	941,869	**1,515,342**
Loss for the year	(1,668,607)	(730,534)	(2,584,077)	(2,535,689)	**(1,380,109)**
Total comprehensive expense for the year	(1,690,536)	(720,932)	(2,652,695)	(2,609,348)	**(1,397,979)**
Loss per share					
From continuing operations					
– Basic (RMB yuan)	(2.03)	(0.81)	(2.60)	(2.32)	**(1.30)**
– Diluted (RMB yuan)	(2.03)	(0.81)	(2.60)	(2.32)	**(1.30)**

	At 31 December				
	2020	2021	2022	2023	**2024**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Financial position					
Non-current assets	3,298,693	5,190,020	5,342,012	5,771,792	**6,498,143**
Current assets	4,698,717	5,844,891	7,216,484	5,571,075	**4,283,817**
Total assets	7,997,410	11,034,911	12,558,496	11,342,867	**10,781,960**
Non-current liabilities	697,140	717,084	1,015,725	1,583,859	**2,355,907**
Current liabilities	1,472,464	2,001,453	1,766,311	2,438,397	**2,493,924**
Total liabilities	2,169,604	2,718,537	2,782,036	4,022,256	**4,849,831**
Net assets	5,827,806	8,316,374	9,776,460	7,320,611	**5,932,129**

CHAIRMAN'S STATEMENT

Dear investors who have been following and accompanying the growth of Junshi,

2024 marked Junshi Biosciences' sixth year as a publicly listed company in Hong Kong, and stood as a pivotal year for the Company to strengthen innovation, accelerate international development and propel high-quality development. Amid a global pharmaceutical landscape characterized by both opportunities and challenges, we have upheld our core values of being quality-oriented, realistic and pragmatic, and maintaining integrity and compliance in our pursuit of excellence. Powered by innovation-driven R&D and guided by patient needs, we remained committed to the discovery, development and commercialization of innovative therapies so as to address unmet clinical needs for patients worldwide.

In 2024, we continued to enhance our operational quality and achieved significant revenue growth. Our total revenue reached RMB1,948 million, representing a year-on-year increase of approximately 30%. In particular, by virtue of the multiple approvals for marketing we obtained for additional indications of toripalimab, the increased number of our NRDL-included indications, and the continuous improvement in the sales efficiency of our commercialization team, our core product TUOYI® contributed RMB1,501 million to our domestic sales revenue, marking a year-on-year increase of 66%. At the same time, as a result of our consistent efforts in optimizing resource allocation, improving operational efficiency, and implementing rigorous cost control measures, the loss attributable to owners of the Company during the Reporting Period was significantly narrowed. Our capital and financial position remained robust.

During the Reporting Period, we further advanced our action plan for "Enhancing Quality and Efficiency with a Focus on Return", achieving improvements in both R&D performance and commercialization. Toripalimab, as the Company's core product, continued to demonstrate substantial clinical value and tremendous market potential in 2024. Domestically, three new indications were approved during the Reporting Period, including the first-line treatment of advanced TNBC, the first-line treatment of advanced RCC and the first-line treatment of ES-SCLC. To date, toripalimab has received approvals for eleven indications, with ten already included in the NRDL, providing robust momentum for the sustained enhancement of our commercialization competitiveness. Globally, our expansion also progressed swiftly. Following its approval in the United States for the treatment of NPC in 2023, toripalimab received NDA approvals or acceptances in over 35 countries and regions in 2024, such as the EU, the UK, Australia, Singapore, India, and Hong Kong SAR, China, spanning four continents globally. Its commercial sales also officially commenced in the United States and India during the Reporting Period. Strong commercialization is underpinned by exceptional product strength. As one of the most globally accessible China-developed PD-1 inhibitors, toripalimab has earned widespread recognition from both domestic and international academic communities. It is the first domestic anti-PD-1 monoclonal antibody to be recommended by the defining guidelines from three leading authorities: the Chinese Society of Clinical Oncology (CSCO), the National Comprehensive Cancer Network (NCCN), and the European Society for Medical Oncology (ESMO). With more approvals being obtained for additional indications, launches in various overseas locations, and our cooperation on commercialization with multiple partners in key markets across the globe, we are confident that toripalimab will continue to bring benefits to patients worldwide in the years ahead.

CHAIRMAN'S STATEMENT

Beyond the remarkable success of our core product toripalimab, we have also made significant strides across our entire commercialization operations. In recent years, we have optimized the management of the organizational structure of our commercialization team, and strengthened talent development and skills training, which continuously improved the efficiency of execution and sales of our commercialization team. Guided by our product-oriented, patient-first and compliance-focused principles, we have consistently enhanced market access, academic promotion, and patient education. We achieved year-over-year growth in total revenue and a substantial increase in the revenue from sales of pharmaceutical products. Furthermore, our fifth commercialized product, JUNSHIDA (君適達®), received an approval from the NMPA for marketing in 2024, as the treatment for adult patients with primary hypercholesterolemia and mixed dyslipidemia. Our growing product portfolio will further strengthen our income-generating capacity.

For R&D of innovative drugs, the Company continued to improve the efficiency of clinical studies and achieved substantial progress in pushing forward R&D pipelines. We are accelerating the late-stage clinical R&D for tifcemalimab, JS207 and other key products. In particular, as the Company's first "first-in-class" product, tifcemalimab (an anti-BTLA monoclonal antibody) is currently in two phase III registrational clinical studies for LS-SCLC and cHL with enrollment underway; JS005 (an anti-IL-17A monoclonal antibody) is currently in the phase III registrational clinical study for moderate to severe plaque psoriasis; an anti-PD-1/VEGF bispecific antibody (code: JS207) is currently in the phase II/III clinical study. We also continue to explore early-stage pipelines. We are accelerating the advancement of the anti-Claudin18.2 ADC (code: JS107), the oral small molecule inhibitor targeting PI3K-α (code: JS105), the CD20/CD3 bispecific antibody (code: JS203), the anti-DKK1 monoclonal antibody (code: JS015) and other products. Several potential early-stage pipeline products are expected to commence pivotal registrational clinical studies in 2025, which will contribute to building an internationally competitive pipeline portfolio for the Company.

Our strong production capacity and quality management system safeguard our business operations. The Company currently has two production bases. Amongst them, Wujiang production base has obtained GMP certification from the PRC, the United States and the EU, and is responsible for the production of the commercial batches of toripalimab in locations including the United States, India and Hong Kong SAR, China at this stage. Shanghai Lingang production base also possesses substantial fermentation capacity, currently reaching 42,000L, serving as an important support for the Company's commercialization capacity. Simultaneously, we also consistently emphasize quality management by implementing strict controls. We facilitate digital transformation and adopt intelligent and refined management approaches to ensure all our products and processes in all aspects meet high-standard requirements.

CHAIRMAN'S STATEMENT

Looking ahead to 2025, upholding our mission of "benefiting patients with world-class and trustworthy innovative drugs", we will continue to advance our innovative drug R&D and global commercialization presence. With a steady increase in our domestic and overseas revenue from product sales or licensing, we will efficiently push forward the clinical studies for our most promising pipeline products in order to further enhance our core competitiveness. Concurrently, while maintaining our commitment to product quality and innovation investment, we will implement rational reductions in operating costs, continuously enhance production capacity and strengthen quality control, and adopt ESG principles, which will in turn improve our overall economic efficiency, lay a solid foundation for our long-term development, deliver enduring value for shareholders, and contribute sustainable social benefits.

I would like to express my sincere gratitude to all our patients, shareholders, employees and partners.

Xiong Jun
Chairman

27 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

BUSINESS REVIEW

We have all-rounded capabilities in innovative drug discovery and development, clinical research on a global scale, and large-scale production capacity for commercialization across the entire industry chain, with an aim to become an innovative pharmaceutical company that operates "in China, for global". Adhering to the corporate values of being quality-oriented, realistic and pragmatic, and maintaining integrity and compliance in our pursuit of excellence, we are committed to developing first-in-class or best-in-class drugs by way of original innovation and codevelopment. With our outstanding capacity for innovative drug discovery, strong biotechnology R&D capability, and large-scale production capacity, we have successfully developed a drug candidate portfolio with tremendous market potential. Multiple products have milestone significance: one of our core products, toripalimab (trade name: TUOYI® (拓益®)/LOQTORZI®, code: JS001), was the first domestic anti-PD-1 monoclonal antibody approved to be marketed in China by the NMPA, with 11 indications approved and also a sNDA accepted in Chinese mainland as of the date of this report, many of which are exclusive or leading indications by the Company. Moreover, toripalimab is the first innovative biological drug independently developed and manufactured in China that was approved for marketing by the FDA. As of the date of this report, toripalimab has been approved for marketing in various countries and regions including Chinese mainland, Hong Kong SAR, China, the United States, the EU, India, the UK, Jordan, Australia and Singapore. Our independently developed product tifcemalimab is the world's first-in-human anti-tumor anti-BTLA monoclonal antibody, and two phase III registrational clinical studies with several phase Ib/II clinical studies in combination with toripalimab against multiple types of tumors are underway. We also continue to explore early-stage pipelines, and expect to commence pivotal registrational clinical trials for multiple products in 2025.

In 2024, we continued to improve the efficiency of clinical studies and accelerate the registration process. In particular, it took only 36 days for the new indication of TUOYI® in combination with bevacizumab for the first-line treatment of HCC from data readout to NDA acceptance by the NMPA. Throughout the year, we conducted 92 clinical studies, enrolling over 2,100 subjects. The Company's products were featured in over 145 journal publications in total, with a combined impact factor of over 1,200, and were presented with over 100 reports at international conferences, including 15 oral presentations.

As we continue to expand our product pipeline and further explore drug combination therapies, our innovation field has continued to expand to cover R&D of various drug modalities, including small molecules, polypeptide drugs, ADCs, bi-specific or multi-specific antibodies, bi-specific ADCs, fusion protein and nucleic acid drugs, as well as the exploration of the next-generation innovative therapies including cancer and autoimmune diseases. In 2024, the Company recorded revenue of RMB1,948 million, representing a year-on-year increase of approximately 30%. In particular, the domestic sales revenue of our core product TUOYI® increased by approximately 66% compared with the same period last year, and the loss was significantly narrowed compared with the same period last year. As of the end of the Reporting Period, the aggregate balance of bank balances and cash and financial products of the Company was approximately RMB2,917 million, indicating a relatively sufficient reserve of funds. Centering on our goal of "improving quality, reducing cost and enhancing efficiency", while controlling different kinds of costs, we made various major achievements in commercialization, R&D of drugs, external collaborations, business operations and other aspects, which are summarized as follows:

MANAGEMENT DISCUSSION AND ANALYSIS

Continued to improve the efficiency of commercialization, and made significant progress in cost reduction and efficiency enhancement

In recent years, we have continuously optimized the management of the organizational structure of our commercialization team, which greatly improved the efficiency of execution and sales of our commercialization team, and made positive progress in sales. During the Reporting Period, we experienced rapid growth in the revenue from sales of the core product, toripalimab. At the same time, we actively implemented the action plan for "Enhancing Quality and Efficiency with a Focus on Return" by continuously strengthening our control over various expenses, reducing unit production costs and improving the efficiency of sales, and devoted our resources to the R&D projects with greater potential. We recorded a significant decrease in losses as compared to the same period last year. In 2024, the domestic sales revenue of TUOYI® reached approximately RMB1,501 million, representing a year-on-year increase of approximately 66%. As of the end of the Reporting Period, TUOYI® had been sold in around 6,000 medical institutions and more than 3,000 specialty pharmacies and community pharmacies nationwide.

As of the date of this report, TUOYI® has 11 indications approved in Chinese mainland, many of which are exclusive or leading indications by the Company. Starting from January 2024, TUOYI® has three new indications, namely the first-line treatment of NPC, the first-line treatment of ESCC and the first-line treatment of NSCLC, included in the NRDL (Year 2023). In November 2024, TUOYI® has four new indications, namely the perioperative treatment of NSCLC, the first-line treatment of advanced TNBC, the first-line treatment of advanced RCC and the firstline treatment of ES-SCLC, included in the NRDL (Year 2024). Currently, 10 of its approved indications have been included in the NRDL, and it is the only anti-PD-1 monoclonal antibody included in the NRDL for the treatment of melanoma, perioperative treatment of NSCLC, treatment of renal carcinoma and treatment of TNBC. The new edition of the NRDL has been officially implemented since 1 January 2025.

With the improved accessibility by virtue of the inclusion of our approved products and indications in the NRDL, the approvals for marketing of more products and indications in future, as well as continuous commercialization expansion in global markets, our commercialization competitiveness will continue to improve. We will persistently promote cost reduction and efficiency enhancement, optimize resource allocation, and further enhance the efficiency of capital use, thereby strengthening our income-generating capacity.

Increased number of approved indications of toripalimab, and accelerated the progress of international development

From the beginning of the Reporting Period to the date of this report, we continued to improve the efficiency of clinical studies and accelerate the registration process of toripalimab. Various milestones were achieved in both domestic and overseas markets, further expanding the potential patient population.

MANAGEMENT DISCUSSION AND ANALYSIS

From the beginning of the Reporting Period to the date of this report, four sNDAs for TUOYI® were approved by the NMPA, with an indication converted from conditional approval to regular approval. As of the date of this report, the NMPA approved 11 indications of TUOYI®, and accepted a sNDA, many of which are exclusive or leading indications by the Company and are expected to gain first-mover advantages in the marketing of corresponding indications:

– In April 2024, the sNDA for TUOYI® in combination with axitinib for the first-line treatment for patients with medium to high risk unresectable or metastatic RCC was approved by the NMPA. This is the first approved immunotherapy for renal carcinoma in China.

– In April 2024, the NDA for toripalimab in combination with cisplatin and gemcitabine, for the first-line treatment of adults with metastatic or recurrent locally advanced NPC, and for toripalimab, as a single agent, for the treatment of adults with recurrent, unresectable, or metastatic NPC with disease progression on or after platinum-containing chemotherapy was accepted by the DO. In October 2024, such NDA was approved by the PPB, making toripalimab the first and only immunotherapy drug for NPC in Hong Kong SAR, China.

– In June 2024, the primary endpoints of PFS (based on independent radiographic review) and OS of a multinational multi-center, randomized, open-label, active controlled phase III clinical study (the HEPATORCH study, NCT04723004) of TUOYI® in combination with bevacizumab for the first-line treatment of advanced HCC met the pre-defined efficacy boundary. In July 2024, the sNDA for TUOYI® in combination with bevacizumab for the first-line treatment for patients with unresectable or metastatic HCC was accepted by the NMPA. It took only 36 days from data readout to NDA acceptance by the NMPA. In March 2025, such sNDA has been approved by the NMPA.

– In June 2024, the sNDA for TUOYI® in combination with etoposidein plus platinum as the first-line treatment of ES-SCLC was approved by the NMPA.

– In June 2024, the sNDA for TUOYI® in combination with paclitaxel for injection (albuminbound) for the first-line treatment of recurrent or metastatic TNBC with a well-validated test to evaluate PD-L1 positive (CPS ≥ 1) was approved by the NMPA, which is the first immunotherapy approved in the field of TNBC in China.

– In August 2024, the sNDA for TUOYI® as the first-line treatment for unresectable or metastatic melanoma was accepted by the NMPA.

– In January 2025, the indication of TUOYI® for the treatment of unresectable or metastatic melanoma after failure of standard systemic therapy has been approved by the NMPA for conversion from conditional approval to regular approval.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of international layout, toripalimab (U.S. trade name: LOQTORZI®) was approved for marketing by the FDA in October 2023, and has been officially marketed in the United States from January 2024. At present, it is the only preferred drug recommended in the *NCCN Clinical Practice Guidelines in Oncology for Head and Neck Cancers 2025. V1* for the treatment of recurrent/metastatic NPC across all lines. We also made sound progress in the marketing applications of toripalimab in other overseas countries and regions:

– In January 2024, the NDA for toripalimab for the treatment of NPC was accepted by the HSA, which was granted a priority review designation by the HSA. In March 2025, the NDA for toripalimab (Singapore trade name: LOQTORZI®) in combination with cisplatin and gemcitabine for the first-line treatment of adult patients with recurrent, not amenable to surgery or radiotherapy, or metastatic NPC has been approved by the HSA. Toripalimab has become the first and only approved immuno-oncology treatment for NPC in Singapore. The NDA was submitted under Project Orbis. Project Orbis, initiated and advocated by the Oncology Center of Excellence (OCE) of the FDA, provides a collaborative mechanism and framework among the FDA and regulatory authorities in other countries and regions, allowing different regulatory authorities to jointly review the applications for registration of oncology drugs. Toripalimab was the first domestic oncology drug to be included in Project Orbis.

– In July 2024, a positive opinion from the CHMP was obtained for the MAA of toripalimab (European trade name: LOQTORZI®), which recommends approval for the treatment of two indications: toripalimab in combination with cisplatin and gemcitabine for the firstline treatment of adult patients with recurrent, not amenable to surgery or radiotherapy, or metastatic NPC, and toripalimab in combination with cisplatin and paclitaxel for the firstline treatment of adult patients with unresectable advanced, recurrent, or metastatic ESCC. In September 2024, such MAA was approved by the EC. The approval is applicable to all 27 member states of the EU, Iceland, Norway and Liechtenstein, making toripalimab the first and only drug for the treatment of NPC and the only first-line treatment for advanced or metastatic ESCC regardless of PD-L1 status in Europe.

– In November 2024, toripalimab (UK trade name: LOQTORZI®) obtained the marketing authorisation from the MHRA for the treatment of two indications: toripalimab in combination with cisplatin and gemcitabine for the first-line treatment of adult patients with recurrent, not amenable to surgery or radiotherapy, or metastatic NPC, and toripalimab in combination with cisplatin and paclitaxel for the first-line treatment of adult patients with unresectable advanced, recurrent, or metastatic ESCC. Toripalimab has become the first and only drug for the treatment of NPC and the only first-line treatment for advanced or metastatic ESCC regardless of PD-L1 status in the UK.

– In September 2024 and November 2024, toripalimab was approved for marketing in India and Jordan, respectively, for the treatment of two indications: toripalimab in combination with cisplatin and gemcitabine, for the first-line treatment of adults with metastatic or recurrent, locally advanced NPC and toripalimab, as a single agent, for the treatment of adults with recurrent unresectable or metastatic NPC with disease progression on or after a platinumcontaining chemotherapy. Toripalimab officially commenced commercial sales in India in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

– In January 2025, the NCE application for toripalimab in combination with cisplatin and gemcitabine, for the first-line treatment of adults with metastatic or recurrent, locally advanced NPC and toripalimab, as a single agent, for the treatment of adults with recurrent unresectable or metastatic NPC with disease progression on or after a platinum-containing chemotherapy has been approved by the TGA. Toripalimab has become the first and only immuno-onocology treatment for NPC in Australia. The NCE application was submitted through Project Orbis. Additionally, the TGA also granted an orphan drug designation to toripalimab for the treatment of NPC, which to some extent accelerated the local review, approval and registration processes for toripalimab.

– In January 2025, TopAlliance has entered into a distribution and marketing agreement with LEO Pharma. TopAlliance will grant LEO Pharma the exclusive right to store, distribute, promote, market and sell toripalimab in the Territory. LEO Pharma shall pay TopAlliance an upfront payment of EUR15 million, milestone payment(s) for any subsequent approved indication(s) for toripalimab in the Territory, and a revenue share of a double-digit percentage on the net sales of toripalimab throughout the Territory.

As of the date of this report, toripalimab has been approved for marketing in various countries and regions including Chinese mainland, Hong Kong SAR, China, the United States, the EU (including all 27 member states of the EU, Iceland, Norway and Liechtenstein), India, Jordan, the UK, Australia and Singapore, and has its marketing applications submitted/accepted in Brazil, Colombia, South Africa, Chile, Malaysia, Thailand, Indonesia, the Philippines, Vietnam, Canada, Pakistan, the United Arab Emirates, Morocco, Kuwait, and other locations. We have been cooperating on the commercialization with partners including Hikma, Dr. Reddy's, Rxilient Biotech and LEO Pharma in over 80 countries, covering the Middle East and North Africa, Latin America, India, South Africa, Australia, New Zealand, Southeast Asia, the EU, Switzerland, and the UK. We and our partners are actively promoting the marketing application process for toripalimab within their cooperation territories, and actively exploring the possibility of marketing more indications in certain regions.

Efficiently pushed forward R&D pipelines, and optimized processes to enhance long-term growth forces

We possess a professional and experienced team in clinical R&D, and the Company has established advanced technology platforms and a comprehensive R&D system. In order to improve the efficiency of R&D, we integrated the laboratories in Wujiang, Suzhou and Zhangjiang, Shanghai to set up the Innovation Research Institute, which concentrated resources and operated in a unified manner to carry out the R&D of innovative drugs, so as to lay the foundation for commercialization expansion and enhance the long-term competitiveness and sustainable development momentum of the Company.

In April 2024, two sNDAs for ongericimab were accepted by the NMPA for the treatment of: (I) heterozygous familial hypercholesterolemia; and (II) primary hypercholesterolemia and mixed dyslipidemia in which statins are not tolerated or contraindicated. In October 2024, the NDA for ongericimab as the treatment for adult patients with primary hypercholesterolemia (non-familial) and mixed dyslipidemia was approved for marketing by the NMPA.

MANAGEMENT DISCUSSION AND ANALYSIS

We are accelerating late-stage clinical pipeline R&D and marketing application for tifcemalimab (an anti-tumor anti-BTLA monoclonal antibody, code: TAB004/JS004), anti-IL-17A monoclonal antibody (code: JS005), anti-PD-1/VEGF bispecific antibody (code: JS207) and others:

- Our two phase III registrational clinical studies for tifcemalimab (an anti-BTLA monoclonal antibody) in combination with toripalimab are underway. We believe that the combination of the two is a promising anti-tumor treatment strategy, which is expected to increase patients' response to immunotherapy and expand the range of potential beneficiaries.

  - A randomized, double-blind, placebo-controlled, international multi-regional phase III clinical study (JUSTAR-001 study, NCT06095583) of tifcemalimab in combination with toripalimab as consolidation therapy for patients with LS-SCLC without disease progression following chemo-radiotherapy. As the first confirmatory study of a monoclonal antibody targeting BTLA, this study is led by academician Yu Jinming (于金明) from the Cancer Hospital affiliated to Shandong First Medical University* (山東第一醫科大學附屬腫瘤醫院) as the global principal investigator, and professor Cheng Ying (程穎) from Jilin Cancer Hospital* (吉林省腫瘤醫院) as the principal investigator in China. With the plan to be carried out in more than 190 research centers in 17 countries and regions around the world, including China, the United States, and Europe, this study will recruit about 756 subjects. As of the date of this report, the study has been carried out in more than 150 centers across 15 countries, and enrollment is underway.

  - A randomized, open-label, active controlled, multi-center phase III clinical study (NCT06170489) of tifcemalimab in combination with toripalimab for the treatment of cHL. This study is the first phase III clinical study of drugs targeting BTLA in the field of hematological tumors. It aims to evaluate the efficacy and safety of tifcemalimab in combination with toripalimab versus the chemotherapy selected by the investigator for anti-PD-(L)1 monoclonal antibody refractory cHL. Professor Song Yuqin (宋玉琴) from Peking University Cancer Hospital* (北京大學腫瘤醫院) serves as the principal investigator. It is planned for the study to be carried out in about 60 research centers in China and approximately 185 patients will be recruited, and enrollment is underway.

- For JS005, the phase III registrational clinical study for moderate to severe plaque psoriasis is underway. As of the date of this report, all subjects have been enrolled and are being followed up.

- In March 2025, the IND application for a randomized, open-label, active controlled, multicenter phase II/III clinical study of JS207 in combination with etoposide plus platinum for the first-line treatment of ES-SCLC (study no.: JS207-003-II/III-SCLC) has been approved by the NMPA.

MANAGEMENT DISCUSSION AND ANALYSIS

We also continue to explore early-stage pipelines. From the beginning of the Reporting Period to the date of this report, the IND applications for several products were approved by the NMPA:

– In July 2024, the IND application for JS125 (a targeted HDAC inhibitor) was accepted by the NMPA, and was approved by the NMPA in September 2024. In January 2025, JS125 in combination with JS207 has received an ethics approval for clinical trials in Australia to explore the combination.

– In January 2025, the IND application for JS212 (a recombinant humanized EGFR and HER3 ADC) has been accepted by the NMPA, and has been approved by the NMPA in March 2025.

– In February 2025, the IND application for JS213 (a PD-1 and IL-2 bifunctional antibody fusion protein) has been approved by the NMPA.

With the continuous advancement and improvement of clinical research design and technology, our phase I clinical studies are not limited to dose finding but also include diverse explorations, such as combined cohort investigations and validation of target indications. Once a signal is identified, we may then directly engage with regulatory authorities to communicate and prepare for pivotal registrational studies. We are accelerating the advancement of early-stage pipelines, including the anti-Claudin18.2 ADC (code: JS107), the oral small molecule inhibitor targeting PI3K-α (code: JS105), the CD20/CD3 bispecific antibody (code: JS203), the anti-DKK1 monoclonal antibody (code: JS015) and other products, and plan to push multiple pipelines into pivotal registrational clinical studies in 2025.

We will continue to optimize our clinical R&D processes, and strive to improve R&D efficiency, with the aim of bringing more safe and effective innovative drugs to patients as early as possible.

Supported business expansion by commercialization capacity, and continued to improve the quality management system

We have two commercial production bases. With a fermentation capacity of 4,500L (9*500L), Wujiang production base in Suzhou completed the Pre-License Inspection (PLI) conducted by the FDA and the on-site inspection conducted by the EMA in May 2023 and March 2024, respectively. Wujiang production base in Suzhou received the CERTIFICATE OF GMP COMPLIANCE OF A MANUFACTURER issued by the HPRA in accordance with the relevant regulations of the EMA in July 2024. According to the GMP mutual recognition system among the EU member states, the obtaining of the GMP certificate indicates that the production facilities with the certificate have met the GMP standards of the EU. Currently, Wujiang production base in Suzhou has obtained GMP certification from the PRC, the United States and the EU, and is responsible for the production of the commercial batches of toripalimab in locations including the United States, India and Hong Kong SAR, China at this stage. As an important support for the Company's commercial production capacity, Shanghai Lingang production base has a production capacity of 42,000L (21*2,000L), and has obtained GMP certification from the NMPA to produce commercial batches of toripalimab injection jointly with Wujiang production base in Suzhou. By virtue of economies of scale, the expansion of production capacity of the Shanghai Lingang production base will enable the Company to gain the advantage of having more competitive production costs and support the clinical trials of our drug candidates and future production of commercial batches.

MANAGEMENT DISCUSSION AND ANALYSIS

In order to strictly control its quality standards, the Company has established and continuously improved the quality audit mechanism which combines both internal and external audits. During the Reporting Period, the Group received external inspections/audits including the GMP onsite inspection by the EMA, the supervision and inspection by the Jiangsu Medical Products Administration, the supervision and inspection (unannounced inspections) by the Shanghai Medical Products Administration, and audits by customers, with a scope covering MAH management system, organizational structure, production management, quality management, laboratory management, supplier management, materials and warehousing management, equipment management, drug safety, and pharmacovigilance. All entities have successfully passed the inspections/audits and are in compliance with the standards of the quality management systems in accordance with the relevant domestic and international pharmaceutical regulatory requirements.

Balanced talent development and compliance construction, and facilitated the steady progress of corporate development

As of the end of the Reporting Period, the Group's number of employees was 2,578, among which 620 employees are responsible for R&D of drugs.

Adhering to the basic principle of "harmonious development and continuous symbiosis", we sustained our current employment policy and signed labour contracts with all employees during the Reporting Period. We adhere to the principle of "equal gender", with female employees accounting for approximately 52% of our total number of employees in 2024. We adhere to the principle of "being inclusive and diverse". For employees with different nationalities, ethnicities, races, genders, religious beliefs and cultural backgrounds, the Company adheres to the principle of "equal pay for equal work", and treats them equally in terms of employee recruitment, compensation and benefits, promotion, dismissal and retirement. We firmly resist the recruitment of child labour and forced labour. We have not had any illegal matters related to the employment of child labour or forced labour.

We attach importance to the career development of our employees, and implemented a unified performance management system that combines competitiveness, fairness and motivation. We protect the rights and interests of our employees in career development by building a job position hierarchy system, and provide a clear and reasonable career path and platform for our employees. At the same time, we improve the management of our training resources by formulating training management measures at the group level, and constantly adjust and improve the training content in a timely manner by collecting training needs from various business departments, so as to form a training system and create a learning culture organization. We also integrate high-quality learning resources from internal and external sources to build training courses for employees that are suitable for different types of needs. We also encourage all employees to participate in industry training and professional certification. For employees who have obtained professional title certificates, we provide them with support in applying for relevant government subsidies or bonuses. Furthermore, for outstanding R&D talents within the Company, we actively apply for national, municipal, and district-level talent programs, helping employees gain more tangible support in various aspects while they diligently dedicate themselves to their work.

MANAGEMENT DISCUSSION AND ANALYSIS

Maintaining integrity and compliance is the fundamental rule of our operations. Upholding a corporate culture of operation compliance as always, we are committed to building a comprehensive compliance system at a high standard, strictly complying with relevant national laws and regulations and the regulatory policies of the pharmaceutical industry, and providing patient-centered treatment options which have better efficacy and greater cost-effectiveness. We encourage our employees to comply with laws and regulations related to the products or services of the Company as well as the highest standards of business and personal ethics. Against the backdrop of stringent regulation in the pharmaceutical industry, we will continue to build a compliance culture of "innovation-driven, academic promotion" and optimize our compliance system of "full-process guidance and supervision" to enhance the quality and efficiency of our operations and management, establish a comprehensive compliance management system and facilitate high-quality and sustainable development.

Product Pipelines

Our products concentrate on self-developed biological products with original innovation. At the same time, through co-development, formation of joint ventures, license-in and other means, we obtained the licenses of drugs or platform technologies that synergized with our own original product pipeline, so as to further expand our product pipeline. After prolonged accumulation of drug development technology, in-depth exploration in the field of translational medicine and the establishment of a new drug type platform, our innovative R&D field has expanded from monoclonal antibodies to the research and development of more drug modalities, including small molecule drugs, polypeptide drugs, ADCs, bi-specific or multi-specific antibodies, bi-specific ADCs, fusion protein and nucleic acid drugs, as well as the exploration of next-generation innovative therapies for cancer and autoimmune diseases. The Company's product pipelines cover five major therapeutic areas including malignant tumors, autoimmune diseases, chronic metabolic diseases, neurologic diseases and infectious diseases. As of the date of this report, a total of four drugs (TUOYI®, JUNMAIKANG (君邁康®), MINDEWEI (民得維®) and JUNSHIDA (君適達®)) are being commercialized, around 30 drug candidates are undergoing clinical trials, and over 20 drug candidates are at preclinical drug development stage.

MANAGEMENT DISCUSSION AND ANALYSIS

Key Projects Entering the Clinical R&D Stage (As of 27 March 2025)

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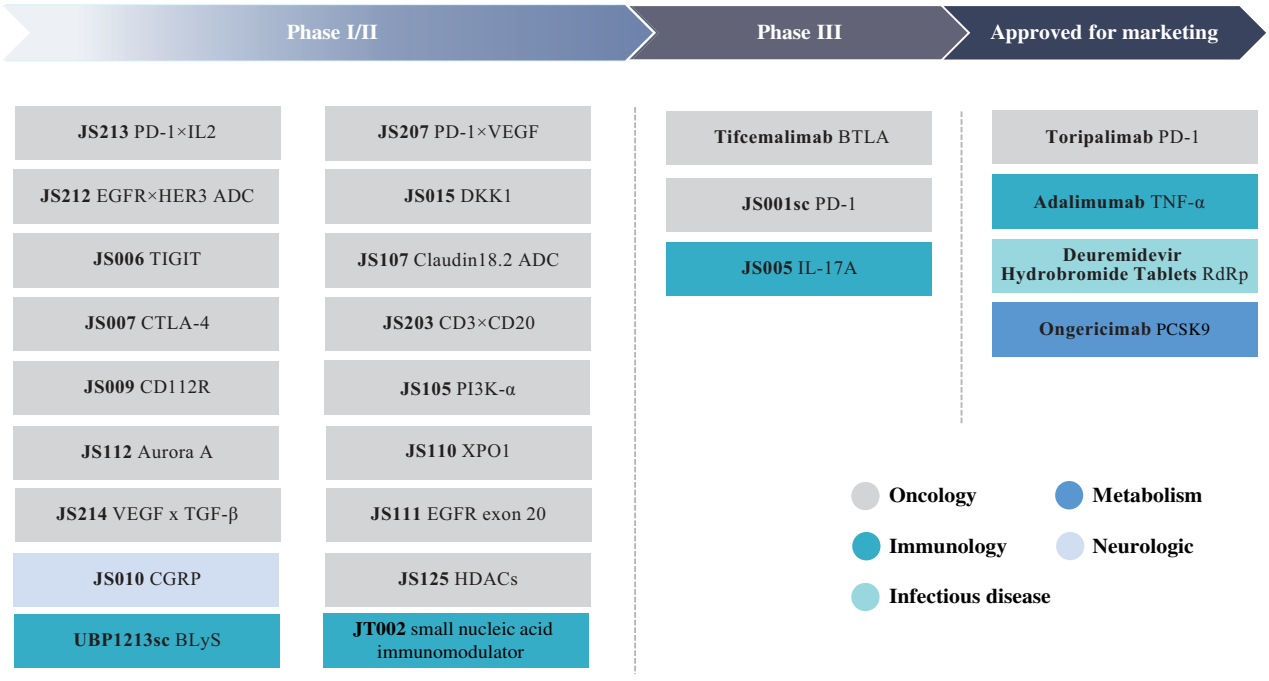

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R&D Progress of Toripalimab

Therapeutic Area	Medicine Code	Clinical Trial Number	Indications	Pre-Clinical / Phase I / Phase II / Phase III / NDA
Oncology	JS001 Toripalimab	NCT03013101	Melanoma (second-line treatment, monotherapy)	NMPA approved on 17 Dec 2018, converted from conditional approval to regular approval in Jan 2025
		NCT02915432	NPC (second-line and later treatment, monotherapy)	NMPA approved (3rd-line) in Feb 2021, FDA approved in Oct 2023, approved in multiple locations worldwide
		NCT03113266	UC (second-line treatment, monotherapy)	NMPA approved in Apr 2021
		NCT03581786	NPC (first-line treatment, combo with chemo)	NMPA approved in Nov 2021, FDA approved in Oct 2023, approved in multiple locations worldwide
		NCT03829969	ESCC (first-line treatment, combo with chemo)	NMPA approved in May 2022, EMA approved in Sep 2024, MHRA approved in Nov 2024
		NCT03856411	EGFR-negative NSCLC (first-line treatment, combo with chemo)	NMPA approved in Sep 2022
		NCT04158440	NSCLC (perioperative treatment)	NMPA approved in Dec 2023
		NCT04394975	RCC (first-line treatment, combo with axitinib)	NMPA approved in Apr 2024
		NCT04012606	SCLC (first-line treatment, combo with chemo)	NMPA approved in Jun 2024
		NCT04085276	TNBC (combo with albumin-bound paclitaxel)	NMPA approved in Jun 2024
		NCT04723004	HCC (first-line treatment, combo with bevacizumab)	NMPA approved in Mar 2025
		NCT03430297	Melanoma (first-line treatment, monotherapy)	sNDA accepted by the NMPA
		NCT03924050	EGFR-mutated TK-failed terminal stage NSCLC (combo with chemo)	Pivotal registered clinical trial
		NCT04848753	ESCC (perioperative treatment)	Pivotal registered clinical trial
		NCT04523493	HCC (first-line treatment, combo with lenvatinib)	Pivotal registered clinical trial
		NCT03859128	HCC (postoperative adjuvant treatment)	Pivotal registered clinical trial
		NCT05342194	Intrahepatic cholangiocarcinoma (first-line treatment, combo with lenvatiniband chemo)	Pivotal registered clinical trial
		NCT05302284	UC (first-line treatment, combo with disitamab vedotin)	Pivotal registered clinical trial
		NCT05180734	Adenocarcinoma of the stomach or gastroesophageal junction (postoperative adjuvant treatment)	Pivotal registered clinical trial
		NCT06095583	LS-SCLC (consolidation treatment after chemoradiotherapy, combo with BTLA)	Pivotal registered clinical trial
		NCT06170489	Anti-PD-(L) 1 mAb Refractory cHL (combo with BTLA)	Pivotal registered clinical trial

MANAGEMENT DISCUSSION AND ANALYSIS

Our Core Products

TUOYI® (toripalimab) (code: TAB001/JS001)

- *Milestones and achievements of commercialization*

During the Reporting Period, TUOYI® recorded domestic sales revenue of approximately RMB1,501 million, representing a year-on-year increase of approximately 66%. The Company's self-developed toripalimab is the first domestic anti-PD-1 monoclonal antibody successfully launched in China, and is also the first innovative biological drug independently developed and manufactured in China that was approved for marketing by the FDA, addressing various malignant tumors. It was granted the "China Patent Gold Award", the highest award in the patent field nationally, and has been supported by two National Major Science and Technology Projects for "Major New Drugs Development" during the "Twelfth Five-Year Plan" and "Thirteenth Five – Year Plan" periods. The Company continued to make positive progress in sales with the increased number of toripalimab's approved indications and NRDL-included indications, improved execution of its commercialization team and international expansion.

As of the date of this report, toripalimab has 11 indications approved in Chinese mainland:

- treatment for unresectable or metastatic melanoma after failure of standard systemic therapy (December 2018);
- treatment for recurrent/metastatic NPC after failure of at least two lines of prior systemic therapy (February 2021);
- treatment for locally advanced or metastatic UC that failed platinum-containing chemotherapy or progressed within 12 months of neoadjuvant or adjuvant platinum-containing chemotherapy (April 2021);
- in combination with cisplatin and gemcitabine as the first-line treatment for patients with locally recurrent or metastatic NPC (November 2021);
- in combination with paclitaxel and cisplatin as the first-line treatment for patients with unresectable locally advanced/recurrent or distant metastatic ESCC (May 2022);
- in combination with pemetrexed and platinum as the first-line treatment in EGFR mutation-negative and ALK mutation-negative, unresectable, locally advanced or metastatic non-squamous NSCLC (September 2022);
- in combination with chemotherapy as perioperative treatment and subsequently, monotherapy as adjuvant therapy for the treatment of adult patients with resectable stage IIIA-IIIB NSCLC (December 2023);
- in combination with axitinib for the first-line treatment of patients with medium to high risk unresectable or metastatic RCC (April 2024);

MANAGEMENT DISCUSSION AND ANALYSIS

- in combination with etoposidein plus platinum for the first-line treatment of ES-SCLC (June 2024);
- in combination with paclitaxel for injection (albumin-bound) for the first-line treatment of recurrent or metastatic TNBC with a well-validated test to evaluate PD-L1 positive (CPS ≥ 1) (June 2024);
- in combination with bevacizumab for the first-line treatment of patients with unresectable or metastatic HCC (March 2025).

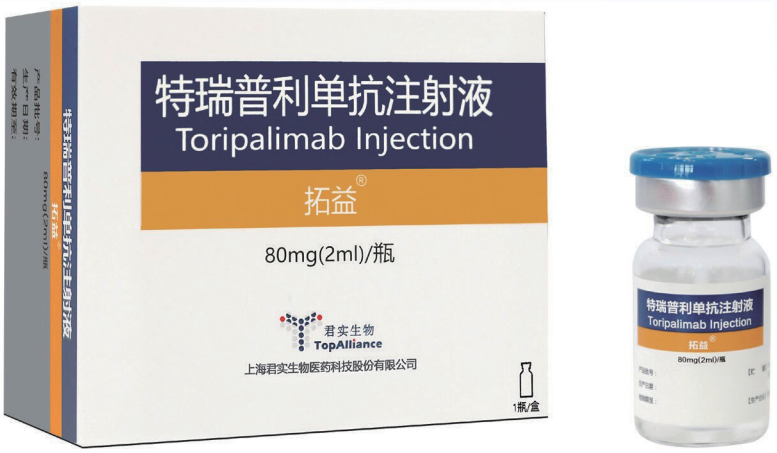
In October 2024, the indication of toripalimab for the treatment of recurrent/metastatic NPC was approved in Hong Kong SAR, China. The sNDA for TUOYI® as the first-line treatment for melanoma was accepted by the NMPA. In addition, toripalimab has been recommended and recognized by over ten definitive guidelines both domestically and internationally. It is the first domestic anti-PD-1 monoclonal antibody to be recommended by the three major definitive guidelines: the Chinese Society of Clinical Oncology (CSCO), the National Comprehensive Cancer Network (NCCN), and the European Society for Medical Oncology (ESMO).

Starting from 1 January 2025, TUOYI® has four new indications included in the NRDL. Currently, its 10 approved indications have been included in the NRDL, and it is the only anti-PD-1 monoclonal antibody included in the NRDL for the treatment of melanoma, perioperative treatment of NSCLC, treatment of renal carcinoma and treatment of TNBC. The inclusion of new indications of TUOYI® in the NRDL will further expand the coverage of patients with various types of cancers who may gain benefits, reduce the medical burden for patients and their families, and improve the affordability and accessibility of TUOYI® among patients.

In recent years, we have continuously optimized the management of the organizational structure of our commercialization team, which greatly improved the efficiency of execution and sales of our commercialization team. As of the end of the Reporting Period, TUOYI® had been sold in around 6,000 medical institutions and more than 3,000 specialty pharmacies and community pharmacies nationwide.

In terms of international layout, toripalimab had been approved for marketing as the first nasopharyngeal cancer drug in the United States in October 2023, and has been officially marketed in the United States from January 2024. As of the date of this report, toripalimab has been approved for marketing in various countries and regions including Chinese mainland, Hong Kong SAR, China, the United States, the EU (including all 27 member states of the EU, Iceland, Norway and Liechtenstein), India, Jordan, the UK, Australia and Singapore, and has its marketing applications submitted/accepted in Brazil, Colombia, South Africa, Chile, Malaysia, Thailand, Indonesia, the Philippines, Vietnam, Canada, Pakistan, the United Arab Emirates, Morocco, Kuwait, and other locations. We have been cooperating on the commercialization with partners including Hikma, Dr. Reddy's, Rxilient Biotech and LEO Pharma in over 80 countries, covering the Middle East and North Africa, Latin America, India, South Africa, Australia, New Zealand, Southeast Asia, the EU, Switzerland, and the UK. We and our partners are actively promoting the marketing application process for toripalimab within their cooperation territories, and actively exploring the possibility of marketing more indications in certain regions.

MANAGEMENT DISCUSSION AND ANALYSIS



- *Milestones and achievements of clinical development*

Over 40 clinical studies covering more than 15 indications in respect of toripalimab have been conducted in China, the United States, Europe, Southeast Asia and other regions, involving indications such as lung cancer, nasopharyngeal cancer, esophageal cancer, gastric cancer, bladder cancer, breast cancer, liver cancer, renal cancer and skin cancer. Among the pivotal registered clinical studies, the Company has actively deployed perioperative treatment/postoperative adjuvant treatment for various types of tumors in addition to the extensive layout of toripalimab for the first-line treatment of multiple tumor types, to promote the application of cancer immunotherapy in the early treatment of cancer patients.

Progress of clinical trials in China:

— In April 2024, the sNDA for TUOYI® in combination with axitinib for the first-line treatment for patients with medium to high risk unresectable or metastatic RCC was approved by the NMPA. This is the first approved immunotherapy for renal carcinoma in China.

— In April 2024, the NDA for toripalimab in combination with cisplatin and gemcitabine, for the first-line treatment of adults with metastatic or recurrent locally advanced NPC, and for toripalimab, as a single agent, for the treatment of adults with recurrent, unresectable, or metastatic NPC with disease progression on or after platinum – containing chemotherapy was accepted by the DO. In October 2024, such NDA was approved by the PPB, making toripalimab the first and only immunotherapy drug for NPC in Hong Kong SAR, China.

— In June 2024, the primary endpoints of PFS (based on independent radiographic review) and OS of a multinational multi-center, randomized, open-label, active controlled phase III clinical study (the HEPATORCH study, NCT04723004) of TUOYI® in combination with bevacizumab for the first-line treatment of advanced HCC met the pre-defined efficacy boundary. In July 2024, the sNDA for TUOYI® in combination with bevacizumab for the first-line treatment for patients with unresectable or metastatic HCC was accepted by the NMPA and has been approved by the NMPA in March 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

- In June 2024, the sNDA for TUOYI® in combination with etoposidein plus platinum as the first-line treatment of ES-SCLC was approved by the NMPA.

- In June 2024, the sNDA for TUOYI® in combination with paclitaxel for injection (albumin-bound) for the first-line treatment of recurrent or metastatic TNBC with a well-validated test to evaluate PD-L1 positive (CPS ≥ 1) was approved by the NMPA.

- In August 2024, the sNDA for TUOYI® as the first-line treatment for unresectable or metastatic melanoma was accepted by the NMPA.

- In January 2025, the indication of TUOYI® for the treatment of unresectable or metastatic melanoma after failure of standard systemic therapy has been approved by the NMPA for conversion from conditional approval to regular approval.

Global registration progress:

- In January 2024, the NDA for toripalimab for the treatment of NPC was accepted by the HSA, which was granted a priority review designation. In March 2025, the NDA for toripalimab (Singapore trade name: LOQTORZI®) in combination with cisplatin and gemcitabine for the first-line treatment of adult patients with recurrent, not amenable to surgery or radiotherapy, or metastatic NPC has been approved by the HSA. Toripalimab has become the first and only approved immuno-oncology treatment for NPC in Singapore.

- In July 2024, a positive opinion from the CHMP was obtained for the MAA of toripalimab (European trade name: LOQTORZI®), which recommends approval for the treatment of two indications: toripalimab in combination with cisplatin and gemcitabine for the first-line treatment of adult patients with recurrent, not amenable to surgery or radiotherapy, or metastatic NPC, and toripalimab in combination with cisplatin and paclitaxel for the first-line treatment of adult patients with unresectable advanced, recurrent, or metastatic ESCC. In September 2024, such MAA was approved by the EC. The approval is applicable to all 27 member states of the EU, Iceland, Norway and Liechtenstein, making toripalimab the first and only drug for the treatment of NPC and the only first-line treatment for advanced or metastatic ESCC regardless of PD-L1 status in Europe.

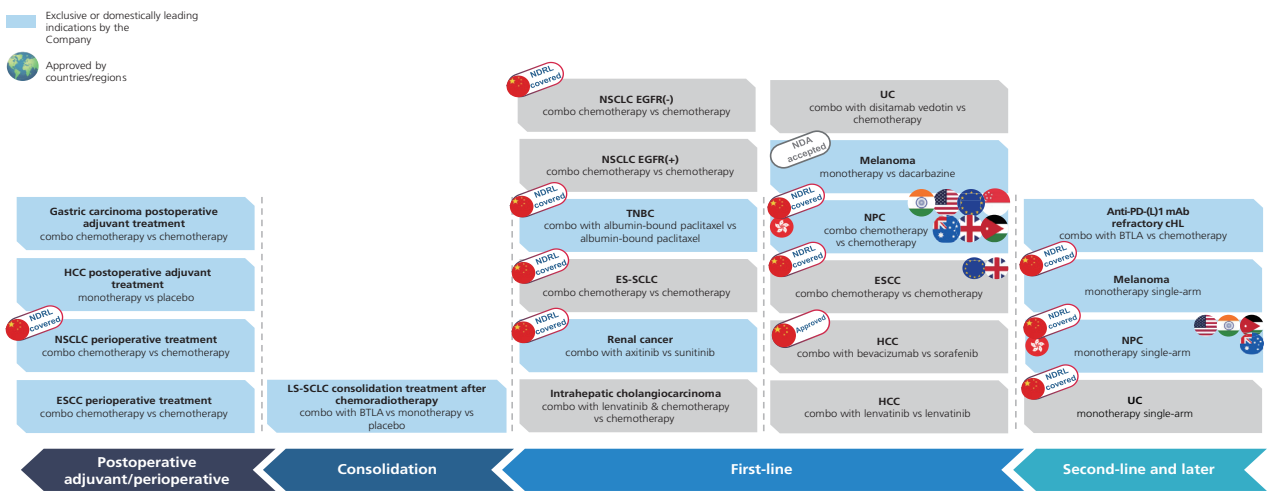
- In November 2024, toripalimab (UK trade name: LOQTORZI®) obtained the marketing authorisation from the MHRA for the treatment of two indications: toripalimab in combination with cisplatin and gemcitabine for the first-line treatment of adult patients with recurrent, not amenable to surgery or radiotherapy, or metastatic NPC, and toripalimab in combination with cisplatin and paclitaxel for the first-line treatment of adult patients with unresectable advanced, recurrent, or metastatic ESCC. Toripalimab has become the first and only drug for the treatment of NPC and the only first-line treatment for advanced or metastatic ESCC regardless of PD-L1 status in the UK.

MANAGEMENT DISCUSSION AND ANALYSIS

— In September 2024 and November 2024, toripalimab was approved for marketing in India and Jordan, respectively, for the treatment of two indications: toripalimab in combination with cisplatin and gemcitabine, for the first-line treatment of adults with metastatic or recurrent, locally advanced NPC and toripalimab, as a single agent, for the treatment of adults with recurrent unresectable or metastatic NPC with disease progression on or after a platinum-containing chemotherapy. Toripalimab officially commenced commercial sales in India in 2024.

— In January 2025, the NCE application for toripalimab in combination with cisplatin and gemcitabine, for the first-line treatment of adults with metastatic or recurrent, locally advanced NPC and toripalimab, as a single agent, for the treatment of adults with recurrent unresectable or metastatic NPC with disease progression on or after a platinum-containing chemotherapy has been approved by the TGA. Toripalimab has become the first and only immuno-onocology treatment for NPC in Australia.

Pivotal Registration Clinical Trial Layout of Toripalimab



- *Publication of academic results*

Our innovative products have achieved numerous remarkable academic results. During the Reporting Period, the Company's products were featured in over 145 journal publications in total, with a combined impact factor of over 1,200. In particular, the research findings on toripalimab were published in international authoritative journals and presented at international academic conferences, such as *JAMA* and *Nature Medicine,* for multiple times. Breakthrough progress has been made in the treatment of various cancers, including lung cancer, breast cancer, esophageal cancer, nasopharyngeal carcinoma, liver cancer, and colorectal cancer, setting new records for long-term survival. From the beginning of the Reporting Period to the date of this report, the key innovative achievements of toripalimab are as follows:

MANAGEMENT DISCUSSION AND ANALYSIS

➢ International academic conferences

— In May 2024, a number of studies on toripalimab were selected at the 119th American Urological Association (AUA) Annual Meeting in 2024 and the European Society for Radiation and Oncology (ESTRO) Annual Meeting in 2024, demonstrating the potential of toripalimab in the field of urinary system tumors and toripalimab in combination with radiotherapy/chemotherapy and other combination therapies in the fields of cervical cancer, colorectal cancer and NPC.

— In June 2024, a total of more than 30 studies on toripalimab were selected at the 2024 American Society of Clinical Oncology (ASCO) annual meeting, covering various fields such as head and neck cancer, lung cancer, gastric/esophageal cancer, liver cancer, colorectal cancer, bladder cancer and melanoma. Being applied in a variety of combination therapies, toripalimab as a cornerstone drug in the immuno-oncology (I-O) field demonstrated its importance and potential for having a diversified product portfolio.

— In September 2024, a number of study results on toripalimab were selected at the 2024 World Conference on Lung Cancer (WCLC).

— In September 2024, 18 studies on toripalimab were selected at the 2024 ESMO annual meeting, covering multiple tumor types such as head and neck cancer, lung cancer, breast cancer, digestive tract tumors and urinary system tumors, and involving a variety of combination therapies, and exploring new directions in immunotherapy.

— In September 2024, a number of study results on toripalimab were selected at the 27th National Clinical Oncology Conference and 2024 CSCO Academic Annual Meeting, 7 of which were selected for oral presentations at the meeting, covering multiple tumor types such as head and neck cancer, melanoma, digestive system tumors, breast cancer, urinary system tumors and soft tissue sarcoma.

— In October 2024, 6 study results on toripalimab were presented in the form of oral or poster presentations at the 2024 American Society for Radiation Oncology (ASTRO) 66th Annual Meeting, bringing to international scholars the latest cutting-edge results of radiotherapy in combination with toripalimab and other integrated treatments in the field of digestive system tumors and renal cancer.

— In October 2024, a phase II TORCH-E study of short-course radiotherapy (SCRT) in combination with toripalimab and chemotherapy in the neoadjuvant treatment of early rectal cancer was selected for an oral presentation at the 43rd Congress of the European Society of Surgical Oncology (ESSO) in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

- In December 2024, a number of study results on toripalimab were selected at the ESMO Asia Congress (ESMO ASIA) and ESMO Immuno-Oncology Congress (ESMO I-O), involving head and neck cancer, lung cancer, digestive tract tumors, urinary system tumors and other fields, and exploring new strategies for immunotherapy.

- In January 2025, the updated data from the phase I/II clinical study of toripalimab in combination with fruquintinib and chemotherapy as the first-line treatment of advanced gastric cancer were presented at the 2025 ASCO Gastrointestinal Cancers Symposium (ASCO GI) with a poster presentation (Abstract No.: #423). The preliminary results of this study were selected at the 2024 ASCO GI Symposium.

- In February 2025, a number of studies on toripalimab were selected at the 2025 ASCO Genitourinary Cancers Symposium (ASCO GU) for oral or poster presentations, focusing on the perioperative treatment of urological tumors, and involving a variety of combination strategies.

- In February 2025, the updated results of the phase II clinical study of toripalimab in combination with surufatinib for the treatment of recurrent ovarian clear cell carcinoma (OCCC) were announced at the 26th European Society of Gynaecological Oncology Congress (ESGO) in 2025 (Abstract No.: #381).

➢ Publication in international journals

- In January 2024, the results of the phase III clinical study (TORCHLIGHT study) of toripalimab in combination with paclitaxel (albumin-bound) (nab-P) for the treatment for patients with initial diagnosis of stage IV or recurrent metastatic TNBC were published in *Nature Medicine* (IF: 58.7), a leading international medical journal. This is another international academic recognition of the TORCHLIGHT study following its oral presentation in the fast abstract session at the 2023 ASCO annual meeting in the form of a late-breaking abstracts (LBA). According to the study, toripalimab in combination with nab-P can significantly improve PFS, providing a promising new treatment strategy for patients with PD – L1-positive initial diagnosis of stage IV or recurrent metastatic TNBC.

- In January 2024, the phase III clinical study (NEOTORCH study) of toripalimab in combination with chemotherapy for the perioperative treatment of resectable NSCLC was published in *Journal of the American Medical Association* (*JAMA,* IF: 63.1), a leading international authoritative journal, and became the world's first study for the perioperative immunotherapy of lung cancer (covering neoadjuvant and adjuvant therapy) featured in *JAMA.* Prior to this, the results of the event-free survival ("**EFS**") interim analysis of the NEOTORCH study were announced at the April session of the 2023 ASCO Plenary Series and the ASCO annual meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

- In July 2024, the results of a randomized, phase II clinical study of TORCH short – course radiotherapy in combination with CAPOX and toripalimab for the total neoadjuvant therapy of locally advanced rectal cancer were published in *Journal of Clinical Oncology* (*JCO,* IF: 42.1), a leading international journal in the field of oncology. TORCH is the first randomized clinical study to report a novel total neoadjuvant chemoradiotherapy in combination with immunotherapy (iTNT) and a selective watch-and-wait (W&W) strategy for pMMR/MSS (proficient mismatch repair/microsatellite-stable) locally advanced rectal cancer (LARC). The study explores the efficacy and safety of iTNT in different combination therapies. Group A first received short-course radiotherapy and then toripalimab in combination with chemotherapy for consolidation treatment, while group B first received two cycles of toripalimab in combination with chemotherapy for induction treatment and then short-course radiotherapy and immunotherapy. The results showed that both groups achieved a complete response rate (CR) of more than 50%, and more than 80% of patients achieved organ preservation.

- In July 2024, the results of a multi-center, randomized, phase II clinical study (NCT04389073) comparing different immune combination therapy regimens for the treatment of advanced HER2-negative breast cancer were published in *Nature Medicine* (IF: 58.7). The study compared the efficacy and safety of conventional chemotherapy, metronomic chemotherapy, anti-angiogenic drugs in combination with toripalimab regimens for advanced HER2-negative breast cancer. The results showed that, compared with conventional chemotherapy, toripalimab in combination with VEX (vinorelbine + cyclophosphamide + capecitabine) metronomic chemotherapy attained higher efficiency and lower toxicity, and can significantly improve the disease control rate (DCR) and PFS.

- In August 2024, the interim results of a single-center, randomized, controlled phase III clinical study (the HCHTOG1909 study, NCT04280822) were published in *Cancer Communications* (IF: 20.1). The study aims to explore the efficacy and safety of neoadjuvant toripalimab in combination with chemotherapy versus neoadjuvant chemotherapy for the treatment of resectable locally advanced ESCC. The study results showed that toripalimab in combination with paclitaxel + cisplatin as neoadjuvant therapy exhibited a trend of OS benefit. Secondary endpoints such as pathological complete response (pCR) rate, R0 resection rate and major pathological response (MPR) rate also showed certain benefits. The safety profile was consistent with that in previous studies, with no additional surgical risks introduced, suggesting the prospective change to the perioperative treatment landscape of ESCC.

- In September 2024, the full text of the results of the biomarker exploratory analysis of a randomized controlled phase III clinical study (CHOICE-01 study) of toripalimab in combination with chemotherapy for the first-line treatment of advanced NSCLC was published in *Cancer Cell* (IF: 48.8), an internationally renowned journal. Through the integrative analysis of dynamic monitoring of panoramic genomic profiles in the CHOICE-01 study, the study established a peripheral blood-based genomic immune subtypes (bGIS) method based on integrated genomic features of ctDNA, which provides a new strategy for refined stratification of the first-line immuno-chemotherapy for advanced NSCLC and points out the direction for further prospective study based on such stratification strategy in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

- In September 2024, the latest data from a phase Ib/II clinical study of toripalimab in combination with surufatinib and chemotherapy (etoposide+cisplatin, EP) for the first-line treatment of advanced SCLC was published in *Signal Transduction and Targeted Therapy* (*STTT,* IF: 40.8), an internationally renowned journal. The results showed that the four-drug, three-therapy regimen of toripalimab in combination with surufatinib and EP for the first-line treatment of ES-SCLC achieved an ORR of 97.1%, a DCR of 100%, a median PFS of 6.9 months, and a median OS of 21.1 months, which represented the longest median survival reported in the clinical trials for the first-line treatment of advanced SCLC as of the publication date, setting a new benchmark for improvements in patient survival. Prior to this, the preliminary data from the study was selected at the 2022 ESMO-IO and the 2023 ESMO-IO.

- In October 2024, the results of a phase II NEOTAX study of toripalimab in combination with axitinib for the neoadjuvant treatment of renal cancer with inferior vena cava tumor thrombus were officially published in *Signal Transduction and Targeted Therapy (STTT,* IF: 40.8). NEOTAX is the first domestic clinical study targeting the down-staging of venous tumor thrombus. The results showed that toripalimab in combination with axitinib for the neoadjuvant treatment of patients with clear cell RCC and inferior vena cava tumor thrombus achieved a down-staging rate of tumor thrombus of up to 44.0%, which effectively reduced the scope and difficulty of surgery, mitigated perioperative risks, improved the success rate of surgery, and brought better survival and prognosis to patients. Prior to this, the study results were selected at the 2024 ESMO annual meeting.

- In November 2024, the results of the phase III EXTENTORCH study of toripalimab in combination with chemotherapy for the first-line treatment of ES-SCLC were published in *JAMA Oncology* (IF: 22.5), a leading international oncology journal. As the first phase III clinical study of an anti-PD-1 monoclonal antibody that successfully achieved positive results for both pre-specified primary endpoints in the field of ES-SCLC in the world, the EXTENTORCH study also announced the results of its biomarker analysis, providing more evidence-based medical support for the precise treatment of SCLC. Prior to this, the study was selected for an oral presentation in the form of a LBA at the 2023 ESMO Congress.

- In December 2024, the results of a randomized controlled, double-blind phase II study of neoadjuvant and adjuvant toripalimab in combination with concurrent chemoradiotherapy for the treatment of high-risk locoregionally advanced NPC were officially published in *Lancet Oncology* (IF: 41.6), a leading international oncology journal. The study found for the first time that neoadjuvant and adjuvant toripalimab plus concurrent chemoradiotherapy significantly improved the survival rate of patients with high-risk locally advanced NPC and reduced the risk of disease progression or death by 60%. In terms of safety, no new safety signals were identified in the toripalimab combination treatment group, and the incidence of grade ≥3 treatment-related adverse events was similar in the two groups.

MANAGEMENT DISCUSSION AND ANALYSIS

Tifcemalimab (code: TAB004/JS004)

Tifcemalimab is the world's first-in-human recombinant humanized anti-tumor anti-BTLA monoclonal antibody specific to B-and T-lymphocyte attenuator (BTLA) independently developed by us. BTLA is expressed in the T lymphocyte, B lymphocyte, and dendritic cell subpopulations. In 2005, the interaction between BTLA and its ligand, Herpes virus entry mediator (HVEM), was discovered. HVEM, a TNF receptor, is extensively expressed in the hematopoietic system and has been confirmed as the ligand of BTLA. By binding with BTLA, tifcemalimab blocks the HVEM-BTLA interaction, thereby obstructing the BTLA-mediated inhibitory signal pathways and activating the tumor-specific lymphocytes.

Tifcemalimab entered phase III clinical stage, with several phase Ib/II clinical studies in combination with toripalimab against multiple types of tumors underway in China and the United States. We believe that the combination of the two is a promising anti-tumor treatment strategy, which is expected to increase patients' response to immunotherapy and expand the range of potential beneficiaries.

- *Milestones and achievements of clinical development*

  - The JUSTAR-001 study is a randomized, double-blind, placebo-controlled, international multi-regional phase III clinical study, and is aimed to evaluate the efficacy and safety of tifcemalimab in combination with toripalimab compared to toripalimab alone and compared to placebo as consolidation therapy used in LS-SCLC patients without disease progression following chemoradiotherapy. As the first confirmatory study of a monoclonal antibody targeting BTLA, this study is led by academician Yu Jinming (于金明) from the Cancer Hospital affiliated to Shandong First Medical University* (山東第一醫科大學附屬腫瘤醫院) as the global principal investigator, and professor Cheng Ying (程穎) from Jilin Cancer Hospital* (吉林省腫瘤醫院) as the principal investigator in China. With the plan to be carried out in more than 190 research centers in 17 countries and regions around the world, including China, the United States, and Europe, this study will recruit about 756 subjects. As of the date of this report, the study has been carried out in more than 150 centers across 15 countries, and enrollment is underway;

  - The JS004-009-III-cHL study (NCT06170489) is a randomized, open-label, active controlled, multi-center phase III clinical study, and aims to evaluate the efficacy and safety of tifcemalimab in combination with toripalimab versus the chemotherapy selected by the investigator for anti-PD-(L)1 monoclonal antibody refractory cHL. This study is the first phase III clinical study of drugs targeting BTLA in the field of hematological tumors. Professor Song Yuqin (宋玉琴) from Peking University Cancer Hospital* (北京大學腫瘤醫院) serves as the principal investigator. It is planned for the study to be carried out in about 60 research centers in China and approximately 185 patients will be recruited, and enrollment is underway.

In addition, several phase Ib/II clinical studies of tifcemalimab in combination with toripalimab against multiple types of tumors are underway in China and the United States. Upon further data collection, we will make plans for subsequent registrational clinical studies based on our clinical data and communication with regulators to promote the application and commercialization of tifcemalimab in combination with toripalimab in more tumor types.

MANAGEMENT DISCUSSION AND ANALYSIS

- *Publication of academic results*

The preliminary clinical study results of tifcemalimab alone or in combination with toripalimab have been presented at various international medical conferences. The combination demonstrated good safety profiles and encouraging efficacy in patients with small cell lung cancer, relapsed/refractory (R/R) lymphoma, and immune-refractory advanced solid tumors who have failed multiple lines of therapy.

— In June 2024, at the 2024 ASCO annual meeting, we displayed a poster (Abstract No.: #8089) containing the preliminary results of the phase I/II clinical study of tifcemalimab in combination with toripalimab and chemotherapy as the first-line treatment of ES-SCLC for the first time. The study is a multi-cohort, open-label, multi-center phase Ib/II clinical study (NCT05664971) led by Professor Lu Shun from the Shanghai Chest Hospital, and is designed to evaluate the safety and efficacy of tifcemalimab in combination with toripalimab and chemotherapy as the first-line treatment for patients with advanced lung cancer. Preliminary data showed that ES-SCLC patients without previous systemic anti-tumor therapy received tifcemalimab (200mg, Q3W) in combination with toripalimab (240mg, Q3W) and standard chemotherapy (etoposide + carboplatin/cisplatin) for 4 cycles, then followed by tifcemalimab plus toripalimab maintenance therapy, showing good anti-tumor effect: 1) Among 43 evaluable patients, the ORR of tifcemalimab in combination with toripalimab and chemotherapy as first-line treatment was 86.0%, the DCR was 100%, and the median duration of response (DoR) was 4.3 months. PFS was 5.4 months, and the median OS was not reached; 2) Manageable safety profile: 97.7% of patients experienced treatment-emergent adverse events (TEAEs), and 88.6% of patients experienced ≥ grade 3 TEAEs. 29.5% of patients experienced immune-related adverse events (irAEs). Tifcemalimab in combination with toripalimab and chemotherapy as the first-line treatment of ES-SCLC showed encouraging clinical response rates with a manageable safety profile. The study will further evaluate patient survival benefit and long-term safety.

— In June 2024, at the 2024 ASCO annual meeting, the Company announced the results of the phase I dose-escalation and cohort-expansion study of tifcemalimab in combination with toripalimab for American patients with advanced malignancies (Abstract No.: #2596). A total of 16 patients with advanced malignancies who had failed prior standard therapies were enrolled in the dose-escalation phase, and were administered with tifcemalimab (20mg, 70mg, 200mg and 500mg, Q3W) in combination with toripalimab (240mg, Q3W). A total of 75 patients were enrolled in the cohort-expansion phase, in which five cohorts (i.e. lymphoma, melanoma, RCC, NSCLC and UC) were selected for the treatment with tifcemalimab (200mg, Q3W) in combination with toripalimab (240mg, Q3W). All patients were pretreated with a median of 4 prior lines of therapy, and 75.8% of them had received anti-PD-(L)1 monoclonal antibody treatment. Results showed that: for the melanoma cohort (18 patients with evaluable efficacy), ORR was 17%, and DCR was 39%; for the RCC cohort (11 patients with evaluable efficacy), ORR was 18%, and DCR was 73%; for the NSCLC cohort (17 patients with evaluable efficacy), ORR was 6%, and DCR was 42%; for the UC cohort (9 patients with evaluable efficacy), ORR was 11%, and DCR was 22%. Results showed that tifcemalimab in combination with toripalimab showed preliminary efficacy with a manageable safety profile in patients with relapsed/refractory tumors who had failed multiple lines of immunotherapy treatment. Prior to this, the preliminary results of the study on tifcemalimab monotherapy for advanced solid tumors were presented at the 2022 ASCO meeting, showing the good anti-tumor activity and safety of tifcemalimab.

MANAGEMENT DISCUSSION AND ANALYSIS

- In September 2024, the updated data from the phase I/II clinical study (NCT05000684) of tifcemalimab in combination with toripalimab for the treatment of refractory ES-SCLC were successfully selected at the 2024 WCLC for an oral presentation (No.: #MA17.08). The presentation demonstrated that tifcemalimab in combination with toripalimab exhibited good anti-tumor activity and tolerability in the treatment of refractory ES-SCLC, with an ORR of 35.0%, a DCR of 55.0%, a PFS of 2.8 months, and an OS of 12.3 months. Prior to this, the preliminary data related to the study was announced for the first time at the 2023 ASCO meeting.

- In December 2024, the results of the phase Ib/II study of tifcemalimab in combination with toripalimab and docetaxel for the second-line treatment for patients with immunotherapy-treated squamous NSCLC (Sq-NSCLC) were selected at the ESMO Asia Congress (ESMO ASIA).

- In March 2025, the latest data from the phase I/II study of tifcemalimab in combination with toripalimab in previously treated advanced lung cancer (study no.: JS004-006-I/II-LC) was selected for an oral presentation on lung cancer in the Presidential Session at the 22nd Japanese Society of Medical Oncology (JSMO) Annual Meeting in 2025.

Other Products That Have Been Commercialized or Are in Later Stages of Clinical R&D

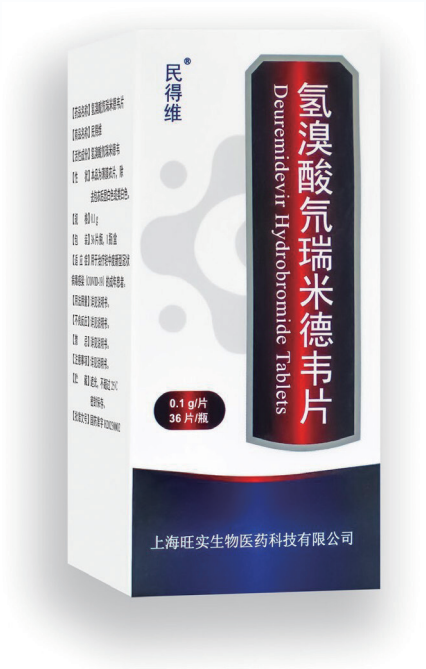
MINDEWEI (Deuremidevir Hydrobromide Tablets, code: JT001/VV116)

MINDEWEI is a new oral nucleoside analog antiviral drug, which can be non-covalently bound to the active center of RdRp of SARS-CoV-2 in the form of nucleoside triphosphate, directly inhibiting the activity of RdRp of the virus and blocking the replication of virus, thus realizing the antiviral effect. Preclinical studies have shown that MINDEWEI exhibited significant antiviral effects against both the original COVID-19 strain and mutant strains, including Omicron, and exhibited no genetic toxicity. MINDEWEI was jointly developed by Shanghai Institute of Materia Medica, Chinese Academy of Sciences* (中國科學院上海藥物研究所), Wuhan Institute of Virology, Chinese Academy of Sciences* (中國科學院武漢病毒研究所), Xinjiang Technical Institute of Physics and Chemistry, Chinese Academy of Sciences* (中國科學院新疆理化技術研究所), Central Asian Center of Drug Discovery and Development of Chinese Academy of Sciences* (中國科學院中亞藥物研發中心)/China-Uzbekistan Medicine Technical Park (the Belt and Road Joint Laboratory of the Ministry of Science and Technology)* (中烏醫藥科技城(科技部"一帶一路"聯合實驗室)), Lingang Laboratory* (臨港實驗室), Suzhou Vigonvita Biomedical Co., Ltd.* (蘇州旺山旺水生物醫藥有限公司) and the Company.

On 28 January 2023, the marketing of MINDEWEI for the treatment of adult patients with mild to moderate COVID-19 was conditionally approved by the NMPA. In January 2025, such indication has been approved by the NMPA for conversion from conditional approval to regular approval. MINDEWEI was included in the scope of provisional medical insurance reimbursement in January 2023, and has been officially included in the NRDL since January 2024.

After MINDEWEI was being marketed, the Company actively established a commercialization team, continuously explored sales models, and included a new sales promotion model and an internal team for MINDEWEI based on the coverage of its existing internal hospital sales team for TUOYI®. All members of the new sales team have extensive experience in promotion in the field of respiratory infections. We will continue to expand the coverage of MINDEWEI in hospitals and further improve the accessibility of MINDEWEI. As of the end of the Reporting Period, MINDEWEI had been used in more than 2,300 hospitals, including community healthcare service centers, secondary hospitals and tertiary hospitals, covering all provinces in the territory.

MANAGEMENT DISCUSSION AND ANALYSIS



JUNMAIKANG (君邁康®) (adalimumab, code: UBP1211)

JUNMAIKANG is an adalimumab jointly developed by us, Mabwell (Shanghai) Bioscience Co., Ltd.* (邁威(上海)生物科技股份有限公司) and its subsidiaries. As our third commercialized product, JUNMAIKANG has received support from the national "Major New Drug Development", a major scientific and technological project, during the "Twelfth Five-Year Plan", which brings new treatment options for Chinese patients at large with autoimmune disease after its launch. In March 2022, the marketing of JUNMAIKANG for the treatment of rheumatoid arthritis, ankylosing spondylitis and psoriasis was approved by the NMPA, with the first prescription issued in May 2022. In November 2022, the supplemental application for five additional indications of JUNMAIKANG for the treatment of Crohn's disease, uveitis, polyarticular juvenile idiopathic arthritis, pediatric plaque psoriasis and pediatric Crohn's disease was approved by the NMPA. Under the continuous promotion of our commercialization partners, JUNMAIKANG was newly used in 95 hospitals during the Reporting Period. As of the end of the Reporting Period, JUNMAIKANG completed the tendering process on the procurement platform as well as healthcare and insurance connection in 27 provinces, and has been used in 319 hospitals, covering 1,379 pharmacies.

MANAGEMENT DISCUSSION AND ANALYSIS

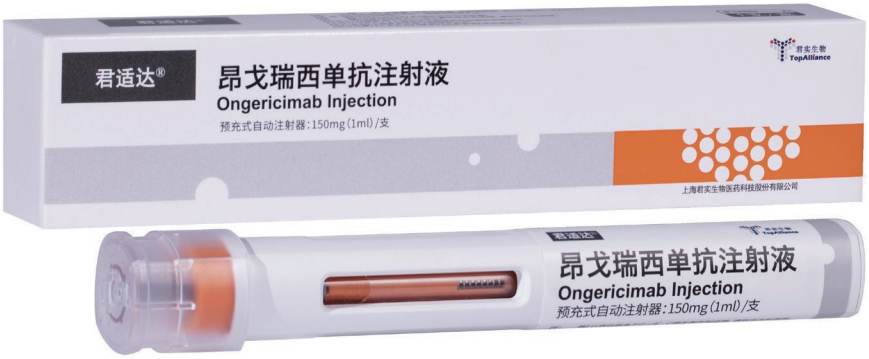
JUNSHIDA (君適達®) (ongericimab, code: JS002)

JUNSHIDA is a recombinanthumanized anti-PCSK9 monoclonal antibody independently developed by us. In October 2023, we signed an agreement with Chongqing Bochuang Pharmaceuticals Co., Ltd.* (重慶博創醫藥有限公司) ("**Bochuang Pharmaceuticals**"), pursuant to which we granted Bochuang Pharmaceuticals an exclusive license to conduct R&D on, manufacture and commercialize JUNSHIDA for the licensed purposes and within Chinese Mainland. Bochuang Pharmaceuticals will be responsible for the subsequent commercialization of JUNSHIDA in Chinese Mainland and will make corresponding milestone payments and sales commissions to the Company.

In October 2024, the NDA for JUNSHIDA as the treatment for adult patients with primary hypercholesterolemia (non-familial) and mixed dyslipidemia was approved for marketing by the NMPA.

In April 2024, two sNDAs for JUNSHIDA were accepted by the NMPA for the treatment of: (I) heterozygous familial hypercholesterolemia; and (II) primary hypercholesterolemia and mixed dyslipidemia in which statins are not tolerated or contraindicated. The aforesaid NDA applications are currently under review.

The significant lipid-lowering effects of ongericimab have been demonstrated in multiple phase III clinical studies, with study results frequently published in international academic journals and presented at international academic conferences. In May 2024, the results of the phase III clinical study of ongericimab for the treatment of primary hypercholesterolemia and mixed hyperlipidemia (study no.: JS002-006) were published in *Nutrition Metabolism And Cardiovascular Diseases,* an international academic journal for endocrinology and metabolism. In June 2024, the results of the phase III clinical study of ongericimab for the treatment of primary hypercholesterolemia and mixed dyslipidemia (study no.: JS002-003) were published in *Journal of the American Heart Association*. In November 2024, the full text of the data from the two clinical pharmacokinetics and pharmacodynamics studies of ongericimab in healthy subjects (phase Ia) and patients with hypercholesterolemia (phase Ib/II) was published in *Clinical and Translational Science.* In February 2025, the full text of the latest data from the phase III clinical study of ongericimab for the treatment for adult patients with heterozygous familial hypercholesterolemia (HeFH) (study no.: JS002-005) was published in *Atherosclerosis,* the official journal of the European Atherosclerosis Society (EAS), which demonstrated the potent lipid-lowering effects and favorable tolerability of ongericimab.



MANAGEMENT DISCUSSION AND ANALYSIS

Recombinant humanized anti-IL-17A monoclonal antibody (code: JS005)

JS005 is a specific anti-IL-17A monoclonal antibody developed independently by us. In preclinical studies, JS005 has shown efficacy and safety comparable to those of anti-IL-17 monoclonal antibodies that have been marketed. Data from preclinical study fully depicts that JS005 has a clear target, definite efficacy, good safety, stable production process, and controllable product quality. At the 2023 annual meeting of the American College of Rheumatology (ACR), we announced the results of the Phase Ib/II clinical study of JS005 for the treatment for patients with moderate to severe psoriasis for the first time. The study results showed that JS005 has a good safety profile in the treatment for patients with moderate to severe plaque psoriasis. Compared with placebo, JS005 significantly improved the psoriasis area and severity index of patients ($p<0.0001$). The Phase III registrational clinical study of JS005 for moderate to severe plaque psoriasis is underway. As of the date of this report, all subjects have been enrolled and are being followed up. Enrollment for the Phase II clinical study of JS005 for the treatment of ankylosing spondylitis has been completed, and follow-up is underway.

PD-1 monoclonal antibody subcutaneous injection formulation (code: JS001sc)

JS001sc injection is a subcutaneous injection formulation developed by the Company on the basis of TUOYI®, our marketed product. The pre-clinical in vivo pharmacodynamics showed that JS001sc exhibited significant anti-tumor effect in animal models by subcutaneous injection. At the dose level of 0.3mg/kg, the anti-tumor effect of JS001sc administered by subcutaneous injection was comparable to that of toripalimab administered by intravenous injection, with no significant difference. In addition, animals had a good tolerance to JS001sc.

In April 2024, the results of the first-in-human (FIH) study of JS001sc were successfully selected at the 2024 American Association for Cancer Research (AACR) and firstly published with a poster presentation (Abstract Number: #CT113), becoming the first domestic anti-PD-1 monoclonal antibody subcutaneous injection to publish clinical study data. The FIH clinical study (NCT05751486) aims to evaluate the pharmacokinetics (PK) profile of JS001sc in patients with recurrent or metastatic NPC (RM-NPC) and determine the appropriate subcutaneous administration regimen of toripalimab for subsequent clinical trials. The results of the PK analysis showed that, in the first cycle, the exposure of the toripalimab subcutaneous regimen (360mg, Q3W) was comparable to that of the toripalimab intravenous (IV) regimen (240mg, Q3W); the ORR of the 240mg, 360mg, and 480mg subcutaneous injection groups of toripalimab were 100%, 92.3% and 92.3% respectively; in terms of safety, no new safety signals were identified.

As of the date of this report, the Company has been conducting a multi-center, open-label, randomized controlled, phase III clinical study to compare the pharmacokinetic profile, efficacy and safety of JS001sc and toripalimab injection in combination with standard chemotherapy for the first-line treatment of recurrent or metastatic non-squamous NSCLC. JS001sc is the first domestic anti-PD-1 monoclonal antibody subcutaneous formulation to enter phase III clinical study, and is expected to bring convenient administration to patients.

MANAGEMENT DISCUSSION AND ANALYSIS

Recombinant humanized anti-PD-1/VEGF bispecific antibody (code: JS207)

JS207 is a recombinant humanized anti-PD-1/VEGF bispecific antibody self-developed by the Company, mainly used for the treatment of advanced malignant tumors. In view of the co-expression of VEGF and PD-1 in the tumor microenvironment, JS207 can simultaneously bind to PD-1 and VEGFA with high affinity, block the binding of PD-1 to PD-L1 and PD-L2 while blocking the binding of VEGF to the VEGF receptor. JS207 has the efficacy properties of both immunotherapeutic drugs and anti-angiogenic drugs, and can utilize the synergistic effects of immunotherapy and anti-angiogenesis to achieve better anti-tumor activity. Neutralization of VEGF can inhibit the proliferation of vascular endothelial cells, improve the tumor microenvironment, and increase the infiltration of cytotoxic T lymphocytes in the tumor microenvironment. The combination therapy with PD-1 antibody and VEGF blocking agent has shown strong efficacy in a variety of tumor types such as RCC, NSCLC and HCC. Due to the strong correlation between the expression of VEGF-A and PD-1 in the tumor microenvironment, compared with combination therapy, JS207 as a single agent blocking both targets may achieve higher target binding specificity, and enhance anti-tumor activity and safety.

JS207 is designed based on the high-affinity, clinically proven and differentiated anti-PD-1 drug toripalimab as the backbone. The anti-PD-1 moiety of JS207 adopts a Fab structure to maintain binding affinity to PD-1 and thereby target the tumor microenvironment. The anti-VEGF moiety has a binding affinity for human vascular endothelial growth factor that is comparable to that of bevacizumab and has demonstrated similar antitumor efficacy in animal models.

As of the date of this report, the IND application for a randomized, open-label, active controlled, multi-center phase II/III clinical study of JS207 in combination with etoposide plus platinum for the first-line treatment of ES-SCLC has been approved by the NMPA. In addition, the exploration of JS207 in combination with chemotherapy, monoclonal antibodies, ADCs and other drugs in NSCLC, colorectal cancer, esophageal cancer, TNBC, liver cancer and other tumor types is underway. Upon further data collection, the Company will make plans for subsequent registrational clinical studies based on the clinical data and its communication with regulators.

Other Products in Early Stages of R&D

Recombinant humanized anti-CD20/CD3 bispecific antibody (code: JS203)

JS203 is a recombinant humanized anti-CD20/CD3 bispecific antibody self-developed by the Company. CD20 is a B lymphocyte restricted differentiation antigen and one of the most successful targets for B-cell lymphoma treatment. CD3 is an important marker on the surface of T cell. The main mechanism of T cell engaging bispecific antibodies is using CD3 as a mediator to activate T cells to specifically attack tumor cells. JS203 consists of anti-CD20 segment and anti-CD3 segment. By associating and activating T cells (binding to CD3) and lymphoma cells (binding to CD20), JS203 can enable T cells to kill lymphoma cells effectively. Pre-clinical in vivo pharmacodynamics shows that JS203 has a significant anti-tumor effect. In addition, JS203 is well tolerated by animals. As of the date of this report, the phase I/II clinical study of JS203 is underway. It is expected that a pivotal registrational clinical trial will commence in 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

PI3K-α inhibitor (code: JS105)

JS105 is an oral small molecule inhibitor targeting PI3K-α jointly developed by the Company and Risen (Suzhou) Pharma Tech Co., Ltd.* (潤佳(蘇州)醫藥科技有限公司), and is primarily used in the treatment of female (postmenopausal) and male patients with hormone receptor (HR)-positive, human EGFR 2 (HER-2)-negative, PIK3CA-mutated, advanced breast cancer who are experiencing disease progression during or after treatment with endocrine-based regimens. Preclinical studies have shown that JS105 is effective in animal models of breast cancer, and has better efficacy for patients with other solid tumors such as cervical cancer, renal cancer, colorectal cancer and esophageal cancer. JS105 has also demonstrated good safety. As of the date of this report, the phase I/II clinical study of JS105 monotherapy and combination therapy is underway. It is expected that a phase III clinical trial will commence in 2025.

Recombinant humanized anti-Claudin18.2 monoclonal antibody-MMAE conjugate (code: JS107)

JS107 is a recombinant humanized anti-Claudin18.2 monoclonal antibody-MMAE (Monomethyl auristatin-E) conjugate for injection developed independently by the Company. It is an ADC targeting tumor-related protein Claudin18.2, and is intended to be used for the treatment of advanced malignant tumors, such as gastric cancer and pancreatic cancer. JS107 can bind to Claudin18.2 on the surface of tumor cells, enter into tumor cells through endocytosis, and release the small molecule toxin MMAE, which has demonstrated strong lethality to tumor cells. JS107 also retained antibody-dependent cellular cytotoxicity (ADCC) and complement dependent cytotoxicity (CDC) effects, further killing tumor cells. Furthermore, due to the cell permeability of MMAE, JS107 can mediate indiscriminate killing of other tumor cells by way of its bystander effect, thereby improving the efficacy of treatment and inhibiting tumor recurrence. The preclinical in vivo pharmacodynamics showed that JS107 exhibits significant anti-tumor effect. As of the date of this report, the phase I/II clinical trial on the JS107 monotherapy and combination therapy is underway. It is expected that a phase III clinical trial will commence in 2025.

Recombinant humanized anti-DKK1 monoclonal antibody injection (code: JS015)

JS015 is a recombinant humanized anti-DKK1 monoclonal antibody injection developed independently by the Company that is mainly used for the treatment of advanced malignant solid tumor. DKK1 (Dickkopf-1) is a secreted protein of the DKK family, which is highly expressed in multiple gastric cancer, gastroesophageal junction cancer, myeloma, liver cancer, lung cancer, ovarian cancer and other tumor cells, and can inhibit the canonical Wnt signaling pathway through negative feedback signals. JS015 binds to human DKK1 with high affinity, and can effectively block the interaction between DKK1 and its ligand LRP5/6 and activate the Wnt signaling pathway. JS015 can inhibit the immunosuppressive effect of DKK1 in the tumor microenvironment, thereby improving the ability of immune system to kill tumor cells. The pre-clinical in vivo pharmacodynamics showed that JS015 monotherapy, JS015 in combination with toripalimab, or in combination with paclitaxel, exhibit significant anti-tumor effect. In addition, JS015 is well-tolerated by animals. As of the date of this report, the phase II clinical study on the JS015 is underway.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE AND OUTLOOK

With leading R&D capability and standing at the forefront of medical innovation, we see it as our mission to fulfill unmet medical needs and bring cure to the diseased. In respect of R&D of drugs, we will accelerate late-stage pipeline R&D and marketing application. We will also continue to explore early-stage pipelines and closely track relevant clinical trial data, aiming to facilitate the progress of clinical trial registration for more advantageous products and indications, thus creating a sustainable impetus for the future revenue growth of the Company. Meanwhile, we will also invest appropriate resources to explore and develop new drug targets and drug types. Based on independent R&D, we will further enhance cooperation and expand the product pipeline through license-in, formation of joint ventures and other methods to stay on the front line of R&D of innovative drugs. As for production, we plan to further increase the fermentation capacity of macromolecular drugs and explore new production processes to further improve the competitiveness of our production costs. In respect of commercialization, we will continue to improve the establishment of our marketing and commercialization teams while carrying out commercial cooperation with outstanding pharmaceutical companies in the global arena to continuously expand our international business layout. The Company is committed to becoming an innovative pharmaceutical company that operates "in China, for global", integrating R&D, production and commercialization, and benefiting patients with world-class and trustworthy innovative drugs.

FINANCIAL REVIEW

1. Revenue

As at 31 December 2024, total revenue of the Group was approximately RMB1,948 million, representing an increase of approximately 30% compared to the corresponding period in 2023, which includes: (i) revenue from pharmaceutical products of approximately RMB1,640 million, increased by approximately 38% compared to the corresponding period in 2023, which was mainly due to improvement in sales efficiency of the commercialization team and approval of more indications for TUOYI®; (ii) revenue related to out-licensing agreements of approximately RMB235 million; and (iii) revenue from technical services of approximately RMB71 million. During the Reporting Period, the domestic sales revenue of TUOYI® was approximately RMB1,501 million, representing an increase of approximately 66% compared to the corresponding period in 2023.

2. R&D Expense

R&D expenses mainly include clinical research and technical service expenses, staff salary and welfare expenses, depreciation and amortization expenses and other operating expenses.

During the Reporting Period, R&D expenses were approximately RMB1,275 million, which decreased by approximately RMB662 million as compared to the corresponding period in 2023, representing a decrease of approximately 34%. R&D expenses included clinical research and technical service expenses of approximately RMB766 million, staff salary and welfare expenses of approximately RMB370 million, depreciation and amortization expenses of approximately RMB86 million and other operating expenses of approximately RMB53 million, which decreased by approximately 39%, 21%, 31% and 24% as compared to the corresponding period in 2023, respectively. As at 31 December 2023, all expenses related to the restricted share incentive scheme of the Group were recognized, and thus no share-based payment expenses were recognized during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

The decrease in R&D expenses was mainly due to (i) the Group's cost control policy and efforts to optimize resource allocation and focus on R&D pipelines with greater potential, and (ii) natural decline of R&D expenditure as a number of clinical trials of our core product TUOYI® successively met the primary endpoints.

3. Selling and Distribution Expenses

Selling and distribution expenses mainly include staff salary and welfare expenses, expenses for marketing and promotion activities and other operating expenses.

During the Reporting Period, selling and distribution expenses amounted to approximately RMB985 million, which increased by approximately RMB140 million as compared to the corresponding period in 2023, representing an increase of approximately 17%. Selling and distribution expenses included staff salary and welfare expenses of approximately RMB492 million, expenses for marketing and promotion activities of approximately RMB460 million and other operating expenses of approximately RMB33 million, which increased by approximately 13%, 21% and 15% as compared to the corresponding period in 2023, respectively. As at 31 December 2023, all expenses related to the restricted share incentive scheme of the Group were recognized, and thus no share-based payment expenses were recognized during the Reporting Period.

The increase in selling and distribution expenses was mainly due to additional demand for market promotion of new indications for TUOYI®, which led to the increase in marketing and promotion expenses, and staff salary and welfare expenses.

4. Administrative expenses

Administrative expenses mainly include administrative staff cost, depreciation and amortization expenses, ordinary operating expenses and other miscellaneous expenses.

During the Reporting Period, administrative expenses amounted to approximately RMB548 million, which decreased by approximately RMB9 million as compared to the corresponding period in 2023, representing a decrease of approximately 2%. Administrative expenses included administrative staff cost of approximately RMB211 million, depreciation and amortization expenses of approximately RMB140 million, ordinary operating expenses of approximately RMB111 million and other miscellaneous expenses of approximately RMB86 million. In particular, depreciation and amortization expenses and ordinary operating expenses increased by approximately 19% and 11% respectively, while administrative staff cost and other miscellaneous expenses decreased by approximately 13% and 4% as compared to the corresponding period in 2023. As at 31 December 2023, all expenses related to the restricted share incentive scheme of the Group were recognized, and thus no share-based payment expenses were recognized during the Reporting Period.

The decrease in administrative expenses was mainly due to the decrease in administrative staff cost, which reflects the results of the Group's cost control policy. In particular, depreciation and amortization expenses and ordinary operating expenses increased compared to the corresponding period in 2023, mainly due to the transfer of a large amount of construction in progress to fixed assets at the end of 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

5. Liquidity and Capital Resources

As at 31 December 2024, the aggregate balance of bank balances and cash and financial products of the Group was approximately RMB2,917 million, decreased by RMB861 million compared to the balance of 31 December 2023, which ensured that our cash position remained relatively sufficient to support the Group's development. The Group's financial products were investments with original maturities of no more than 3 months and low risk, which were with fair value of approximately RMB431 million.

During the reporting period, net cash inflow from financing activities was approximately RMB1,017 million, and net cash outflow from operating activities was approximately RMB1,443 million, and net cash outflow from investing activities was approximately RMB877 million (including cash outflow in acquisition of the financial products), resulting in a decrease of RMB1,291 million in bank balances and cash from 31 December 2023 after considering the foreign exchange rate change effect.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to its stakeholders and maintaining an adequate capital structure. The Group's overall strategy remained unchanged throughout the year.

The capital structure of the Group consists of net debts, which includes borrowings, lease liabilities and other financial liabilities, net of bank balances and cash, and equity of the Group, comprising issued share capital, other reserves and non-controlling interests. The management of the Group will regularly review the capital structure on a continuous basis, considering the cost of capital and the risk associated with the capital, so as to better control and reduce the cost of capital.

MANAGEMENT DISCUSSION AND ANALYSIS

6. Listing on the STAR Market, Placing of H Shares, Issuance of A Shares and Use of Proceeds

As approved by the China Securities Regulatory Commission (Zheng Jian Xu Ke [2020] No. 940) (證監許可[2020]940 號文), the Company issued 87,130,000 ordinary shares (A Shares) with a nominal value of RMB1.00 to the public in a public offering in July 2020 at the issue price of RMB55.50 per share to allow the Company access a more established platform in the PRC capital market. The gross proceeds amounted to approximately RMB4,836 million. After deducting issuance expenses of approximately RMB339 million in accordance with the related requirements, the net proceeds amounted to approximately RMB4,497 million. The net proceeds from the listing of A Shares have been used and will be used in accordance with the uses disclosed in the Company's A share prospectus dated 8 July 2020.

Committed investment projects	Planned use of proceeds RMB'000	Unutilized proceeds as at 31 December 2023 RMB'000	Proceeds utilized during the Reporting Period RMB'000	Utilized Proceeds as at 31 December 2024 RMB'000	Unutilized Proceeds as at 31 December 2024 RMB'000	Expected timeline for application of the unutilized proceeds
Research and development projects of innovative drugs	1,200,000	–	(16)	1,216,655	–	Was fully utilized by 31 December 2022
Junshi Biotech Industrialization Lingang Project	700,000	–	–	700,000	–	Was fully utilized by 31 December 2020
Repayment of bank loans and replenishment of liquidity	800,000	–	–	824,509	–	Was fully utilized by 30 June 2022
Surplus proceeds	1,796,978	233,768	44,304	1,610,669	190,509	Was fully utilized by 31 January 2025(Note 3)
	4,496,978(Note 1)	223,768(Note 2)	44,288(Note 2)	4,351,833(Note 1)	190,509(Notes 1&2)	

Notes:

1. The difference between (i) the sum of utilized proceeds and the unutilized proceeds and (ii) the net proceeds from the issuance represents bank charges, foreign exchange gains and interests generated from bank saving accounts.

2. The difference between (i) the sum of proceeds utilized during the Reporting Period and unutilized proceeds as at 31 December 2024 and (ii) unutilized proceeds as at 31 December 2023 represents bank charges, foreign exchange gains and interests generated from bank saving accounts.

3. The proceeds were not utilized by 31 December 2024 due to the protracted regulatory account approval process. The remaining balance has been fully utilized by 31 January 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

On 23 June 2021, the Company completed the placing of an aggregate of 36,549,200 new H shares (the "**Placing Shares**") under general mandate pursuant to a placing agreement dated 16 June 2021 entered into by and among the Company, J.P. Morgan Securities plc (as sole placing agent), Guotai Junan Securities (Hong Kong) Limited (as co-managers) and Caitong International Securities Co., Limited (as co-managers). The Placing Shares were issued to not less than six placees who were professional, institutional and/or other investors and who were independent of, and not connected with the Company and its connected persons (as defined in the Hong Kong Listing Rules) at a placing price of HK$70.18 per H share. The market price of the H Shares of the Company on 16 June 2021 was HK$70.65 per H share. The net cash inflow from the placing was approximately RMB2,104 million. The net proceeds from the placing were intended to be used by the Group towards the R&D of drugs and pipeline expansion, expansion of the commercialization team, domestic and overseas investment, mergers and acquisitions, and business development, and general corporate purposes. The Board considered that the placing was beneficial to the Company for the following reasons: (a) available funds would be brought by the net proceeds from the placing for the Company's sustainable development to enhance the development and commercialized layout of potential first-in-class drugs in the international market, promote and accelerate the implementation of clinical trials of more first-in-class drugs in international multi-centers, and arrange and expand new-generation platforms and R&D technologies, to further improve the Company's competitiveness; and (b) it could expand the shareholder base of the Company, optimize the shareholding structure and further attract more international renowned investment institutions with long-term strategic values through the platform of The Stock Exchange of Hong Kong Limited. For further details of the placing, please refer to the Company's announcements dated 16 June 2021 and 23 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2024, all of the net proceeds from the placing has been utilized. The following table sets out the intended use and actual usage of the net proceeds from the placing as at 31 December 2024:

Purpose of the proceeds	Intended use of the net proceeds (Approx. RMB million)	Unutilized proceeds as at 31 December 2023 (Approx. RMB million)	Proceeds utilized during the Reporting Period (Approx. RMB million)	Proceeds utilized as at 31 December 2024 (Approx. RMB million)	Unutilized proceeds as at 31 December 2024 (Approx. RMB million)	Expected timeline for application of the unutilized proceeds
R&D of drugs and pipeline expansion	815	2	2	814	–	Was fully utilized by 30 June 2024
Expansion of the commercialization team	1	–	–	1	–	Was fully utilized by 31 December 2022
Domestic and overseas investment, mergers and acquisitions & business development	285	–	–	285	–	Was fully utilized by 30 June 2022
General corporate purpose	1,003	–	–	1,000	–	Was fully utilized by 31 December 2022
	2,104*(Note)*	2	2	2,100*(Note)*	–*(Note)*	

Note:

The difference between (i) the sum of proceeds utilized and the unutilized proceeds and (ii) the net proceeds from the Placing represents bank charges, foreign exchange losses and interests generated from bank saving accounts.

MANAGEMENT DISCUSSION AND ANALYSIS

As approved by the China Securities Regulatory Commission (Zheng Jian Xu Ke [2022] No. 2616) (證監許可[2022]2616 號文), the Company issued 70,000,000 ordinary shares (A Shares) with a nominal value of RMB1.00 to 17 target subscribers (including securities investment fund management companies, securities firms, trust investment companies, finance companies, insurance institutional investors, qualified foreign institutional investors, and other domestic legal persons investors and natural persons, who/which satisfy the relevant requirements of the China Securities Regulatory Commission) on 2 December 2022 at the issue price of RMB53.95 per share. The gross proceeds amounted to approximately RMB3,777 million. After deducting issuance expenses of approximately RMB32 million in accordance with the related requirements, the net proceeds amounted to approximately RMB3,745 million. The net proceeds from the issuance of A Shares have been used and will be used in accordance with the uses disclosed in the Company's circular dated 7 March 2022, announcements dated 7 March 2022, 14 June 2022 and 30 May 2024. The market price of A Shares on 2 December 2022 was RMB61.23 per A share. The Company considered that the projects funded by the proceeds involved in the issuance of A Shares would accelerate the Company's clinical research work and promote the marketing process of relevant products in the PRC and overseas, enhance the synergy between preclinical and clinical research, and relieve tensions in R&D and operation funds of the Company to a certain extent, which are conducive to the realization of the Company's core development strategy and the sustainable and sound development of the production and operation of the Company.

Purpose of the proceeds	Intended use of the net proceeds (Approx. RMB million)	Unutilized proceeds as at 31 December 2023 (Approx. RMB million)	Proceeds utilized during the Reporting Period (Approx. RMB million)	Proceeds utilized as at 31 December 2024 (Approx. RMB million)	Unutilized proceeds as at 31 December 2024 (Approx. RMB million)	Expected timeline for application of the unutilized proceeds
R&D projects of innovative drugs	3,464	3,077	345	732	2,733	Expected to be fully utilized by 31 December 2026
Shanghai Junshi Biotech headquarters and R&D base project	281	137	79	223	57	Expected to be fully utilized by 31 December 2026
	3,745	3,214	424	955	2,790	

DIVIDENDS

No dividend was paid or declared by the Company during the years ended 31 December 2023 and 2024, nor has any dividend been declared since the end of the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

LOSS PER SHARE

(a) Basic

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(1,282,398)**	(2,281,624)

Number of shares:

	Year ended 31 December	
	2024	2023
Weighted average number of ordinary shares for the purpose of basic loss per share	**984,908,447**	985,302,166

During the year ended 31 December 2023, the Company repurchased 679,027 ordinary shares (A Shares). During the year ended 31 December 2024, the Company repurchased 136,844 ordinary shares (A Shares) and had accumulated a total of 815,871 treasury shares. The weighted average number of ordinary shares for the purpose of basic loss per share for the year ended 31 December 2024 excludes treasury shares repurchased.

The weighted average number of ordinary shares for the purpose of basic loss per share for the year ended 31 December 2023 excludes treasury shares repurchased and has been adjusted for the issuance of 2,818,231 shares upon the exercise of RSUs on 2 February 2023.

(b) Diluted

The computation of diluted loss per share for the years ended 31 December 2024 and 31 December 2023 do not assume the exercise of the Company's outstanding RSUs as this would be anti-dilutive. Accordingly, diluted loss per share for the years ended 31 December 2024 and 2023 are the same as basic loss per share for the respective year.

MANAGEMENT DISCUSSION AND ANALYSIS

TRADE RECEIVABLES

Trade receivables increased from approximately RMB480 million as at 31 December 2023 to approximately RMB510 million as at 31 December 2024, mainly due to the increase in revenue from pharmaceutical products during the Reporting Period.

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Trade receivables	**513,899**	498,080
Less: Allowance for credit losses	**(4,082)**	(18,357)
	509,817	479,723

The trade receivables are receivables from contracts with customers.

As at 1 January 2023, the trade receivables from contracts with customers amounted to RMB232,725,000, after net of allowance for credit losses RMB18,000.

The aged analysis of the Group's trade receivables net of allowance for credit losses, based on invoice date, at the end of each reporting period are as follows:

	At 31 December	
	2024	2023
	RMB'000	RMB'000
0 – 90 days	**400,070**	462,972
91 – 180 days	**18,506**	9,484
Over 180 days	**91,241**	7,267
	509,817	479,723

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB113,828,000 (2023: RMB206,151,000) which are past due and the impairment amount is RMB4,082,000 (2023:RMB18,357,000).

Out of the past due balance, RMB108,987,000 (2023: RMB8,388,000) has been past due 90 days or more and is not considered as in default as they are due from customers with good reputation and lower risk of default.

Subsequent to the year end of 2023, the payment schedule for the Group's trade receivables balance amounting to US$25,000,000 was revised. Based on the revised payment schedule, US$12,500,000 will be due in the second quarter of 2024 and the remainder will be due in the first quarter of 2025. The amounts were received based on the revised schedule up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER ASSETS, PREPAYMENTS AND OTHER RECEIVABLES

Other assets, prepayments and other receivables decreased from approximately RMB933 million as at 31 December 2023 to approximately RMB719 million as at 31 December 2024, mainly due to the decrease in prepayments for materials and recovery of consideration receivables arising from equity transfer transactions during the reporting period, which was partially offset by the increase in VAT recoverable.

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Deposits		
– current	**38,936**	27,139
– non-current	**7,705**	29,265
Prepayments		
– current *(Note a)*	**199,825**	245,217
– non-current *(Note b)*	**195,599**	101,175
Amount due from a partner of a joint operation *(Note c)*	**–**	3,900
Interest receivables	**–**	530
VAT recoverable *(Note d)*		
– current	**18,367**	134,194
– non-current	**258,641**	57,948
Consideration receivables arising from equity transfer transactions	**–**	339,167
	719,073	938,535
Less: Allowance for credit losses	**(308)**	(5,759)
	718,765	932,776
Analysis as		
– current	**256,820**	744,388
– non-current	**461,945**	188,388
	718,765	932,776

Notes:

(a) Prepayments mainly include fee paid for research and development services for the clinical and non-clinical study of the drugs. Prepayments also include other prepaid operating expenses and prepayments for purchase of raw materials. As of 31 December 2024, impairment losses of RMB8,220,000 (2023: RMB27,187,000) were recognised on prepayments relating to purchase of raw materials, due to anticipated decrease of product selling price.

(b) Amount mainly represents prepayments for construction in progress and acquisition of property, plant and equipment.

(c) The amount was unsecured, non-interest bearing and repayable on demand.

(d) Included in VAT recoverable are RMB18,367,000 (2023: RMB134,194,000) presented as current assets as at 31 December 2024 since they are expected to be deducted from future VAT payable arising on the Group's revenue which are expected to be generated within the next twelve months from the end of the reporting period. The remaining VAT recoverable of RMB258,641,000 (2023: RMB57,948,000) are therefore presented as non-current assets as at 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

TRADE AND OTHER PAYABLES

Trade and other payables decreased from approximately RMB1,706 million as at 31 December 2023 to approximately RMB1,548 million as at 31 December 2024, mainly due to decrease in trade payables and accrued expenses in research and development as a result of the implementation of the Group's cost control policy.

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Trade payables		
– third parties	**208,356**	247,264
Accrued expenses in respect of:		
– construction costs	**465,730**	479,284
– research and development expenses *(Note)*	**310,884**	408,516
– selling and distribution expenses	**146,565**	133,997
– payables under collaboration agreement	**10,088**	14,947
– others	**91,061**	97,137
Salary and bonus payables	**252,681**	234,202
Other tax payables	**27,287**	41,411
Other payables	**35,768**	49,257
	1,548,420	1,706,015

Payment terms with suppliers are mainly with credit term of 0 days to 90 days (2023: 0 days to 90 days) from the time when the goods and services are received from the suppliers.

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

	At 31 December	
	2024	2023
	RMB'000	RMB'000
0 – 30 days	**98,434**	60,582
31 – 60 days	**17,062**	33,363
61 – 180 days	**14,982**	72,400
Over 180 days	**77,878**	80,919
	208,356	247,264

Note: Amounts included service fees payable to outsourced service providers including contract research organisations and clinical trial centres.

MANAGEMENT DISCUSSION AND ANALYSIS

INDEBTEDNESS

As at 31 December 2024, the Group's variable-rate borrowings of approximately RMB1,822 million carried interest rates at loan prime rate minus a margin, ranging from 0.45% to 0.96% per annum and the Group's fixed-rate borrowings of approximately RMB1,052 million carried interest rates at around 2.50% to 3.25% per annum.

Unsecured Borrowings

As at 31 December 2024, the balance of our unsecured borrowings amounted to approximately RMB1,884 million in total mainly from China Merchants Bank, Industrial and Commercial Bank of China, Bank of Shanghai, China Construction Bank and Bank of Communications carrying fixed interest rates ranging from 2.50% to 3.25% per annum and variable interest rates at loan prime rate minus a margin, ranging from 0.45% to 0.96% per annum.

During the period ended 31 December 2024, we entered into several new unsecured borrowing agreements with a total borrowing amounting to approximately RMB1,703 million, which carried fixed interest rates ranging from 2.50% to 4.00% per annum and variable interest rates at loan prime rate minus a margin, ranging from 0.45% to 0.96% per annum. In addition, during the period ended 31 December 2024 we drew down approximately RMB393 million of borrowings pursuant to several existing unsecured borrowing agreements as at 31 December 2023.

Secured Borrowings

During the period ended 31 December 2024, we did not enter into any new secured borrowing agreements, but we drew down approximately RMB211 million of borrowings pursuant to the existing secured borrowing agreements as at 31 December 2023. As at 31 December 2024, the balance of our secured borrowings amounted to approximately RMB990 million in total from Industrial and Commercial Bank of China and Bank of Shanghai. The borrowings carried interest at loan prime rate minus a margin, which ranged from 0.75% to 0.90% per annum.

The Group incurred borrowings for: i) ongoing clinical trials and preclinical studies for our drug candidates and replenishment of working capital; ii) construction of Suzhou Junao Cancer Hospital; and iii) construction of our headquarters in Suzhou and Shanghai.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2024, the Group has pledged the following assets as securities for the Group's bank borrowings:

	At 31 December 2024 RMB'000 (Audited)	At 31 December 2023 RMB'000 (Audited)
Property, plant and equipment	**606,785**	630,372
Right-of-use assets	**135,200**	140,683
	741,985	771,055
The maturity profile of bank borrowings is as follows:		
– within one year	**894,601**	539,391
– within a period of more than one year but not exceeding two years	**623,668**	120,135
– within a period of more than two years but not exceeding five years	**790,641**	700,751
– within a period of more than five years	**565,371**	374,908
	2,874,281	1,735,185

All bank borrowings are denominated in RMB as at 31 December 2024 and 31 December 2023.

CONTRACTUAL COMMITMENTS

Capital and Other Commitments

As at 31 December 2024, the Group's capital expenditure in respect of the acquisition of property, plant and equipment and investment contracted for but not provided in the consolidated financial statements was approximately RMB984 million, which decreased by 51% from RMB2,011 million as at 31 December 2023, due to the decreased capital expenditure both in acquisition of property, plant and equipment and equity investments.

Financing Plan

The Group expects to obtain a credit limit of no more than RMB8,000 million to support the Group's production operations and project construction. The credit limit will be valid from the date of approval by the Company at the 2024 annual general meeting to the date of the 2025 annual general meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

GEARING RATIO

As at 31 December 2024, the gearing ratio of the Group was 6.51% (2023: NA), which was calculated using interest-bearing borrowings less bank balances and cash, divided by total equity and multiplied by 100%.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this annual report, the Group does not have other significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures.

CONTINGENT LIABILITIES

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

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this annual report, the Group does not have other future plans for material investments or capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS

RISK FACTORS

1. Risks related to pending profitability

A long profit cycle is one of the most salient features of the biopharmaceutical industry. It typically takes a relatively long period for a biopharmaceutical company at the R&D stage to grow before it becomes profitable. As an innovative biopharmaceutical company, the Company is currently in an important R&D investment phase, and our R&D investment is expected to increase and consistently in line with the expansion of R&D pipeline and acceleration of domestic and overseas drug clinical trial activities. Our future profitability depends on the pace of the launch and the conditions of post-launch sales of our drug candidates. On the other hand, R&D investments and marketing and operating costs will add uncertainties to the Company's profitability. Therefore, the Company is exposed to the risk of not being able to become profitable in the short term.

A total of four drugs (TUOYI®, JUNMAIKANG, MINDEWEI and JUNSHIDA) are being commercialized by the Company, and various drug candidates in the late stage of research and development close to commercialization. The accelerated development of more and more drug candidates, the successive completion of registrational clinical trials for more indications of the approved products as well as the increased number of products approved for marketing will further improve the Company's financial position and help create conditions for a turnaround in the profitability of the Company as soon as possible.

2. Risks related to significant decline in performance or loss

The Company is committed to the discovery, development and commercialization of innovative therapies. The Company actively deploys a product pipeline that covers various therapeutic areas. In the future, it will maintain a corresponding scale of investment in R&D for the pre-clinical research, global clinical trials and preparation for NDAs of drug candidates and other drug development. Besides, the Company's NDA and registration efforts, post-launch marketing and promotion activities and other aspects will incur expenses, which may result in greater losses for the Company in the short run, thereby adversely affecting the Company's daily operations and financial position. During the Reporting Period, there were no material adverse changes in the principal business and core competitiveness of the Company.

3. Risks related to core competitiveness

Classified as technical innovation, the R&D of new drugs is characterized by long R&D cycles, significant investment, high risks and low success rate. From laboratory research to obtaining approval, new drugs go through a lengthy process with complicated stages, including preclinical study, clinical trial, registration and marketing of new drugs and after-sales supervision. Any of the above stages is subject to the risk of failure. The Company will strengthen its forward-looking strategic research, and determine the direction of new drug R&D according to the needs of clinical drug use. The Company will also formulate reasonable new drug technology solutions, continuously increase the investment in R&D of new drugs, and prudently launch R&D projects for new drugs. In particular, the Company implements phase-based assessment on drug candidates in the course of R&D. If it is found that the expected results cannot be achieved, the subsequent R&D of such product will be terminated immediately, so as to minimize the R&D risks of new drugs.

MANAGEMENT DISCUSSION AND ANALYSIS

4. Risks related to operations

The Company's business operations require certain R&D technical services and raw materials supply. Currently, the relationship between the Company and existing suppliers are stable. If the price of R&D technical services or raw materials increased significantly, the Company's profitability may be adversely affected. At the same time, the Company's suppliers may not be able to keep up with the rapid development of the Company, such that they may have to reduce or terminate the supply of the Company's R&D services or raw materials. If such R&D technical services or the supply of raw materials were disrupted, and thus the Company's business operations may be adversely affected. Furthermore, some of the Company's raw materials, equipment and consumables are directly or indirectly imported. If there are significant changes in the international trade situation, the Company's production and operation may be affected to a certain extent.

The Company's commercialized products toripalimab injection, adalimumab injection and deuremidevir hydrobromide tablets are all included in the NRDL. The reduction in price after being included into the drug list can effectively improve the accessibility and affordability of the Company's products, which is conducive to a significant increase in product sales. However, if the increase in sales is less than expected, it may adversely affect the Company's revenue.

5. Finance risks

During the Reporting Period, the exchange rate risks of the Company primarily arose from the assets and liabilities held by the Company and its subsidiaries which were denominated in the foreign currencies other than the book-keeping base currency. The Company's exposure to exchange rate risks was mainly related to the items denominated in HKD and USD. If significant fluctuations occur in the exchange rates between these foreign currencies to be kept by the Company and RMB in the future, the Company will continue to experience exchange gains or losses, which could affect the operating performance of the Company.

During the Reporting Period, the net cash outflow from operating activities of the Company was approximately RMB1,443 million. Currently, the Company's capital sources include revenue from sales of marketed products as well as external financing. If the Company is unable to achieve profitability or secure sufficient funds to cover operating expenses within a certain period in the future, the Company may have to delay, reduce or cancel R&D projects, affecting the commercialization progress of its drug candidates, which may in turn have an adverse impact on the business prospects, financial position and operating performance of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, when assessing the risk of inventory impairment, the Company recognized the provisions for inventory impairment upon identifying indications that the estimated net realizable value of the purchased inventories was lower than its carrying value, such as inventory becoming fully or partially obsolete or a decline in selling prices. When estimating the net realizable value of inventories, the Company comprehensively considers factors such as future market competition, pricing, further processing costs and selling expenses to recognize asset impairment losses, thereby accurately reflecting the carrying value of inventories as of the end of the period. In the future, if changes in market conditions or intensified competition occur, the Company may face risks of asset impairment, which may adversely affect its operations.

6. Risks related to the industry

In view of the constant reforms in the medical and health system, encouraging pharmaceutical enterprises to be innovative and reduce prices of drugs have become a trend, and the industry landscape is about to be reshaped. If the Company fails to keep up with industry trends and continue with its innovation in the future, or if there are adverse changes in relevant industry policies, the Company's development may be adversely affected.

The Company's development goal has always been "innovation". Our pipeline focuses on innovative drugs. In response to the above industry and policy risks, the Company will adapt to changes in external policies, continue to improve our innovation capabilities and our ability to continuously discover and develop new products, increase our R&D investments, accelerate the process of innovative drugs entering clinical trial phase and the market, and respond to challenges with innovation. On this basis, the Company will further expand our production capacity, and reduce the unit cost of our products while maintaining the quality of our products, so as to address the possible price reduction of drugs in future. At the same time, we will comply with relevant laws and regulations and adapt our business operations to the changes in regulatory policies to avoid possible policy risks.

7. Risks related to the macro environment

Future changes in the international, political, economic and market environment, especially the uncertainty of trade relations between China and the United States, as well as the additional tariffs or other restrictions that may be imposed by China and the United States on cross-border technology transfer, investment and trade, may have a certain adverse impact on the Company's overseas business operations.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Executive Directors

Xiong Jun 熊俊, 51

Chairman of the Board, Legal Representative, Chairman of the Strategic Committee, and Member of the Remuneration and Appraisal Committee and the Nomination Committee

Appointed to the Board: March 2015
Joined the Group: April 2013

Mr. Xiong is the chairman of board of directors of certain of the Group's subsidiaries, namely Suzhou TopAlliance, Suzhou Junao and Suzhou Junshi Biotechnology. He is also the general manager of Suzhou TopAlliance, Suzhou Junao and Hainan JunTop, and an executive director of JunTop Biosciences, Hainan JunTop and Junshi Hong Kong Limited. Mr. Xiong is also the chairman of the board of directors of Shanghai Junshi Xihai Biotechnology Co., Ltd.*, an associate of the Group.

Mr. Xiong started his investment in the Group since January 2013. From March 2013 to November 2015, he was the chairman of the board of directors of Shanghai Union Biopharm (a company previously listed on the NEEQ (previous stock code: 430598.NEEQ) and merged with the Company in June 2016), and he also served as its general manager from September 2013 to November 2015; since February 2007, he has been an executive director of Shanghai Baoying Asset Management Co., Ltd.*.

Mr. Xiong obtained his bachelor's degree from Zhongnan University of Finance and Economics (now known as Zhongnan University of Economics and Law) in July 1996 and his MBA from the Chinese University of Hong Kong in December 2007.

Mr. Xiong is the son of Mr. Xiong Fengxiang, a Shareholder of the Company and a party to the 2017 Concert Party Agreement. As at 31 December 2024, Mr. Xiong is deemed to be interested in 217,832,586 A Shares and 2,600 H Shares under the SFO, see "—Directors', Supervisors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures" in this annual report for details.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Li Ning 李寧, 63
Vice Chairman

Appointed to the Board: June 2018
Joined the Group: January 2018

Dr. Li is the chairman of the board of directors of TopAlliance, and a director of TA BIOSCIENCES PTE. LTD., TopAlliance Biosciences Hong Kong Limited and TOPALLIANCE BIOSCIENCES EUROPE LIMITED. Dr. Li's main experience prior to joining the Group includes: from May 1994 to January 1997, he served as a senior researcher of WESTAT, the research cooperation center of NIH AIDS in the U.S.; from February 1997 to September 2009, he held various positions, including reviewer, senior reviewer, team leader of review team and branch director at the FDA; from September 2009 to January 2018, he held various positions in Sanofi, including senior director of the registration and medical policy department of the group, assistant to vice president and vice president; from January 2007 to December 2010, he was a part-time professor at Johns Hopkins University in the U.S.; from November 2010 to November 2012, he was a guest professor at the Clinical Research Institute of Peking University; and from January 2012 to December 2014, he was a part-time professor at the Medical Informatics Center of Peking University.

Dr. Li obtained his bachelor's degree in medicine from Shanghai First Medical College in July 1984, his master's degree in medicine from Shanghai Medical University in October 1987 and Ph.D. degree in preventive medicine/biostatistics from University of Iowa, the U.S. in August 1994.

As at 31 December 2024, Dr. Li is interested in 50,000 A Shares under the SFO, see "—Directors', Supervisors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures" in this annual report for details.

Zou Jianjun 鄒建軍, 53
Chief Executive Officer, General Manager, and Member of the Remuneration and Appraisal Committee and the Strategic Committee

Appointed to the Board: June 2022
Joined the Group: April 2022

Dr. Zou is also a director of TopAlliance. Dr. Zou has over 20 years of experience in the healthcare sector. From August 1995 to September 2005, she served as the resident and attending physician at the department of oncology under the department of clinical medicine at the 301 Hospital of the People's Liberation Army* (解放軍 301 醫院) and at the department of oncology at the Shanghai Changzheng Hospital* (上海長征醫院) respectively. From October 2005 to October 2012, she served as the medical manager of the research and development department and the head of the oncology therapeutic team of Bayer China, and the head of global medical affairs at the United States headquarters of Bayer Pharmaceuticals in New Jersey. From October 2012 to September 2015, she served as the head of China Medical Affairs at Celgene Pharmaceuticals in the United States. From September 2015 to April 2022, she served as the chief medical officer and deputy general manager at Jiangsu Hengrui Pharmaceutical Co., Ltd.* (江蘇恒瑞醫藥股份有限公司).

Dr. Zou enrolled into the department of clinical medicine at the Fourth Military Medical University* (第四軍醫大學) in 1989 and graduated with a bachelor's degree in clinical medicine in 1995. She graduated with a doctorate degree in clinical oncology from the Second Military Medical University* (第二軍醫大學) in August 2005.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Li CONG 李聰, 60
Co-Chief Executive Officer

Appointed to the Board: December 2016
Joined the Group: December 2016

Mr. Li has over 20 years of experience in the pharmaceutical industry. Mr. Li's main experience includes: from July 1986 to December 1997, he was a lecturer on pathological anatomy of Shanghai Tiedao University School of Medicine; from December 1997 to January 2004, he served as the sales director of the Shanghai branch of NOVO Nordisk (China) Pharmaceuticals Co., Ltd.; from January 2004 to March 2019, he held the positions of manager of East China Region, sales director, assistant to general manager and general manager at Tonghua Dongbao Pharmaceutical Co., Ltd.* (a company listed on the Shanghai Stock Exchange (stock code: 600867.SH)). Since June 2019, he has been serving as director and general manager of Suzhou Landing Biopharmaceutical Co., Ltd.*.

Mr. Li obtained his bachelor's degree in medicine from Shanghai Tiedao University School of Medicine (now known as Tongji University School of Medicine) in July 1986.

As at 31 December 2024, Mr. Li is deemed to be interested in 127,020 A Shares under the SFO, see "—Directors', Supervisors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures" in this annual report for details.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Zhang Zhuobing 張卓兵, 57
Deputy General Manager

Appointed to the Board: December 2016
Joined the Group: December 2012

Mr. Zhang has over 20 years of experience in the pharmaceutical industry. Mr. Zhang has been a deputy general manager of Shanghai Union Biopharm from November 2011 to November 2015, the legal representative, executive director and general manager of Suzhou Union since October 2013, the legal representative, executive director and general manager of Wuxi Junshi Biomedical Technology Co., Ltd.* since December 2022, the legal representative and executive director of Wuxi Runmin Pharmaceutical Technology Co., Ltd.* since December 2022, the legal representative and executive director of Junshi Biotechnology since August 2023, the legal representative, executive director and general manager of Suzhou Junmeng since August 2023, the legal representative of Shanghai Runmin Changjian Biomedical Technology Co., Ltd.* (上海潤民長健生物醫藥技術有限公司) since December 2023, a director of Beijing Tianshi Pharmaceutical Technology Co., Ltd.* (北京天實醫藥科技有限公司) from April 2016 to November 2023, a director of Shanghai Junshi Xihai Biotechnology Co., Ltd.* since September 2021, and a director of Shanghai Junshi Kong Biotechnology Co., Ltd.* since December 2021.

Mr. Zhang was one of the founders of the Company when it was established in December 2012 and was a supervisor of the Company from December 2012 to March 2013.

Mr. Zhang's main experience prior to joining the Group includes: from January 1997 to May 2004, he served as a department manager of Yantai Medgenn Biopharmaceutical Co., Ltd.*; from May 2005 to October 2008, he served as a scientific researcher of Viron Therapeutics Inc., Canada; from November 2008 to September 2011, he served as a deputy director in Institute of Biopharmaceuticals of Nanjing Simcere Pharmaceutical Research Institute; since February 2011, he has been the chairman of the board of directors of Yongzhuo Boji (Shanghai) Biosciences Technology Co., Ltd.*.

Mr. Zhang obtained his bachelor's degree in biology from Xinjiang University in July 1988 and his master's degree in biochemistry from Tsinghua University, PRC in July 1995. Mr. Zhang was awarded the first prize of the Shandong district award for invention in 2005.

As at 31 December 2024, Mr. Zhang is deemed to be interested in 8,648,000 A Shares under the SFO, see "—Directors', Supervisors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures" in this annual report for details.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Yao Sheng 姚盛, 49
Deputy General Manager

Appointed to the Board: December 2016
Joined the Group: June 2014

Dr. Yao's main experience prior to joining the Group includes: From January 2003 to April 2004, he was a postdoctoral researcher at Mayo Medical School; from May 2004 to December 2010, he was a lecturer and research fellow at the Johns Hopkins University School of Medicine; from January 2011 to October 2011, he was a research scientist at Yale University School of Medicine; from October 2011 to June 2014, he was a senior scientist at Amplimmune Inc., a subsidiary of AstraZeneca, responsible for the tumor immunology and anti-autoimmune diseases antibody project.

Dr. Yao is also the Chief Executive Officer and a director of TopAlliance, and a director of TA BIOSCIENCES PTE. LTD., TopAlliance Biosciences Hong Kong Limited and TOPALLIANCE BIOSCIENCES EUROPE LIMITED. He took part in the invention of certain registered patents and patents in application in relation to JS002 and JS003 for the Group. Dr. Yao obtained his bachelor's degree in biotechnology from School of Life Sciences of Peking University in June 1998 and his Ph.D. degree in molecular genetics from Albert Einstein College of Medicine, the U.S. in January 2003. Dr. Yao has a number of articles published in journals including *Nature Communications*, *Science Advances*, *Immunity*, *Jem*, *Blood* and *JI.*

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Wang Gang 王剛, 67

Deputy General Manager, and Member of the Strategic Committee

Appointed to the Board: October 2023
Joined the Group: August 2019

Dr. Wang obtained a Ph.D degree in Pharmacology and Toxicology from the School of Medicine of Dartmouth College in the United States in September 1995. He has been serving as the deputy general manager and chief quality officer of the Company since 29 August 2019. He has been serving as a director of TopAlliance since July 2024. He has been serving as an independent director of Obio Technology (Shanghai) Corp., Ltd.* (和元生物技術(上海)股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688238. SH)) since January 2021, an independent director of Hrain Biotechnology Co., Ltd.* (上海恒潤達生生物科技股份有限公司) since June 2021, and an independent director of Hangzhou Sciwind Biosciences Co., Ltd.* (杭州先為達生物科技股份有限公司) since August 2023. Prior to joining the Company, he served as a postdoctoral researcher at the National Institutes of Health from October 1995 to June 1998. From June 1998 to July 1999, he served as a research scientist at Osiris Therapeutics in the United States. From August 1999 to August 2003, he served as a biologist at the National Institutes of Health. From August 2003 to June 2005, he served as an assistant professor at the University of Texas. From June 2005 to April 2017, he served in various positions, including the senior policy advisor, assistant director of the China office, senior reviewer and presiding officer, at the United States Food And Drug Administration. From April 2017 to April 2018, he served as the chief scientist in charge of compliance and inspection at the Drug Evaluation Center of the China Food and Drug Administration (CFDA). From May 2018 to August 2019, he served as the vice president for quality (Shanghai) at WuXi Biologics Co., Ltd.* (無錫藥明生物技術股份有限公司).

As at 31 December 2024, Dr. Wang is deemed to be interested in 10,000 A Shares under the SFO, see "—Directors', Supervisors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures" in this annual report for details.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Li Xin 李鑫, 46

Appointed to the Board: October 2023
Joined the Group: October 2023

Dr. Li obtained a Ph.D degree in Enterprise Development and Strategic Management from Fudan University in 2005 and obtained an Executive Master of Business Administration (EMBA) degree from the Tsinghua University PBC School of Finance. She has been serving as an executive Director and the Senior Vice President of Government Affairs of the Company since February 2024, and served as a non-executive Director of the Company from October 2023 to February 2024. She has been serving as a director of TopAlliance since July 2024. From September 2014 to December 2020, she served as the vice president of Greenland Financial Holdings Group Co., Ltd.*. She served as the vice president of Greenland Jinchuang Technology Group Co., Ltd.* (綠地金創科技集團有限公司) from January 2021 to August 2024; a director of Greenland Digital Technology Co., Ltd.* (綠地數字科技有限公司) since August 2022; and an executive director of Shanghai Jiacai Investment Management Co., Ltd.* since April 2015.

As at 31 December 2024, Dr. Li is interested in 12,060 A Shares and 82,854 H Shares under the SFO, see "—Directors', Supervisors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures" in this annual report for details.

Non-Executive Director

Tang Yi 湯毅, 56

Member of the Audit Committee

Appointed to the Board: May 2015
Joined the Group: May 2015

Mr. Tang has over 20 years of experience in the equity investment industry. Mr. Tang's main experience includes: from 1991 to 1993, he served as a department manager of Shenzhen Shekou Foreign Economic Development Company*; from 1993 to 1996, he served as the general manager of Shenzhen Yuesi Industrial Co., Ltd*; since June 1996, he has been the chairman of the board of directors at Shenzhen Finevalue Technology Co., Ltd.*; since December 2010, he has been the chairman of the board of directors at Shenzhen Dingyuan Growth Investment Management Co., Ltd.*; from October 2010 to October 2013, he was a director at Jiajia Food Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange with stock code 002650.SZ); from June 2011 to November 2018, he was a director of SMMC Marine Drive Systems (Suzhou) Co., Ltd. (a company previously listed on NEEQ (previous stock code: 832549.NEEQ) and delisted in August 2017); since April 2013, he has been a director of Shenzhen Qianhai Yuanben Equity Investment Fund Management Co., Ltd.*; since July 2013, he has been the representative appointed by the executive partner at Suzhou Ruiyuan Shengben Biological Medicine Management Partnership (LP)*, a Shareholder of the Company since July 2017, he has been the chairman of the board of directors of Jiangsu Xinyun Capital Management Co., Ltd.*. He is also a director of Suzhou TopAlliance, Suzhou Junao and Suzhou Junshi Biotechnology.

Mr. Tang obtained his bachelor's double degree in mechanical engineering and business management from Huaqiao University in July 1989 and January 1990, respectively.

As at 31 December 2024, Mr. Tang is deemed to be interested in 203,926,286 A Shares and 2,600 H Shares under the SFO, see "—Directors', Supervisors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures" in this annual report for details.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Zhang Chun 張淳, 67

Chairman of the Audit Committee and the Remuneration and Appraisal Committee, and Member of the Strategic Committee

Appointed to the Board: June 2020
Joined the Group: June 2020

Mr. Zhang's main experience includes: from August 1978 to July 1992, he had held various positions in the Industry and Transport Division of the Department of Finance of Jiangsu Province, including the deputy section chief, section chief and deputy division director; from August 1992 to December 1993, he served as the deputy general manager of Jiangsu High and New Technology Venture Capital Company*; from December 1993 to December 1995, he served as the president of Jiangsu Assets and Equity Exchange and the general manager of Jiangsu Asset Appraisal Company*; from December 1995 to December 1999, he served as the director of Jiangsu Certified Public Accountants Company*; from December 1999 to September 2010, he served as the director of the asset appraisal center under the Department of Finance of Jiangsu Province; from September 2010 to August 2017, he served as the division chief of Jiangsu Rural Comprehensive Reform Working Group Office; he has been retired since August 2017. He has been serving as the independent director of Zhejiang Goldensea Hi-Tech Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 603311.SH)) since June 2023.

Mr. Zhang graduated in accounting from Jiangxi University of Finance and Economics in July 1985, and graduated in law from Party School of the Central Committee of C.P.C in December 2001. He has been qualified as a Chinese Certified Public Accountant since 1994 and Senior Accountant since December 1997.

Feng Xiaoyuan 馮曉源, 68

Chairman of the Nomination Committee, and Member of the Remuneration and Appraisal Committee and the Strategic Committee

Appointed to the Board: December 2021
Joined the Group: December 2021

Dr. Feng worked as an operator of the Shanghai Fifth Pharmaceutical Factory from December 1975 to February 1978. He was a radiologist at Huashan Hospital of Fudan University from December 1982 to November 2016. He served as the deputy dean and secretary of the Party Committee at Huashan Hospital of Fudan University from April 2000 to May 2008. From May 2007 to June 2011, he served as the dean of Shanghai Medical College of Fudan University. He served as the vice president of Fudan University from May 2011 to July 2015 and since August 2016, he served as a tenured professor (honorary position, non-faculty position) at Huashan Hospital of Fudan University. He has been appointed as the chairman of the board of directors of Lunqin (Shanghai) Medical Technology Co., Ltd.* (倫琴(上海)醫療科技有限公司) since November 2016. He served as the dean of Shanghai Penta Innovation & Entrepreneurship Institute since January 2018. He has been the president and legal representative of Shanghai Society of Biomedical Engineering since September 2023.

Dr. Feng obtained his bachelor's degree in medicine from Shanghai First Medical College in December 1982 and a doctor's degree in diagnostic radiology Shanghai Medical University in December 1988.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Yang Yue 楊悦, 52

Member of the Nomination Committee and the Remuneration and Appraisal Committee

Appointed to the Board: June 2024
Joined the Group: June 2024

Dr. Yang obtained her bachelor's degree in pharmaceutical business management from Shenyang Pharmaceutical University in July 1995, obtained her master's degree in pharmacology from Shenyang Pharmaceutical University in July 1998, and obtained her doctoral degree in pharmacy from Shenyang Pharmaceutical University in July 2004. From August 1998 to November 2011, she served as a lecturer and associate professor at the School of Business Administration of Shenyang Pharmaceutical University. From December 2011 to September 2020, she was a professor and PhD supervisor. In October 2020, she joined the School of Pharmaceutical Sciences of Tsinghua University as a researcher and PhD supervisor. Currently, she is the leader of the discipline of drug regulatory science of Tsinghua University, the director of the Key Laboratory of Innovative Drug Research and Evaluation of National Medical Products Administration, and a director of China Center for International Economic Exchanges.

Li Zhongxian 酈仲賢, 68

Member of the Audit Committee

Appointed to the Board: December 2024
Joined the Group: December 2024

Mr. Li possesses postgraduate qualification, and holds the titles of senior auditor, and China's senior certified public accountant. He successively served as a staff member, deputy section chief and section chief of the Audit Office of Jiangsu Province* (江蘇省審計廳), the deputy director (deputy division) of the audit firm of Jiangsu Province* (江蘇省審計事務所), the deputy director of Jiangsu Tianhua Dapeng Certified Public Accountants* (江蘇天華大彭會計師事務所), the general manager of Jiangsu Fuhua Engineering Cost Consulting Co., Ltd.* (江蘇富華工程造價諮詢有限公司), the vice chairman and deputy director of Jiangsu branch of Zhongxinghua Certified Public Accountants Firm (special general partnership)* (中興華會計師事務所(特殊普通合夥)江蘇分所), and the executive director of Jiangsu Branch of Asia Pacific (Group) Certified Public Accountants Firm (special general partnership)* (亞太(集團)會計師事務所(特殊普通合夥)江蘇分所), etc. He has been serving as the executive director of Jiangsu branch of Lianda Certified Public Accountants Firm (special general partnership)* (利安達會計師事務所(特殊普通合夥)江蘇分所) since September 2023. He has been an independent director of Zhejiang Hengtong Holding Co., Ltd.* (浙江亨通控股股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code 600226.SH) since December 2022.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Lu Kun 魯琨, 48

Appointed to the Board: December 2024
Joined the Group: December 2024

Ms. Lu graduated from Zhongnan University of Economics and Law* (中南財經政法大學) with a major in economic law in September 1997, and obtained a master's degree in law from Wuhan University* (武漢大學) in September 2004. From July 2005 to September 2016, she served as general manager of the Wuhan branch of Industrial Bank Co., Ltd.. From June 2017 to January 2019, she served as general manager of Horizon Consulting Pty Ltd, and from January 2019 to present, she has served as deputy general manager of Metro Healthcare and Social Infrastructure Pty Ltd.

SUPERVISORS

Kuang Hongyan 匡洪燕, 53
Chairman of the Board of Supervisors

Appointed to the Board of Supervisors: June 2024
Joined the Group: June 2024

Ms. Kuang graduated from Jiangxi University of Finance and Economics with a bachelor's degree in management in 1993 and obtained a master's degree in finance from Nankai University in July 2005. She served as a lecturer at the accounting department of Jiangxi University of Finance and Economics from September 1993 to October 1996, and a staff member of the accounting and settlement department, a deputy general manager of the accounting and settlement department and a deputy general manager of the human resources department of Shenzhen branch, and the vice president, a deputy general manager of the retail business department and the general manager of the service management department of Overseas Chinese Town sub-branch of China Construction Bank from October 1996 to March 2010. From 2010 to 2019, she served as a deputy general manager of the legal and compliance department and the general manager of the human resources department of Shanghai branch, China Everbright Bank. Since 2019, she has served as the chairman of Anhui Zhongyi Zhilv Information Technology Co., Ltd.* (安徽中意之旅信息科技股份有限公司), an executive director and the general manager of Anhui Zhongyi Credit Limited* (安徽中意徵信有限公司) and an executive director of Shanghai Zhongyi Zhifu Asset Management Company Limited (上海中意之富資產管理有限公司).

Wang Pingping 王萍萍, 43

Appointed to the Board of Supervisors: June 2018
Joined the Group: June 2018

Ms. Wang has been a full-time teacher at the College of Economics and Management of the Shanghai University of Electric Power since March 2006. She obtained her bachelor's degree in statistics from Shanghai University of Finance and Economics in June 2003 and her master's degree in statistics from Shanghai University of Finance and Economics, the PRC in January 2006 and was awarded the college teacher qualification by the Shanghai Municipal Education Commission in September 2006.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Huo Yilian 霍依蓮, 34

Appointed to the Board of Supervisors: June 2021
Joined the Group: April 2021

Ms. Huo joined the Company and has been a purchasing manager of the Company since April 2021, and has been a supervisor of Shanghai Junshi Xihai Biotechnology Co., Ltd.* since September 2021. Since October 2022, she has been the executive director and legal representative of Suzhou Junao Cancer Hospital Co., Ltd.*; since December 2022, she has been a supervisor of Wuxi Junshi Biomedical Technology Co., Ltd.* and Wuxi Runmin Pharmaceutical Technology Co., Ltd.*. Ms. Huo's main experience prior to joining the Group includes: from November 2016 to May 2017, she served as a commercial operation coordinator at NBCUniversal Inc.; from April 2018 to June 2018, she served as a sales specialist in General Electric (China) Co., Ltd.; and from July 2018 to March 2021, she served as a sales specialist in ABB (China) Co., Ltd. Shanghai Office.

Ms. Huo obtained her bachelor's degree in science from Pennsylvania State University, the United States in 2014 and her master's degree in science from New York University, the United States in 2016.

SENIOR MANAGEMENT

Xu Baohong 許寶紅, 46

Mr. Xu has been the financial director of the Company since November 2020. Mr. Xu's main work experience includes: from June 2004 to May 2011, he served as the head of financial department and other positions of Shanghai Gas (Group) Co., Ltd.*; from May 2011 to April 2013, he served as the research director of Shanghai Homey Asset Management Co., Ltd.*; from April 2013 to February 2020, he served as the general manager and research director of Shanghai Shizhen Investment Management Centre (General Partnership)*; from February 2020 to November 2020, he served as the head of strategic investment department of the Company. Mr. Xu graduated from Shanghai University of Finance and Economics in 2004 and obtained a bachelor's degree in economics and a master's degree in management.

Wang Zhengyu 王征宇, 29

Mr. Wang was the securities affairs representative of the Company from March 2021 to April 2024, and is responsible for handling the legal and corporate governance matters of the Company. From May 2019 to March 2021, he served as the manager of the securities department of the Company. Mr. Wang has previously worked in the securities legal affairs department of Jiangsu Hengrui Medicine Co., Ltd.* (江蘇恒瑞醫藥股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600276). Mr. Wang graduated from Tongji University with Juris master and has obtained the national legal professional qualification and the qualification to serve as a secretary to the board of directors of a company listed on the STAR Market of the Shanghai Stock Exchange.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Other Senior Management Team

Our senior management also include Dr. Zou Jianjun (chief executive officer and general manager), Mr. Li Cong (co-chief executive officer), Mr. Zhang Zhuobing, Dr. Yao Sheng, and Dr. Wang Gang. Please see "－Executive Directors" above for biographical details of Dr. Zou Jianjun, Mr. Li Cong, Mr. Zhang Zhuobing, Dr. Yao Sheng and Dr. Wang Gang.

JOINT COMPANY SECRETARIES

Wang Zhengyu 王征宇

See "－Senior Management" above for biographical details of Mr. Wang Zhengyu.

Lai Siu Keun 黎少娟

Ms. Lai is a Director of Corporate Services of Tricor Services Limited, an Asia's leading business expansion specialist specializing in integrated Business, Corporate and Investor Services. Ms. Lai has over 20 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Lai is a Chartered Secretary and a Fellow of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators).

CORPORATE GOVERNANCE REPORT

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, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has applied the CG Code contained in Appendix C1 of the Listing Rules of the Stock Exchange as the basis of the Company's corporate governance practices.

The Company also has a corporate governance framework in place and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

The Board is of the view that throughout the Reporting Period, the Company has complied with all the applicable principles and code provisions as set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions.

Specific enquiry has been made of all the Directors and Supervisors and they have confirmed that they have complied with the Model Code throughout the Reporting Period.

The Company has also established written guidelines (the "**Employees Written Guidelines**") on terms 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 should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time in performing them.

CORPORATE GOVERNANCE REPORT

Board Composition

The Board currently comprises fourteen Directors, consisting of eight Executive Directors, one Non-executive Director and five Independent Non-executive Directors. The details of the Board composition are as follows:

Executive Directors

Mr. Xiong Jun (Chairman and Legal Representative)
Dr. Li Ning (Vice Chairman)
Dr. Zou Jianjun (Chief Executive Officer and General Manager)
Mr. Li Cong (Co-Chief Executive Officer)
Mr. Zhang Zhuobing
Dr. Yao Sheng
Dr. Wang Gang
Dr. Li Xin (re-designated from a non-executive Director to an executive Director with effect from 28 February 2024)

Non-executive Directors

Mr. Tang Yi
Dr. Feng Hui (retired with effect from 21 June 2024)

Independent Non-executive Directors

Mr. Zhang Chun
Dr. Feng Xiaoyuan
Dr. Yang Yue (appointed with effect from 21 June 2024)
Mr. Li Zhongxian (appointed with effect from 20 December 2024)
Ms. Lu Kun (appointed with effect from 20 December 2024)
Dr. Roy Steven Herbst (retired with effect from 21 June 2024)
Mr. Qian Zhi (retired with effect from 21 June 2024)
Dr. Shen Jingkang (appointed with effect from 21 June 2024 and ceased to be a director pursuant to the announcement of the Company dated 23 October 2024)
Dr. Meng Anming (resigned with effect from 20 December 2024)

The biographical information of the Directors are set out in the section headed "Directors, Supervisors and Senior Management" on pages 59 to 68 of this annual report.

None of the members of the Board is related to one another.

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

Apart from regular Board meetings, the Chairman also held one meeting with the Independent Non-executive Directors without the presence of other Directors.

CORPORATE GOVERNANCE REPORT

Chairman, Vice Chairman, Chief Executive Officer and Co-Chief Executive Officer

The position of Chairman and Vice Chairman are held by Mr. Xiong Jun and Dr. Li Ning. The positions of Chief Executive Officer and Co-Chief Executive Officer are held by Dr. Zou Jianjun and Mr. Li Cong, respectively. The Chairman and Vice Chairman provide leadership and are responsible for the effective functioning and leadership of the Board, the overall management of the Company, implementing decisions of the Company and its operations, overseeing the Group's regulatory and commercial suitability and sustainability. The Chief Executive Officer and Co-Chief Executive Officer focus on the Company's business development and daily management and operations, and are also responsible for formulating business strategies, managing operations of the Group, as well as overseeing the Group's regulatory and commercial suitability and sustainability.

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 more than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise, except as disclosed below.

The Company failed, for a period of time, to meet the requirement set out in Rule 3.10A of the Listing Rules due to the passing away of Dr. Shen Jingkang on 21 October 2024, which resulted in the number of Independent Non-executive Directors being less than one-third of the Board. Following the appointment of Mr. Li Zhongxian as an Independent Non-executive Director on 20 December 2024, the relevant requirement was complied with.

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.

Appointment and Re-election of Directors

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In accordance with the Articles of Association of the Company, every term of a Director is three years. Upon expiration of the term, a Director is eligible to re-election and re-appointment by shareholders at the general meeting of the Company.

Each of the newly appointed Directors has obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to him/her as a Director and the possible consequences of making a false declaration or giving false information to the Stock Exchange.

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

All Directors, including Non-executive Directors and Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Independent Non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board by bringing effective independent judgement on corporate actions and operations in order to give the Company the benefit of their skills, expertise and background.

CORPORATE GOVERNANCE REPORT

All Directors may, upon request, have full and timely access to all the information of the Company and seek the advice of legal advisers and other independent professional in appropriate circumstances (including to facilitate the identification of any conflict and competition situation, and to facilitate the enforcement of the above mechanisms if any actual or potential conflict or competition arise), at the Company's expenses for discharging their duties to the Company.

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

The Board reserves the decision on 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 will receive formal, comprehensive and tailored induction on the first occasion of his 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. During the induction training sessions attended by Dr. Yang Yue on 29 August 2024, Mr. Li Zhongxian and Ms. Lu Kun on 29 November 2024, they were provided with legal advice on Hong Kong law as regards the requirements under the Listing Rules that are applicable to them as directors of a listed company, and the possible consequences of making a false declaration or giving false information to the Stock Exchange. Dr. Yang Yue, Mr. Li Zhongxian and Ms. Lu Kun confirmed their understanding of their obligations as directors of a listed company. The Directors will be provided with and are required to receive continuous professional training on corporate governance and directors' duties including, directors' fiduciary duties and duty to avoid conflict, and on identifying potential conflict situation.

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 materials 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 two training sessions conducted by the lawyers for all Directors, and some Directors also attended various training courses organized by relevant regulatory authorities. The training session 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.

CORPORATE GOVERNANCE REPORT

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

Directors	Type of Training *Note*
Executive Directors	
Mr. Xiong Jun	A/B
Dr. Li Ning	A/B
Dr. Zou Jianjun	A/B
Mr. Li Cong	A/B
Mr. Zhang Zhuobing	A/B
Dr. Yao Sheng	A/B
Dr. Wang Gang	A/B
Dr. Li Xin (re-designated from a non-executive Director to an executive Director with effect from 28 February 2024)	A/B
Non-executive Directors	
Mr. Tang Yi	A/B
Dr. Feng Hui (retired with effect from 21 June 2024)	A/B
Independent Non-executive Directors	
Mr. Zhang Chun	A/B
Dr. Feng Xiaoyuan	A/B
Dr. Yang Yue (appointed with effect from 21 June 2024)	A/B
Mr. Li Zhongxian (appointed with effect from 20 December 2024)	A/B
Ms. Lu Kun (appointed with effect from 20 December 2024)	A/B
Dr. Roy Steven Herbst (retired with effect from 21 June 2024)	A/B
Mr. Qian Zhi (retired with effect from 21 June 2024)	A/B
Dr. Shen Jingkang (appointed with effect from 21 June 2024 and ceased to be a director pursuant to the announcement of the Company dated 23 October 2024)	A/B
Dr. Meng Anming (resigned with effect from 20 December 2024)	A/B

Note:

Types of Training

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

B: Reading materials relevant to corporate governance, director's duties and responsibilities and other relevant rules and ordinances

BOARD COMMITTEES

During the Reporting Period, the Board has established four Board committees, namely, the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategic 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 state clearly their authorities and duties. The terms of reference of the Audit Committee, Remuneration and Appraisal Committee, Nomination Committee and the Strategic Committee are published on the Company's website and the Stock Exchange's website.

CORPORATE GOVERNANCE REPORT

Audit Committee

The Audit Committee consists of two Independent Non-executive Directors, namely Mr. Zhang Chun (chairman of the Audit Committee) and Mr. Li Zhongxian, and one Non-executive Director, namely Mr. Tang Yi. Mr. Zhang Chun holds the appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules.

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 make recommendations to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

The Audit Committee held five meetings during the Reporting Period to review, in respect of the Reporting Period, the quarterly, interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and engagement of non-audit services and relevant scope of works and, connected transactions and arrangements for employees to raise concerns about possible improprieties. The Audit Committee also met the external auditors during the Reporting Period without the presence of the Executive Directors.

The Company failed, for a period of time, to meet the requirement set out in Rule 3.21 of the Listing Rules that the audit committee of a listed issuer must comprise a minimum of three members. Due to the passing away of Dr. Shen Jingkang on 21 October 2024, the number of members of the Audit Committee was reduced from 3 to 2, until the appointment of Mr. Li Zhongxian as an Independent Non-executive Director and election of him as a member of the Audit Committee on 20 December 2024.

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee consists of three Independent Non-executive Directors, namely Mr. Zhang Chun (chairman of the Remuneration and Appraisal Committee), Dr. Feng Xiaoyuan and Dr. Yang Yue, and two Executive Directors, namely Mr. Xiong Jun and Dr. Zou Jianjun.

The terms of reference of the Remuneration and Appraisal Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration and Appraisal Committee include: (i) making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

The Remuneration and Appraisal Committee held six meetings during the Reporting Period to review and make recommendation to the Board on the remuneration policy and the remuneration packages of the Directors and senior management and other related matters, and submit the same to the Board for consideration.

Details of the remuneration of the senior management by band are set out in note 12 to the consolidated financial statements for the Reporting Period.

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Nomination Committee consists of two Independent Non-executive Directors, namely Dr. Feng Xiaoyuan (chairman of the Nomination Committee) and Dr. Yang Yue, and one Executive Director, namely Mr. Xiong Jun.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board, assessing the independence of Independent Non-executive Directors and making recommendations to our Board on matters relating to the appointment of Directors and engagement of the senior management.

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

The Nomination Committee held five meetings during the Reporting Period to express opinions on the qualifications and requirements of the Directors and members of the Board committees to be appointed and the senior management to be engaged by the Board. With regards to the appointment of Dr. Yang Yue, Dr. Shen Jingkang, Mr. Li Zhongxian and Ms. Lu Kun during the Reporting Period, the Nomination Committee followed the procedures set out in the Director Nomination Policy and considered, including but not limited to, the qualifications and experience of candidates. The Nomination Committee considered that an appropriate balance of diversity perspectives of the Board is maintained.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board and is available on the website of the Company.

With a view to achieving a sustainable and balanced development, the Company recognizes board diversity as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All board appointments will be based on meritocracy and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board.

Pursuant to the Board Diversity Policy, selection of candidates of directors will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service etc. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee will review the Board Diversity Policy and its implementation on an annual basis. The Company has appointed four female Directors during the year ended 31 December 2024. We understand the special importance of gender diversity, as such we will strive to achieve gender diversity of the Board. In selecting and recommending suitable candidates to become members of the Board, the Company will seize opportunities to increase the proportion of female Board members, and promote gender diversity based on Shareholders' expectations and recommended best practices. The Company plans to promote gender diversity in the recruitment of mid- and senior-level employees, so that the Company has more potential female senior management and Board members.

CORPORATE GOVERNANCE REPORT

Set out below are the gender, age and length of service of the Directors as required to be disclosed by the Company's Board Diversity Policy:

Directors	Gender	Age	Length of Service as Director (Date of Appointment as Director)
Executive Directors			
Mr. Xiong Jun	Male	51	More than 10 years (27 March 2015)
Dr. Li Ning	Male	63	More than 6 years (24 June 2018)
Dr. Zou Jianjun	Female	53	Not more than 3 years (29 June 2022)
Mr. Li Cong	Male	60	More than 8 years (22 December 2016)
Mr. Zhang Zhuobing	Male	57	More than 8 years (22 December 2016)
Dr. Yao Sheng	Male	49	More than 8 years (22 December 2016)
Dr. Wang Gang	Male	67	Not more than 2 years (20 October 2023)
Dr. Li Xin (re-designated from a non-executive Director to an executive Director with effect from 28 February 2024)	Female	46	Not more than 2 years (20 October 2023)
Non-executive Directors			
Mr. Tang Yi	Male	56	More than 9 years (30 May 2015)
Dr. Feng Hui (retired with effect from 21 June 2024)	Male	48	More than 9 years (27 March 2015)
Independent Non-executive Directors			
Mr. Zhang Chun	Male	67	More than 4 years (19 June 2020)
Dr. Feng Xiaoyuan	Male	68	More than 3 years (16 December 2021)
Dr. Yang Yue (appointed with effect from 21 June 2024)	Female	52	Not more than 1 year (21 June 2024)
Mr. Li Zhongxian (appointed with effect from 20 December 2024)	Male	68	Not more than 1 year (20 December 2024)
Ms. Lu Kun (appointed with effect from 20 December 2024)	Female	48	Not more than 1 year (20 December 2024)
Dr. Roy Steven Herbst (retired with effect from 21 June 2024)	Male	62	6 years (24 June 2018)
Mr. Qian Zhi (retired with effect from 21 June 2024)	Male	56	6 years (24 June 2018)
Dr. Shen Jingkang (appointed with effect from 21 June 2024 and ceased to be a director pursuant to the announcement of the Company dated 23 October 2024)	Male	73	Not more than 1 year (21 June 2024)
Dr. Meng Anming (resigned with effect from 20 December 2024)	Male	61	Not more than 2 years (30 June 2023)

As at 31 December 2024, the Company had 1,228 male employees (47.63%) and 1,350 female employees (52.37%). The Board is satisfied with the gender diversity of our employees and no measurable objective with respect to gender diversity has been adopted as of the date of this report. We will continue to ensure that gender diversity is maintained when recruiting employees at all levels.

CORPORATE GOVERNANCE REPORT

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection procedures in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level. The particulars of the Nomination Policy are set out as follows:

1. The Nomination Committee shall take into account factors as set out in the Board Diversity Policy when considering the nomination or re-appointment of a candidate, including but not limited to gender, age, cultural and educational background or professional experience, as well as business model and specific needs of the Company.

2. The Nomination Committee shall follow the below procedures for the selection and appointment of Directors and senior management of the Company:

    a) actively communicate with relevant departments of the Company to study the Company's demands on Directors and senior management, and compile the written materials;

    b) extensively search for candidates for Directors and senior management within the Company and in the talent market;

    c) collect the information about the occupation, academic qualifications, job titles, detailed working experience and all part-time employment of the shortlisted candidates, and compiles the written materials;

    d) seek the advice of the nominees on the nomination, otherwise such persons shall not be considered as candidates for Directors and senior management;

    e) convene meetings of the Nomination Committee to examine the qualifications of the shortlisted candidates according to the employment requirements of Directors and senior management;

    f) submit the recommendations and materials concerning the candidates for Directors before electing new Directors; and submit the recommendations and materials concerning the candidates for new member of senior management before appointment;

    g) in performing its duties, the Nomination Committee may, if necessary, invite persons with relevant experience and experts from independent professional consulting firms to attend its meetings or convene expert panels; and engage independent professional consulting firms to participate in formulating remuneration plans for Directors and senior management; and

    h) conduct other follow-up work in accordance with the Board's decisions and response.

CORPORATE GOVERNANCE REPORT

Strategic Committee

The Strategic Committee consists of two Independent Non-executive Directors, namely Mr. Zhang Chun and Dr. Feng Xiaoyuan, and three Executive Directors, namely Mr. Xiong Jun (chairman of the Strategic Committee), Dr. Zou Jianjun and Dr. Wang Gang.

The primary functions of the Strategic Committee include considering and making recommendations to the Board in relation to the Company's long-term development strategies and major investment decisions.

The Strategic Committee held one meeting during the Reporting Period to review and discuss the Group's strategic plan and financing plan, and make recommendation to the Board on establishment of appropriate policies and practices in pursuit of the Group's strategic objectives and business plans.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2 of the CG Code.

The Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report during the Reporting Period.

CORPORATE GOVERNANCE REPORT

ATTENDANCE RECORDS OF DIRECTORS

The attendance record of each Director at the Board and Board Committee meetings and the general meetings of the Company held during the Reporting Period is set out in the table below:

	Attendance/Number of Meetings					
Name of Director	Board	Audit Committee	Remuneration and Appraisal Committee	Nomination Committee	Strategic Committee	General Meeting[1]
Mr. Xiong Jun (Chairman and Legal Representative)	13/13	–	6/6	5/5	1/1	4/4
Dr. Li Ning (Vice Chairman)	13/13	–	4/4	–	1/1	4/4
Dr. Zou Jianjun (Chief Executive Officer and General Manager)	13/13	–	2/2	–	–	4/4
Mr. Li Cong (Co-Chief Executive Officer)	13/13	–	–	–	–	4/4
Mr. Zhang Zhuobing	13/13	–	–	–	–	4/4
Dr. Yao Sheng	13/13	–	–	–	–	4/4
Dr. Wang Gang	13/13	–	–	–	–	4/4
Dr. Li Xin (re-designated from a non-executive Director to an executive Director with effect from 28 February 2024)	13/13	–	–	–	–	4/4
Mr. Tang Yi	13/13	5/5	–	–	–	4/4
Dr. Feng Hui (retired with effect from 21 June 2024)	7/7	–	–	–	–	3/3
Mr. Zhang Chun	13/13	5/5	6/6	–	1/1	4/4
Dr. Feng Xiaoyuan	13/13	–	6/6	5/5	–	4/4
Dr. Yang Yue (appointed with effect from 21 June 2024)	6/6	–	2/2	2/2	–	1/1
Mr. Li Zhongxian (appointed with effect from 20 December 2024)	1/1	–	–	–	–	–
Ms. Lu Kun (appointed with effect from 20 December 2024)	1/1	–	–	–	–	–
Dr. Roy Steven Herbst (retired with effect from 21 June 2024)	7/7	–	–	–	1/1	3/3
Mr. Qian Zhi (retired with effect from 21 June 2024)	7/7	2/2	4/4	3/3	–	3/3
Dr. Shen Jingkang (appointed with effect from 21 June 2024 and ceased to be a director pursuant to the announcement of the Company dated 23 October 2024)	3/3	2/2	–	–	–	–
Dr. Meng Anming (resigned with effect from 20 December 2024)	12/12	–	–	–	1/1	4/4

Note:

(1) During the Reporting Period, the Company convened four general meetings (including one annual general meeting, one A Shareholders' class meeting, one H Shareholders' class meeting and one extraordinary general meeting).

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

The Company has adopted a series of internal control policies, procedures and programs designed to achieve effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Highlights of our internal control systems include the following:

Scientific and Clinical Medicines Committee – The Company has established a Scientific and Clinical Medicines Committee comprising our Executive Directors, senior management and certain heads of department, which holds meetings on a monthly basis and is mainly responsible for the overall governance and decision making on drug development investment, strategy and planning of the Company.

Listing Rules Compliance – We have adopted various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to corporate governance, connected transactions, notifiable transactions, inside information and securities transactions by the Directors.

Code of Conduct – Our code of conduct explicitly communicates to each employee our values and our ground rules for behavior.

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

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

The Board had reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the Reporting Period, and considered that such systems are effective and adequate. The annual review also covered the staff qualifications, experiences, training programmes, budget and relevant resources of the Company's accounting, internal audit, financial reporting and ESG performance and reporting functions, and the Board considers them to be adequate.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, Supervisors, senior management, officers and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

The Company has engaged an external professional firm for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit function examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

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 auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 113 to 116.

AUDITORS' REMUNERATION

The remuneration paid and payable to the external auditors of the Company in respect of audit services and non-audit services for the Reporting Period amounted to RMB3,420,000 and RMB1,254,000 respectively.

An analysis of the remuneration paid and payable to the external auditors of the Company (including Shanghai and Hong Kong), Messrs. Deloitte Touche Tohmatsu, in respect of audit services and non-audit services for the Reporting Period is set out below:

Service Category	**Fees Paid/Payable (RMB)**
Audit Services	3,420,000
– Annual Report	3,420,000
Non-audit Services	1,254,000
– Interim Report	1,050,000
– Consulting Service	204,000
	4,674,000

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

On 24 April 2024, Ms. Chen Yingge has tendered her resignation as a joint company secretary and Mr. Wang Zhengyu has been appointed as the joint company secretary.

Mr. Wang Zhengyu and Ms. Lai Siu Kuen of Tricor Services Limited, an external services provider, acted as the Company's joint company secretaries for the Reporting Period. The primary contact person of Ms. Lai Siu Kuen at the Company is Mr. Wang Zhengyu, secretary of the Board.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices and matters.

During the Reporting Period, Mr. Wang Zhengyu and Ms. Lai Siu Kuen have complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of the relevant professional training.

SHAREHOLDERS' RIGHTS

The Company engages with Shareholders through various communication channels. The Shareholders' communication policy of the Company is made available on the Company's website. The Board has considered the Shareholders' communication policy of the Company and is satisfied that there are effective channels by which Shareholders can communicate with the Company.

To safeguard the interests and rights of Shareholders, 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.

Convening an Extraordinary General Meeting

Shareholders holding 10% or more of the shares of the Company (individually or together with others) shall be entitled to request for an extraordinary general meeting or class meeting.

The aforesaid Shareholder(s) may sign one or more written request(s) of identical form and substance requesting the Board to convene an extraordinary general meeting or a class meeting and stating the subject of the meeting. Shares held by the above Shareholders shall be calculated as of the date on which the written request is made by the Shareholder(s).

CORPORATE GOVERNANCE REPORT

Putting Forward Proposals at Extraordinary General Meetings

When a general meeting is held by the Company, the Board, the Board of Supervisors or Shareholder(s) who individually or jointly hold at least 3% of the shares of the Company shall have the right to submit new proposals to the Company.

Shareholder(s) who individually or together hold at least 3% of the shares of the Company may propose an extempore proposal 10 days prior to the general meeting by submitting the same to the convener in writing. The convener shall issue a supplemental notice of general meeting within 2 days after receiving the proposed motion specifying the contents of the extempore motion.

Except as provided in the preceding paragraph, the convener shall not amend the proposals specified in the notice of the general meeting nor add new proposals after the notice is despatched.

Putting Forward Enquiries to the Board

To put forward any enquiries to the Board, Shareholders may send written enquiries to the Company.

Contact Details

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

For H Shareholders

Address: Tricor Investor Services Limited
17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
(For the attention of the Board of Directors/Company Secretary)
Fax: +852 2810 8185

For A Shareholders

Address: 16th Floor, Building 7, No. 6, Lane 100, Pingjiaqiao Road, Pudong New Area, Shanghai, China
(For the attention of the Board of Directors/Company Secretary)
Post Code: 200126
Fax: +86 021 6175 7377

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. Shareholders may call the Company at +86 021 6105 8800 for any assistance.

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. The Company endeavours to maintain an ongoing 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.

During the Reporting Period, the Company amended the Articles of Association at 21 June 2024 and 20 December 2024.

Policies relating to Shareholders

The Company has in place a Shareholders' communication policy to ensure that Shareholders' views and concerns are appropriately addressed. During the Reporting Period, the Board had conducted the annual review on the implementation and effectiveness of the Shareholder's communication policy and considers it to be effective.

The Company has adopted a policy on payment of dividends pursuant to code provision F.1.1 of the CG Code and details are summarized as follows:

The Company may distribute dividends in the form (or a combination of two or more of the forms) as follows:

(1) cash;

(2) shares; and/or

(3) other means as permitted by the laws, administrative regulations, departmental rules and regulatory rules in the place where the Shares are listed.

When distributing each year's after-tax profits, the Company shall set aside ten percent of its after-tax profits into a statutory reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory reserve fund is not sufficient to make up the losses of the previous year, profits of the current year shall be applied to make up the losses before allocation is made to the statutory reserve fund pursuant to the above provisions.

After allocation of the statutory reserve fund from the after-tax profits, the Company may, upon a resolution passed at the Shareholders' general meeting, allocate discretionary reserve fund from the after-tax profits.

After making up for the losses and making contributions to the reserve fund, any remaining after-tax profits shall be distributed by the Company to the Shareholders in proportion to their respective shareholdings according to the resolutions adopted at the general meeting.

CORPORATE GOVERNANCE REPORT

The reserve funds of the Company shall be used to make up the losses of the Company, expand its production and operation or increase its capital. However, the capital reserve fund shall not be used to make up any losses of the Company. In capitalizing the statutory common reserve fund, the remaining balance of such fund shall not be less than 25% of the registered capital of the Company prior to such capitalization.

Where the general meeting violates the preceding paragraph and decides on the distribution of profits to Shareholders prior to making up the losses of the Company and allocating to the statutory common reserve fund, Shareholders must return the profit so distributed to the Company.

The Shares held by the Company shall not be entitled to any profit distribution. Where any resolution concerning cash dividends, bonus issue or capitalization of capital reserve fund is passed at a general meeting, the Company shall implement the specific proposals within two months upon conclusion of the meeting.

Whistle-blowing Policy (CG code D.2.6)

The Company has put in place whistleblowing policy which applies to all the directors and employees (including but not limited to permanent, full-time, part-time and contract employees, etc.) of the Group and any parties who deal with the Group (including but not limited to investors, customers, contractors, suppliers, creditors and debtors, etc.). The policy is designed to provide the employees and any external parties with confidential whistleblowing channels to report to the Group the actual or suspected illegal activities and misconducts in corporate financial reporting, internal control or other areas.

Anti-Corruption Policy (CG code D.2.7)

The Group does not tolerate any corruption, bribery, extortion, fraud or money laundering during the course of its business activities. As such, it has formulated an anti-corruption policy (the "**Anti-Corruption Policy**") which prohibits all forms of corruption practice by making reference to the relevant laws and regulations. The Anti-Corruption Policy forms an integral part of the Group's corporate governance framework, which sets out the specific behavioural guidelines that the employees of the Group must follow to combat corruption. The Anti-Corruption Policy is reviewed and updated on a regular basis to align with the applicable laws and regulations as well as the industry best practices.

Board Independent Mechanism (CG code B.1.4)

The Company has established a mechanism to ensure independent views and input are available to the Board. This is achieved by giving directors access to external independent professional advice from legal advisers and auditor, as well as the full attendance of all Independent Non-executive Directors at all the meetings of the Board and its relevant committees held during the Reporting Period. The Board reviews the implementation and effectiveness of the aforementioned mechanisms on an annual basis.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2024, the Company attached great importance to and actively promoted ESG management. During the reporting period, the Company effectively implemented its environmental protection responsibilities, adhered to the resource use policy of "saving sources and controlling pollution, abiding by laws and regulations, continuous improvement, and green development", attached importance to waste discharge and management, and ensured the sustainability of production and operation. The Company also proactively fulfilled its social responsibilities, actively participated in public welfare and charity activities, and made full use of our own drug research and development strength to actively give back to the society. At the same time, the Company continuously improved corporate governance structure, established and improved internal control system, strengthened information disclosure, improved standardized operation level, effectively protected the legitimate rights and interests of the company and shareholders, and ensured the healthy and stable development of the company.

I. UPHOLDING GOVERNANCE RESPONSIBILITIES AND STRENGTHENING THE FOUNDATION FOR DEVELOPMENT

The Company always regards standardized governance as the core of sustainable development. In 2024, we continuously improved the governance framework of the "General Meeting of Shareholders, Board of Directors, Board of Supervisors, and Senior Management", and revised the list of rights and responsibilities from time to time, to ensure that decision-making is scientific and transparent. The Board of Directors held 13 meetings throughout the year. As of the end of the Reporting Period, 36% of the Company's directors were independent and 29% of that were female, fully reflecting the diversity and inclusiveness of governance. The corporate governance of the Company strictly complied with the requirements of the PRC Company Law、the PRC Securities Law, the SSE Listing Rules and the Hong Kong Listing Rules, other applicable laws, regulations, normative documents, as well as the *Articles of Association of Shanghai Junshi Biosciences Co., Ltd.* (the "**Articles of Association**"). We have been awarded the "Golden Information Disclosure Award" by China Securities Journal, and received the highest Grade A in the "Evaluation of Information Disclosure Work of Listed Companies in Shanghai for 2023-2024". Additionally, the Company comprehensively controls risks through the C-SOX (Basic Standard for Enterprise Internal Control) internal control system to ensure operational compliance and efficiency.

As for business ethics, we practice anti-corruption, anti-money laundering and anti-monopoly requirements with a "zero tolerance" attitude. In the future, we will further strengthen the construction of a compliance culture and solidify the foundation of corporate integrity.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

II. STICKING TO INNOVATION-DRIVEN DEVELOPMENT AND SAFEGUARDING LIFE AND HEALTH

Innovation is the core competitiveness of Junshi Biosciences. In 2024, the Company invested RMB1.275 billion in R&D, and obtained 32 additional patents, bringing the total number of patents to 175. Toripalimab is the first anti PD-1 monoclonal antibody independently developed and manufactured in China that was approved for marketing by the FDA, and as the end of the Reporting Period, toripalimab has been approved for marketing in Chinese mainland, Hong Kong SAR of China, the United States, the EU, India, the U.K., Jordan, and other countries and regions, and benefited over one million tumor patients.

The Company, in strict compliance with the ethics of science and technology, establishes a full-process quality management system, which achieves a 0% recall ratio throughout the year and covers 100% of its employees with pharmacovigilance training. We will continue to focus our efforts on patients and promoting more innovative drugs to the world in the future.

III. PRACTICING GREEN OPERATIONS AND RESPONDING TO CLIMATE CHANGE

Environmental responsibility is a key pillar of Junshi Biosciences's sustainable development. In 2024, the Company invested a total of RMB4.2355 million in environmental protection, the total GHG emissions (Scope 1 + Scope 2) amounting to 26,800.75 tCO_2e. Through the implementation of projects such as steam condensate reuse, we have significantly reduced our energy intensity. In 2025, we plan to further explore the feasibility of using clean energy.

For waste management, we strictly classified and handled 169.31 tons of hazardous waste and entrusted professional organizations to dispose them in a compliant manner, and no environmental violations occurred throughout the year. In the future, we will continue to respond to the "carbon peaking and carbon neutrality" goal, set a scientific path to reduce emissions, and promote the transformation of green production.

IV. CARING FOR THE GROWTH OF EMPLOYEES AND CONTRIBUTING TO THE WELL-BEING OF SOCIETY

Employees are the most valuable asset of the Company. In 2024, we provided health checkups and vocational training for all employees, achieved 100% of work safety training coverage, and increased the percentage of female employees to 52.4%. Through equity incentive plans and diverse promotion channels, we help our employees realize their professional value, and our employee turnover rate was lower than the industry average level for the year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In the field of social responsibility, the Company donated to support the construction of primary-level medical emergency systems and conducted a lung cancer public consultation event that benefited tumor patients. Committed to our mission of "Benefiting patients with innovative drugs", we have been promoting the inclusion of toripalimab in the National Reimbursement Drug List (NRDL) to reduce the financial burden on patients. In the future, we will deepen the rural revitalization, medical assistance and other public welfare actions to practice corporate responsibility.

We understand that sustainable development is a long-term mission. The Board of Directors will always work hand in hand with shareholders, employees, customers and communities to move towards a healthy, green and inclusive future with a transparent and responsible attitude.

For details on the Company's performance in fulfilling its environmental and social responsibilities, please refer to the "Shanghai Junshi Biosciences Co., Ltd. 2024 Environmental, Social and Governance (ESG) Report" disclosed on the official websites of the Shanghai Stock Exchange (www.sse.com.cn), Hong Kong Stock Exchange (www.hkex.com.hk), and the Company (www.junshipharma.com).

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES

The Company is an innovation-driven biopharmaceutical company dedicated to the discovery and development of innovative drugs and their clinical research and commercialization on a global scale.

As of the date of this report, the Group had over 50 drug candidates, covering five major therapeutic areas including malignant tumors, autoimmune diseases, chronic metabolic diseases, neurologic diseases and infectious diseases.

Details of the principal activities of the principal subsidiaries are set out in note 38 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the Reporting Period.

BUSINESS REVIEW AND RESULTS

A review of the business of the Group during the Reporting Period is provided in "Management Discussion and Analysis" of this annual report. An analysis of the Group's performance during the Reporting Period using key financial performance indicators is provided in the Financial Review on pages 42 to 55 of this annual report.

The results of the Group for the Reporting Period are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on pages 117 to 118 in the Independent Auditor's report.

FINAL DIVIDENDS

The Directors do not recommend a final dividend for the Reporting Period.

FUTURE AND OUTLOOK

With leading R&D capability and standing at the forefront of medical innovation, we see it as our mission to fulfill unmet medical needs and bring cure to the diseased. In respect of R&D of drugs, we will accelerate late-stage pipeline R&D and marketing application. We will also continue to explore early-stage pipelines and closely track relevant clinical trial data, aiming to facilitate the progress of clinical trial registration for more advantageous products and indications, thus creating a sustainable impetus for the future revenue growth of the Company. Meanwhile, we will also invest appropriate resources to explore and develop new drug targets and drug types. Based on independent R&D, we will further enhance cooperation and expand the product pipeline through license-in, formation of joint ventures and other methods to stay on the front line of R&D of innovative drugs. As for production, we plan to further increase the fermentation capacity of macromolecular drugs and explore new production processes to further improve the competitiveness of our production costs. In respect of commercialization, we will continue to improve the establishment of our marketing and commercialization teams while carrying out commercial cooperation with outstanding pharmaceutical companies in the global arena to continuously expand our international business layout. The Company is committed to becoming an innovative pharmaceutical company that operates "in China, for global", integrating R&D, production and commercialization, and benefiting patients with world-class and trustworthy innovative drugs.

REPORT OF THE DIRECTORS

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

- In January 2025, the indication of TUOYI® for the treatment of unresectable or metastatic melanoma after failure of standard systemic therapy has been approved by the NMPA for conversion from conditional approval to regular approval.

- In January 2025, the IND application for JS212 (a recombinant humanized EGFR and HER3 ADC) has been accepted by the NMPA, and has been approved by the NMPA in March 2025.

- In January 2025, the indication of MINDEWEI for the treatment of adult patients with mild to moderate COVID-19 has been approved by the NMPA for conversion from conditional approval to regular approval.

- In January 2025, the NCE application for toripalimab in combination with cisplatin and gemcitabine, for the first-line treatment of adults with metastatic or recurrent, locally advanced NPC and toripalimab, as a single agent, for the treatment of adults with recurrent unresectable or metastatic NPC with disease progression on or after a platinum-containing chemotherapy has been approved by the TGA. Toripalimab has become the first and only immuno-onocology treatment for NPC in Australia.

- In January 2025, TopAlliance, a wholly-owned subsidiary of the Company, has entered into a distribution and marketing agreement with LEO Pharma. TopAlliance will grant LEO Pharma the exclusive right to store, distribute, promote, market and sell toripalimab in the Territory. LEO Pharma shall pay TopAlliance an upfront payment of EUR15 million, milestone payment(s) for any subsequent approved indication(s) for toripalimab in the Territory, and a revenue share of a double-digit percentage on the net sales of toripalimab throughout the Territory.

- In February 2025, the IND application for JS213 (a PD-1 and IL-2 bifunctional antibody fusion protein) has been approved by the NMPA.

- In March 2025, the sNDA for TUOYI® in combination with bevacizumab for the first-line treatment for patients with unresectable or metastatic HCC has been approved by the NMPA.

- In March 2025, the NDA for toripalimab in combination with cisplatin and gemcitabine for the first-line treatment of adult patients with recurrent, not amenable to surgery or radiotherapy, or metastatic NPC has been approved by the HSA. Toripalimab has become the first and only approved immuno-oncology treatment for NPC in Singapore.

RESEARCH AND DEVELOPMENT ACTIVITIES OF CORE PRODUCTS

Further details of the development of toripalimab, the Company's core product, are set out in "Management Discussion and Analysis" of this annual report.

REPORT OF THE DIRECTORS

INDUSTRY COMPETITION LANDSCAPE AND DEVELOPMENT TREND

The Company is an innovation-driven biopharmaceutical company dedicated to the discovery and development of innovative drugs and their clinical research and commercialization on a global scale. With distinguished capability of innovative drug discovery, advanced biotechnological R&D, large-scale production capacity throughout the whole industry chain, and rapidly expanding drug candidate portfolio with tremendous market potential, the Company has a leading edge in the emerging field of immuno-oncology and for the treatment of autoimmune and metabolic diseases.

The R&D model of innovative drugs includes independent R&D, licensing from other innovative drug companies or other forms of cooperative R&D. Most of the Company's IND and products in later stages are independently developed through its proprietary whole industry chain platform, and includes the first domestic anti-PD-1 monoclonal antibody approved for marketing in both China and the United States, the world's first anti-BTLA monoclonal antibody approved for clinical trials, and etesevimab, and the first domestic drug for the treatment of COVID-19 which received Emergency Use Authorization (EUA) in Europe, the United States and other overseas countries and regions. As of the date of this report, the Company has more than 50 drugs candidates, which are in different R&D stages. Its abundant project reserves, including various target drugs with original innovation, reflects the excellent innovative drug R&D capabilities of the Company, one of the few companies in China that has the potential to develop revolutionary drugs. The market value of the Company is at the forefront among comparable companies, reflecting the high market recognition for the Company.

The development of China's innovative drug industry has entered a new stage of standardized development, and there is an increasing number of drugs of various types entering into the commercialization stage. In the face of international inflation and geopolitical risks, domestic pharmaceutical policy changes and competition, innovative drug companies have to combine the characteristics of their products with R&D strategies that are in line with their resource endowments to achieve greater success in the commercialization stage. Based on the current situation of the domestic and international environment, the development trend of China's pharmaceutical industry is as follows:

- Innovation-driven development: Under the dual impetus of policy and market forces, innovation will become the core growth driver of the pharmaceutical industry. Companies will increase R&D investment and accelerate the development and marketing of innovative drugs to address market competition while meeting the growing needs of patients;

- High-quality development as the main theme: Guided by policies, the pharmaceutical industry will place greater emphasis on product quality and safety, driving the sector toward more sophisticated and intelligent development;

- Market segmentation and diversified growth: Companies will develop more targeted products and services tailored to the needs of different consumer groups while exploring new growth areas in emerging business segments. Pharmaceutical e-commerce, tailored treatments and the intelligentization and miniaturization of medical devices will become key development trends;

REPORT OF THE DIRECTORS

- Internationalization strategy: Facing saturation in the domestic market, pharmaceutical companies are turning their focus to global markets, and enhancing their global competitiveness through international collaborations. The trend of "increased volume and quality" in outbound licensing transactions for innovative drugs will continue, with more early-stage pipeline value being unlocked and the NewCo model expected to gain further valuation recognition;

- Digitalization and intelligentization: The pharmaceutical industry will accelerate digital transformation by leveraging big data, AI and other technologies to improve R&D efficiency, optimize production processes, and enhance patient experiences. Intelligentization will become a critical direction for the future development of the pharmaceutical industry;

- Strict regulation and compliance operations: With the continuous strengthening of pharmaceutical regulatory systems, pharmaceutical companies must prioritize compliance to ensure drug safety, efficacy and quality control. Enterprises need to establish robust compliance frameworks and enhance regulatory capabilities and risk management.

In summary, supported by policies, China's pharmaceutical industry has demonstrated a positive development trend in various aspects including accelerated innovation, high-quality development, market segmentation and diversification, strategic international expansion, digital transformation, and strict regulation and compliance operations. The industry is poised to maintain steady growth in the future.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period,

(i) the Group's purchases with the five largest suppliers (non-capital in nature) accounted for less than 30% of its total non-capitalized purchases (2023: less than 30%); and

(ii) the Group's largest customer accounted for 28.11% (2023: 29.70%) of its total pharmaceutical sales and licensing income and the Group's five largest customers accounted for 65.21% (2023: 68.62%) of its total pharmaceutical sales and licensing income.

None of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

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.

SUBSIDIARIES

Details of the major subsidiaries of the Company as of 31 December 2024 are set out in note 38 to the consolidated financial statements.

REPORT OF THE DIRECTORS

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 32 to the consolidated financial statements.

As of 31 December 2024, 985,689,871 Shares were in issue (comprising 219,295,700 H Shares and 766,394,171 A Shares).

RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in equity to the consolidated financial statement.

DISTRIBUTABLE RESERVES

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

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group as at 31 December 2024 are set out in note 25 to the consolidated financial statements.

2020 RESTRICTED A SHARE INCENTIVE SCHEME

On 29 September 2020, the Board of Directors resolved to adopt the 2020 Restricted A Share Incentive Scheme. The 2020 Restricted A Share Incentive Scheme was approved and adopted by its Shareholders at the 2020 third extraordinary general meeting, the 2020 second class meeting of A Shareholders and the 2020 second class meeting of H Shareholders held on 16 November 2020.

The purpose of the 2020 Restricted A Share Incentive Scheme is to further perfect the Company's corporate governance structure, establish and improve the Company's long-term incentive mechanism, attract and retain the Company's management personnel, core technical personnel and other personnel, fully mobilize their enthusiasm and creativity, effectively strengthen the cohesion of the core team and the competitiveness of the Company, align the interests of the shareholders, the Company and the core staff members, bring their attention to the long-term development of the Company and ensure that the Company's development strategy and business goals shall be realized. A summary of the 2020 Restricted A Share Incentive Scheme is set out below:

(a) The participants of the 2020 Restricted A Share Incentive Scheme include Directors, members of the senior management, core technical staff and other persons (who are all employees of the Group excluding the Independent Non-executive Directors and Supervisors) considered by the Board to be required to be incentivized of the Group. The list of Participants will be prepared by the Remuneration and Appraisal Committee and verified by the Board of Supervisors.

(b) In the first grant of Restricted Shares under the 2020 Restricted A Share Incentive Scheme (the "**First Grant**") on 16 November 2020, 28,519,000 Restricted Shares were granted to 1,933 participants (including participants who were connected persons of the Company).

REPORT OF THE DIRECTORS

(c) The participants for the reserved grant of Restricted Shares under the 2020 Restricted A Share Incentive Scheme (the "**Reserved Grant**") shall be determined within 12 months after the scheme was considered and approved at the 2020 third extraordinary general meeting, the 2020 second class meeting of A Shareholders and the 2020 second class meeting of H Shareholders held on 16 November 2020. The Reserved Grant shall lapse if the participants cannot be determined within the 12-month period. The basis for determining the participants for the Reserved Grant shall be the same as the basis for determining the participants for the First Grant.

(d) The total number of Restricted Shares to be granted under the 2020 Restricted A Share Incentive Scheme will be not more than 35,648,000 A Shares (representing approximately 4.65% of the total number of issued A Shares and approximately 3.62% of the total issued share capital of the Company as at the date of this report) (subject to adjustment to the number of the Restricted Shares and/or the grant price upon occurrence of certain corporate actions of the Company according to the 2020 Restricted A Share Incentive Scheme ("**Adjustment**")). Amongst the total number of Restricted Shares, not more than 7,129,000 A Shares, representing approximately 20% of the total number of Restricted Shares, will be reserved for the Reserved Grant (subject to Adjustment). The source of all Restricted Shares under the scheme will be new ordinary A Shares to be issued by the Company to the participants.

(e) The total number of Shares to be granted to any participant under all share incentive schemes of the Company which are within their validity period shall not exceed 1% of the total share capital of the Company.

(f) The 2020 Restricted A Share Incentive Scheme became effective upon the grant date of the First Grant (i.e. 16 November 2020), and shall be valid until the date on which all Restricted Shares have been attributed or lapsed, such period shall not exceed 48 months.

(g) Subject to the attribution conditions having been fulfilled, the Restricted Shares may be attributed to the participants (for the First Grant) in three tranches and (for the Reserved Grant) in two tranches.

Attribution arrangements of the First Grant are as follows: (1) the first tranche (40% of the Restricted Shares granted) can be attributed from the first trading day after the expiry of 12 months following the grant date of the First Grant until the last trading day within the 24 months following the grant date of the First Grant; (2) the second tranche (30% of the Restricted Shares granted) can be attributed from the first trading day after the expiry of 24 months following the grant date of the First Grant until the last trading day within the 36 months following the grant date of the First Grant; and (3) the third tranche (30% of the Restricted Shares granted) can be attributed from the first trading day after the expiry of 36 months following the grant date of the First Grant until the last trading day within the 48 months following the grant date of the First Grant.

Attribution arrangements of the Reserved Grant are as follows: (1) the first tranche (50% of the Restricted Shares granted) can be attributed from the first trading day after the expiry of 12 months following the grant date of the Reserved Grant until the last trading day within the 24 months following the grant date of the Reserved Grant; and (2) the second tranche (50% of the Restricted Shares granted) can be attributed from the first trading day after the expiry of 24 months following the grant date of the Reserved Grant until the last trading day within the 36 months following the grant date of the Reserved Grant.

REPORT OF THE DIRECTORS

Those Restricted Shares not being attributed to the participants during the period of their respective tranches as a result of failure to fulfil the attribution conditions are not allowed to be attributed or deferred to be attributed in the next attribution period(s), and they shall lapse according to the provisions under the scheme.

(h) The grant price of the First Grant was RMB55.50 per A Share (subject to Adjustment). A participant who has satisfied the conditions for grant and attribution may purchase new A Shares issued by the Company at such grant price. The grant price of the Reserved Grant shall be the same as the grant price of the First Grant, i.e. RMB55.50 per A Share (subject to Adjustment).

Pursuant to the STAR Market Listing Rules and the Management Measures for Share Incentives of Listed Companies* (《上市公司股權激勵管理辦法》), the grant price shall not be lower than the nominal value of each share of the Company and in principle should not be lower than the higher of the following prices: (i) 50% of the average trading price of the A Shares for the date of the A Share announcement of the draft 2020 Restricted A Share Incentive Scheme (i.e. 29 September 2020), being RMB85.46 per A Share; and (ii) 50% of any one of the average trading price of the A Shares for the 20 trading days, being RMB90.25 per A Share, 60 trading days or 120 trading days immediately preceding the said announcement.

The grant price was determined based on the issue price of the A Shares in the Company's STAR Market Listing on 15 July 2020, being RMB55.50 per A Share. This was also determined with a view to stabilize talents and effectively incentivize employees under different cycles and business environments which may allow the Company to gain advantage in the competitive industry that it operates in. The Board has also taken into consideration the level of difficulty of the performance targets which participants must achieve for the Restricted Share(s) to be attributed, and considers that this is in balance with the substantial discount in the grant price.

(i) The Restricted Shares may only be granted and attributed upon satisfaction of the relevant conditions stipulated in the 2020 Restricted A Share Incentive Scheme.

(j) The requirements of black-out for the Restricted Shares are implemented in accordance with relevant laws, administrative regulations and regulatory documents including the PRC Company Law and the PRC Securities Law, and the Articles of Association.

There were no Restricted Shares available for grant under the 2020 Restricted A Share Incentive Scheme on 1 January 2024 and 31 December 2024. During the Reporting Period, no Restricted Shares were granted under the 2020 Restricted A Share Incentive Scheme. On 29 November 2024, restricted shares granted but yet to be attributed under the Company's 2020 Restricted A Share Incentive Scheme have been nullified. For further details, please refer to the Company's overseas regulatory announcement dated 29 November 2024.

REPORT OF THE DIRECTORS

Details of the movements of the Restricted Shares under the First Grant and Reserved Grant of the 2020 Restricted A Share Incentive Scheme during the Reporting Period are as follows:

					Movement of Restricted Shares during the Reporting Period				
Name or category of grantee	Date of grant[1]	Attribution Period[2]	Grant Price (RMB)[3]	Number of Restricted Shares granted	Number of Restricted Shares that have not been attributed as at 1 January 2024	Granted	Attributed	Lapsed	Cancelled	Number of Restricted Shares that have not been attributed as at 31 December 2024
Xiong Jun (Executive Director, Chairman of the Board and Legal Representative)	16 November 2020	16 November 2021 – 15 November 2024	55.50	820,000	492,000	–	–	492,000	–	–
Li Ning (Executive Director, Vice Chairman)	16 November 2020	16 November 2021 – 15 November 2024	55.50	1,560,000	906,000	–	–	906,000	–	–
Feng Hui (former Non-executive Director)[4]	16 November 2020	16 November 2021 – 15 November 2024	55.50	820,000	472,000	–	–	472,000	–	–
Yao Sheng (Executive Director, Deputy General Manager, core technical staff)	16 November 2020	16 November 2021 – 15 November 2024	55.50	2,000,000	1,200,000	–	–	1,200,000	–	–
Zhang Zhuobing (Executive Director, Deputy General Manager, core technical staff)	16 November 2020	16 November 2021 – 15 November 2024	55.50	820,000	472,000	–	–	472,000	–	–
Wang Gang (Executive Director, Deputy General Manager)	16 November 2020	16 November 2021 – 15 November 2024	55.50	270,000	162,000	–	–	162,000	–	–
Xu Baohong (Financial Director)	16 November 2020	16 November 2021 – 15 November 2024	55.50	80,000	43,000	–	–	43,000	–	–
Chen Yingge (former Secretary of the Board of Directors)[5]	16 November 2020	16 November 2021 – 15 November 2024	55.50	80,000	48,000	–	–	48,000	–	–
Other employees that are required to be incentivized as considered by the Board	16 November 2020	16 November 2021 – 15 November 2024	55.50	22,069,000	6,406,584	–	–	6,406,584	–	–
Sub-total				8,519,000	10,201,584	-	-	10,201,584	–	–
Other employees that are required to be incentivized under the Reserved Grant as considered by the Board	15 November 2021	15 November 2022 – 14 November 2024	55.50	7,129,000	4,108,165	-	-	4,108,165	–	–
Total				35,648,000	14,309,749	–	–	14,309,749	–	–

REPORT OF THE DIRECTORS

Notes:

(1) The grant of Restricted Shares under the First Grant was made on 16 November 2020. The grant of Restricted Shares under the Reserved Grant was made on 15 November 2021.

(2) Attribution arrangements of the First Grant are as follows: (1) the first tranche (40% of the Restricted Shares granted) can be attributed from the first trading day after the expiry of 12 months following the grant date of the First Grant until the last trading day within the 24 months following the grant date of the First Grant; (2) the second tranche (30% of the Restricted Shares granted) can be attributed from the first trading day after the expiry of 24 months following the grant date of the First Grant until the last trading day within the 36 months following the grant date of the First Grant; and (3) the third tranche (30% of the Restricted Shares granted) can be attributed from the first trading day after the expiry of 36 months following the grant date of the First Grant until the last trading day within the 48 months following the grant date of the First Grant.

Attribution arrangements of the Reserved Grant are as follows: (1) the first tranche (50% of the Restricted Shares granted) can be attributed from the first trading day after the expiry of 12 months following the grant date of the Reserved Grant until the last trading day within the 24 months following the grant date of the Reserved Grant; and (2) the second tranche (50% of the Restricted Shares granted) can be attributed from the first trading day after the expiry of 24 months following the grant date of the Reserved Grant until the last trading day within the 36 months following the grant date of the Reserved Grant.

(3) The grant price is RMB55.50 per A Share (subject to Adjustment).

(4) Dr. Feng Hui retired from his position as non-executive Director with effect from 21 June 2024.

(5) Ms. Chen Yingge resigned from her position as joint company secretary, secretary to the Board and authorized representative of the Company with effect from 24 April 2024.

(6) The number of the Restricted Shares is subject to Adjustment.

EQUITY-LINKED AGREEMENTS

Other than the grant of the Restricted Shares under the 2020 Restricted A Share Incentive Scheme, 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 Company during the Reporting Period or subsisted at the end of the Reporting Period.

DIRECTORS' AND SUPERVISORS' BIOGRAPHICAL DETAILS

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

Executive Directors
Mr. Xiong Jun *(Chairman and Legal Representative)*
Dr. Li Ning *(Vice Chairman)*
Dr. Zou Jianjun *(Chief Executive Officer and General Manager)*
Mr. Li Cong *(Co-Chief Executive Officer)*
Mr. Zhang Zhuobing
Dr. Yao Sheng
Dr. Wang Gang
Dr. Li Xin (re-designated from a non-executive Director to an executive Director with effect from 28 February 2024)

REPORT OF THE DIRECTORS

Non-executive Directors
Mr. Tang Yi
Dr. Feng Hui (Retired with effect from 21 June 2024)

Independent Non-executive Directors
Mr. Zhang Chun
Dr. Feng Xiaoyuan
Dr. Yang Yue (appointed with effect from 21 June 2024)
Mr. Li Zhongxian (appointed with effect from 20 December 2024)
Ms. Lu Kun (appointed with effect from 20 December 2024)
Dr. Roy Steven Herbst (retired with effect from 21 June 2024)
Mr. Qian Zhi (retired with effect from 21 June 2024)
Dr. Shen Jingkang (appointed with effect from 21 June 2024 and ceased to be a director pursuant to the announcement of the Company dated 23 October 2024)
Dr. Meng Anming (resigned with effect from 20 December 2024)

Supervisors
Ms. Kuang Hongyan *(Chairman of the Board of Supervisors)* (Appointed on 21 June 2024)
Ms. Wang Pingping
Ms. Huo Yilian
Mr. Wu Yu (Retired with effect from 21 June 2024)

See "Directors, Supervisors and Senior Management" of this annual report for biographical details of Directors, Supervisors and senior management of the Company.

REPORT OF THE DIRECTORS

Changes of Information of the Directors and Supervisors

During the Reporting Period, save as disclosed below, the Directors and the Supervisors confirmed that there is no information which is discloseable pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

As at the date of this report, changes in information since the date of publication of the 2023 Annual Report which are required to be disclosed by the Directors of the Company pursuant to Rule 13.51B(1) of the Listing Rules are set out as below:

Updated Biographical Details of Directors

Name of Director	Details of Change	Effective Date
Mr. Xiong Jun	Resigned from his positions as an executive director and the legal representative of Shanghai Junkang Litai Biomedical Technology Co., Ltd.* (上海君康立泰生物醫藥科技有限公司) (a wholly-owned subsidiary of the Company)	27 December 2024
	Serving as a director of Suzhou Chuangmei Biotechnology Co., Ltd.* (蘇州創美生物技術有限公司) (a non-wholly owned subsidiary of the Company)	6 September 2024
Dr. Li Ning	Serving as a director of TOPALLIANCE BIOSCIENCES EUROPE LIMITED (a wholly-owned subsidiary of the Company)	13 November 2024
Dr. Zou Jianjun	Serving as a director of TopAlliance (a wholly-owned subsidiary of the Company)	23 July 2024
Dr. Yao Sheng	Serving as a director of TOPALLIANCE BIOSCIENCES EUROPE LIMITED (a wholly-owned subsidiary of the Company)	13 November 2024
Dr. Wang Gang	Serving as a director of TopAlliance (a wholly-owned subsidiary of the Company)	23 July 2024
Dr. Li Xin	Serving as a director of TopAlliance (a wholly-owned subsidiary of the Company)	23 July 2024

Service Agreement

Each of the Directors and Supervisors has entered into a service agreement with the Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either party to the other.

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

Directors' and Supervisors' Rights to Acquire Shares or Debentures

Save as otherwise disclosed in this annual report, none of the Directors, Supervisors or any of their respective associates (as defined in the Listing Rules) was granted by the Company or its subsidiaries any right to acquire shares in, or debentures of, the Company or its subsidiary, or had exercised any such right during the Reporting Period.

REPORT OF THE DIRECTORS

Competing Interest and Other Interest

None of the Directors or the Supervisors or any entity connected with them has any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the Group's business to which the Company, any of its holding companies, any of its subsidiaries, fellow subsidiaries was a party subsisted at the end of the year or at any time during the Reporting Period.

During the Reporting Period, none of the Directors and their respective associates (as defined in the Listing Rules) had an interest in a business which causes or may cause any significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

Independence of Independent Non-executive Directors

The Company has received a confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the Independent Non-executive Directors and the Company considers such Directors to be independent in accordance with Rule 3.13 of the Listing Rules.

MANAGEMENT CONTRACTS

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

REMUNERATION POLICY

The Remuneration and Appraisal Committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

REMUNERATION OF DIRECTORS, SUPERVISORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors, Supervisors and five highest paid individuals are set out in note 12 to the consolidated financial statements.

REPORT OF THE DIRECTORS

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests or short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Interests in the Company

Name of Director/ Supervisor/ Chief Executive	Nature of interests	Class of Shares	Number of Shares/ Underlying Shares[1]	Approximate percentage in relevant class of Shares[1]	Approximate percentage in total share capital[1]
Xiong Jun	Beneficial owner[2]	A Shares	87,854,018 (L)	11.46%	8.91%
		H Shares	2,600 (L)	0.00%	0.00%
	Parties acting in concert/ Interest in controlled corporations[2]	A Shares	129,978,568 (L)	16.96%	13.19%
Li Ning	Beneficial owner[3]	A Shares	50,000 (L)	0.01%	0.01%
Li Cong	Beneficial owner[4]	A Shares	127,020 (L)	0.02%	0.01%
Zhang Zhuobing	Beneficial owner[5]	A Shares	40,000 (L)	0.01%	0.00%
	Interest of spouse[5]	A Shares	8,608,000 (L)	1.12%	0.87%
Tang Yi	Beneficial owner[6]	A Shares	7,774,500 (L)	1.01%	0.79%
	Interest in controlled corporations[6]	A Shares	196,151,786 (L)	25.59%	19.90%
		H Shares	2,600 (L)	0.00%	0.00%
Wang Gang	Beneficial owner[7]	A Shares	10,000 (L)	0.00%	0.00%
Li Xin	Beneficial owner[8]	A Shares	12,060 (L)	0.00%	0.00%
		H Shares	41,200 (L)	0.02%	0.00%
	Interest in controlled corporations[8]	H Shares	41,654 (L)	0.02%	0.00%

Notes:

1. The letter "L" denotes the long position in the Shares, the letter "S" denotes short position in the Shares and the letter "P" denotes lending pool. As at 31 December 2024, the Company had 985,689,871 issued Shares, comprising 766,394,171 A Shares and 219,295,700 H Shares.

REPORT OF THE DIRECTORS

2. As at 31 December 2024, Mr. Xiong directly held 87,854,018 A Shares and 2,600 H Shares.

   Pursuant to (i) a concert party agreement dated 25 December 2017 entered into among Mr. Xiong Jun, Mr. Xiong Fengxiang, Suzhou Ruiyuan Shengben Biological Medicine Management Partnership (LP)* ("**Suzhou Ruiyuan**"), Suzhou Benyu Tianyuan Biological Technology Partnership (LP)* ("**Suzhou Benyu**"), Shanghai Baoying Asset Management Co., Ltd.* ("**Shanghai Baoying**"), Meng Xiaojun, Gao Shufang, Zhuhai Huapu Investment Management Co., Ltd.* and Zhao Yun (the "**2017 Concert Party Agreement**"), Mr. Xiong Jun was deemed to be interested in an aggregate of 108,297,768 A Shares held by the other parties to the 2017 Concert Party Agreement as at 31 December 2024 under the SFO (including the 41,060,000 A Shares directly held by Mr. Xiong Fengxiang, the father of Mr. Xiong Jun); and (ii) a concert party agreement dated 26 July 2019 entered into between Mr. Xiong Jun and Ms. Zhou Yuqing (the "**2019 Concert Party Agreement**"), Mr. Xiong Jun was further deemed to be interested in the 21,680,800 A Shares held by the other party to the 2019 Concert Party Agreement as at 31 December 2024 under the SFO.

   As at 31 December 2024, Mr. Xiong Jun (i) was an executive director and was directly interested in 20% of the equity share capital of Shanghai Baoying, which directly held 4,372,144 A Shares; Shanghai Baoying was also a party to the 2017 Concert Party Agreement; (ii) was the chairman of the board of directors and was directly interested in 40% of the equity share capital of Shenzhen Qianhai Yuanben Equity Investment Fund Management Co., Ltd.* ("**Shenzhen Yuanben**"), which was the general partner of each of Suzhou Benyu and Suzhou Ruiyuan, which in turn directly held 4,600,000 and 43,584,000 A Shares, respectively, and were each a party to the 2017 Concert Party Agreement. Shenzhen Yuanben also held a limited partner interest of approximately 86.28% of Suzhou Benyu. Mr. Xiong Jun was deemed to be interested in an aggregate of such 52,556,144 A Shares under the SFO.

3. As at 31 December 2024, Dr. Li Ning directly held 50,000 A Shares.

4. As at 31 December 2024, Mr. Li Cong directly held 127,020 A Shares.

5. As at 31 December 2024, Mr. Zhang Zhuobing's spouse, Ms. Liu Xiaoling, directly held 8,608,000 A Shares. As at 31 December 2024, Mr. Zhang directly held 40,000 A Shares.

6. As at 31 December 2024, Mr. Tang Yi directly held 7,774,500 A Shares. Mr. Tang Yi was a director of and directly interested in 60% of the equity share capital of Shenzhen Yuanben, which was the general partner of each of Suzhou Benyu and Suzhou Ruiyuan. Shenzhen Yuanben also held a limited partner interest of approximately 86.28% of Suzhou Benyu. Therefore, he was deemed to be interested in Shares in which Suzhou Benyu and Suzhou Ruiyuan were interested (including Shares and Restricted Shares that they are deemed to be interested in pursuant to the 2017 Concert Party Agreement) under the SFO.

7. As at 31 December 2024, Dr. Wang Gang directly held 10,000 A Shares.

8. As at 31 December 2024, Dr. Li Xin directly held 12,060 A Shares and 41,200 H Shares. She also indirectly held 41,654 H Shares through an investment fund.

Save as disclosed above, as at 31 December 2024, none of the Directors, Supervisors and the chief executive 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 its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and Hong Kong Stock Exchange pursuant to the Model Code.

Interests in Associated Corporations

Save as disclosed above, as at 31 December 2024, none of the Directors, Supervisors and the chief executive 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 its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and Hong Kong Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2024, to the best knowledge of the Directors, the following persons/entities (not being a Director, Supervisor or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Shareholder	Nature of interests	Class of Shares	Number of Underlying Shares[1]	Approximate percentage in relevant class of Shares[2]	Approximate percentage in total share capital[2]
Xiong Fengxiang	Beneficial owner	A Shares	41,060,000 (L)	5.36%	4.17%
熊鳳祥[3][4]	Parties acting in Concert	A Shares	155,091,786 (L)	20.24%	15.73%
Suzhou Ruiyuan Shengben Biological Medicine Management Partnership (LP)*	Beneficial owner	A Shares	43,584,000 (L)	5.69%	4.42%
蘇州瑞源盛本生物醫藥管理合夥企業(有限合夥)[4]	Parties acting in Concert	A Shares	152,567,786 (L)	19.91%	15.48%
Suzhou Benyu Tianyuan Biological Technology Partnership (LP)*	Beneficial owner	A Shares	4,600,000 (L)	0.60%	0.47%
蘇州本裕天源生物科技合夥企業(有限合夥)[4]	Parties acting in Concert	A Shares	191,551,786 (L)	24.99%	19.43%
Shanghai Baoying Asset Management Co., Ltd.*	Beneficial owner	A Shares	4,372,144 (L)	0.57%	0.44%
上海寶盈資產管理有限公司[4]	Parties acting in Concert	A Shares	191,779,642 (L)	25.02%	19.46%
Meng Xiaojun	Beneficial owner	A Shares	4,288,400 (L)	0.56%	0.44%
孟曉君[4]	Parties acting in Concert	A Shares	191,863,386 (L)	25.03%	19.46%
Gao Shufang	Beneficial owner	A Shares	3,789,720 (L)	0.49%	0.38%
高淑芳[4]	Parties acting in Concert	A Shares	192,362,066 (L)	25.10%	19.52%
Zhuhai Huapu Investment Management Co., Ltd.*	Beneficial owner	A Shares	3,719,504 (L)	0.49%	0.38%
珠海華樸投資管理有限公司[4]	Parties acting in Concert	A Shares	192,432,282 (L)	25.11%	19.52%
Zhao Yun	Beneficial owner	A Shares	2,884,000 (L)	0.38%	0.29%
趙雲[4]	Parties acting in Concert	A Shares	193,267,786 (L)	25.22%	19.61%
Zhou Yuqing	Beneficial owner	A Shares	21,680,800 (L)	2.83%	2.20%
周玉清[5]	Parties acting in Concert	A Shares	87,854,018 (L)	11.46%	8.91%
Lin Lijun[6]	Interest in controlled corporations	A Shares	71,459,326 (L)	9.32%	7.25%
林利軍	Founder of a discretionary trust who can influence how the trustee exercises his discretion	H Shares	19,239,013 (L)	8.77%	1.95%
Shanghai Tanying Investment Partnership (LP)*	Beneficial owner	A Shares	71,459,326 (L)	9.32%	7.25%
上海檀英投資合夥企業(有限合夥)[6]					
Shanghai Lejin Investment Partnership (LP)*	Interest of controlled corporation	A Shares	71,459,326 (L)	9.32%	7.25%
上海樂進投資合夥企業(有限合夥)[6]					

REPORT OF THE DIRECTORS

Name of Shareholder	Nature of interests	Class of Shares	Number of Underlying Shares[1]	Approximate percentage in relevant class of Shares[2]	Approximate percentage in total share capital[2]
Shanghai Zhengxingu Investment Management Co., Ltd.* 上海正心谷投資管理有限公司	Interest of controlled corporation	A Shares	71,459,326 (L)	9.32%	7.25%
Loyal Valley Capital Advantage Fund II LP[7][8]	Beneficial owner	H Shares	11,323,013 (L)	5.16%	1.15%
Loyal Valley Capital Advantage Fund II Limited[7]	Interest of controlled corporation	H Shares	11,323,013 (L)	5.16%	1.15%
LVC Holdings Limited[7]	Interest of controlled corporation	H Shares	11,323,013 (L)	5.16%	1.15%
LVC Management Holdings Limited[7]	Interest of controlled corporation	H Shares	11,323,013 (L)	5.16%	1.15%
LVC Innovate Limited (previously known as LVC Bytes Limited)	Interest of controlled corporation	H Shares	19,239,013 (L)	8.77%	1.95%
Jovial Champion Investments Limited[7]	Interest of controlled corporation	H Shares	19,239,013 (L)	8.77%	1.95%
Vistra Trust (Singapore) Pte. Limited[7]	Interest of controlled corporation	H Shares	19,239,013 (L)	8.77%	1.95%
Highbury Investment Pte Ltd[8]	Beneficial owner	H Shares	1,574,289 (L)	0.72%	0.16%
	Interest of controlled corporation	H Shares	11,323,013 (L)	5.16%	1.15%
GIC (Ventures) Pte. Ltd.[8]	Interest of controlled corporation	H Shares	12,406,089 (L)	5.66%	1.26%
GIC Special Investments Private Limited[8]	Investment manager	H Shares	12,406,089 (L)	5.66%	1.26%
GIC Private Limited[8]	Interest of controlled corporation	H Shares	12,406,089 (L)	5.66%	1.26%
Hillhouse Capital Advisors, Ltd.[9]	Investment manager	H Shares	11,400,000 (L)	5.20%	1.16%
綠地數字科技有限公司	Interest of controlled corporation	H Shares	46,092,000 (L)	21.02%	4.68%
綠地控股集團股份有限公司	Interest of controlled corporation	H Shares	50,440,600 (L)	23.00%	5.12%
Morgan Stanley	Interest of controlled corporation	H Shares	10,947,946 (L)	4.99%	1.11%
			12,503,584 (S)	5.70%	1.27%

REPORT OF THE DIRECTORS

Notes:

1. The letter "L" denotes the long position in the Shares, the letter "S" denotes short position in the Shares and the letter "P" denotes lending pool.

2. As at 31 December 2024, the Company had 985,689,871 issued Shares, comprising 766,394,171 A Shares and 219,295,700 H Shares.

3. As at 31 December 2024, Mr. Xiong Fengxiang directly held 41,060,000 A Shares. Pursuant to the 2017 Concert Party Agreement, Mr. Xiong Fengxiang was deemed to be interested in an aggregate of 155,091,786 A Shares held by the other parties to the 2017 Concert Party Agreement under the SFO (including the 87,854,018 A Shares directly held by Mr. Xiong Jun, son of Mr. Xiong Fengxiang.

4. Each of them is a party to the 2017 Concert Party Agreement, and was therefore deemed to be interested in the A Shares in which the other parties to the 2017 Concert Party Agreement are interested under the SFO.

5. Ms. Zhou Yuqing is a party to the 2019 Concert Party Agreement, and was therefore deemed to be interested in the Shares in which Mr. Xiong Jun (who was the other party to the 2019 Concert Party Agreement) was interested under the SFO.

6. As at 31 December 2024, Shanghai Tanying Investment Partnership (LP)* (上海檀英投資合夥企業(有限合夥)) ("**Shanghai Tanying**") was directly interested in 71,459,326 A Shares. Mr. Lin Lijun was a director and wholly interested in Shanghai Zhengxingu Investment Management Co., Ltd.* (上海正心谷投資管理有限公司) (formerly Shanghai Shengge Asset Management Co., Ltd.*) ("**Shanghai Loyal Valley**"), which was the general partner of Shanghai Tanying. Shanghai Loyal Valley was the general partner of Shanghai Lejin Investment Partnership (LP)* (上海樂進投資合夥企業(有限合夥)) ("**Shanghai Lejin**"), which in turn held 99.99% interest in Shanghai Tanying. Therefore, Mr. Lin Lijun was deemed to be interested in the Shares held by Shanghai Tanying under the SFO. Each of Shanghai Loyal Valley and Shanghai Lejin was deemed to be interested in the 71,459,326 A Shares held by Shanghai Tanying under the SFO.

7. As at 31 December 2024, Loyal Valley Capital Advantage Fund II LP ("**LVC Fund II**") and LVC Renaissance Fund LP ("**LVC Renaissance Fund**", directly held 11,323,013 H Shares and 7,916,000 H Shares, respectively. Loyal Valley Capital Advantage Fund II Limited ("**LVC Fund II GP**") was the general partner of LVC Fund II and was deemed to be interested in the H Shares held by it. LVC Renaissance Limited ("**LVC Renaissance GP**") was the general partner of LVC Renaissance Fund and was deemed to be interested in the H Shares held by it.

   LVC Fund II GP was wholly-owned by LVC Holdings Limited, which was wholly-owned by LVC Management Holdings Limited. Therefore, LVC Management Holdings Limited was deemed to be interested in the H Shares held by LVC Fund II.

   Each of LVC Fund II GP and LVC Renaissance GP was directly or indirectly controlled by LVC Innovate Limited (previously known as LVC Bytes Limited), which was wholly-owned by Jovial Champion Investments Limited, which was in turn wholly-owned by Vistra Trust (Singapore) Pte. Limited, which was controlled by Mr. Lin Lijun. Therefore, each of LVC Innovate Limited (previously known as LVC Bytes Limited), Jovial Champion Investments Limited and Vistra Trust (Singapore) Pte. Limited was deemed to be interested in the H Shares held by LVC Fund II and LVC Renaissance Fund under the SFO. Vistra Trust (Singapore) Pte. Limited was controlled by Mr. Lin Lijun.

   Also, Mr. Lin Lijun was deemed to be interested in an aggregate of 19,239,013 H Shares held by LVC Fund II and LVC Renaissance Fund under the SFO.

8. As at 31 December 2024, Highbury Investment Pte Ltd. ("**Highbury**") directly held 1,574,289 H Shares. Highbury also held 45.16% interest in LVC Fund II and was deemed to be interested in the 11,323,013 H Shares held by LVC Fund II. Highbury was wholly-owned by GIC (Ventures) Pte. Ltd. ("**GIC Ventures**"), which was wholly-owned by GIC Special Investments Private Limited ("**GIC SIPL**"), which was in turn wholly-owned by GIC Private Limited ("**GIC Private**"). Therefore, each of GIC Ventures, GIC SIPL and GIC Private was interested in the H Shares in which Highbury was interested under the SFO.

9. As at 31 December 2024, Hillhouse Capital Advisors, Ltd. controlled Gaoling Fund, L.P. and YHG Investment, L.P. and was therefore deemed to be interested in the 10,715,000 H Shares and 685,000 H Shares held by Gaoling Fund, L.P. and YHG Investment, L.P., respectively under the SFO.

REPORT OF THE DIRECTORS

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, the Company repurchased a total of 136,844 A Shares, representing 0.0139% of the total issued shares of the Company, on the Shanghai Stock Exchange. As of the end of the Reporting Period, the Company had repurchased a total of 815,871 A Shares, representing 0.0828% of the total share capital of the Company, which will be used for the purpose of share incentives and/or employee stock ownership plan(s) at an appropriate time in the future. All of such shares have not been cancelled:

Date of repurchase	No. of A shares repurchased	Price per share		Aggregate amount paid
		Highest	Lowest	
		RMB	RMB	RMB
7 March 2024	102,459	29.35	29.21	2,999,988.23
19 June 2024	34,385	29.14	29.03	999,982.15

Note: The aggregate amount paid excludes transaction fees such as stamp duty and trading commission.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including any sale of treasury shares) during the Reporting Period. For details on the changes in treasury shares, please refer to the paragraph headed "Treasury Share" in Note 33 to the consolidated financial statements.

CONNECTED TRANSACTION

Technology Development Contract for cell line development and production of drug substances and preparations

On 30 January 2024 (after trading hours), the Company and Shanghai Allink entered into the Technology Development Contract, pursuant to which Shanghai Allink engaged the Company to undertake a research and development project in relation to cell line development and production of drug substances and preparations. The term of the Technology Development Contract is from 30 January 2024 to 30 June 2025. The total contract price is RMB40 million (inclusive of 6% value-added tax).

Shanghai Allink is owned as to 46.39% by Dr. Feng, who is a non-executive Director. He is also the general partner of Shanghai Lingke Yixin and Shanghai Anling Xixu, both of which are shareholders of Shanghai Allink. As such, Shanghai Allink is an associate of Dr. Feng and is a connected person of the Company. The entering into of the Technology Development Contract constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratios in respect of the transactions contemplated under the Technology Development Contract exceed 0.1% but is less than 5%, the entering into of the Technology Development Contract is subject to the reporting and announcement requirements, but is exempted from the circular (including independent financial advice) and independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

Details of the above connected transaction are set out in the Company's announcement and overseas regulatory announcement dated 30 January 2024.

REPORT OF THE DIRECTORS

Entering into of the Reorganization Framework Agreement

On 30 August 2024, as part of the reorganization of Shanghai Allink, the Company proposed to enter into the Reorganization Framework Agreement with Shanghai Allink, Dr. Feng, Shanghai Lingke Yixin, Shanghai Anling Xixu, Med-Fine Venture Fund I, L.P., Allied Pulse Investment Holding Limited, Changzhou Jifeng, and Wuhan Jifeng, pursuant to which, among other things, the Company (or its controlled entity) shall sell, and Allink Hong Kong shall purchase, approximately 9.45% of equity interest in Shanghai Allink at a consideration of RMB30,597,800, and the Company (or its controlled entity) shall subscribe, and Allink Cayman shall issue, a Warrant, conferring the right to subscribe for an aggregate of 14,000,000 Warrant Shares of Allink Cayman, which represent approximately 9.45% of the issued share capital of Allink Cayman.

Dr. Feng, a former non-executive Director, directly holds approximately 37.82% equity interest in Shanghai Allink. Allink Hong Kong is wholly-owned by Allink Cayman, which is indirectly owned as to approximately 90.56% by Dr. Feng. Dr. Feng is also the general partner of Shanghai Lingke Yixin and Shanghai Anling Xixu, both of which are shareholders of Shanghai Allink as at the date of this report. As such, Shanghai Allink, Allink Hong Kong, Allink Cayman, Shanghai Lingke Yixin and Shanghai Anling Xixu are associates of Dr. Feng and are connected persons of the Company. The transactions contemplated under the Reorganization Framework Agreement constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratio in respect of the transactions contemplated under the Reorganization Framework Agreement exceeds 0.1% but is less than 5%, the entering into of the Reorganization Framework Agreement is subject to the reporting and announcement requirements, but is exempted from the circular (including independent financial advice) and independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

Details of the above connected transaction are set out in the Company's announcement and overseas regulatory announcement dated 30 August 2024 and supplemental announcement dated 26 September 2024.

CONTINUING CONNECTED TRANSACTION

During the Reporting Period, the Group did not have any continuing connected transactions that are required to be disclosed under Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

During the Reporting Period, the Group entered into certain transactions with "related parties" as defined under applicable accounting standards. Related party transactions are disclosed in note 37 to the consolidated financial statements. They include the following connected transactions under the Listing Rules:

Compensation to the Directors and Supervisors in note 12 to the consolidated financial statements	They are exempted under Rule 14A.76 or 14A.95 of the Listing Rules

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the above related party transactions.

DONATIONS

During the Reporting Period, the Group made donations of approximately RMB20 million.

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION (H SHAREHOLDERS)

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

Pursuant to the Notice of the State Administration of Taxation on Issues Concerning Withholding the Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to Holders of H Shares who are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外 H 股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》(國税函[2008]897 號)), a PRC resident enterprise, when distributing dividends for 2008 and for the years afterwards to holders of H Shares who are overseas non-resident enterprises, shall withhold the enterprise income tax at a flat rate of 10%.

The Company did not have any distributable profit in 2024. The Company did not pay any dividend. Accordingly, the shareholders of the Company (including the holders of H Shares) are not subject to income tax.

COMPANY'S COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group is able to comply with relevant requirements of laws, regulations, rules and provisions of the Companies Ordinance, the Hong Kong Listing Rules and SFO in Hong Kong, the PRC Company Law and the STAR Market Listing Rules in the PRC, the Drug Administration Law (《藥品管理法》), the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》) and the Measures for the Supervision over and Administration of Pharmaceutical Production (《藥品生產監督管理辦法》), etc. regarding information disclosure, corporate governance and standard industry operation, etc. during the Reporting Period.

PERMITTED INDEMNITY PROVISION

As at the date of this report, all Directors were covered under the liability insurance purchased by the Company for its Directors.

COMPLIANCE OF THE MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry with each of the Directors and Supervisors, they have confirmed that they had complied with such code of conduct throughout the Reporting Period.

REPORT OF THE DIRECTORS

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. As at the date of this report, the Board comprises eight executive Directors, one non-executive Director and five independent non-executive Directors. The Board has adopted the code provisions as set out in the CG Code as its corporate governance code. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 71 to 87 of this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

For further details of the Company's environmental, social and governance efforts and performance, please refer to the Environmental, Social and Governance Report on pages 88 to 90 of this report.

SUFFICIENCY OF PUBLIC FLOAT

The Company has applied for, and Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 8.08(1) of the Listing Rules that the minimum public float be reduced and the minimum percentage of the H Shares from time to time held by the public to be the highest of:

(a) 16%;

(b) such percentage of H Shares to be held by the public immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised); or

(c) such percentage of H Shares to be held by the public after the exercise of the Over-allotment Option,

but the percentage of minimum public float so decided above shall be reduced as a result of any increase in the Company's issued share capital following any issue of A Shares by the Company upon exercise of any Pre-IPO Options and/or the 2018 Convertible Bonds, provided that (i) the market capitalization of the portion of the total number of the Company's issued shares held by the public shall exceed HK$375 million at the time of the H Share Listing pursuant to Rule 18A.07 of the Listing Rules and (ii) the minimum percentage of public float from time to time shall not be lower than 15.71% of the Company's issued share capital.

Further details of the waiver are set out in the Prospectus.

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Directors confirmed that the Company has maintained the required public float under the above public float waiver granted by Hong Kong Stock Exchange.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years (prepared in accordance with IFRS) are set out on page 9 of this annual report. This summary does not form part of the audited consolidated financial statements.

REPORT OF THE DIRECTORS

AUDIT COMMITTEE

The Audit Committee consists of two Independent Non-executive Directors, being Mr. Zhang Chun (Chairman) and Mr. Li Zhongxian, and one Non-executive Director, being Mr. Tang Yi. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group and overseeing the audit process.

The Audit Committee has reviewed, together with the management and external auditors of the Company, the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2024.

AUDITOR

The financial statements for the year ended 31 December 2024 has been audited by Deloitte Touche Tohmatsu. Deloitte Touche Tohmatsu shall retire in the forthcoming AGM and, being eligible, will offer themselves for re-appointment. A resolution to re-appoint Deloitte Touche Tohmatsu as auditor of the Company and to authorize the Directors to fix its remuneration will be proposed at the forthcoming AGM.

CLOSURE OF THE REGISTER OF MEMBERS OF H SHARES

The date of the AGM and the closure of the register of members of H Shares will be announced in due course.

All references above to other sections, reports or notes in this annual report form part of this report.

By order of the Board of
Shanghai Junshi Biosciences Co., Ltd.*
Mr. Xiong Jun
Chairman

27 March 2025

* *For identification purpose only*

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SHANGHAI JUNSHI BIOSCIENCES CO., LTD.*
上海君實生物醫藥科技股份有限公司
(incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Shanghai Junshi Biosciences Co., Ltd.* 上海君實生物醫藥科技股份有限公司 (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 117 to 227, 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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter
Cut-off of research and development expenses	
The Group incurred significant R&D expenses of RMB1,275,270,000 as disclosed in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024. In addition, R&D expenses of RMB310,884,000 were accrued as at 31 December 2024 as set out in Note 24 to the consolidated financial statements. A large portion of these accrued R&D expenses were service fees payable to outsourced service providers including contract research organisations and clinical trial centres (collectively referred to as the "Outsourced Service Providers"). We identified the cut-off of R&D expenses as a key audit matter due to its significant amount and risk of not accruing R&D costs incurred for services provided by the Outsourced Service Providers in the appropriate reporting period.	Our procedures in relation to the cut-off of R&D expenses included: • Obtaining an understanding of key controls, management's basis and assessment in relation to the accrual process of the R&D expenses including service fees paid and payable to Outsourced Service Providers; • For the service fees paid and payable to contract research organisations, reading the key terms set out in research agreements and evaluating the completion status with reference to the progress reported by the representatives of the relevant contract research organisations, on a sample basis, to determine whether the service fees were recorded based on the respective contract sums and progress achieved; and • For the service fees paid and payable to clinical trial centres, testing the accrual of the clinical trial related costs, on a sample basis, against the clinical trial data and terms of services.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, 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 judgment and maintain professional skepticism 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 of the Company.

INDEPENDENT AUDITOR'S REPORT

- 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 group 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 those charged with governance 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 those charged with governance 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 those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe this matter 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 Li Jiali.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
27 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		Year ended 31 December	
		2024	2023
	NOTES	**RMB'000**	RMB'000
Revenue	*5*	**1,948,317**	1,502,550
Cost of sales and services		**(498,861)**	(667,290)
Gross profit		**1,449,456**	835,260
Other income	*6*	**101,509**	150,784
Other gains and losses	*7*	**(16,101)**	11,523
Impairment losses under expected credit loss model, net of reversal		**19,726**	(23,484)
Research and development expenses		**(1,275,270)**	(1,937,470)
Selling and distribution expenses		**(984,554)**	(844,356)
Administrative expenses		**(547,713)**	(556,808)
Share of losses of joint ventures		**(13,201)**	(5,031)
Share of losses of associates		**(21,825)**	(55,453)
Other expenses		**(19,703)**	(35,846)
Finance costs	*8*	**(51,352)**	(29,006)
Loss before tax	*9*	**(1,359,028)**	(2,489,887)
Income tax expense	*10*	**(22,552)**	(43,995)
Loss for the year		**(1,381,580)**	(2,533,882)
Other comprehensive (expense) income for the year			
Item that will not be reclassified to profit or loss			
Fair value loss on equity instruments at fair value through other comprehensive income ("FVTOCI")		**(21,619)**	(83,871)
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**3,749**	10,213
Other comprehensive expense for the year		**(17,870)**	(73,658)
Total comprehensive expense for the year		**(1,399,450)**	(2,607,540)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		Year ended 31 December	
		2024	2023
	NOTE	**RMB'000**	RMB'000
Loss for the year attributable to:			
Owners of the Company		**(1,282,398)**	(2,281,624)
Non-controlling interests		**(99,182)**	(252,258)
		(1,381,580)	(2,533,882)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(1,300,268)**	(2,355,282)
Non-controlling interests		**(99,182)**	(252,258)
		(1,399,450)	(2,607,540)
Loss per share	*11*		
Basic (RMB yuan)		**(1.30)**	(2.32)
Diluted (RMB yuan)		**(1.30)**	(2.32)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	NOTES	At 31 December 2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	*14*	**4,163,872**	3,789,409
Right-of-use assets	*15*	**456,500**	463,915
Intangible assets	*16*	**120,504**	134,417
Interests in joint ventures	*17*	**70,154**	74,656
Interests in associates	*18*	**153,181**	167,920
Deferred tax assets	*31*	**87,045**	103,396
Other assets, prepayments and other receivables	*21*	**461,945**	188,388
Other financial assets	*22*	**1,003,070**	890,536
		6,516,271	5,812,637
Current assets			
Inventories	*19*	**584,471**	538,053
Trade receivables	*20*	**509,817**	479,723
Other assets, prepayments and other receivables	*21*	**256,820**	744,388
Other financial assets	*22*	**430,508**	–
Restricted bank deposits	*23*	**15,522**	9,521
Bank balances and cash	*23*	**2,486,679**	3,778,142
		4,283,817	5,549,827
Current liabilities			
Trade and other payables	*24*	**1,548,420**	1,706,015
Income tax payable		**12,443**	18,017
Borrowings	*25*	**894,601**	539,391
Deferred income	*26*	**30,640**	2,400
Contract liabilities	*27*	**8,166**	146,298
Provisions and other liabilities	*28*	**9,567**	27,104
Lease liabilities	*29*	**30,294**	35,931
		2,534,131	2,475,156
Net current assets		**1,749,686**	3,074,671
Total assets less current liabilities		**8,265,957**	8,887,308

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

		At 31 December	
		2024	2023
	NOTES	**RMB'000**	RMB'000
Non-current liabilities			
Borrowings	*25*	**1,979,680**	1,195,794
Deferred income	*26*	**151,273**	181,064
Other financial liabilities	*30*	**158,434**	152,791
Lease liabilities	*29*	**26,313**	17,451
		2,315,700	1,547,100
Net assets		**5,950,257**	7,340,208
Capital and reserves			
Share capital	*32*	**985,690**	985,690
Treasury share	*33*	**(30,892)**	(26,891)
Reserves		**4,923,753**	6,212,023
Equity attributable to owners of the Company		**5,878,551**	7,170,822
Non-controlling interests		**71,706**	169,386
Total equity		**5,950,257**	7,340,208

The consolidated financial statements on pages 117 to 227 were approved and authorised for issue by the board of directors on 27 March 2025 and are signed on its behalf by:

Xiong Jun
Director

Zou Jianjun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company										
	Share capital RMB'000	Treasury share RMB'000	Share premium RMB'000	Restricted share units ("RSU") reserve RMB'000	Other reserve RMB'000	Revaluation reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2023	982,872	–	14,531,698	173,728	640,686	(96,664)	28,254	(6,759,158)	9,501,416	292,834	9,794,250
Loss for the year	–	–	–	–	–	–	–	(2,281,624)	(2,281,624)	(252,258)	(2,533,882)
Other comprehensive (expense) income for the year	–	–	–	–	–	(83,871)	10,213	–	(73,658)	–	(73,658)
Total comprehensive (expense) income for the year	–	–	–	–	–	(83,871)	10,213	(2,281,624)	(2,355,282)	(252,258)	(2,607,540)
Acquisition of shares from non-controlling shareholder *(Note a)*	–	–	–	–	(128,483)	–	–	–	(128,483)	128,483	–
Repurchase of A Shares *(Note 33)*	–	(26,891)	–	–	–	–	–	–	(26,891)	–	(26,891)
Recognition of equity settled share-based payment expenses – RSU *(Note 35)*	–	–	–	23,650	–	–	–	–	23,650	327	23,977
Exercise of RSUs	2,818	–	190,532	(36,938)	–	–	–	–	156,412	–	156,412
Forfeit of RSUs	–	–	74,330	(74,330)	–	–	–	–	–	–	–
At 31 December 2023	985,690	(26,891)	14,796,560	86,110	512,203	(180,535)	38,467	(9,040,782)	7,170,822	169,386	7,340,208

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company										
	Share capital RMB'000	Treasury share RMB'000	Share premium RMB'000	Restricted share units ("RSU") reserve RMB'000	Other reserve RMB'000	Revaluation reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Loss for the year	–	–	–	–	–	–	–	(1,282,398)	(1,282,398)	(99,182)	(1,381,580)
Other comprehensive (expense) income for the year	–	–	–	–	–	(21,619)	3,749	–	(17,870)	–	(17,870)
Total comprehensive (expense) income for the year	–	–	–	–	–	(21,619)	3,749	(1,282,398)	(1,300,268)	(99,182)	(1,399,450)
Capital contribution to subsidiaries by non-controlling shareholders	–	–	–	–	–	–	–	–	–	1,502	1,502
Repurchase of A Shares *(Note 33)*	–	(4,001)	–	–	–	–	–	–	(4,001)	–	(4,001)
Lapse of RSUs *(Note 35)*	–	–	86,110	(86,110)	–	–	–	–	–	–	–
Other	–	–	–	–	11,998	–	–	–	11,998	–	11,998
At 31 December 2024	985,690	(30,892)	14,882,670	–	524,201	(202,154)	42,216	(10,323,180)	5,878,551	71,706	5,950,257

Notes:

(a) In March 2023, the Company acquired shares of the subsidiary, Shanghai Vinnerna Biosciences Co., Ltd. * 上海旺實生物醫藥科技有限公司 ("Vinnerna Biosciences") at consideration of nil from non-controlling shareholder. Upon the completion of transaction, the effective interest in Vinnerna Biosciences held by the Company was increased from 35.925% to 71.85%.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
OPERATING ACTIVITIES		
Loss before tax	**(1,359,028)**	(2,489,887)
Adjustments for:		
Depreciation of property, plant and equipment	**213,133**	239,939
Depreciation of right-of-use assets	**50,649**	48,508
Amortisation of intangible assets	**20,093**	14,773
Write-down of inventories	**112,855**	93,417
Share-based payment expenses	**–**	22,984
Bank interest income	**(43,630)**	(99,426)
Finance costs	**51,352**	29,006
Government grants related to property, plant and equipment	**(9,600)**	(2,802)
Loss from change in fair value of other financial assets measured at fair value through profit or loss ("FVTPL")	**38,620**	144,942
Gain on disposal of an associate	**–**	(130,240)
Gain on capital reduction of a joint venture and an associate	**(2,476)**	–
Loss on disposal of property, plant and equipment	**809**	2,296
Other gain	**(12,645)**	(30,598)
Loss (gain) on termination of leases	**59**	(584)
Net exchange (gains) losses	**(8,266)**	2,661
Impairment loss under expected credit loss model, net of reversal – trade and other receivables	**(19,726)**	23,484
(Reversal of) impairment loss of other assets and prepayments	**(24,676)**	32,897
Share of losses of joint ventures	**13,201**	5,031
Share of losses of associates	**21,825**	55,453
Operating cash flows before movements in working capital	**(957,451)**	(2,038,146)
Increase in inventories	**(114,596)**	(5,062)
Increase in trade receivables	**(7,491)**	(265,342)
Increase in other assets, prepayments and other receivables	**(25,897)**	(105,537)
(Decrease) increase in trade and other payables	**(167,324)**	75,158
(Decrease) increase in contract liabilities	**(138,132)**	146,298
(Decrease) increase in deferred income	**(3,051)**	51,510
(Decrease) increase in provisions and other liabilities	**(17,537)**	27,104
Cash used in operations	**(1,431,479)**	(2,114,017)
Income tax paid	**(11,362)**	(7,178)
Income tax refund received	**–**	106,231
NET CASH USED IN OPERATING ACTIVITIES	**(1,442,841)**	(2,014,964)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
INVESTING ACTIVITIES		
Interest received	**44,160**	101,616
Payments for acquisition of property, plant and equipment	**(684,199)**	(578,009)
Proceeds on disposal of property, plant and equipment	**1,865**	4,097
Payments for acquisition of intangible assets	**(6,789)**	(50,277)
Payments for right-of-use assets	**–**	(204,289)
Payments for rental deposits	**(41)**	(532)
Release of rental deposits	**6,350**	1,807
Placement of restricted bank deposit	**(15,522)**	(26,570)
Release of restricted bank deposit	**9,521**	52,984
Investments in joint ventures	**(35,000)**	(50,000)
Proceeds on disposal of joint ventures	**39,151**	40,652
Investment in an associate	**(30,000)**	(10,000)
Proceeds on disposal of an associate	**300,000**	–
Proceeds from capital reduction in a joint venture and an associate	**71,372**	–
Acquisition of other financial assets	**(2,094,062)**	(1,399,008)
Proceeds on disposal of other financial assets	**1,500,720**	1,210,454
Repayment from a partner of a joint operation	**3,900**	1,953
Receipt of government grants related to property, plant and equipment	**11,100**	12,700
NET CASH USED IN INVESTING ACTIVITIES	**(877,474)**	(892,422)
FINANCING ACTIVITIES		
Payments for transaction costs for the issue of A Shares	**–**	(2,753)
New borrowings raised	**2,306,749**	977,095
Repayments of borrowings	**(1,174,018)**	(480,915)
Interest paid	**(73,790)**	(38,227)
Repayments for lease liabilities	**(39,605)**	(52,863)
Capital contribution to a subsidiary by non-controlling shareholders	**1,502**	3,000
Proceeds from exercise of share options and RSUs	**–**	152,595
Proceeds from other partners of investment fund consolidated	**–**	150,000
Payment on repurchase of A Shares	**(4,001)**	(26,891)
NET CASH FROM FINANCING ACTIVITIES	**1,016,837**	681,041

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,303,478)**	(2,226,345)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**3,778,142**	5,996,936
Effect of foreign exchange rate changes	**12,015**	7,551
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCE AND CASH	**2,486,679**	3,778,142

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL

The Company was established in the PRC on 27 December 2012 and converted into a joint stock company with limited liability in May 2015. In August 2015, the Company's domestic shares became listed on the NEEQ (stock code: 833330). On 24 December 2018, the Company's H shares became listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 1877). The domestic shares of the Company were delisted from NEEQ since 8 May 2020, and were converted to A shares and listed on the STAR Market of the Shanghai Stock Exchange on 15 July 2020 (stock code: 688180). The Company is ultimately controlled by Mr. Xiong Jun, who is also the Chairman, legal representative and executive director of the Company, and Mr. Xiong Fengxiang, father of Mr. Xiong Jun. The respective addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The principal activities of the Group are mainly discovery, development and commercialisation of innovative drugs.

The consolidated financial statements are presented in RMB, which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND CHANGE IN KEY SOURCES OF ESTIMATION UNCERTAINTY

2.1 Application of new and amendments to IFRS Accounting Standards

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND CHANGE IN KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

2.1 Application of new and amendments to IFRS Accounting Standards (Continued)

New and Amendments to IFRS Accounting Standards in issue but not yet effective

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

[1] Effective for annual periods beginning on or after a date to be determined.

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

[3] Effective for annual periods beginning on or after 1 January 2026.

[4] Effective for annual periods beginning on or after 1 January 2027.

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all the amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND CHANGE IN KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

2.2 Change in key sources of estimation uncertainty

Useful lives of property, plant and equipment

Over the years, the Group has developed policies and procedures to regularly maintain and overhaul the property, plant and equipment. The Group's management is of the view that given the current conditions of property, plant and equipment, it is reasonable to revise the estimation of useful lives of property, plant and equipment in order to more objectively and fairly reflect the impact of depreciation on the Group's operating results. This revised estimation is made with reference to the useful lives of property, plant and equipment of similar nature and functions in the industry. The new estimated useful lives are listed as follow with effect from 1 January 2024:

Properties	change from 20 years to 20 to 40 years
Machinery and equipment	change from 10 years to 10 to 15 years
Vehicles	unchanged at 5 years
Furniture fixtures	unchanged at 3 to 5 years
Other equipment	change from 3 to 5 years to 3 to 10 years

The change of estimation will apply prospectively and does not require retrospective adjustment, which had no impact on the Group's financial positions and performance for prior periods.

Based on the revised useful lives, the annual depreciation charge for the year ended 31 December 2024 decreased by approximately RMB49 million.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

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

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

When the Group is an investor of a fund in which the Group also acts as a fund manager, the Group will determine whether it is a principal or an agent for the purpose of assessing whether the Group controls the relevant fund.

An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the investee when it exercises its decision-making authority. In determining whether the Group is an agent to the fund, the Group would assess:

- the scope of its decision-making authority over the investee;
- the rights held by other parties;
- the remuneration to which it is entitled in accordance with the remuneration agreements; and
- the decision maker's exposure to variability of returns from other interests that it holds in the investee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Change in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Notes 5, 27 and 28.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

For the investments in associates and joint ventures in ordinary shares and other instruments that are substantively the same as the investee's ordinary shares, the results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The Group does not apply equity method for other financial instruments in an associate or joint venture, including investments in preference shares, which are not substantively the same as the investee's ordinary shares. The Group applies IFRS 9 Financial Instruments to such long-term interests and the Group does not take account of any adjustments to the carrying amount of the long-term interests that arise from applying IAS 28. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or the joint venture. Changes in net assets of the associate or joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture in ordinary shares and other instruments that are substantively the same as the investee's ordinary shares is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Investments in associates and joint ventures (Continued)

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture accounted for using equity method may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss.

When a group entity transacts with an associate or a joint venture of the Group accounted for using equity method, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Changes in the Group's interests in associates and joint ventures

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Acquisition of additional interests in associates or joint ventures

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of properties 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 lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss for the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefits costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Termination benefits

A liability for a termination benefit is recognised when the Group entity can no longer withdraw the offer of the termination benefit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Employee benefits (Continued)

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Equity-settled share-based payment transactions

Shares granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (RSU reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the RSU reserve.

When RSUs are exercised, the amount previously recognised in RSU reserve will be transferred to share premium. When the RSUs are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in RSU reserve will be transferred to share premium.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before tax" because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interest in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes and equipment under installation are carried at cost, less any recognised impairment losses. Cost include the depreciation of right-of-use assets provided during the construction period as part of costs of buildings under construction, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable to operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Property, plant and equipment (Continued)

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Intangible assets (Continued)

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible assets so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Intangible assets (Continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment, right-of-use assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amounts of property, plant and equipment, right-of-use assets, intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents (represented by bank balances and cash presented on the consolidated statement of financial position) include:

(a) cash, which comprises of cash on hand and demand deposits; and

(b) cash equivalents, which comprises of short-term deposits (generally with original maturity of three months or less). Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale. Trial batches manufactured prior to regulatory approval (including raw materials cost) is charged to research and development expenses when they are produced.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the net cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

When assessing whether a contract is onerous or loss-making, the Group includes costs that relate directly to the contract, consisting of both the incremental costs and an allocation of other costs that relate directly to fulfilling contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributed to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

All other financial assets the Group holds are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "other gains and losses" line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, deposits and other receivables, restricted bank deposits and bank balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries made are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with respective risks of default occurring as the weights. Except for debtors with significant balance which ECL is assessed individually, the Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered using provision matrix taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial assets.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with exception of trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item (Note 7) as part of the exchange gains (losses);

- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item as part of the gain (loss) from change in fair value of other financial assets measured at FVTPL (Note 7);

- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the fair value through revaluation reserve.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities the Group holds are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, other financial liabilities and borrowings are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other gains and losses' line item in profit or loss (Note 7) as part of exchange gains (losses) for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgment, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgment in applying accounting policies

The following is the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Research and development expenses

Development expenses incurred on the Group's drug product pipelines are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Management of the Group will assess the progress of each of the research and development projects and determine the criteria met for capitalisation. All development expenses were expensed when incurred during the current and prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

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

Deferred tax assets

As at 31 December 2024, deferred tax assets (after offsetting deferred tax liabilities) of RMB87,045,000 (2023: RMB103,396,000) in relation to unused tax losses and other deductible temporary differences for certain operating subsidiaries has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on deductible temporary differences of RMB1,542,243,000 (2023: RMB1,594,746,000) and the tax losses of RMB11,569,845,000 (2023: RMB9,257,489,000) for other entities in the Group due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

Write-down of inventories to net realisable value

Write-down of inventories to net realisable value is made for those inventories with a carrying amount higher than net realisable value. The assessment of the net realisable value of inventories involves high degree of estimation uncertainties associated with estimated selling prices, future sales quantities and related processing fees and selling expenses. Where the actual outcome or expectation in future is different from the original estimates, such differences will have impact on the carrying amounts of inventories and the write-down/write-back of inventories in the period in which such estimates have been changed.

As at 31 December 2024, the gross amounts of inventories were approximately RMB737,644,000 (2023: RMB659,527,000), with write-down of inventories of approximately RMB153,173,000 (2023: RMB121,474,000).

Fair value measurement of financial assets

As at 31 December 2024, the Group's level 3 unlisted equity investments, unlisted equity investments in partnership and investments in preference shares amounting to RMB773,349,000 (2023: RMB642,754,000) are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these assets. See Note 40b for further disclosures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Provision of ECL for trade receivables

Trade receivables with significant balances are assessed for ECL individually. For ECL assessed individually, the recoverable amounts of the trade receivables are determined by management based on the historical settlement patterns of the customers, management's judgement about credit risk and forward-looking information.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors and internal credit ratings as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Notes 20 and 40b.

5. REVENUE AND SEGMENT INFORMATION

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major revenue sources:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Timing of revenue recognition		
At a point in time		
Sale of pharmaceutical products	**1,640,138**	1,190,426
Licensing income	**235,446**	283,725
Others	**1,814**	5,046
	1,877,398	1,479,197
Over time		
Service income	**70,919**	23,353
	1,948,317	1,502,550

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Sales of pharmaceutical products

Revenue is recognised when control of the goods has been transferred, being when the goods have been delivered to the customer's specific location. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. Following delivery, the customer bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer. The normal credit term is ranged from 30 to 60 days (2023: 45 to 60 days) upon delivery.

Under the Group's standard contract terms, customers have a right to return products which are close to expiry dates. The Group uses its accumulated historical experience to estimate the number of return on a portfolio level using the expected value method. Revenue is recognised for sales which are considered highly probable that a significant reversal in the cumulative revenue recognised will not occur. A refund liability is recognised for sales in which revenue has yet to be recognised. The Group's right to recover the product when customers exercise their right is recognised as a right to returned goods asset and a corresponding adjustment to cost of sales.

The transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customers. All sales of goods are for a period of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Licensing income

During the years ended 31 December 2024 and 2023, the Group has several exclusive license development and commercialisation agreements, pursuant to which the Group may receive upfront payment, milestone payments and sales-based royalty. The Group recognises non-refundable upfront payments as revenue at a point in time upon the grant of the license, which is the time the customers obtain control on the usage of intellectual property.

For contracts that contain variable consideration in relation to milestone payment and sales-based royalty from license agreement, the Group estimates the amount of consideration to which it will be entitled using the most likely amount, which best predicts the amount of consideration to which the Group will be entitled. The potential milestone payments that the Company is eligible to receive were considered as variable consideration as all milestone amounts were fully constrained due to uncertainty of achievement.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Licensing income (Continued)

Notwithstanding the above criteria, the Group shall recognise revenue for a sales-based royalty promised in exchange for a licence of intellectual property only when (or as) the later of the following events occurs:

- the subsequent sale occurs; and
- the performance obligation to which some or all of the sales-based royalty has been allocated has been satisfied (or partially satisfied).

The normal credit term is ranged from 30 to 120 days (2023: 45 days) upon issuance of invoices.

Service income

The Group provides research and development services ("R&D"). Service income is recognised either at a point in time or over time, depending on the type of service provided. Revenue is recognised over time for time-based service income as the Group does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date. For over time revenue recognition, the progress towards complete satisfaction of a performance obligation is measured based on output method. Under the output method, the progress of performance determined based on the goods or services delivered to customers.

The transaction price received by the Group is recognised as a contract liability until the services have been delivered to the customer. All sales of services are for a period of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

The normal credit term is ranged from 15 to 45 days (2023: 45 to 60 days) upon issuance of invoices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information

For the purpose of resources allocation and performance assessment, the Group's management, being the chief operating decision maker, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole. The Group has only one reportable segment. Accordingly, only geographical information and major customers are presented.

Geographical information

The Group's operations are mainly located in the PRC and the United States of America (the "USA").

Information about the Group's revenue from external customers is presented based on the operating location of customers.

	Revenue from external customers Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
The PRC	**1,853,570**	1,180,148
The USA	**58,993**	218,847
Others	**35,754**	103,555
	1,948,317	1,502,550

Information about the Group's non-current assets, excluded non-current financial assets and deferred tax assets, is presented based on the geographical location of the assets as below:

	Non-current assets As at 31 December	
	2024	2023
	RMB'000	RMB'000
The PRC	**5,398,548**	4,764,862
The USA	**19,903**	24,578
	5,418,451	4,789,440

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Customer A[1]	**N/A**	218,847

[1] The revenue from customer A does not exceed 10% of total revenue of the Group this year.

6. OTHER INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Bank interest income	**43,630**	99,426
Government grants related to property, plant and equipment *(Note a)*	**9,600**	2,802
Other subsidies *(Note b)*	**46,027**	48,143
Others	**2,252**	413
	101,509	150,784

Notes:

(a) Amounts represent subsidies from the PRC government specifically for the capital expenditure incurred for the acquisition of buildings situated on leasehold land in the PRC and machineries, which is recognised as other income over the estimated useful life of the respective assets.

(b) Amounts mainly represent subsidies from PRC government for research and development activities, which are recognised as other income upon meeting specific conditions and incentives which have no specific conditions attached to the grants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

7. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Fair value loss of other financial assets measured at FVTPL	**(38,620)**	(144,942)
Gain on disposal of an associate *(Note 18)*	**–**	130,240
Gain on capital reduction of a joint venture and an associate	**2,476**	–
Loss on disposal of property, plant and equipment	**(809)**	(2,296)
Other gain *(Note)*	**14,234**	30,598
(Loss) gain on termination of leases	**(59)**	584
Exchange gains (losses), net	**8,266**	(2,661)
Others	**(1,589)**	–
	(16,101)	11,523

Note: During the year ended 31 December 2024, the Group transferred certain rights under the license agreement to Excellmab in exchange of 40% equity interest in Excellmab and recognised a gain of RMB14,234,000. During the year ended 31 December 2023, the Group transferred certain developing pipelines to Shanghai Allink in exchange of 9.45% equity interest in Shanghai Allink, a related party of the Group. One of the Company's non-executive directors who resigned in June 2024 is also the chairman of Shanghai Allink. The transaction results in a gain of RMB30,598,000, representing the fair value of the equity interest in Shanghai Allink on the date of transfer.

8. FINANCE COSTS

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Interest on bank borrowings	**74,285**	35,897
Less: amounts capitalised in the cost of qualifying assets	**(30,343)**	(12,890)
	43,942	23,007
Interest on other financial liabilities	**5,643**	2,791
Interest on lease liabilities	**1,767**	3,208
	51,352	29,006

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

9. LOSS BEFORE TAX

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Loss before tax has been arrived at after charging:		
Auditor's remuneration	**3,420**	3,510
Depreciation of property, plant and equipment	**258,991**	276,744
Less: amounts capitalised in the cost of construction in progress	**(1,181)**	(9,419)
amounts included in the cost of inventories	**(44,677)**	(27,386)
	213,133	239,939
Depreciation of right-of-use assets	**50,649**	52,003
Less: amounts capitalised in the cost of construction in progress	**–**	(3,495)
	50,649	48,508
Amortisation for intangible assets	**20,093**	14,773
(Reversal of) impairment losses recognised on other assets and prepayments included in cost of sales	**(24,676)**	32,897
Cost of inventories recognised as an expense (including write-down of inventories amounting to RMB112,855,000 (2023: RMB93,417,000)):		
– Cost of sales	**462,586**	505,617
– Research and development expenses	**146,979**	266,980
Staff costs (including directors' emoluments):		
– Salaries and other benefits	**1,146,570**	1,224,977
– Retirement benefit scheme contributions	**99,295**	94,851
– Share-based payment expenses	**–**	23,977
	1,245,865	1,343,805
Less: amounts capitalised in the cost of construction in progress	**(9,828)**	(18,371)
amounts included in the cost of inventories	**(78,286)**	(51,535)
	1,157,751	1,273,899

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. INCOME TAX EXPENSE

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current tax		
United States Corporate Income Tax	**3,021**	(88,214)
Singapore Corporate Income Tax	**1,634**	–
India Corporate Income Tax	**1,545**	7,178
Others	**1**	–
	6,201	(81,036)
Deferred tax *(Note 31)*	**16,351**	125,031
	22,552	43,995

Under the law of the PRC Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the Company and its PRC subsidiaries is 25% for both years.

The Company and its certain subsidiaries have been accredited as "High and New Technology Enterprises" for a period of three years starting from 2024 to 2027. Accordingly, the profit derived by the Company and these subsidiaries is subject to 15% Enterprise Income Tax rate for the reporting period.

TopAlliance Biosciences Inc., a wholly-owned subsidiary of the Company, is subject to the US California Corporate Income Tax rate of 8.84% (2023: 8.84%) for the year ended 31 December 2024. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

During the year ended 31 December 2024, the Company is subject to a United States withholding tax on licensing income received from a US-based customer amounting to RMB2,608,000, a Singapore withholding tax on licensing income received from a Singapore-based customer amounting to RMB1,634,000, and an India withholding tax on licensing income received from an India-based customer amounting to RMB1,545,000. The effective withholding tax rate was 10% (2023: 10%).

During the year ended 31 December 2023, the Company received a refund of United States Corporate Income Tax previously withheld on licensing income from a United States based customer amounting to RMB106,231,000, and the Company is subject to a United States withholding tax on licensing income received from a US-based customer and an India withholding tax on licensing income received from an India-based customer, amounting to RMB18,017,000 and RMB7,178,000, respectively. The effective withholding tax rate was 10%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. INCOME TAX EXPENSE (CONTINUED)

The income tax expense (credit) for the year can be reconciled to loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Loss before tax	**(1,359,028)**	(2,489,887)
Tax credit at the PRC EIT rate of 25% (2023: 25%)	**(339,757)**	(622,472)
Tax effect of share of losses of joint ventures	**3,300**	1,258
Tax effect of share of losses of associates	**5,456**	13,863
Tax effect of income not taxable for tax purpose	**–**	(4,500)
Tax effect of expenses not deductible for tax purpose	**49,393**	41,462
Tax effect of research and development expenses that are additionally deducted *(Note)*	**(237,975)**	(272,843)
Tax effect on other deductible temporary differences not recognised	**56,069**	144,092
Utilisation of deductible temporary differences previously not recognised	**(69,195)**	(401)
Tax effect of tax losses not recognised	**498,952**	830,718
Utilisation of tax losses previously not recognised	**(6)**	(6,405)
Income tax at concessionary rate	**50,528**	259
Withholding tax	**5,787**	(81,036)
Income tax expense	**22,552**	43,995

Note: Pursuant to Caishui [2018] circular No. 99 and Caishui [2021] circular No. 6, the Company and certain subsidiaries enjoy super deduction of 200% (2023: 200%) on qualifying and research and development expenditures for the year ended 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

11. LOSS PER SHARE

(a) Basic

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(1,282,398)**	(2,281,624)

Number of shares:

	Year ended 31 December	
	2024	2023
Weighted average number of ordinary shares for the purpose of basic loss per share	**984,908,447**	985,302,166

During the year ended 31 December 2023, the Company repurchased 679,027 ordinary shares (A Shares). During the year ended 31 December 2024, the Company repurchased 136,844 ordinary shares (A Shares) and had accumulated a total of 815,871 treasury shares. The weighted average number of ordinary shares for the purpose of basic loss per share for the year ended 31 December 2024 excludes treasury shares repurchased.

The weighted average number of ordinary shares for the purpose of basic loss per share for the year ended 31 December 2023 excludes treasury shares repurchased and has been adjusted for the issuance of 2,818,231 shares upon the exercise of RSUs on 2 February 2023.

(b) Diluted

The computation of diluted loss per share for the years ended 31 December 2024 and 31 December 2023 do not assume the exercise of the Company's outstanding RSUs as this would be anti-dilutive. Accordingly, diluted loss per share for the years ended 31 December 2024 and 2023 are the same as basic loss per share for the respective year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

12. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS

Directors and supervisors

Details of the emoluments paid or payable to the directors and the chief executive and supervisors of the Company for the services provided to the Group during both years are as follows:

	Fees RMB'000	Salaries and other benefits RMB'000	Performance bonus RMB'000 *(Note g)*	Retirement benefit scheme contributions RMB'000	Subtotal RMB'000	Share-based payment expenses RMB'000	Total RMB'000
For the year ended 31 December 2024							
Chief executive and executive director							
Dr. Zou Jianjun *(Note a)*	–	6,853	2,061	73	8,987	–	8,987
Executive directors							
Mr. Xiong Jun	–	2,917	843	73	3,833	–	3,833
Mr. Zhang Zhuobing	–	2,667	2,585	73	5,325	–	5,325
Dr. Yao Sheng	–	2,990	824	–	3,814	–	3,814
Dr. Li Ning *(Note b)*	–	4,917	1,447	–	6,364	–	6,364
Mr. Li Cong	–	2,828	1,260	–	4,088	–	4,088
Dr. Wang Gang *(Note c)*	–	3,709	540	–	4,249	–	4,249
Dr. Li Xin *(Note d)*	–	444	–	18	462	–	462
Non-executive directors							
Dr. Feng Hui *(Note e)*	–	1,482	–	–	1,482	–	1,482
Mr. Tang Yi	–	–	–	–	–	–	–
Supervisors							
Ms. Wang Pingping	–	–	–	–	–	–	–
Mr. Wu Yu *(Note f)*	–	–	–	–	–	–	–
Ms. Huo Yilian	–	256	105	55	416	–	416
Ms. Kuang Hongyan *(Note g)*	–	–	–	–	–	–	–
Independent non-executive directors							
Dr. Feng Xiaoyuan	200	–	–	–	200	–	200
Mr. Qian Zhi *(Note h)*	95	–	–	–	95	–	95
Dr. Roy Steven Herbst *(Note i)*	1,017	–	–	–	1,017	–	1,017
Mr. Zhang Chun	200	–	–	–	200	–	200
Dr. Meng Anming *(Note j)*	291	–	–	–	291	–	291
Dr. Yang Yue *(Note k)*	106	–	–	–	106	–	106
Dr. Shen Jingkang *(Note l)*	72	–	–	–	72	–	72
Mr. Li Zhongxian *(Note m)*	–	–	–	–	–	–	–
Ms. Lu Kun *(Note n)*	–	–	–	–	–	–	–
	1,981	29,063	9,665	292	41,001	–	41,001

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

12. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Directors and supervisors (Continued)

	Fees RMB'000	Salaries and other benefits RMB'000	Performance bonus RMB'000 *(Note q)*	Retirement benefit scheme contributions RMB'000	Subtotal RMB'000	Share-based payment expenses RMB'000	Total RMB'000
For the year ended 31 December 2023							
Chief executive and executive director							
Dr. Li Ning *(Note b)*	–	7,297	–	–	7,297	2,633	9,930
Executive directors							
Mr. Xiong Jun	–	4,218	2,750	152	7,120	1,384	8,504
Mr. Zhang Zhuobing	–	3,840	2,750	152	6,742	1,384	8,126
Dr. Yao Sheng	–	4,638	–	–	4,638	3,376	8,014
Mr. Li Cong	–	4,224	–	–	4,224	–	4,224
Dr. Zou Jianjun *(Note a)*	–	5,721	–	140	5,861	–	5,861
Dr. Wang Gang *(Note c)*	–	837	300	–	1,137	187	1,324
Non-executive directors							
Dr. Wu Hai *(Note o)*	–	1,579	–	–	1,579	–	1,579
Dr. Feng Hui *(Note e)*	–	4,357	–	105	4,462	–	4,462
Mr. Tang Yi	–	–	–	–	–	–	–
Dr. Li Xin *(Note d)*	–	–	–	–	–	–	–
Supervisors							
Ms. Wang Pingping	–	–	–	–	–	–	–
Mr. Wu Yu *(Note f)*	–	–	–	–	–	–	–
Ms. Huo Yilian	–	294	42	104	440	–	440
Independent non-executive directors							
Dr. Chen Lieping *(Note p)*	463	–	–	–	463	–	463
Dr. Feng Xiaoyuan	200	–	–	–	200	–	200
Mr. Qian Zhi *(Note h)*	200	–	–	–	200	–	200
Dr. Roy Steven Herbst *(Note i)*	2,107	–	–	–	2,107	–	2,107
Mr. Zhang Chun	200	–	–	–	200	–	200
Dr. Meng Anming *(Note j)*	151	–	–	–	151	–	151
	3,321	37,005	5,842	653	46,821	8,964	55,785

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

12. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Directors and supervisors (Continued)

Notes:

(a) Dr. Zou Jianjun was re-designated from deputy general manager of the Company to general manager of the Company in January 2024.

(b) Dr. Li Ning was re-designated from general manager of the Company to vice chairman of the board in January 2024.

(c) Dr. Wang Gang was appointed as executive director of the Company in October 2023 and was appointed as deputy general manager of the Company in August 2019.

(d) Dr. Li Xin was re-designated from non-executive director to executive director in February 2024. Her emoluments disclosed above also included those services rendered by her as the non-executive director.

(e) Dr. Feng Hui was re-designated from executive director to non-executive director in August 2023 and resigned as non-executive director in June 2024.

(f) Mr. Wu Yu resigned as supervisor in June 2024.

(g) Ms. Kuang Hongyan was appointed as chairperson of the board of supervisors of the Company in June 2024.

(h) Mr. Qian Zhi resigned as independent non-executive director in June 2024.

(i) Dr. Roy Steven Herbst resigned as independent non-executive director in June 2024.

(j) Dr. Meng Anming was appointed as independent non-executive director of the Company in June 2023 and resigned as independent non-executive director of the Company in December 2024.

(k) Dr. Yang Yue was appointed as independent non-executive director of the Company in June 2024.

(l) Dr. Shen Jingkang was appointed as independent non-executive director of the Company in June 2024 and resigned in October 2024.

(m) Mr. Li Zhongxian was appointed as independent non-executive director of the Company in December 2024.

(n) Ms. Lu Kun was appointed as independent non-executive director of the Company in December 2024.

(o) Dr. Wu Hai resigned as non-executive director in August 2023.

(p) Dr. Chen Lieping resigned as independent non-executive director in June 2023.

(q) The performance bonus are determined by the board of directors based on the Group's performance for the years ended 31 December 2024 and 2023.

The executive directors' and supervisors' emoluments shown above were for their services in connection with the management or supervision of the affairs of the Company and the Group.

The non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

There was no arrangement under which a director or chief executive waived or agreed to waive any remunerations during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

12. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Employees

The five highest paid individuals of the Group during the year 2024 included three (2023: four) directors and chief executive of the Company.

Details of their emoluments are set out above. The emoluments of the remaining two (2023: one) highest paid employees who are neither a director, chief executive nor supervisor of the Company are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Salaries and other benefits	**8,275**	4,425
Performance bonus	**2,586**	–
Share-based payment expenses	**–**	1,688
	10,861	6,113

Emoluments of the five highest paid individuals fell within the following bands:

	Year ended 31 December	
	2024	2023
Hong Kong Dollar ("HK$") 5,000,001 to HK$5,500,000	**1**	–
HK$5,500,001 to HK$6,000,000	**1**	–
HK$6,500,001 to HK$7,000,000	**2**	1
HK$8,500,001 to HK$9,000,000	**–**	1
HK$9,000,001 to HK$9,500,000	**–**	2
HK$9,500,001 to HK$10,000,000	**1**	–
HK$11,000,001 to HK$11,500,000	**–**	1

No emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office for both years.

13. DIVIDENDS

No dividend was paid or proposed by the Company during the years ended 31 December 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

14. PROPERTY, PLANT AND EQUIPMENT

	Properties RMB'000	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Vehicles RMB'000	Leasehold improvement RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2023	1,039,989	978,723	497,307	46,205	65,573	1,048,185	3,675,982
Additions	193,559	2,740	1,015	2,242	6,473	888,494	1,094,523
Transfer	373,588	139,580	95,827	–	–	(608,995)	–
Disposals	–	(8,213)	(862)	–	–	–	(9,075)
Exchange realignment	–	–	236	–	–	–	236
At 31 December 2023	1,607,136	1,112,830	593,523	48,447	72,046	1,327,684	4,761,666
Additions	75	1,462	4,664	–	5,026	622,381	633,608
Transfer	(39,875)	86,328	16,834	–	–	(63,287)	–
Disposals	–	(358)	(4,918)	(434)	–	–	(5,710)
Exchange realignment	–	–	212	–	–	–	212
At 31 December 2024	**1,567,336**	**1,200,262**	**610,315**	**48,013**	**77,072**	**1,886,778**	**5,389,776**
DEPRECIATION							
At 1 January 2023	121,227	281,610	223,180	28,307	42,331	–	696,655
Provided for the year	54,588	97,073	102,250	5,717	17,116	–	276,744
Disposals	–	(671)	(599)	–	–	–	(1,270)
Exchange realignment	–	–	128	–	–	–	128
At 31 December 2023	175,815	378,012	324,959	34,024	59,447	–	972,257
Provided for the year	48,873	118,855	74,975	4,784	11,504	–	258,991
Transfer	(5,533)	(20,977)	(1,704)	–	–	28,214	–
Disposals	–	(340)	(4,592)	(412)	–	–	(5,344)
At 31 December 2024	**219,155**	**475,550**	**393,638**	**38,396**	**70,951**	**28,214**	**1,225,904**
CARRYING VALUES							
At 31 December 2024	**1,348,181**	**724,712**	**216,677**	**9,617**	**6,121**	**1,858,564**	**4,163,872**
At 31 December 2023	1,431,321	734,818	268,564	14,423	12,599	1,327,684	3,789,409

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment except for construction in progress are depreciated on a straight-line basis after taking into account of the residual value as follows:

Properties	2.38% – 4.75% per annum
Machinery	6.33% – 9.50% per annum
Furniture, fixtures and equipment	9.50% – 31.67% per annum
Vehicles	19.00% per annum
Leasehold improvement	33.33% – 50.00% per annum

As at 31 December 2024 and 2023, certain of the Group's property, plant and equipment have been pledged to secure bank borrowings of the Group as detailed in Note 25.

The Group has obtained the property ownership certificate for all properties except for certain properties with carrying amount RMB80,635,000 (2023: RMB407,548,000) in which the Group is in the process of obtaining.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Leased properties RMB'000	Machinery RMB'000	Total RMB'000
As at 31 December 2024				
Carrying amount	**400,901**	**55,599**	**–**	**456,500**
As at 31 December 2023				
Carrying amount	412,548	51,367	–	463,915
For the year ended 31 December 2024				
Depreciation charge	**11,647**	**39,002**	**–**	**50,649**
For the year ended 31 December 2023				
Depreciation charge	8,923	42,595	485	52,003

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Expenses relating to short-term leases and low-value assets	**12,803**	12,801
Total cash outflow for leases	**52,407**	268,678
Additions to right-of-use assets	**49,490**	229,365

For both years, the Group leases leasehold lands and leased properties for its operations. Except for lease contracts for leasehold lands which are entered into for a fixed term of 20 to 50 years, lease contracts for leased properties are entered into for fixed term of one to five years (2023: one to five years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. RIGHT-OF-USE ASSETS (CONTINUED)

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

The Group regularly entered into short-term leases for properties. As at 31 December 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

As at 31 December 2024 and 2023, certain of the Group's right-of-use assets (leasehold lands) have been pledged to secure bank borrowings of the Group as detailed in Note 25.

Restrictions or covenants on leases

In addition, lease liabilities of RMB56,607,000 are recognised with related right-of-use assets of RMB55,599,000 as at 31 December 2024 (2023: lease liabilities of RMB53,382,000 and related right-of-use assets of RMB51,367,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

As at 31 December 2024 and 2023, the Group did not enter into new leases that have not yet commenced.

Details of the lease maturity analysis of lease liabilities are set out in Notes 29 and 40b.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

16. INTANGIBLE ASSETS

	Computer software RMB'000	In-license RMB'000 *(Note)*	Patent RMB'000	Technical know-how RMB'000	Total RMB'000
COST					
At 1 January 2023	39,573	19,811	864	57,733	117,981
Additions	50,264	–	13	–	50,277
At 31 December 2023	89,837	19,811	877	57,733	168,258
Additions	6,789	–	–	–	6,789
Disposals	–	–	(779)	–	(779)
At 31 December 2024	**96,626**	**19,811**	**98**	**57,733**	**174,268**
AMORTISATION					
At 1 January 2023	16,353	–	98	2,617	19,068
Additions	11,544	–	89	3,140	14,773
At 31 December 2023	27,897	–	187	5,757	33,841
Additions	16,916	–	37	3,140	20,093
Disposals	–	–	(170)	–	(170)
At 31 December 2024	**44,813**	**–**	**54**	**8,897**	**53,764**
CARRYING VALUES					
At 31 December 2024	**51,813**	**19,811**	**44**	**48,836**	**120,504**
At 31 December 2023	61,940	19,811	690	51,976	134,417

The above intangible assets with finite useful lives are amortised on a straight-line basis as follow:

Computer software	20% – 50% per annum
Patent	10% per annum
Technical know-how	5% per annum

Note: In 2020, the Group entered into an in-license agreement with an independent third party under which the Group was granted a world-wide exclusive, sub-licensable license to use certain pipeline, for the purpose of conducting preclinical development, clinical research and commercialisation of certain drug. The Group paid an upfront payment of RMB19,811,000 and such payment was capitalised as intangible asset. The management is of the view that the intangible asset is not yet available for use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

17. INTERESTS IN JOINT VENTURES

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Cost of investments in joint ventures	**85,000**	80,000
Share of post-acquisition losses	**(14,846)**	(5,344)
	70,154	74,656

Details of the Group's interests in joint ventures are as follows:

Name of entities	Country of establishment	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activities
			As at 31 December 2024	As at 31 December 2023	**As at 31 December 2024**	As at 31 December 2023	
Shanghai Ruotuo Biotechnology Co., Ltd. * 上海偌妥生物科技有限公司 ("Ruotuo Bio") *(Note a)*	The PRC	The PRC	**49%**	49%	**49%**	49%	Discovery, development and commercialisation of innovative drugs
Suzhou Kebo Ruijun Biosciences Co., Ltd.* 蘇州科博瑞君生物醫藥科技有限公司 ("Kebo Ruijun") *(Note b)*	The PRC	The PRC	**N/A**	50%	**N/A**	50%	Discovery, development and commercialisation of innovative drugs

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

17. INTERESTS IN JOINT VENTURES (CONTINUED)

Notes:

(a) On 20 September 2023, the Group acquired 49% equity interest in Ruotuo Bio from an associate of the Group, Anwita Biosciences, Inc. ("Anwita"), with a cash consideration of RMB50,000,000. Upon the completion of the transaction, Ruotuo Bio became a joint venture of the Group. During the year ended 31 December 2024, an additional capital injection of RMB25,000,000 was made by the Group to Ruotuo Bio.

(b) In September 2020, the Group invested into Kebo Ruijun with the investment cost amounted to RMB30,000,000. Based on the terms stipulated in respective investment agreements, the Group accounts for the investment as a joint venture. During the year ended 31 December 2024, the Group disposed 30% equity interest of Kebo Ruijun by reducing capital injection of RMB22,000,000. Upon completion of the disposal and based on the revised investment agreement, Kebo Ruijun has become an associate of the Group. The remaining RMB8,000,000 is deemed as the cost of the associate. The carrying amount of the Group's interest in the joint venture immediately before the disposal was RMB26,301,000.

No additional disclosure of financial information of joint ventures as there is no individually material joint venture.

Aggregate information of joint ventures that are not individually material

	Year ended/ As at 31 December	
	2024	2023
	RMB'000	RMB'000
The Group's share of loss and total comprehensive expense	**(13,201)**	(5,031)
Aggregate carrying amount of the Group's interests in these joint ventures	**70,154**	74,656

18. INTERESTS IN ASSOCIATES

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Cost of investments in associates	**224,684**	211,961
Share of post-acquisition losses	**(55,476)**	(44,041)
Less: elimination of unrealised downstream transactions	**(16,027)**	–
	153,181	167,920

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

18. INTERESTS IN ASSOCIATES (CONTINUED)

Details of each of the Group's principal associates at the end of the reporting period are as follow:

Name of entities	Country of incorporation	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activities
			As at 31 December 2024	As at 31 December 2023	As at 31 December 2024	As at 31 December 2023	
Anwita *(Note a)*	The USA	The USA	18.03%	19.53%	18.03%	19.53%	Discovery, development and commercialisation of innovative drugs
Shanghai Junshi Runjia Pharmaceutical Co., Ltd.* 君實潤佳(上海)醫藥科技有限公司 ("Junshi Runjia") *(Note b)*	The PRC	The PRC	50%	50%	50%	50%	Discovery, development and commercialisation of innovative drugs
Shanghai Junshi Xihai Biotechnology Co., Ltd.* 上海君實西海生物科技有限公司 *(Note c)*	The PRC	The PRC	50%	50%	50%	50%	Inactive
Chengdu Qingsheng Biopharmaceutical Technology Co., Ltd.* 成都輕勝生物醫藥科技有限公司 ("Chengdu Qingsheng") *(Note d)*	The PRC	The PRC	30%	30%	30%	30%	Discovery, development and commercialisation of innovative drugs
Hainan Junshi Phase I Equity Investment Fund Partnership (Limited Partnership)* 海南君實一期股權投資基金合夥企業(有限合夥) ("Junshi Phase I Fund") *(Note e)*	The PRC	The PRC	0.33%	0.33%	0.33%	0.33%	Investment fund

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

18. INTERESTS IN ASSOCIATES (CONTINUED)

Name of entities	Country of incorporation	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activities
			As at 31 December 2024	As at 31 December 2023	As at 31 December 2024	As at 31 December 2023	
Excellmab *(Note f)*	Singapore	Singapore	40%	N/A	40%	N/A	Discovery, development and commercialisation of innovative drugs
Kebo Ruijun *(Note 17b)*	The PRC	The PRC	20%	N/A	20%	N/A	Discovery, development and commercialisation of innovative drugs

Notes:

(a) The Company has significant influence over the investee as one out of five members in the board of directors is designated by the Company. The decrease of ownership percentage is due to the investment from other investor.

(b) During the year ended 31 December 2024, an additional capital injection of RMB30,000,000 was made by the Group to Junshi Runjia.

(c) During the year ended 31 December 2024, the Group reduced the capital injection in Shanghai Junshi Xihai Biotechnology Co., Ltd.* 上海君實西海生物科技有限公司. The amount of capital received back by the Group amounted to RMB49,000,000. The ownership is remained unchanged after the capital reduction.

(d) In December 2023, JunTop Biosciences acquired 30% equity interest of Chengdu Qingsheng for a cash consideration of RMB10,000,000.

(e) The Group is able to exercise significant influence over Junshi Phase I Fund because the Group manages the fund's day to day investment and disposition activities on behalf of the fund under the partnership agreement of Junshi Phase I Fund.

(f) During the year ended 31 December 2024, the Group transferred certain rights under a license agreement to Excellmab in exchange of its 40% equity interest.

No additional disclosure of financial information of associates as there is no individually material associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

18. INTERESTS IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material

	Year ended/As at 31 December	
	2024	2023
	RMB'000	RMB'000
The Group's share of losses and total comprehensive expense	**(9,827)**	(55,453)
Aggregate carrying amount of the Group's interests in these associates	**153,181**	167,920

19. INVENTORIES

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Raw materials	**275,653**	247,350
Work in progress	**238,865**	216,497
Finished goods	**69,953**	74,206
	584,471	538,053

20. TRADE RECEIVABLES

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Trade receivables	**513,899**	498,080
Less: Allowance for credit losses	**(4,082)**	(18,357)
	509,817	479,723

The trade receivables are receivables from contracts with customers.

As at 1 January 2023, the trade receivables from contracts with customers amounted to RMB232,725,000, after net off allowance for credit losses RMB18,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

20. TRADE RECEIVABLES (CONTINUED)

The aged analysis of the Group's trade receivables net of allowance for credit losses, based on invoice date, at the end of each reporting period are as follows:

	At 31 December	
	2024	2023
	RMB'000	RMB'000
0 – 90 days	**400,070**	462,972
91 – 180 days	**18,506**	9,484
Over 180 days	**91,241**	7,267
	509,817	479,723

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB113,828,000 (2023: RMB206,151,000) which are past due and the impairment amount is RMB4,082,000 (2023:RMB18,357,000).

Out of the past due balance, RMB108,987,000 (2023: RMB8,388,000) has been past due 90 days or more and is not considered as in default as they are due from customers with good reputation and lower risk of default.

Subsequent to the year end of 2023, the payment schedule for the Group's trade receivables balance amounting to United States dollar ("US$") 25,000,000 was revised. Based on the revised payment schedule, US$12,500,000 will be due in the second quarter of 2024 and the remainder will be due in the first quarter of 2025. The amounts were received based on the revised schedule up to the date of this report.

Details of impairment assessment of trade receivables are set out in Note 40.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. OTHER ASSETS, PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Deposits		
– current	**38,936**	27,139
– non-current	**7,705**	29,265
Prepayments		
– current *(Note a)*	**199,825**	245,217
– non-current *(Note b)*	**195,599**	101,175
Amount due from a partner of a joint operation *(Note c)*	**–**	3,900
Interest receivables	**–**	530
Value added tax ("VAT") recoverable *(Note d)*		
– current	**18,367**	134,194
– non-current	**258,641**	57,948
Consideration receivables arising from equity transfer transactions	**–**	339,167
	719,073	938,535
Less: Allowance for credit losses	**(308)**	(5,759)
	718,765	932,776
Analysis as		
– current	**256,820**	744,388
– non-current	**461,945**	188,388
	718,765	932,776

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. OTHER ASSETS, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes:

(a) Prepayments mainly include fee paid for research and development services for the clinical and non-clinical study of the drugs. Prepayments also include other prepaid operating expenses and prepayments for purchase of raw materials. As of 31 December 2024, impairment losses of RMB8,220,000 (2023: RMB27,187,000) were recognised on prepayments relating to purchase of raw materials, due to anticipated decrease of product selling price.

(b) Amount mainly represents prepayments for construction in progress and acquisition of property, plant and equipment.

(c) The amount was unsecured, non-interest bearing and repayable on demand.

(d) Included in VAT recoverable are RMB18,367,000 (2023: RMB134,194,000) presented as current assets as at 31 December 2024 since they are expected to be deducted from future VAT payable arising on the Group's revenue which are expected to be generated within the next twelve months from the end of the reporting period. The remaining VAT recoverable of RMB258,641,000 (2023: RMB57,948,000) are therefore presented as non-current assets as at 31 December 2024.

Details of impairment assessment of other receivables are set out in Note 40.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

22. OTHER FINANCIAL ASSETS

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Current asset		
Financial asset measured at FVTPL		
– Financial products	**430,508**	–
Non-current assets		
Financial assets measured at FVTPL		
– Unlisted equity investments in partnership *(Note a)*	**188,869**	153,777
– Unlisted equity investments *(Note b)*	**46,898**	42,182
– Investments in preference shares *(Note c)*	**704,738**	610,393
	940,505	806,352
Financial assets designated as FVTOCI *(Note d)*	**62,565**	84,184
	1,003,070	890,536

Notes:

(a) The amount represents unlisted equity investments in limited partnership enterprises, which are specialised in making equity investment. According to the partnership enterprises agreement, the Group does not have any right on making operating, investing and financing decisions of the partnership enterprises.

(b) The amounts represent unlisted equity interest in entities which are mainly engaged in drug discovery. These investments are not held for trading but for long-term strategic purposes.

(c) The amounts represent investments in preference shares and ordinary shares with preferred rights in unlisted entities, which are mainly engaged in drug discovery. For an investment with fair value of RMB84,131,000 (2023: RMB81,793,000), one out of seven members in the board of directors is designated by the Group, which exercises significant influence over the investment.

(d) These investments are not held for trading; instead, they are held for long-term strategic purpose. The management of the Group have elected to designate these investments in equity instruments as at FVTOCI.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

23. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Restricted bank deposits represent the deposits placed in restricted bank accounts mainly for the judicial freezing. As at 31 December 2024 and 2023, the restricted bank deposits will be released in one year and are therefore classified as current assets.

Bank balances and cash of the Group comprised of cash and short-term bank deposits with an original maturity of three months or less. Bank balances carrying interest at market rates which ranged from 0.0001% to 4.39% per annum at 31 December 2024 (2023: from 0.0001% to 5.28% per annum).

Details of the impairment assessment of restricted bank deposits and bank balances are set out in Note 40.

24. TRADE AND OTHER PAYABLES

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Trade payables		
– third parties	**208,356**	247,264
Accrued expenses in respect of:		
– construction costs	**465,730**	479,284
– research and development expenses *(Note)*	**310,884**	408,516
– selling and distribution expenses	**146,565**	133,997
– payables under collaboration agreement	**10,088**	14,947
– others	**91,061**	97,137
Salary and bonus payables	**252,681**	234,202
Other tax payables	**27,287**	41,411
Other payables	**35,768**	49,257
	1,548,420	1,706,015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

24. TRADE AND OTHER PAYABLES (CONTINUED)

Payment terms with suppliers are mainly with credit term of 0 days to 90 days (2023: 0 days to 90 days) from the time when the goods and services are received from the suppliers.

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

	At 31 December	
	2024	2023
	RMB'000	RMB'000
0 – 30 days	**98,434**	60,582
31 – 60 days	**17,062**	33,363
61 – 180 days	**14,982**	72,400
Over 180 days	**77,878**	80,919
	208,356	247,264

Note: Amounts included service fees payable to outsourced service providers including contract research organisations and clinical trial centres.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

25. BORROWINGS

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Bank borrowings		
– secured	**990,063**	868,364
– unsecured	**1,884,218**	866,821
	2,874,281	1,735,185
The maturity profile of bank borrowings is as follows:		
– within one year	**894,601**	539,391
– within a period of more than one year but not exceeding two years	**623,668**	120,135
– within a period of more than two years but not exceeding five years	**790,641**	700,751
– within a period of more than five years	**565,371**	374,908
	2,874,281	1,735,185
Less: Amount due within one year shown under current liabilities	**(894,601)**	(539,391)
Amount shown under non-current liabilities	**1,979,680**	1,195,794

All bank borrowings are denominated in RMB as at 31 December 2024 and 2023.

The exposure of the Group's borrowings are as follows:

	2024	2023
	RMB'000	RMB'000
Fixed-rate borrowings	**1,052,157**	452,435
Variable-rate borrowings	**1,822,124**	1,282,750
	2,874,281	1,735,185

The Group's variable-rate borrowings carry interest at Loan Prime Rate ("LPR") minus a margin, ranging from 0.45% to 0.96% (2023: 0.45% to 0.85%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

25. BORROWINGS (CONTINUED)

The effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings are as follows:

	At 31 December	
Effective interest rate:	**2024**	2023
Fixed-rate bank borrowings	**2.50% -3.25% per annum**	1.98% – 3.35% per annum
Variable-rate bank borrowings	**2.49% -3.40% per annum**	3.30% – 3.75% per annum

The Group has pledged the following assets as securities for the Group's bank borrowings at the end of reporting period:

	2024	2023
	RMB'000	RMB'000
Restricted bank deposits	**–**	4,672
Property, plant and equipment	**606,785**	630,372
Right-of-use assets	**135,200**	140,683
	741,985	775,727

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

26. DEFERRED INCOME

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Government grants related to property, plant and equipment *(Note a)*	**121,023**	117,774
Other subsidies *(Note b)*	**60,890**	65,690
	181,913	183,464
Analysis as:		
– current	**30,640**	2,400
– non-current	**151,273**	181,064
	181,913	183,464

Notes:

(a) The Group received government grants for capital expenditure incurred for the acquisition of buildings situated on leasehold land in the PRC and machineries. The amounts are deferred and amortised over the estimated useful lives of the respective assets.

(b) Other subsidies are generally provided in relation to the research and development activities of the Group which are recognised as income upon meeting the specific conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

27. CONTRACT LIABILITIES

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Service income	**2,830**	2,830
Licensing income *(Note)*	**2,490**	141,509
Sale of pharmaceutical products	**2,846**	1,959
	8,166	146,298
Analysis as:		
– current	**8,166**	146,298

Note: During the year ended 31 December 2024, upfront payment of RMB139,019,000 are recognised as revenue that was included in the contract liability balance as at 1 January 2024.

As at 1 January 2023, contract liabilities amounted to nil. Contract liabilities are classified as current based on the Group's obligation to transfer goods or services to the customers.

28. PROVISIONS AND OTHER LIABILITIES

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Provisions *(Note a)*	**9,567**	19,642
Refund liabilities arising from right of return *(Note b)*	**–**	7,462
	9,567	27,104

Notes:

(a) The provision for onerous contracts relates to certain purchase contracts under which the unavoidable costs of meeting the obligation exceed the economic benefits to be received due to anticipated decrease of product selling price.

(b) The refund liabilities relate to customers' right to return products. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

29. LEASE LIABILITIES

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Lease liabilities payable:		
Within one year	**30,294**	35,931
Within a period of more than one year but not exceeding two years	**18,233**	12,636
Within a period of more than two years but not exceeding five years	**8,080**	4,815
	56,607	53,382
Less: Amount due for settlement with 12 months shown under current liabilities	**(30,294)**	(35,931)
Amount due for settlement after 12 months shown under non-current liabilities	**26,313**	17,451

The incremental borrowing rates applied to lease liabilities range from 3.10% to 5.23% (2023: 3.45% to 5.23%) per annum for the year ended 31 December 2024.

30. OTHER FINANCIAL LIABILITIES

Other financial liabilities represent amount received from other limited partners of Wuxi Runyuan Biomedical Venture Capital Investment Partnership (Limited Partnership) * 無錫潤元生物醫藥創業投資合夥企業(有限合夥) ("Wuxi Runyuan"), a subsidiary of the Company. The amount is measured at amortised cost based on the terms stipulated in the investment agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

31. DEFERRED TAXATION

The following is a summary of the deferred tax balances after offsetting for financial reporting purposes:

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Deferred tax assets	**87,045**	103,396

The following are the major deferred tax assets recognised and movements thereon before offsetting during the current and prior years.

	ECL provision	**Allowance for inventories**	**Deferred income**	**Lease liabilities**	**Unused tax losses**	**Unrealised gains of intercompany sales inventories**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	34	3,178	2,198	12,378	219,654	3,363	240,805
Credited (charge) to profit or loss	27	9	3,949	(5,974)	(115,771)	2,705	(115,055)
At 31 December 2023	61	3,187	6,147	6,404	103,883	6,068	125,750
Charge to profit or loss	(61)	(21)	(318)	597	(22,569)	(708)	(23,080)
At 31 December 2024	**–**	**3,166**	**5,829**	**7,001**	**81,314**	**5,360**	**102,670**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

31. DEFERRED TAXATION (CONTINUED)

The following are the major deferred tax liabilities recognised and movements thereon before offsetting during the current and prior years.

	Financial assets at FVTPL	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2023	–	(12,378)	(12,378)
(Charge) credited to profit or loss	(15,426)	5,450	(9,976)
At 31 December 2023	(15,426)	(6,928)	(22,354)
Credited to profit or loss	7,110	(381)	6,729
At 31 December 2024	**(8,316)**	**(7,309)**	**(15,625)**

As at 31 December 2024, the Group had deductible temporary differences and unused tax losses of RMB1,643,503,000 (2023: RMB1,692,408,000) and RMB12,109,885,000 (2023: RMB9,948,772,000), respectively, available for offset against future profits. A deferred tax asset has been recognised in respect of RMB101,260,000 (2023: RMB97,662,000) and RMB540,040,000 (2023: RMB691,283,000) of such deductible temporary differences and tax losses respectively as at 31 December 2024. Balance of deductible temporary differences and unused tax losses for which no deferred tax assets have been recognised due to the unpredictability of future profit streams are as follows:

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Accrued expenses	**920,921**	1,018,052
Share-based payment expenses	**6,514**	296,873
Deferred income	**43,075**	48,880
Tax losses	**11,569,845**	9,257,489
Others	**571,733**	230,941
	13,112,088	10,852,235

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

31. DEFERRED TAXATION (CONTINUED)

The unrecognised unused tax losses for the PRC subsidiaries of RMB11,528,351,000 (2023: RMB9,210,346,000) will be expired in next ten years.

At the end of reporting period, the Group has an accumulated operating loss in the non-PRC subsidiary of RMB41,494,000 (2023: RMB47,143,000) that are available to offset future profits. All tax losses may carry forward indefinitely.

32. SHARE CAPITAL

	Total number of shares	Amount RMB'000
Registered, issued and fully paid at RMB1.0 per share:		
At 1 January 2023	982,871,640	982,872
Exercise of RSUs *(Note 35)*	2,818,231	2,818
At 31 December 2023 and 2024	**985,689,871**	**985,690**

All the shares rank pari passu with the existing shares in all respects.

Save for disclosed elsewhere, none of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

33. TREASURY SHARE

During the years ended 31 December 2023 and 2024, the Company repurchased its own ordinary shares (A Shares) through the STAR Market of the Shanghai Stock Exchange as follows:

Month of repurchase	**No. of ordinary shares**	**Price per share**		**Aggregate consideration paid in 2024**
		Highest	**Lowest**	
		RMB	RMB	RMB'000
March 2024	**102,459**	**29.35**	**29.21**	**3,001**
June 2024	**34,385**	**29.14**	**29.03**	**1,000**
	136,844			**4,001**

Month of repurchase	No. of ordinary shares	Price per share		Aggregate consideration paid in 2023
		Highest	Lowest	
		RMB	RMB	RMB'000
September 2023	388,445	38.99	37.91	15,030
October 2023	171,266	40.49	40.14	6,905
December 2023	119,316	41.69	41.34	4,956
	679,027			26,891

34. CAPITAL AND OTHER COMMITMENTS

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements:		
– acquisition of property, plant and equipment	**928,144**	1,705,623
Other commitments in respect of investments	**56,000**	305,763

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

35. SHARE-BASED PAYMENT TRANSACTIONS

Restricted A Share Incentive Scheme

Pursuant to a resolution passed on 16 November 2020, the Company adopted the Restricted A Share Incentive Scheme (the "Restricted A Share Scheme") for the purpose of attract and retain the Group's personnel and to ensure the Group's development strategy and business goals. Eligible persons including the Group's directors, senior management and employees. Under the Restricted A Share Scheme, 28,519,000 RSUs are granted to eligible persons. The RSUs are vested as follows:

On 1st anniversary of the first trading day following the end of the 12 months from 16 November 2020	40% vest
On 2nd anniversary of the first trading day following the end of the 24 months from 16 November 2020	further 30% vest
On 3rd anniversary of the first trading day following the end of the 36 months from 16 November 2020	remaining 30% vest

Movement in the number of RSUs granted under the Restricted A Share Scheme is as follows:

For the year ended 31 December 2024

				Number of RSUs				
Date of grant	Exercise price RMB	Vesting date	Expiry date	Outstanding at 1 January 2024	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 December 2024
16 November 2020	55.50	16 November 2023	15 November 2024	6,159,540	–	–	(6,159,540)	–
Exercisable at the end of the year								–
Weighted average exercise price (RMB)				55.50	–	–	55.50	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

35. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Restricted A Share Incentive Scheme (Continued)

For the year ended 31 December 2023

				Number of RSUs				
Date of grant	Exercise price RMB	Vesting date	Expiry date	Outstanding at 1 January 2023	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 December 2023
16 November 2020	55.50	16 November 2022	15 November 2023	6,130,740	–	(2,088,696)	(4,042,044)	–
16 November 2020	55.50	16 November 2023	15 November 2024	6,159,540	–	–	–	6,159,540
Total				12,290,280	–	(2,088,696)	(4,042,044)	6,159,540
Exercisable at the end of the year								6,159,540
Weighted average exercise price (RMB)				55.50	–	55.50	55.50	55.50

During the year ended 31 December 2024, share-based payment expense of nil (2023: RMB16,105,000) (net of Nil (2023: RMB786,000) capitalised in cost of construction in progress) has been recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

35. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Reserved Restricted A Share Incentive Scheme

Pursuant to a resolution passed on 15 November 2021, the Company adopted the Reserved Restricted A Share Incentive Scheme (the "Reserved Restricted A Share Scheme") for the purpose of attract and retain the Group's personnel and to ensure the Group's development strategy and business goals. Eligible persons including the Group's directors, senior management and employees. Under the Reserved Restricted A Share Scheme, 7,129,000 RSUs are granted to eligible persons. The RSUs are vested as follows:

On 1st anniversary of the first trading day following the end of the 12 months from 15 November 2021	50% vest
On 2rd anniversary of the first trading day following the end of the 24 months from 15 November 2021	further 50% vest

Movement in the number of RSUs granted under the Reserved Restricted A Share Scheme is as follows:

For the year ended 31 December 2024

				Number of RSUs			
Date of grant	Exercise price RMB	Vesting date	Expiry Date	Outstanding at 1 January 2024	Exercised during the year	Lapsed during the year	Outstanding at 31 December 2024
15 November 2021	55.50	15 November 2023	15 November 2024	2,418,850	–	(2,418,850)	–
Exercisable at the end of the year							–
Weighted average exercise price (RMB)				55.50	–	55.50	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Reserved Restricted A Share Incentive Scheme (Continued)

For the year ended 31 December 2023

				Number of RSUs			
Date of grant	Exercise price RMB	Vesting date	Expiry Date	Outstanding at 1 January 2023	Exercised during the year	Lapsed during the year	Outstanding at 31 December 2023
15 November 2021	55.50	15 November 2022	15 November 2023	2,418,850	(729,535)	(1,689,315)	–
15 November 2021	55.50	15 November 2023	15 November 2024	2,418,850	–	–	2,418,850
Total				4,837,700	(729,535)	(1,689,315)	2,418,850
Exercisable at the end of the year							2,418,850
Weighted average exercise price (RMB)				55.50	55.50	55.50	55.50

During the year ended 31 December 2024, share-based payment expense of nil (2023: RMB6,879,000) (net of nil (2023: RMB207,000) capitalised in cost of construction in progress) has been recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

36. RETIREMENT BENEFIT SCHEMES

The employees of the Group in the PRC are members of the state-managed retirement benefit schemes operated by the relevant local government. The Company's subsidiaries situated in the PRC are required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to these retirement benefits schemes is to make the specified contributions.

The Group's subsidiary in the USA adopted a defined contributions plan pursuant to which the Group matches 50 cents for every dollar contributed by each qualifying member of staff up to 4% of their salaries. The maximum match is 2% of the qualifying member of staff's gross pay.

During the year ended 31 December 2024, the total amounts contributed by the Group to the schemes and costs charged to the profit or loss represents contributions paid or payable to the schemes by the Group at rates specified in the rules of the schemes. The retirement benefits scheme contributions incurred by the Group for employees in the PRC amounted to RMB94,461,000 (2023: RMB89,915,000) while retirement benefits scheme contributions incurred for employees in the USA amounted to RMB4,834,000 (2023: RMB4,936,000).

37. RELATED PARTY DISCLOSURES

Save for disclosed elsewhere in the report, the Group had entered into the following material transactions with related parties:

(a) Related party transactions

		Year ended 31 December	
		2024	2023
		RMB'000	RMB'000
Ruotuo Bio *(Note a)*	R&D expenses incurred	**–**	4,969
	Interest expenses on lease liability	**130**	–
Anwita	R&D expenses incurred	**10,782**	–
Junshi Phase I Fund	Management fee income	**1,000**	990
Excellmab *(Note)*	License income	**16,344**	–
	Sale of pharmaceutical products	**69**	–
Shanghai Junyu Biotechnology Development Co., Ltd.* 上海君峪生物科技發展有限公司 ("Junyu Bio")	Service income	**1,321**	–
Shanghai Allink *(Note b)*	Service income	**33,503**	–
Shanghai Junpai Yingshi Pharmaceutical Co., Ltd.* 上海君派英實藥業有限公司 *("JPYP")*	Service income	**–**	1,887
Obio Technology (Shanghai) Co., Ltd.* 和元生物技術(上海)股份有限公司 ("Obio") *(Note c)*	R&D expenses incurred	**–**	2

Note: This is the amount before offsetting the downstream transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

37. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Related party balances

		As at 31 December	
		2024	2023
		RMB'000	RMB'000
Ruotuo Bio *(Note a)*	Trade payable	**9,684**	9,684
	Lease liability	**4,814**	–
Anwita	Trade payable	**10,782**	–
Jiangsu Ruihe Environmental Engineering Research Centre Co., Ltd ("Ruihe") *(Note d)*	Trade payable	**1,497**	1,497
Junshi Phase I Fund	Trade receivable	**2,040**	1,020
Excellmab	Trade receivable	**13,227**	–
Shanghai Allink *(Note b)*	Trade receivable	**19,220**	–
Feng Hui *(Not e)*	Other payable	**250**	250

Note a: During the year ended 31 December 2024, the Group entered into a new lease agreement for the use of R&D with Ruotuo Bio. Except for short term lease and low value leases in which the Group applied recognition exemption, the Group has recognized an addition of right-of-use assets and lease liabilities of RMB4,944,000 and RMB4,944,000 respectively.

Note b: One of the Company's non-executive directors, who resigned during the period ended 30 June 2024, is the chairman of Shanghai Allink. It is still regarded as related party for 12 months following his resignation.

Note c: One of the Company's directors is also the director of Obio.

Note d: One of the Company's non-executive directors is a director of Ruihe.

Note e: Feng Hui was one of the Company's non-executive directors, who resigned during the period ended 30 June 2024, and is still regarded as related party for 12 months following his resignation. As at 31 December 2023, the reward for leading talents in scientific and technological innovation was collected on behalf of Feng Hui and has been paid out in this period. The newly added other payables at 31 December 2024 are the rewards for leading talents in scientific and technological innovation collected on behalf of Feng Hui by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

37. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Compensation of directors and key management personnel

The remuneration of directors of the Company and other members of key management during both years was as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Short-term benefits and performance bonus	**43,908**	53,849
Share-based payment expenses	**–**	7,424
Post-employment benefits	**414**	906
	44,322	62,179

The remuneration of key management personnel is determined by the management of the Group having regard to the performance of individuals and market trends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries directly and indirectly held by the Company at 31 December 2024 and 2023 are set out below.

Name of subsidiaries	Place of operation/ establishment, date of incorporation and form of legal entity	Issued and fully paid share capital/ registered capital	Shareholding/equity interest attributable to the Company		Principal activities
			As at 31 December 2024	As at 31 December 2023	
Directly held:					
Shanghai Junshi Biotechnology Co., Ltd.* 上海君實生物工程有限公司	The PRC 29 June 2016 Limited liability company	Registered capital of RMB1,000,000,000 and paid-up capital of RMB1,000,000,000	100%	100%	Discovery, development and commercialisation of innovative drugs
Suzhou Junmeng Biopharm Co., Ltd.* 蘇州君盟生物醫藥科技有限公司	The PRC 12 October 2013 Limited liability company	Registered capital of RMB600,000,000 and paid-up capital of RMB600,000,000	100%	100%	Discovery, development and commercialisation of innovative drugs
Suzhou Union Biopharm Co., Ltd.* 蘇州眾合生物醫藥科技有限公司	The PRC 12 October 2013 Limited liability company	Registered capital of RMB750,000,000 and paid-up capital of RMB725,600,000	100%	100%	Discovery, development and commercialisation of innovative drugs
Suzhou TopAlliance Biosciences Co., Ltd.* 蘇州君實生物醫藥科技有限公司	The PRC 26 July 2017 Limited liability company	Registered capital of RMB500,000,000 and paid-up capital of RMB181,848,960	100%	100%	Discovery, development and commercialisation of innovative drugs
TopAlliance Biosciences Inc.	The United States 6 March 2013	Registered capital of US$95,000,000 (equivalent to RMB616,357,000) and paid-up capital of US$95,000,000 (equivalent to RMB616,357,000)	100%	100%	Discovery, development and commercialisation of innovative drugs
Junshi Biomedical Technology (Hainan) Investment Management Co., Ltd.* 君實生物醫藥科技(海南)有限公司	The PRC 9 February 2021 Limited liability company	Registered capital of RMB50,000,000 and paid-up capital of RMB50,000,000	100%	100%	Discovery, development and commercialisation of innovative drugs
Shanghai JunTop Biosciences Co., Ltd.* 上海君拓生物醫藥科技有限公司 ("JunTop Biosciences")	The PRC 6 August 2021 Limited liability company	Registered capital of RMB440,366,972 and paid-up capital of RMB440,366,972	71.85%	71.85%	Discovery, development and commercialisation of innovative drugs

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of operation/ establishment, date of incorporation and form of legal entity	Issued and fully paid share capital/ registered capital	Shareholding/equity interest attributable to the Company		Principal activities
			As at 31 December 2024	As at 31 December 2023	
Suzhou Junjing Biosciences Co., Ltd.* 蘇州君境生物醫藥科技有限公司 ("Suzhou Junjing")	The PRC 23 September 2020 Limited liability company	Registered capital of RMB51,020,408 and paid-up capital of RMB51,020,408	51%	51%	Discovery, development and commercialisation of innovative drugs
Wuxi Runyuan	The PRC 29 May 2023 Limited partnership	Registered capital of RMB600,000,000 and paid-up capital of RMB450,000,000	50%	50%	Investment fund
Indirectly held:					
Beijing Union Biopharm Junshi Biosciences Co., Ltd.* 北京眾合君實生物醫藥科技有限公司	The PRC 12 June 2016 Limited liability company	Registered capital of RMB25,000,000 and paid-up capital of RMB11,200,000	100%	100%	Discovery, development and commercialisation of innovative drugs
Suzhou Junao Medicine Co., Ltd.* 蘇州君奧精準醫學有限公司	The PRC 10 January 2018 Limited liability company	Registered capital of RMB420,000,000 and paid-up capital of RMB387,904,000	100%	100%	Hospital operation
Suzhou Junshi Biotechnology Co., Ltd.* 蘇州君實生物工程有限公司	The PRC 19 June 2018 Limited liability company	Registered capital of RMB200,000,000 and paid-up capital of RMB87,950,000	100%	100%	Discovery, development and commercialisation of innovative drugs
Vinnerna Biosciences	The PRC 31 December 2021 Limited liability company	Registered capital of RMB10,000,000 and paid-up capital of RMB10,000,000	71.85%	71.85%	Discovery, development and commercialisation of innovative drugs

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

None of the subsidiaries had issued any debt securities at the end of both years or at any time during both years.

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

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activities of these subsidiaries are discovery, development and commercialisation of innovative drugs.

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiary of the Company that has material non-controlling interests as at 31 December 2024 and 2023:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2024	2023	**2024**	2023	**2024**	2023
				RMB'000	RMB'000	**RMB'000**	RMB'000
JunTop Biosciences	The PRC	**28.15%**	28.15%	**(83,761)**	(198,234)	**95,226**	177,487
Individually immaterial subsidiary with non-controlling interests				**(15,421)**	(54,024)	**(23,520)**	(8,101)
				(99,182)	(252,258)	**71,706**	169,386

Summarised financial information in respect of the Company's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

JunTop Biosciences

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Current assets	**293,033**	687,389
Non-current assets	**265,909**	242,472
Current liabilities	**(184,935)**	(240,354)
Non-current liabilities	**(39,895)**	(59,000)
Equity attributable to owners of the Company	**238,886**	453,020
Non-controlling interests of JunTop Biosciences	**95,226**	177,487

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

JunTop Biosciences (Continued)

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Loss attributable to owners of the Company	**(213,792)**	(400,089)
Loss attributable to the non-controlling interests of JunTop Biosciences	**(83,761)**	(156,750)
Loss attributable to the non-controlling interests of JunTop Biosciences' subsidiary	**–**	(41,484)
Loss and other comprehensive expense for the year	**(297,553)**	(598,323)
Net cash outflow from operating activities	**(202,881)**	(601,550)
Net cash inflow (outflow) from investing activities	**26,440**	(149,407)
Net cash outflow from financing activities	**(6,235)**	(10,418)
Net cash outflow	**(182,676)**	(761,375)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

39. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to its stakeholders and maintaining an adequate capital structure. The Group's overall strategy remained unchanged throughout the year.

The capital structure of the Group consists of net debt, which includes the borrowings and lease liabilities and other financial liabilities disclosed in notes 25, 29 and 30 respectively, net of cash and cash equivalents and equity of the Group, comprising issued share capital, other reserves and non-controlling interests.

The management of the Group regularly reviews the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the new shares issues as well as the issue of new debts and redemption of existing debts.

40. FINANCIAL INSTRUMENTS

40a. Categories of financial instruments

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Financial assets		
At amortised cost	**3,058,351**	4,661,628
Financial assets at FVTPL	**1,371,013**	806,352
Financial assets at FVTOCI	**62,565**	84,184
Financial liabilities		
At amortised cost	**4,301,167**	2,199,444

40b. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables, other financial assets, restricted bank deposits, bank balances and cash, trade and other payables, bank borrowings, other financial liabilities and lease liabilities. Details of these financial instruments are disclosed in the respective notes.

The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (CONTINUED)

40b. Financial risk management objectives and policies (Continued)

Market risk

(i) Currency risk

The Group has foreign currency bank balances, trade and other receivables and trade and other payables, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of certain significant foreign currency denominated monetary assets and liabilities other than the functional currency of the entity to which they related at the end of the reporting period are as follows:

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Assets		
US$	**732,704**	694,664
Liabilities		
US$	**(4,702)**	(22,152)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (CONTINUED)

40b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in RMB against US$. 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation, for a change in foreign currency rates of 5% at the end of the reporting period. A negative number below indicates an increase in loss where RMB strengthens 5% against US$. For a 5% weakening of RMB against US$, there would be an equal and opposite impact on loss for the year.

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Impact on loss for the year		
US$	**(36,400)**	(33,626)

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during both years.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in related to fixed-rate bank borrowings (Note 25) and lease liabilities (Note 29).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate restricted bank deposits and bank balances (Note 23) and variable rate bank borrowings (Note 25). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank borrowings.

The Group currently does not have interest rate risk hedging policy. However, the directors of the Company closely monitor the exposure to future cash flow interest rate risk as a result of change on market interest rate and will consider hedging changes in market interest rates should the need arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (CONTINUED)

40b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk (Continued)

Total interest income from financial assets that are measured at amortised cost is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Interest income		
Financial assets at amortised cost	**43,630**	99,426

Total interest expense for financial liabilities that are measured at amortised cost is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Interest expenses		
Financial liabilities at amortised cost	**51,352**	25,798

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point (2023: 50 basis point) increase or decrease in variable-rate bank borrowing is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 50 basis points (2023: 50 basis points) higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2024 would increase/decrease by RMB3,487,000 (2023: RMB3,591,000) (net of RMB4,434,000 (2023:2,816,000) capitalised in cost of construction in progress), this is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (CONTINUED)

40b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk

The Group is exposed to equity price risk through its equity investments included in other financial assets (Note 22). The management of the Group monitors the price risk and will consider hedging the risk exposure should the need arises.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. The Group is exposed to equity price risk arising from financial asset measured at FVTPL and financial assets designated as FVTOCI.

If the fair value of the respective investments had been 5% higher/lower, the other comprehensive expense for the year ended 31 December 2024 would decrease/increase by RMB3,128,000 (2023: decrease/increase by RMB4,209,000), as a result of the changes in fair value of financial assets designated as FVTOCI.

For sensitivity analysis of financial assets measured at FVTPL, if the fair value of the respective investments had been 5% (2023: 5%) higher/lower, the loss for the year ended 31 December 2024 would decrease/increase by RMB68,550,000 (2023: RMB40,318,000) as a result of the changes in fair value.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, other receivables, restricted bank deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

The Group determines the ECL on these items based on the financial quality of debtors and historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Restricted bank deposits and bank balances

Credit risk on restricted bank deposits and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for restricted bank deposits and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on restricted bank deposits and bank balances is considered to be insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (CONTINUED)

40b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables arising from contracts with customers

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed annually. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in the PRC and the USA which accounted for 74% (2023: 59%) and 21% (2023: 41%) of the total trade receivables, respectively as at 31 December 2024. In addition, the Group has concentration of credit risk as 17% (2023: 41%) of the total trade receivables was due from the Group's licensing for one (2023: one) of the five largest customers. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

The Group performs impairment assessment under ECL model on trade receivable balances individually and based on provision matrix. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the remaining trade receivables are grouped under a provision matrix based on shared credit risk characteristics by reference to repayment histories and current past due exposure for the customers. An impairment loss of RMB14,275,000 is reversed during the year (2023: recognized RMB18,339,000). Details of the quantitative disclosures are set out below in this note.

Deposits and other receivables

For deposits and other receivables, the directors of the Company make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Company believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31 December 2024, the Group assessed the ECL for other receivables and deposits and reversed impairment of RMB5,451,000(2023: recognized RMB5,145,000) during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (CONTINUED)

40b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL - not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL - not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (CONTINUED)

40b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount 2024 RMB'000	2023 RMB'000
Financial assets at amortised cost						
Restricted bank deposits	*23*	AA	N/A	12m ECL	**15,522**	9,521
Bank balances	*23*	AA	N/A	12m ECL	**2,486,679**	3,778,142
Deposits and other receivables	*21*	N/A	Low risk	12m ECL	**46,641**	400,001
Trade receivables	*20*	N/A	(Note)	Lifetime ECL (provision matrix)	**424,044**	294,341
Trade receivables	*20*	N/A	Watch list	Lifetime ECL (individually assessed)	**89,855**	203,739
					3,062,741	4,685,744

Note: For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items using a provision matrix, grouped by internal credit rating and past due status.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (CONTINUED)

40b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

As part of the Group's credit risk management, the Group uses debtors' aging and internal credit ratings to assess the impairment for its customers in relation to its operation of sales of pharmaceutical products, service income and license income. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL (not credit-impaired). Debtors with significant outstanding balances with gross carrying amounts of RMB89,855,000 as at 31 December 2024 (2023: RMB203,739,000) were assessed individually.

Gross carrying amount

	2024		2023	
	Average loss rate %	**Trade receivables RMB'000**	Average loss rate %	Trade receivables RMB'000
Current-not past due	**0**	**400,070**	0	282,702
Current-past due 0-90 days	**4**	**4,842**	4	3,251
Current-past due over 90 days	**19**	**19,132**	12	8,388
		424,044		294,341

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

As at 31 December 2024, the Group provided RMB3,730,000 (2023: RMB1,152,000) impairment allowance for trade receivables based on collective assessment. As at 31 December 2024, impairment allowance of RMB352,000 (2023: RMB17,205,000) were made on debtors with significant balances assessed individually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (CONTINUED)

40b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table shows the reconciliation of loss, allowances that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB'000
As at 1 January 2023	18
– Impairment losses recognised	18,339
As at 31 December 2023	18,357
– Impairment losses recognised	3,912
– Impairment losses reversed	(18,187)
As at 31 December 2024	**4,082**

The following table shows the reconciliation of loss, allowances that has been recognised for deposits and other receivables under 12m ECL approach.

	12m ECL RMB'000
As at 1 January 2023	614
– Impairment losses recognised	5,201
– Impairment losses reversed	(56)
As at 31 December 2023	5,759
– Impairment losses recognised	162
– Impairment losses reversed	(5,613)
As at 31 December 2024	**308**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (CONTINUED)

40b. Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents as well as undrawn banking facilities deemed adequate by the directors of the Company to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The directors of the Company monitor the utilisation of bank borrowings and ensure compliance with loan covenants.

The Group relied on borrowings and the issuance of shares as significant sources of liquidity. Details of which are set out in Note 25 and Note 32, respectively.

The following table details the Group remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity table

	Weighted average effective interest rate	Repayable on demand or less than 1 year	1 – 2 years	2 – 5 years	>5 years	Total undiscounted cash flows	Total carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2024							
Non-derivative financial liabilities							
Trade and other payables	–	1,268,452	–	–	–	1,268,452	1,268,452
Borrowings	3.05	963,073	676,155	890,315	639,815	3,169,358	2,874,281
Other financial liabilities	3.70	–	–	–	183,300	183,300	158,434
Lease liabilities	3.91	31,478	19,686	9,787	–	60,951	56,607
		2,263,003	695,841	900,102	823,115	4,682,061	4,357,774
At 31 December 2023							
Non-derivative financial liabilities							
Trade and other payables	–	311,468	–	–	–	311,468	311,468
Borrowings	3.53	582,528	161,101	781,177	421,382	1,946,188	1,735,185
Other financial liabilities	3.70	–	–	–	183,300	183,300	152,791
Lease liabilities	4.38	37,506	13,769	5,967	–	57,242	53,382
		931,502	174,870	787,144	604,682	2,498,198	2,252,826

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (CONTINUED)

40b. Financial risk management objectives and policies (Continued)

Fair value measurements of financial instruments

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Certain of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and liabilities are determined.

Financial assets	Fair value at 31 December 2024 RMB'000	Fair value at 31 December 2023 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Financial assets at FVTPL					
Investment in preference shares	**51,617**	47,732	Level 3	Back-solve from recent transaction price	Recent transaction price/Redemption/ Liquidation/IPO probability/risk-free rate/expected volatility/liquidity discount
Unlisted equity investment	**5,380**	5,380	Level 3	Back-solve from recent transaction price	Recent transaction price/Redemption/ Liquidation/IPO probability/risk-free rate/expected volatility/liquidity discount
Unlisted equity investment	**11,518**	6,802	Level 3	2024: Back-solve from recent transaction price 2023: Market comparison approach – in this approach, fair value was determined with reference to Price-to-cumulative Research & Development Expenses multiple ("P/R&D multiple").	2024: Recent transaction price/ Redemption/Liquidation/IPO probability/risk-free rate/expected volatility/liquidity discount 2023: Discount rate of 28% and P/R&D multiple of 3.28, taking into account management's experience and knowledge of market conditions:
Investment in preference shares	**111,757**	152,508	Level 3	Market comparison approach – in this approach, fair value was determined with reference to P/R&D multiple	Discount rate of 15% (2023: 16%) and P/R&D multiple of 6.67 (2023: 9.82), taking into account management's experience and knowledge of market conditions

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (CONTINUED)

40b. Financial risk management objectives and policies (Continued)

Fair value measurements of financial instruments (Continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value at 31 December 2024 RMB'000	Fair value at 31 December 2023 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Investment in preference shares	135,633	131,500	Level 3	2024: Market comparison approach – in this approach, fair value was determined with reference to P/R&D multiple 2023: Back-solve from recent transaction price	2024: Discount rate of 11%-27% and P/R&D multiple of 2.73-5.8, taking into account management's experience and knowledge of market conditions 2023: Recent transaction price/ Liquidation/IPO probability/risk-free rate/expected volatility/liquidity discount
Investments in preference shares	2,874	24,054	Level 3	2024: Back-solve from recent transaction price 2023: Market comparison approach – in this approach, fair value was determined with reference to Price-to-cumulative Research & Development Expenses multiple ("P/R&D multiple")	2024: Recent transaction price/ Liquidation/IPO probability/risk-free rate/expected volatility/liquidity discount 2023: Discount rate of 25% and P/R&D multiple of 3.44, taking into account management's experience and knowledge of market conditions
Investments in preference shares	84,131	81,793	Level 3	Back-solve from recent transaction price	Recent transaction price/Redemption/ Liquidation/IPO probability/risk-free rate/expected volatility/liquidity discount
Investments in preference shares	–	13,798	Level 3	2024: Discounted cash flow – Future cash flows are estimated based on expected return 2023: Back-solve from recent transaction price	2024: N/A 2023: Recent transaction price/ Redemption/Liquidation/IPO probability/risk-free rate/expected volatility/liquidity discount

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (CONTINUED)

40b. Financial risk management objectives and policies (Continued)

Fair value measurements of financial instruments (Continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value at 31 December 2024 RMB'000	Fair value at 31 December 2023 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Investments in preference shares	9,381	10,000	2024: Level 3 2023: Level 2	2024: Back-solve from recent transaction price 2023: Recent transaction price	2024: Recent transaction price/ Redemption/Liquidation/IPO probability/risk-free rate/expected volatility/liquidity discount 2023: N/A
Investments in preference shares	103,800	100,008	2024: Level 3 2023: Level 2	2024: Market comparison approach – in this approach, fair value was determined with reference to P/R&D multiple 2023: Recent transaction price	2024: Discount rate of 27% and P/R&D multiple of 3.6, taking into account management's experience and knowledge of market conditions 2023: N/A
Investments in preference shares	19,472	20,000	2024: Level 3 2023: Level 2	2024: Market comparison approach – in this approach, fair value was determined with reference to P/R&D multiple 2023: Recent transaction price	2024: Discount rate of 11% and P/R&D multiple of 5.8, taking into account management's experience and knowledge of market conditions 2023: N/A
Investment in unlisted equity investments in partnership	188,869	153,777	Level 3	The fair value is determined based on the share of fair value of the underlying net assets held by the investee	The fair value of the underlying net assets of the investee
Investment in unlisted equity investments in partnership	–	4,000	2024: Level 3 2023: Level 2	2024: Discounted cash flow — Future cash flows are estimated based on expected return 2023: Recent transaction price	N/A
Unlisted equity investment	30,000	30,000	Level 2	Recent transaction price	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (CONTINUED)

40b. Financial risk management objectives and policies (Continued)

Fair value measurements of financial instruments (Continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value at 31 December 2024 RMB'000	Fair value at 31 December 2023 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Investment in preference shares	175,000	25,000	Level 2	Recent transaction price	N/A
Investments in preference shares	11,073	–	Level 3	Market comparison approach – in this approach, fair value was determined with reference to P/R&D multiple	Discount rate of 27% and P/R&D multiple of 3.6, taking into account management's experience and knowledge of market conditions
Financial products	430,508	–	Level 2	Discounted cash flow — Future cash flows are estimated based on expected return	N/A
	1,371,013	806,352			
Financial assets at FVTOCI					
Listed equity investment	24,721	58,774	Level 1	Quoted bid prices in an active market	N/A
Unlisted equity investment	37,844	25,410	Level 3	Back-solve from recent transaction price	Recent transaction price/Redemption/ Liquidation/IPO probability/risk-free rate/expected volatility/liquidity discount
	1,433,578	890,536			

There were no transfers between Level 1 and Level 2 during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (CONTINUED)

40b. Financial risk management objectives and policies (Continued)

Fair value measurements of financial instruments (Continued)

(ii) Reconciliation of Level 3 fair value measurements

	Unlisted equity investments RMB'000	Unlisted equity investments in partnership RMB'000	Investments in preference shares RMB'000	Total RMB'000
At 1 January 2023	12,182	156,236	529,322	697,740
Additions	30,598	–	–	30,598
Transfer into Level 3 due to change of valuation technique *(Note)*	–	–	75,000	75,000
Dividend received	–	(6,219)	–	(6,219)
Change in fair value credited (charged) to profit or loss	–	3,760	(152,937)	(149,177)
Change in fair value charged to other comprehensive expense	(5,188)	–	–	(5,188)
At 31 December 2023	37,592	153,777	451,385	642,754
Additions	–	24,000	10,000	34,000
Transfer into Level 3 due to change of valuation technique *(Note)*	–	–	134,008	134,008
Dividend received	–	(1,660)	–	(1,660)
Change in fair value credited (charged) to profit or loss	4,716	12,752	(65,655)	(48,187)
Change in fair value charged to other comprehensive expense	12,434	–	–	12,434
At 31 December 2024	**54,742**	**188,869**	**529,738**	**773,349**

Note: These investments were measured by recent transaction price as at the end of preceding reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (CONTINUED)

40b. Financial risk management objectives and policies (Continued)

Fair value measurements of financial instruments (Continued)

(ii) Reconciliation of Level 3 fair value measurements (Continued)

Of the total losses for the year included in profit or loss, RMB48,187,000 (2023: RMB149,177,000) loss relates to financial assets measured at FVTPL held at the end of the current reporting period. Fair value gains or losses on financial assets measured at FVTPL are included in 'other gains and losses'.

Included in other comprehensive expense is an amount of RMB12,434,000 gain (2023: RMB5,188,000 loss) relating to unlisted equity investments designated as at FVTOCI held at the end of the current reporting period and is reported as changes of revaluation reserve.

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis with the most significant inputs being the discount rate that reflects the credit risk of the counterparty.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities of the Group recorded at amortised cost in the consolidated financial statements approximate to their fair value based on the discounted cash flow analysis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities RMB'000 *(Note 29)*	**Borrowings** RMB'000 *(Note 25)*	**Other financial liabilities** RMB'000 *(Note 30)*	**Payable for transaction costs for the issue of new shares** RMB'000	**Total** RMB'000
At 1 January 2023	90,249	1,231,332	–	2,898	1,324,479
Financing cash flows	(52,863)	457,953	150,000	(2,753)	552,337
Non-cash transactions:					
– Finance costs	3,208	45,900	2,791	–	51,899
– New lease entered	25,076	–	–	–	25,076
– Termination of leases	(12,288)	–	–	–	(12,288)
– Others	–	–	–	(145)	(145)
At 31 December 2023	53,382	1,735,185	152,791	–	1,941,358
Financing cash flows	(39,605)	1,058,941	–	–	1,019,336
Non-cash transactions:					
– Finance costs	1,767	80,155	5,643	–	87,565
– New lease entered	49,490	–	–	–	49,490
– Termination of leases	(8,427)	–	–	–	(8,427)
At 31 December 2024	**56,607**	**2,874,281**	**158,434**	**–**	**3,089,322**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

42. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into new lease agreements for the use of leased properties for 2 to 5 years. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of RMB49,490,000 and RMB49,490,000 (2023: RMB25,076,000 and RMB25,076,000) respectively.

During the year, the Group terminate lease agreements for the use of leased properties. The carrying amounts of the right-of-use assets and lease liabilities immediately before leases termination were of RMB8,486,000 and RMB8,427,000 (2023: RMB11,704,000 and RMB12,288,000), respectively. Upon termination of leases, a loss on termination of leases of RMB59,000 (2023: RMB584,000) are recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

43. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Non-current assets		
Investment property	**183,847**	–
Property, plant and equipment	**569,540**	689,518
Right-of-use assets	**123,412**	118,630
Investments in subsidiaries	**4,179,752**	3,984,052
Intangible assets	**66,601**	75,571
Interests in joint ventures	**70,154**	74,656
Interests in associates	**143,048**	173,026
Other assets, prepayments and other receivables	**96,625**	3,632
Amounts due from subsidiaries	**2,283,963**	1,964,466
Other financial assets	**654,344**	701,528
	8,371,286	7,785,079
Current assets		
Inventories	**67,981**	99,340
Trade receivables	**450,297**	379,420
Other assets, prepayments and other receivables	**137,075**	516,446
Amounts due from subsidiaries	**2,741,316**	1,086,692
Amounts due from related parties	**32,447**	–
Restricted bank deposits	**10,866**	500
Bank balances and cash	**1,499,756**	3,038,536
Other financial assets	**430,508**	–
	5,370,246	5,120,934
Current liabilities		
Trade and other payables	**823,122**	1,344,154
Income tax payable	**12,442**	18,017
Amounts due to subsidiaries	**2,790,525**	2,160,990
Amounts due to related parties	**11,032**	–
Borrowings	**739,119**	79,340
Deferred income	**2,980**	2,400
Contract liabilities	**6,859**	144,744
Lease liabilities	**12,619**	18,915
	4,398,698	3,768,560

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

43. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Net current assets	**971,548**	1,352,374
Total assets less current liabilities	**9,342,834**	9,137,453
Non-current liabilities		
Borrowings	**310,441**	141,734
Deferred income	**600**	3,580
Lease liabilities	**17,114**	6,232
	328,155	151,546
Net assets	**9,014,679**	8,985,907
Capital and reserves		
Share capital	**985,690**	985,690
Treasury share	**(30,892)**	(26,891)
Reserves	**8,059,881**	8,027,108
Total equity	**9,014,679**	8,985,907

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

43. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Movement in the Company's reserves

	Share premium RMB'000	RSU reserves RMB'000	Other reserve RMB'000	Revaluation reserve RMB'000	Accumulated losses RMB'000	Sub-total RMB'000
At 1 January 2023	14,518,879	175,153	–	(96,664)	(5,329,974)	9,267,394
Loss for the year	–	–	–	–	(1,333,986)	(1,333,986)
Other comprehensive expense for the year	–	–	–	(83,871)	–	(83,871)
Total comprehensive expense for the year	–	–	–	(83,871)	(1,333,986)	(1,417,857)
Recognition of equity-settled share-based payment expenses – RSU	–	23,977	–	–	–	23,977
Exercise of RSUs	190,532	(36,938)	–	–	–	153,594
Lapse of RSUs	74,330	(74,330)	–	–	–	–
At 31 December 2023	14,783,741	87,862	–	(180,535)	(6,663,960)	8,027,108
Profit for the year	–	–	–	–	42,394	42,394
Other comprehensive expense for the year	–	–	–	(21,619)	–	(21,619)
Total comprehensive expense for the year	–	–	–	(21,619)	42,394	20,775
Lapse of RSUs	87,862	(87,862)	–	–	–	–
Other	–	–	11,998	–	–	11,998
At 31 December 2024	**14,871,603**	**–**	**11,998**	**(202,154)**	**(6,621,566)**	**8,059,881**

The difference between the share premium of the Group and the Company arise from a merge by absorption during the initial public offering of H shares.

DEFINITIONS

2018 Convertible Bonds	innovative start-ups convertible bonds (創新創業可轉換公司債券) previously issued by the Company and listed and traded on the Shanghai Stock Exchange. All the 2018 Convertible Bonds have been fully redeemed by the Company in July 2019
2020 Restricted A Share Incentive Scheme	the Company's 2020 Restricted A Share Incentive Scheme approved and adopted by its Shareholders at the 2020 third extraordinary general meeting, the 2020 second class meeting of A Shareholders and the 2020 second class meeting of H Shareholders held on 16 November 2020
ADC	antibody-drug conjugate
A Share(s)	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid for in Renminbi and are listed on the STAR Market of the SSE
A Shareholder(s)	holder(s) of A Share(s)
ALK	anaplastic lymphoma kinase
AGM	annual general meeting of the Company
Allink Cayman	Allink Biotherapeutics, Inc., a company incorporated in the Cayman Islands
Allink Hong Kong	Allink Biotherapeutics Co., Limited (安領科生物醫藥有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of Allink Cayman
Angel Investors	four angel investors, all of whom are third parties independent of the Company and its connected persons
Articles of Association	articles of association of the Company
ASCO	the American Society of Clinical Oncology
Audit Committee	the audit committee of the Company
Board Diversity Policy	board diversity policy of the Company
Board of Supervisors	the Company's board of Supervisors
Board or Board of Directors	the Company's board of Directors

DEFINITIONS

Bochuang Pharmaceuticals	Chongqing Bochuang Pharmaceuticals Co., Ltd. (重慶博創醫藥有限公司)
Capital Increase Agreement	the capital increase agreement entered into by the JV Company, Dr. Feng, Shanghai Lingke Yixin, Shanghai Anling Xixu and the Angel Investors on 8 September 2023 in respect of the increase of registered capital of the JV Company to RMB1,481,180 and the subscription of new registered capital of the JV Company by the Angel Investors in an aggregated amount of RMB547,847 at the total consideration of US$23,479,181 or the equivalent RMB amount
CG Code	Corporate Governance Code in Appendix C1 of the Listing Rules
Changzhou Jifeng	Changzhou Jifeng Equity Investment Partnership (Limited Partnership)* (常州濟峰股權投資合夥企業(有限合夥)), a limited partnership established in the PRC
CHMP	Committee for Medicinal Products for Human Use
cHL	classic Hodgkin lymphoma
Coherus	Coherus BioSciences, Inc.
Companies Ordinance	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong
Company or Junshi or Junshi Biosciences	Shanghai Junshi Biosciences Co., Ltd.* (上海君實生物醫藥科技股份有限公司)
COVID-19	coronavirus infections
DCR	disease control rate
Director(s)	director(s) of the Company
DO	Drug Office, Department of Health, the Government of the Hong Kong Special Administration Region
Dr. Feng	Dr. Feng Hui, being a former non-executive Director
Dr. Reddy's	Dr. Reddy's Laboratories Limited
EC	European Commission
EEA	European Economic Area

DEFINITIONS

EFS	event-free survival
EGFR	epidermal growth factor receptor
EMA	European Medicines Agency
ESCC	esophageal squamous cell carcinoma
ESG	environmental, social and governance
ES-SCLC	extensive-stage small cell lung cancer
EU	European Union
Excellmab	Excellmab Pte. Ltd.
Executive Director(s)	executive director(s) of the Company
FDA	U.S. Food and Drug Administration
Global Offering	as defined in the Prospectus
GMP	Good Manufacturing Practice
Group	the Company and its subsidiaries
HCC	hepatocellular carcinoma
HDACs	histone deacetylases
HER3	human epidermal growth factor receptor 3
Hikma	Hikma MENA FZE
HPRA	The Ireland Health Products Regulatory Authority
H Share Listing	the listing of the Company's H Shares on the Hong Kong Stock Exchange on 24 December 2018
H Share(s)	overseas-listed share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars and are listed on Hong Kong Stock Exchange

DEFINITIONS

H Shareholder(s)	holder(s) of H Share(s)
HKD or HK$	Hong Kong dollars, the official currency of Hong Kong
Hong Kong	Hong Kong Special Administrative Region of the PRC
Hong Kong Listing Rules or Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Hong Kong Stock Exchange or Stock Exchange	The Stock Exchange of Hong Kong Limited
HSA	Singapore Health Sciences Authority
IDMC	Independent Data Monitoring Committee
IFRS	International Financial Reporting Standards
IL-2	interleukin-2
IND	Investigational New Drug
Independent Non-executive Director(s)	independent non-executive directors of the Company
Joint Venture Agreement	the joint venture agreement dated 8 September 2023 and entered into by the Company, Junshi Biotechnology, Suzhou Junmeng, Dr. Feng and the JV Company
Junshi Biotechnology	Shanghai Junshi Biotechnology Co., Ltd.* (上海君實生物工程有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
JunTop Biosciences	Shanghai JunTop Biosciences Co., Ltd.* (上海君拓生物醫藥科技有限公司), a limited liability company established in the PRC and a non-wholly owned subsidiary of the Company
JV Company	Shanghai Anlingke Biopharmaceutical Co., Ltd.* (上海安領科生物醫藥有限公司), a company established in the PRC with limited liability, the shareholders of which shall include the Company, Dr. Feng, the Angel Investors, Shanghai Anling Xixu, Shanghai Lingke Yixin upon the completion of the transactions contemplated under the Joint Venture Agreement and the Capital Increase Agreement

DEFINITIONS

LDL-C	low-density lipoprotein cholesterol
LEO Pharma	LEO Pharma A/S
Lingang Production Base	the production base of Shanghai Junshi Biotechnology Co., Ltd. in Lingang, Shanghai
LS-SCLC	limited-stage small cell lung cancer
MAA	marketing authorization application
Mabwell Bio	Mabwell (Shanghai) Bioscience Co., Ltd.* (邁威(上海)生物科技股份有限公司)
MHRA	Medicines and Healthcare products Regulatory Agency
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 of the Listing Rules
NCE	new chemical entity
NCCN	National Comprehensive Cancer Network
NDA	new drug application
NEEQ	National Equities Exchange and Quotations
NMPA	National Medical Products Administration of China
Nomination Committee	the nomination committee of the Company
NPC	nasopharyngeal carcinoma
NRDL	National Drug List for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance (Year 2024) * 《(國家基本醫療保險、工傷保險和生育保險藥品目錄(2024)版》)
NSCLC	non-small cell lung cancer
ORR	objective response rate
OS	overall survival

DEFINITIONS

Over-allotment Option	as defined in the Prospectus
PFS	progression free survival
PMDA	Japanese Pharmaceuticals and Medical Devices Agency
PPB	Pharmacy and Poisons Board of Hong Kong
PRC or China	the People's Republic of China
PRC Company Law	the Company Law of the PRC* (《中華人民共和國公司法》)
PRC GAAP	generally accepted accounting principles in the PRC
PRC Securities Law	the Securities Law of the PRC* (《中華人民共和國證券法》)
Prospectus	the prospectus of the Company dated 11 December 2018
R&D	research and development
RCC	renal cell carcinoma
RdRp	RNA-dependent RNA polymeras
Remuneration and Appraisal Committee	the remuneration and appraisal committee of the Company
Reorganization Framework Agreement	the reorganization framework agreement to be entered into by the Company, Shanghai Allink, Dr. Feng, Shanghai Lingke Yixin, Shanghai Anling Xixu, Med-Fine Venture Fund I, L.P., Allied Pulse Investment Holding Limited, Changzhou Jifeng, and Wuhan Jifeng
Reporting Period	the year ended 31 December 2024
Restricted Share(s)	A Share(s) to be granted by the Company to participants on such conditions stipulated under the 2020 Restricted A Share Incentive Scheme, which are subject to the attribution conditions stipulated under the 2020 Restricted A Share Incentive Scheme and can only be attributed and transferred after satisfaction of the attribution conditions
RMB	Renminbi

DEFINITIONS

Rxilient Biotech	Rxilient Biotech Pte. Ltd.
SCLC	small cell lung cancer
SFO	the Securities and Futures Ordinance, Charter 571 of the laws of Hong Kong
Shanghai Allink	Shanghai Allink Biotherapeutics Co., Ltd.* (上海安領科生物醫藥有限公司), a company established in the PRC on 27 June 2023 with limited liability
Shanghai Anling Xixu	Shanghai Anling Xixu Biopharmaceutical Technology Partnership (Limited Partnership)* (上海安領西旭生物醫藥科技合夥企業(有限合夥)), a limited partnership established in the PRC
Shanghai Lingke Yixin	Shanghai Lingke Yixin Biopharmaceutical Technology Partnership (Limited Partnership)* (上海領科屹鑫生物醫藥科技合夥企業(有限合夥)), a limited partnership established in the PRC
Shanghai Stock Exchange or SSE	The Shanghai Stock Exchange
Shanghai Union Biopharm	Shanghai Union Biopharm Biosciences Co., Ltd.* (上海眾合醫藥科技股份有限公司), a limited liability company established in the PRC and merged with the Company by consolidation in June 2016
Share(s)	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising H Shares and A Shares
Shareholder(s)	holder(s) of the Share(s)
siRNA	small interfering RNA
sNDA	supplemental new drug application
STAR Market Listing Rules	the Rules Governing the Listing of Stocks on the STAR Market of Shanghai Stock Exchange * (《上海證券交易所科創板股票上市規則》)
STAR Market	the STAR Market of the Shanghai Stock Exchange
Strategic Committee	the strategic committee of the Company
Supervisors	supervisors of the Company

DEFINITIONS

Suzhou Junao	Suzhou Junao Medicine Co., Ltd.* (蘇州君奧精準醫學有限公司), a limited liability company established in the PRC, and a wholly-owned subsidiary of the Company
Suzhou Junmeng	Suzhou Junmeng Biosciences Co., Ltd.* (蘇州君盟生物醫藥科技有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
Suzhou TopAlliance	Suzhou TopAlliance Biosciences Co., Ltd.* (蘇州君實生物醫藥科技有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
Suzhou Union	Suzhou Union Biopharm Co., Ltd.* (蘇州眾合生物醫藥科技有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
Suzhou Junshi Biotechnology	Suzhou Junshi Biotechnology Co., Ltd.* (蘇州君實生物工程有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
Technology Development Contract	the technology development contract for cell line development and production of drug substances and preparations entered into by Shanghai Allink and the Company on 30 January 2024
Territory	in respect of the distribution and marketing agreement between TopAlliance and LEO Pharma entered into in January 2025, all current member states and any future member states of the EU and the EEA, Switzerland as well as the UK
TGA	Therapeutic Goods Administration of the Australian Government Department of Health and Aged Care
TNBC	Triple-negative breast cancer
TopAlliance	TopAlliance Biosciences Inc., a corporation established in the United States and a wholly-owned subsidiary of the Company
UC	urothelial carcinoma
UK	United Kingdom

DEFINITIONS

U.S. or United States	the United States of America
USD or US$	United States dollars
VAT	Value Added Tax
Warrant	a warrant issued by Allink Cayman to the Company (or its controlled entity), conferring the right to subscribe for an aggregate of 14,000,000 shares of Allink Cayman
Warrant Share(s)	the new shares to be issued by Allink Cayman upon exercise of the Warrant Subscription Right by the Company
Wuhan Jifeng	Wuhan Jifeng Equity Investment Partnership (Limited Partnership)* (武漢濟峰股權投資合夥企業(有限合夥)), a limited partnership established in the PRC
%	per cent

In this annual report, the terms "close associate", "connected person", "connected transaction", "controlling shareholder", "core connected person", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

The English translation of the PRC entities, enterprises, nationals, facilities, regulations in Chinese are translations of the Chinese names. To the extent there is any inconsistency between the Chinese names of the PRC entities, enterprises, nationals, facilities, regulations and their English translations, the Chinese names shall prevail.

* *For identification purpose only*