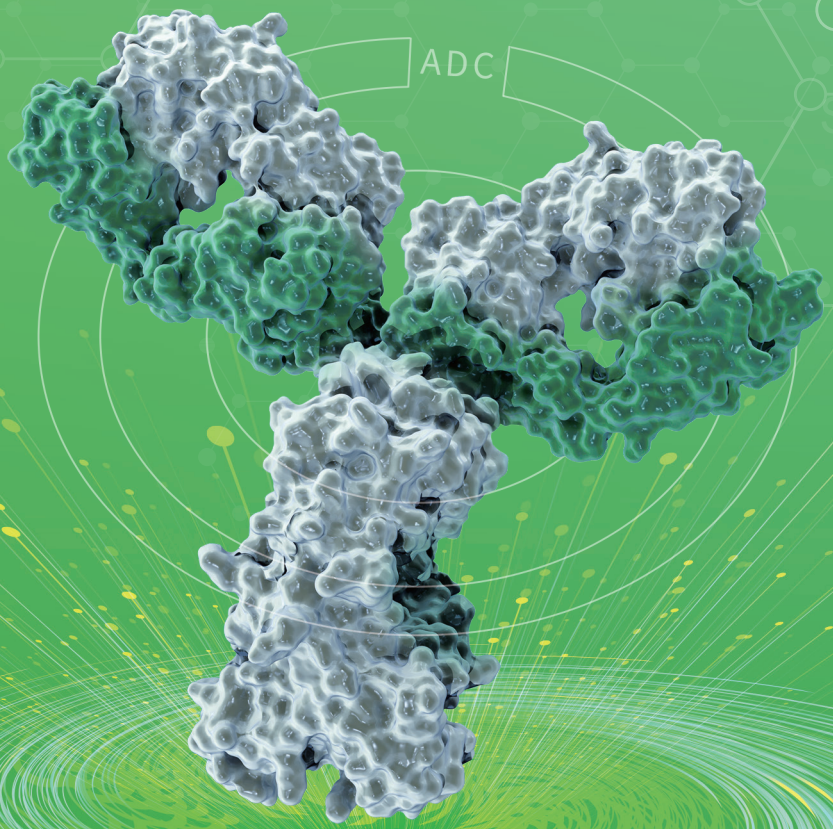
乐普生物
LEPU BIOPHARMA

樂普生物科技股份有限公司
LEPU BIOPHARMA CO., LTD.

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

Stock Code: 2157



2024
Annual Report

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Dr. Pu Zhongjie (蒲忠傑) (*Chairman*)
Dr. Sui Ziye (隋滋野) (*Chief Executive Officer*)
Dr. Hu Chaohong (胡朝紅) (*Co-Chief Executive Officer*) (*retired with effect from January 31, 2024*)

NON-EXECUTIVE DIRECTORS

Mr. Yang Hongbing (楊紅冰)
Ms. Pu Jue (蒲珏)
Mr. Lin Xianghong (林向紅) (*retired with effect from January 31, 2024*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhou Demin (周德敏)
Mr. Yang Haifeng (楊海峰)
Mr. Fengmao Hua (華風茂)

SUPERVISORS

Mr. Xu Yang (徐揚)
Mr. Yang Ming (楊明)
Ms. Zhao Lixuan (趙力萱) (*appointed with effect from January 31, 2024*)
Mr. Wang Jiwei (王徫緯) (*retired with effect from January 31, 2024*)

AUDIT COMMITTEE

Mr. Fengmao Hua (華風茂) (*Chairman*)
Mr. Yang Haifeng (楊海峰)
Ms. Pu Jue (蒲珏)

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Yang Haifeng (楊海峰) (*Chairman*)
Mr. Fengmao Hua (華風茂)
Dr. Pu Zhongjie (蒲忠傑)

JOINT COMPANY SECRETARIES

Ms. Li Yunyi (李昀軼)
Ms. Lai Siu Kuen (黎少娟) (*FCG, HKFCG*)

AUTHORISED REPRESENTATIVES

Dr. Pu Zhongjie (蒲忠傑)
Ms. Lai Siu Kuen (黎少娟) (*FCIS, HKFCG*)

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NOMINATION COMMITTEE

Mr. Zhou Demin (周德敏) (*Chairman*)
Mr. Yang Haifeng (楊海峰)
Dr. Pu Zhongjie (蒲忠傑)

STRATEGY COMMITTEE

Dr. Pu Zhongjie (蒲忠傑) (*Chairman*)
Dr. Sui Ziye (隋滋野)
Mr. Zhou Demin (周德敏)

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COMPANY WEBSITE

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CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I would like to first express my sincere gratitude to all Shareholders for their continued trust and support.

Lepu Biopharma is innovation-driven and dedicated to discovering, developing, and commercializing first-in-class and best-in-class drug candidates in anti-tumor targeted therapy and oncology immunotherapy. Since its establishment, the Company has been dedicated to promoting the technological advancement of innovative ADCs in China, establishing an advanced and systematic ADC technology development platform, and developing more optimal and innovative drugs to better address significant unmet medical needs in oncology therapeutics.

2024 was a year of strategic growth for Lepu Biopharma. We have continuously accelerated the R&D process of our product pipelines, achieved key breakthroughs in our core products, and delivered strong sales performance alongside rapid growth in revenue. We are hereby pleased to present the Company's annual report for the year ended December 31, 2024 to share our operating results for 2024 with our Shareholders.

I. Robust revenue growth to RMB368 million, representing an increase of 63.2% year-over-year

PUYOUHENG (Pucotenlimab Injection) achieved a sales revenue of RMB300 million. In 2024, the Company's first commercialized product, PUYOUHENG (Pucotenlimab Injection), experienced a significant volume release. As of 31 December 2024, PUYOUHENG (Pucotenlimab Injection) achieved a sales revenue of RMB300 million, representing a 3-fold increase as compared to that for the previous year. Meanwhile, BD activity of CMG901 achieved a revenue of RMB22 million, mainly from milestone payments. We also achieved a revenue of RMB46 million from our CDMO production services.

II. Embarking onto the Harvest Stage of our ADC Pipelines and Positive Results observed in Combination Therapies

- NDA stage: MRG003, an EGFR-targeted ADC

MRG003 as monotherapy: The NDA application for NPC indications was accepted and included in the priority review by CDE. A phase III clinical study of HNSCC indications is also underway. Clinical studies on advanced NPC and advanced HNSCC are the Company's strategic focus, with promising efficacy already observed in clinical trials. The encouraging data from the pivotal Phase IIb clinical study has been observed and selected as "late breaking abstract (LBA)" for oral presentation at the 2025 ASCO Annual Meeting.

Combination Therapy of MRG003 + PUYOUHENG (Pucotenlimab Injection): The Company is currently conducting the Phase II trial of combination therapy with MRG003 and pucotenlimab in the treatment of solid tumors and has observed encouraging preliminary data, which was presented orally at the ESMO ASIA Congress 2024.

- Registrational clinical stage: MRG002, a HER2-targeted ADC

MRG002 as monotherapy: The registrational Phase II clinical trial on HER2 over-expressed BC with liver metastasis has been completed and the Company has observed encouraging data, which was presented at the SABCS 2024. The Company is also conducting a Phase III clinical study on HER2-positive BC.

Combination Therapy of MRG002 + PUYOUHENG (Pucotenlimab Injection): The Company has completed a Phase II trial of combination therapy with MRG002 and pucotenlimab in the treatment of HER2-expressing solid tumor and has observed encouraging data on UC, which was presented at the ESMO Congress 2024.

- **Phase I clinical stage: MRG004A, a TF-targeted ADC**

  MRG004A presented positive efficacy signal on PC indications. The Company is conducting the Phase I/II clinical trial of MRG004A, a TF-targeted ADC, on solid tumor, and has observed positive efficacy signal on PC, TNBC and CC. The excellent phase I clinical data on the solid tumor was presented at the ASCO Annual Meeting 2024. The Company is actively expanding Phase Ib sub-group and dose optimization clinical trials for PC indications and will continue to explore the potential clinical value in PC indications.

- **Phase I Clinical Stage: MRG006A, a GPC3-targeted ADC**

  MRG006A is a novel GPC-3 ADC candidate with the topoisomerase I inhibitor, with global first-in-class potential, developed based on our Hi-TOPi platform. It is currently conducting Phase I clinical trials.

- **Pre-clinical stage: MRG007, an innovative ADC targeting gastrointestinal cancers**

  MRG007 demonstrated potent anti-tumor activity in pre-clinical models of gastrointestinal cancers and showed favorable therapeutic index in IND-enabling studies. In January 2025, the Company entered into an exclusive out-license agreement with ArriVent whereby the Company granted ArriVent an exclusive global license to develop, manufacture and commercialize MRG007 outside of the Greater China. The Company will be eligible to receive up to US$1.2 billion in aggregate, including upfront payment and development, registration and sales milestone payments, as well as tiered royalties on net sales.

III. Phase I patients enrollment of Oncolytic Adenovirus completed in China

CG0070 is an oncolytic adenovirus for the treatment of BCG unresponsive bladder cancer patients and is currently in the Phase III clinical study conducted by our U.S. partner, CG Oncology. The Company has licensed CG0070 from CG Oncology, obtaining the rights to develop, manufacture, and commercialize it in the Greater China including Mainland China, Hong Kong, and Macau. We are conducting a Phase I clinical trial in China and have finished patients' enrollment.

IV. Excellent Pre-clinical Data from Drug Candidates Developed based on the Innovation Platforms

Hi-TOPi ADC platform: The innovative linker-payload platform has shown initial success. The Company has used this platform to develop our a drug candidate MRG006A, which is a global leading GPC3-targeted ADC candidate and has entered the clinical research stage. In pre-clinical studies, MRG006A demonstrated potent dose-dependent tumor growth inhibition in multiple CDX and HCC PDX models. Meanwhile, MRG006A shown good tolerance in exploratory toxicology studies.

T cell engager platform-TOPAbody: Based on the platform, the Company has developed a drug candidate CTM012, a new-generation T cell agonistic antibody with first-in-class potential which has entered the IND-enabling stage, and has completed the Pre-IND application in China and the United States in 2024.

FUTURE OUTLOOK

In the past year, the company's first commercialized product, Pucotenlimab, achieved significant sales growth. Coupled with the successful overseas BD activity of the innovative molecule MRG007, the Company has steadily advanced through its dual-engine strategy.

Looking ahead to 2025, the globally innovative EGFR ADC product, MRG003 is entering the NDA stage. The Company will focus its resources on fully advancing the commercialization of MRG003. As the commercialization model for Pucotenlimab matures, the Company will accumulate more experience and resources to support the commercialization of the EGFR ADC product MRG003. For products in the clinical stage, the company will actively explore more potential clinical value of innovative candidates such as MRG004A and MRG006A. Simultaneously, efforts are being made to investigate the potential efficacy of pipeline combination therapies to provide clinical benefits to more patients. Regarding innovative molecules, the company is enhancing its innovation platform while accelerating the clinical development of molecules such as CTM012 and MRG007.

Moving forward, the company remains committed to a "patient-centered" approach, strengthening its pipelines, advancing international collaboration strategies, and progressing steadily. Dear shareholders, rest assured that the company will steadily build a strong foundation, leading to remarkable achievements in the future.

Lepu Biopharma Co., Ltd.
Dr. Pu Zhongjie
Chairman and Executive Director

April 25, 2025

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

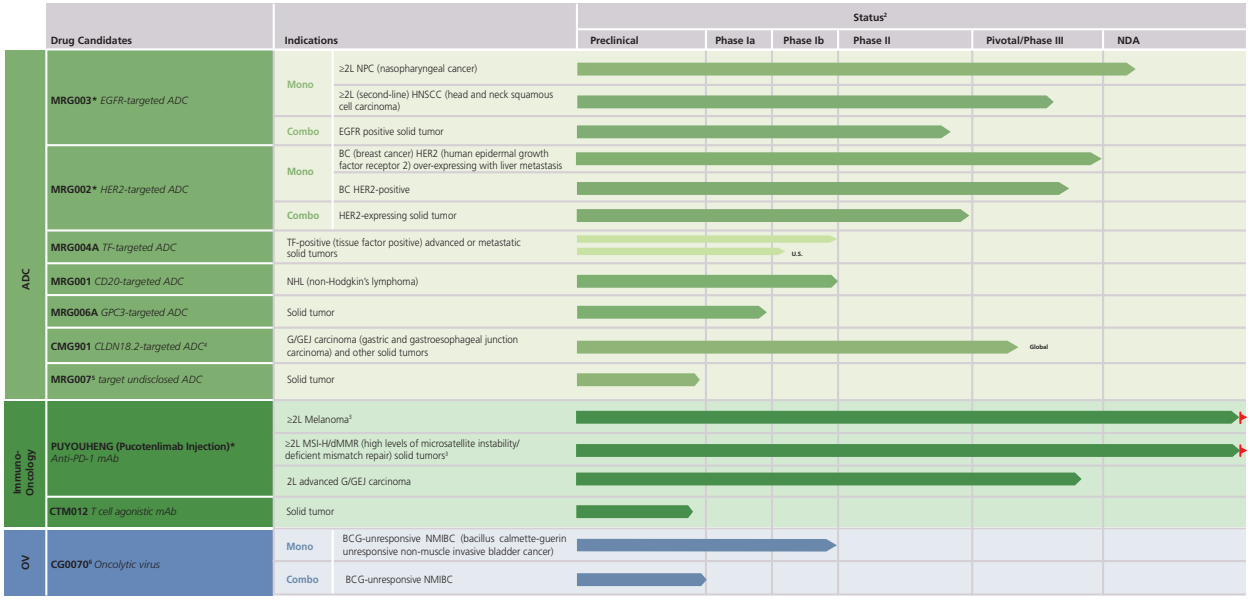
We are an innovation-driven biopharmaceutical company focusing on oncology therapeutics, in particular, targeted therapy and oncology immunotherapy, with a strong China foundation and global vision. Since our establishment, we have been dedicated to developing innovative ADCs through our comprehensive and advanced ADC technology development platform and we aim to develop optimal and innovative drugs to better serve the unmet medical needs of cancer patients. We have an integrated end-to-end capability across drug discovery, clinical development, CMC and GMP-compliant manufacturing, encompassing all critical functions of the biopharmaceutical value chain. We are committed to continuously developing a market-differentiating pipeline by fully integrating our independent innovation capabilities and strategic collaborations. Concurrently, we are dedicated to exploring synergistic therapeutic approaches on the basis of the continuous enrichment of our product pipeline. We have established and are progressively expanding our internal manufacturing capabilities, driven by the business requirements stemming from the upcoming commercialization of our ADC candidates.

We have strategically designed our pipeline with a range of oncology products. As of date of this annual report, for clinical-stage candidates, we have (i) one clinical/commercialization-stage drug candidate; (ii) seven clinical-stage drug candidates, including one co-developed through a joint venture; and (iii) three clinical-stage combination therapies of our candidates. One of our drug candidates has obtained marketing approval with respect to two of its targeted indications, with clinical trials for other indications ongoing. Among the seven clinical-stage drug candidates, six are targeted therapeutics and one is an immunotherapeutic, which is an oncolytic virus drug. MRG003 was granted BTD, ODD and FTD on NPC from the FDA and BTD from the CDE. MRG002 was granted ODD on GC/GEJ from the FDA. CMG901 was granted FTD and ODD in GC/GEJ from the FDA, and obtained BTD from CDE. MRG004A was granted ODD and FTD by the FDA for the treatment of PC. CG0070 was granted BTD from the CDE. We have continuously striven to build up and develop novel technology platforms as innovative engines for the Company. We have observed encouraging data in pre-clinical studies of MRG006A, MRG007 and CTM012 during the Reporting Period. We have received an IND approval from the CDE for MRG006A and are efficiently progressing our innovative molecules, CTM012 and MRG007, towards the clinical research stage.

We aim to commercialize our pipeline products in China through dedicated sales and marketing forces, while attaining international market reach through strategic partnerships. As of the end of the Reporting Period, the Company has achieved significant milestones in the monetisation of our R&D capabilities through commercialization and BD activities: PUYOUHENG (Pucotenlimab Injection) has completed the full commercialization process and is currently under a rapid sales growth, and two other products, CMG901 and MRG007 have also been licensed out through our BD activities. Notably, CMG901's global rights have been licensed to AstraZeneca, and MRG007's rights for regions outside Greater China have been licensed to ArriVent. These accomplishments have established a solid foundation for the Company's future commercialization of ADC products and global cooperations.

PRODUCT PIPELINE

The following chart illustrates our pipeline and summarizes the development status of our clinical-stage and pre-clinical drug candidates:



Notes:

1. * denotes the Core Products.

2. Unless otherwise stated, the progress shown under the "Status" column refers to the clinical development progress of the relevant drug candidate and combination therapy in China.

3. In 2022, we obtained from the NMPA conditional marketing approval for PUYOUHENG (Pucotenlimab Injection) on MSI-H/dMMR and inoperable or metastatic melanoma, respectively. We are conducting confirmatory Phase III clinical studies on the first-line MSI-H/dMMR metastatic colorectal cancer and the first-line stage IV (M1c) melanoma respectively.

4. In February 2023, KYM has entered into a global exclusive out-license agreement with AstraZeneca to grant an exclusive global license for research, development, registration, manufacturing and commercialization of CMG901 to AstraZeneca. For details, please refer to the Company's announcements dated February 23, 2023 and April 15, 2024.

5. On January 22, 2025, the Company has entered into an exclusive license agreement with ArriVent to grant an exclusive license to develop and commercialize MRG007, globally excluding the Greater China Region. For details, please refer to the Company's announcement dated January 22, 2025.

6. Apart from the Phase I clinical trial currently conducted in China, the MRCT clinical trial of CG0070 is also being conducted by CG Oncology, a third-party business partner with whom we have a licensed-in arrangement to develop, manufacture and commercialize CG0070 in Mainland China, Hong Kong and Macau.

BUSINESS REVIEW

During the Reporting Period, the Group recorded a total revenue of approximately RMB367.8 million, marking a 63.2% surge YoY. In 2024, the Group recorded a revenue of approximately RMB300.3 million for the sales of PUYOUHENG (Pucotenlimab Injection), tripling the amount recorded in 2023 (approximately RMB101.4 million). For licensing activities, the Group has recognized approximately RMB22.0 million in revenue for the milestone payment and the technology transfer service provided under the License Agreement for CMG901. In addition, the Group recognized approximately RMB45.5 million in revenue for the provision of CDMO services.

- We have built a highly efficient sales and marketing team for our commercialized product, PUYOUHENG (Pucotenlimab Injection). Our commercialization team is mainly responsible for developing strategies for product promotion, product positioning and brand management, establishing a good brand image in the market through academic promotion activities and product education to increase product awareness among leading physicians and the patient population. In April 2023, pucotenlimab has been successfully included in the 2023 CSCO and CSGO Guidelines for melanoma and MSI-H/dMMR solid tumors, which represents a high degree of recognition from clinical KOL's.

  In terms of the establishment of sales channels, we actively develop cooperative relationships with various business channel partners. As of December 31, 2024, we have completed the tendering process on the procurement platform in 27 provinces of the PRC. We have covered approximately 81 cities in the PRC through various sales channels, and we will further expand our sales network.

- In 2024, the Group recorded revenue of approximately RMB22.0 million generated though the milestone payment and the technology transfer service provided under the License Agreement for CMG901, which was entered into between KYM, a joint venture formed by us and Keymed, and AstraZeneca on February 23, 2023. We remain committed to advancing our global licensing strategy and actively carry out out-licensing collaborations. In addition, in January 2025, the Company entered into an exclusive licensing agreement with ArriVent, pursuant to which the Company has granted ArriVent exclusive rights to develop, manufacture and commercialize MRG007 outside of Greater China. Under the terms of the agreement, the Company is eligible to receive up to US$1.2 billion in total, including an upfront payment, development, regulatory and sales milestones, and tiered royalties on net sales.

- Furthermore, we have strategically leveraged our surplus capacity to provide CDMO services to Lepu Medical and/or its subsidiaries for their development of GLP-1 and related products. These efforts yielded CDMO services related revenue of approximately RMB45.5 million in 2024. Looking forward to 2025, the Company expects to continue to generate revenue with the annual cap of RMB36.0 million pursuant to the approval granted by the independent shareholders in the 2025 first extraordinary general meeting of the Company held on January 7, 2025.

During the year ended December 31, 2024, the Group also continued to focus its efforts on the research and development of its drug candidates, while continuously assessing market demand and the competitive landscape relating to the range of oncology therapeutics and the broad spectrum of indications covered by its drug candidates, in order to maximize the competitiveness of its product's pipeline. A description of the progress made and the latest status in respect of the Group's drug candidates for the year ended December 31, 2024 and up to the date of this annual report is as follows:

MRG003

MRG003 is an ADC comprised of an EGFR-targeted mAb conjugated with the potent microtubulin disrupting payload MMAE via a vc linker. It binds specifically with high affinity to human EGFR on the surface of tumor cells, releases the potent payload upon internalization and lysosomal protease cleavage of the linker, and results in tumor cell death.

We have received the Acceptance Notice《受理通知書》issued by the NMPA in relation to the acceptance of the NDA of MRG003, for the treatment of R/M NPC, and currently the NDA of MRG003 is under the priority review by the CDE of NMPA. Meanwhile, we are concurrently conducting a Phase III clinical study on HNSCC. We are also further exploring the potential of MRG003 through its combination with immuno-oncology which may move forward to become an earlier line treatment therapy and bring clinical benefits to more patients.

– *Monotherapy*

NPC: We have re-submitted the new NDA of MRG003 and received the the Acceptance Notice《受理通知書》issued by the NMPA in relation to the acceptance of the new NDA in March 2025. MRG003 has also been granted priority review by the CDE of NMPA. The authority is currently proceeding with the clinical and pharmaceutical evaluation of MRG003 in an orderly manner. We submitted a BTD application in the U.S. in June 2024, which was granted by the FDA for the treatment of R/M NPC in July 2024. The encouraging data from the pivotal Phase IIb clinical study has been observed and selected as "late breaking abstract (LBA)" for oral presentation at the 2025 ASCO Annual Meeting.

HNSCC: As of December 31, 2024, we are conducting a randomized, open-label, multicenter Phase III clinical study on HNSCC.

– *Combination Therapy*

MRG003 + PUYOUHENG (Pucotenlimab Injection): We are conducting a Phase I/II trial of combination therapy with MRG003 and pucotenlimab in the treatment of solid tumors and have completed the Phase I part of the trial. We have observed encouraging preliminary data, which were selected to be presented orally at the ASCO Annual Meeting 2024. In addition, the latest encouraging data from the Phase II clinical study on R/M NPC was selected to be presented orally at the ESMO ASIA Congress 2024. As of 30 June 2024, ORR and DCR was 66.7% and 93.3%, respectively. PFS and DoR were immature, with 6-month PFS rate of 76.2% and 6-month DoR rate of 83.3%, respectively.

– **Warning under Rule 18A.08(3) of the Listing Rules:** There is no assurance that the MRG003 will ultimately be successfully developed and marketed by the Company. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

MRG002

MRG002 is an innovative ADC targeting HER2, a molecular target abnormally over-expressed in many cancer types including BC, UC and GC/GEJ. Our clinical development strategy for MRG002 in China aims at realizing the efficacy potential of MRG002 in various prevalent malignancies, especially for second – or later-line systemic therapy of BC. Registrational clinical trials in the aforementioned indications are ongoing. We are constantly exploring the potential of MRG002 through its combination with immuno-oncology by conducting clinical studies which aim to target more patients in early stage and provide more options to fulfill the unmet medical needs.

– *Monotherapy*

HER2 over-expressing BC: We have completed the pivotal Phase II clinical trial on HER2 over-expressed BC with liver metastasis in China and have observed encouraging data, which was presented at the SABCS Congress 2024. As of July 2024, the ORR and DCR in the pivotal Phase II clinical study was 60.8% and 86.3%, the mPFS was 8.6 months, and the mDoR was 9.4 months. Meanwhile, as of December 31, 2024, we are conducting a Phase III clinical study on HER2-positive BC.

– *Combination Therapy*

MRG002 + PUYOUHENG (Pucotenlimab Injection): We are conducting a Phase II trial of combination therapy with MRG002 and pucotenlimab in the treatment of HER2-expressing solid tumors and have observed encouraging data on UC, which was presented at the ESMO Congress 2024. As of April 2024, for all the evaluated patients, the ORR and DCR were 64.0% and 89.0%, respectively. For the patients in MRG002 1.8 mg/kg cohort, the ORR and DCR of evaluable patients were 70.0% and 90.0%. For HER2+ patients, the ORR and DCR of evaluable patients were 70.6% and 94.1%. The patient who has been treated the longest has had a PFS for more than 26.5 months and it is still ongoing.

– **Warning under Rule 18A.08(3) of the Listing Rules:** There is no assurance that the MRG002 will ultimately be successfully developed and marketed by the Company. Shareholders and our potential investors are advised to exercise caution when dealing in the Shares.

MRG004A

MRG004A is a novel TF-targeted site-specifically conjugated ADC. We are currently conducting a Phase I clinical study on solid tumors and have observed anti-tumor activity signal on PC, TNBC and CC. The preliminary Phase I data on solid tumors were orally presented at the ASCO Annual Meeting 2024. As of December 15, 2023, the ORR and DCR on patients with PC in 2.0 mg/kg dose group was 33.3% and 83.3% respectively. 5 patients with PC of TF expression ≥50% and 3+ intensity and ≤2 prior lines of therapy, the ORR and DCR was 80% and 100% respectively, and the mPFS was 5.5 months. In March 2024, MRG004A was granted FTD from the FDA for the treatment of PC which have relapsed or are refractory to prior approved therapies, and this designation signified the innovativeness and the potential of MRG004A to fulfill the unmet medical needs. The Phase I dose expansion study is being conducted to explore dose optimization of MRG004A on PC.

– **Warning under Rule 18A.08(3) of the Listing Rules:** There is no assurance that the MRG004A will ultimately be successfully developed and marketed by the Company. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

MRG001

MRG001 is a clinically advancing CD20-targeted ADC which addresses the medical needs of B cell NHL patients with either primary drug resistance to rituximab or acquired drug resistance to the combination therapy of rituximab and standard chemotherapies. We are conducting a Phase Ib dose expansion study of MRG001 in China and have observed encouraging preliminary data on DLBCL.

– **Warning under Rule 18A.08(3) of the Listing Rules:** There is no assurance that the MRG001 will ultimately be successfully developed and marketed by the Company. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

MRG006A

MRG006A is a novel topoisomerase I inhibitor-based GPC-3 ADC candidate with global first-in-class potential, which has been developed based on our Hi-TOPi platform. We received the IND approval in July 2024 from the NMPA and we are currently conducting a Phase I clinical trial. In pre-clinical studies, MRG006A resulted in a robust and dose-dependent tumor growth inhibition on multiple CDX models and HCC PDX models. In the meantime, MRG006A also demonstrated good tolerability in the exploratory toxicology study. Such pre-clinical data was presented at the AACR Annual Meeting in April 2024.

– **Warning under Rule 18A.08(3) of the Listing Rules:** There is no assurance that the MRG006A will ultimately be successfully developed and marketed by the Company. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

CMG901

CMG901 is a CLDN18.2-targeting ADC comprising a CLDN18.2-specific antibody, a cleavable linker and a toxic payload, MMAE. It is the first CLDN18.2 targeting ADC to have received the IND clearance both in China and the U.S. CLDN18.2 is selectively and widely expressed in GC, PC and other solid tumors, which makes it an ideal tumor target for therapeutic development. It is co-developed by us and Keymed through a joint venture, KYM. CMG901 showed a favorable safety and tolerability profile in the Phase I trial for the treatment of advanced solid tumors. In June 2024, the latest data from a Phase I clinical study of CMG901 on the treatment of advanced GC/GEJ has been presented by way of oral presentation at the ASCO Annual Meeting 2024. On January 6, 2025, the data from the Phase I clinical study were released on *The Lancet Oncology*, the international authoritative oncology journal. As of February 24, 2024, the ORR is 48% for patients in dose group of 2.2 mg/kg. In the abovementioned dose group, CMG901 presented encouraging mPFS of 4.8 months and mOS of 11.8 months. In connection with the License Agreement, AstraZeneca has been conducting multiple clinical studies regarding CMG901 for the treatment of advanced solid tumors. An international multicenter Phase III study comparing CMG901 monotherapy with regimens selected by the researcher as the second-line or beyond second-line treatment in patients with advanced or metastatic gastric and gastroesophageal junction adenocarcinoma with CLDN18.2-expression was posted on the Drug Clinical Trial Registration and Information Platform (藥物臨床試驗登記與信息公示平台) in March 2024, and the first patient received the first dose in April 2024.

– **Warning under Rule 18A.08(3) of the Listing Rules:** There is no assurance that the CMG901 will ultimately be successfully developed and marketed by the Company. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

MRG007

MRG007 is a novel ADC for the treatment of GI cancers. It has shown robust antitumor activity in preclinical models of GI cancers and a favorable therapeutic index based on IND enabling studies. The first IND submission was submitted in March 2025 with an initial clinical development focus in colorectal, pancreatic and other GI cancers. Pre-clinical data of MRG007 are expected to be presented at the AACR annual meeting in April 2025.

– **Warning under Rule 18A.08(3) of the Listing Rules:** There is no assurance that the MRG007 will ultimately be successfully developed and marketed by the Company. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

PUYOUHENG (Pucotenlimab Injection)

PUYOUHENG (Pucotenlimab Injection) is a humanized IgG4 mAb against human PD-1, which can antagonize the PD-1 signal to restore the capability of the immune cells to kill cancer cells through blocking PD-1 binding to their ligands PD-L1 and PD-L2, and which has been commercialized for treating MSI-H/dMMR and inoperable or metastatic melanoma since the second half of 2022. In April 2023, two indications were included into the 2023 CSCO Guideline, which are pucotenlimab as ≥ second-line treatment of MSI-H/dMMR colorectal cancer and solid tumors, and pucotenlimab as second-line treatment of melanoma. Moreover, Pucotenlimab for treatment of advanced and recurrent MSI-H/dMMR gynecological cancer was included into the 2023 CSGO Guideline. Pucotenlimab demonstrated robust antitumor activity in patients (pts) with MSI-H/dMMR, based on findings from the phase II study, and we are expected to present the long-term survival results and the updated safety profile at the ASCO Annual Meeting 2025.

- **MSI-H/dMMR solid tumors:** We are conducting an open label, multi-center and randomized Phase III clinical trial on the first-line MSI-H/dMMR metastatic colorectal cancer as a confirmatory clinical study for the conditional marketing approval as of December 31, 2024.

- **Melanoma:** We are conducting an open label, multi-center and randomized Phase III clinical trial on the first-line treatment of subjects with stage IV (M1c) melanoma as a confirmatory clinical study for the conditional marketing approval as of December 31, 2024.

- **GC/GEJ in second-line therapy:** We are conducting a multi-center, randomized, double-blinded and placebo-controlled Phase III clinical study of pucotenlimab in combination therapy with irinotecan. Patients' enrollment is ongoing as of December 31, 2024.

CG0070

CG0070 is an oncolytic adenovirus for the treatment of BCG unresponsive bladder cancer patients and is currently in a MRCT Phase III clinical study conducted by our U.S. partner, CG Oncology. The encouraging data observed has been orally presented at the Society of Urologic Oncology (SUO) 25th Annual Meeting in 2024. 74.5% of patients achieved CR at any time, after receiving treatment with CG0070 as a single agent. The median DOR has not been reached but exceeds 27 months as of the data cut-off of September 30, 2024. We in-licensed CG0070 from CG Oncology and were granted the rights to develop, manufacture and commercialize it in Mainland China, Hong Kong and Macau. As of December 31, 2024, we are conducting a Phase I clinical trial in China and have finished Phase I patients enrollment. For the combination therapy of CG0070 with PUYOUHENG (Pucotenlimab Injection), we received an IND approval from the NMPA for its Phase I trial in the treatment of patients with BCG-unresponsive NMIBC.

- **Warning under Rule 18A.08(3) of the Listing Rules:** There is no assurance that the CG0070 will ultimately be successfully developed and marketed by the Company. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Innovation platforms

We continuously strive to build up and develop novel technology platforms as innovative engines for the Company. Besides the clinical-proven vc-MMAE platform, we have developed multiple innovative linker-payload platforms for ADC drug candidates, including the Hi-TOPi platform and other early-stage platforms. During the Reporting Period, our innovative ADC platforms and T cell engager platform TOPAbody have achieved significant progress. Based on these innovation platforms, we have generated two ADC candidates, which are MRG006A with global first-in-class potential and MRG007 with global best-in-class potential, as well as the new-generation T cell agonistic antibody CTM012. We have observed encouraging data in pre-clinical studies and have received an IND approval for MRG006A in China. Meanwhile, we are advancing MRG007 and CTM012 to clinical research stage efficiently. Pre-clinical data of MRG006A and TOPAbody platforms were presented at the AACR Annual Meeting in April 2024.

– **Hi-TOPi platform**: The Hi-TOPi platform for ADC is featured by: (i) Linker, which is highly stable in circulation and effective in releasing payload in cells; (ii) Payload, which has good potency when compared to competitors (it is not a substate for Pgp, and therefore it has a great potential of overcoming drug resistance); (iii) ADCs utilizing the novel linker-payload have demonstrated strong anti-tumor activity in PDX of multiple tumor types and also shown excellent safety profile and good tolerance in monkeys; and (iv) improved therapeutic window.

  Using the novel linker-payload platform, we have developed MRG006A, which is an ADC candidate with global first-in-class potential and has entered the clinical research stage.

– **T cell engager platform:** Our proprietary T cell engager platform-TOPAbody is featured by (i) simultaneous activation of both TCR signaling and co-stimulatory pathway that intends to unlock the full potential of T cells, and (ii) restricted activity in the tumor microenvironment.

  Based on the T cell engager platform, we have developed CTM012, a new-generation T cell agonistic antibody with global best-in-class potential which has entered the IND-enabling study stage during the Reporting Period. We filed pre-IND for CTM012 in both China and U.S. in 2024.

Manufacturing Facilities

We have been operating a 2,000L GMP-compliant bioreactor production line at our Beijing manufacturing plant during the Reporting Period, which mainly supports the production of clinical drug supply and offers CDMO production services. During the Reporting Period, we have recognized RMB45.5 million in revenue from the provision of CDMO services.

In addition, the construction of the Shanghai Biotech Park has been completed. The research and development center in the Shanghai Biotech Park has been put in use, which further enhances our capability to conduct pre-clinical, quality control and CMC research activities. The manufacturing facilities in the Shanghai Biotech Park have a designed total capacity of 12,000L, and has been obtained the environmental impact assessment report for the production of mAb and ADC. Going forward, we will continue to build or expand our manufacturing facilities based on our business needs arising from the commercialization of our ADC candidates.

KEY EVENTS AFTER THE REPORTING PERIOD

Development Progress of our Drug Candidates After the Reporting Period

– *Exclusive License Agreement with ArriVent for MRG007*

On January 22, 2025, the Company has entered into an exclusive license agreement with ArriVent to develop and commercialize the Group's novel ADC candidate, MRG007. Under the terms of the agreement, the Company has granted ArriVent exclusive rights to develop, manufacture and commercialize MRG007 outside of Greater China. The one-time upfront and near-term milestone payments amount to US$47 million and the Company is eligible to receive up to US$1.16 billion in development, regulatory and sales milestones and tiered royalties on net sales outside of Greater China.

It has shown robust antitumor activity in preclinical models of GI cancers and a favorable therapeutic index based on IND enabling studies. The first IND submission is planned for the first half of 2025 with an initial clinical development focus in colorectal, pancreatic and other GI cancers. Pre-clinical data of MRG007 are expected to be presented at the AACR annual meeting in April 2025.

For details of the License Agreement for MRG007, please refer to the Company's announcement dated January 22, 2025.

– *CG0070 was granted BTD by the CDE*

In January 2025, CG0070 was granted BTD by the CDE for the treatment of BCG unresponsive bladder cancer patients, which have relapsed or are refractory to prior approved therapies, and this designation signified the innovativeness and the potential of CG0070 to fulfill the unmet medical needs.

Continuing connected transaction with Lepu Medical

The Company has entered into a framework agreement with Lepu Medical in respect of the provision of CDMO technical services and related ancillary equipment by the Company and/or its subsidiaries to Lepu Medical and/or its subsidiaries for their development of GLP-1 and related products on November 26, 2024. The annual cap with respect to the provision of CDMO services for the year ending December 31, 2025 is RMB36.0 million. The aforementioned framework agreement (together with the monetary transaction caps therein) was approved by the Independent Shareholders in the 2025 first extraordinary general meeting of the Company held on January 7, 2025. Upon the passing of the relevant resolutions by the Independent Shareholders at the Company's 2025 first extraordinary general meeting, the Company has commenced the provision of its CDMO services to Lepu Medical pursuant to the terms and conditions of the aforementioned framework agreement.

For further details of the aforementioned continuing connected transaction with Lepu Medical, please refer to the Company's announcement dated November 26, 2024, circular dated December 17, 2024 and poll results announcement dated January 7, 2025.

Change of Auditor

In November 2024, the original auditor of the Company, PricewaterhouseCoopers resigned as the auditor of the Company with effect from November 26, 2024. The Company, with the recommendation from the Audit Committee, proposed to appoint Ernst & Young as the Company's new auditor for the year of 2024 for a term up to the conclusion of the next annual general meeting of the Company and which was approved by Shareholders in the 2025 first extraordinary general meeting of the Company held on January 7, 2025.

For further details of the aforementioned change of auditor of the Company, please refer to the Company's announcement dated November 26, 2024, circular dated December 17, 2024 and poll results announcement dated January 7, 2025.

FUTURE DEVELOPMENT

The Company is an innovation-driven biopharmaceutical company focusing on oncology therapeutics, dedicated to promoting the technological advancement of innovative ADCs in China to better serve the unmet medical needs of cancer patients. Looking ahead to 2025, We plan to leverage our competitive advantages through the following development strategies:

In respect of drug R&D, we strive to enrich our differentiated marketed product portfolio targeting indications with significant medical needs by combining our independent R&D capability with strategic collaborations. In addition, we are committed to enhancing our ADC platforms and developing novel technologies to support the development of next-generation drugs. For our registrational stage product MRG003, the authority is currently proceeding with the clinical and pharmaceutical evaluation in an orderly manner. We will concentrate our resources and endeavour to expedite the approval process. We will also explore further potential clinical value of our other innovative drug candidates, such as MRG004A and MRG006A. At the same time, we are also constantly exploring the potential efficacy of combination therapies within our pipeline to bring clinical benefits to more patients. For innovation molecules, we will reinforce the establishment of our innovation platforms and advance innovative molecules CTM012 and MRG007 to the clinical research stage efficiently.

In terms of domestic commercialization, we achieved a robust growth in sales revenue in 2024, with sales of PUYOUHENG (Pucotenlimab Injection) tripling compared to the previous year through our own sales channels, which further validates our sales strategy and business model. We will continue to improve our marketing and commercialization teams and take further actions to enhance the market accessibility of PUYOUHENG (Pucotenlimab Injection), accelerating market penetration at all levels to further increase market share. By leveraging the expertise and industry connections of our commercialization team, we will seek to foster our brand's image and market knowledge of our product through various methods, such as marketing and academic activities. At the same time, we will commence the preparation process for the commercial launch of MRG003. We believe that the enhancement of our efforts in terms of market outreach will translate into better market access, increased market share and increases in the sales of our commercialized product and our brand in general, thereby laying a solid market and channel foundation for the future commercialization of our ADC product pipeline.

On the international front, we will ramp up our efforts to expand into the global market. Our ADC platform has been endorsed by multinational companies, evidenced by the successful out-licensing of CMG901's global rights to AstraZeneca and MRG007's ex-Greater China rights to ArriVent. We expect our other ADC products to have more promising business development opportunities. Going forward, we will persist in expanding our international network and exploring new business development cooperation opportunities. We remain committed to seeking more strategic partners worldwide to develop our ADC products and other innovative candidates through partnerships, licensing agreements, or joint ventures.

FINANCIAL REVIEW

Revenue

For the year ended December 31, 2024, we have recorded a revenue of RMB367.8 million (2023: RMB225.4 million), representing a significant increase of 63.2%, which consists of (i) RMB300.3 million from the sales of PUYOUHENG (Pucotenlimab Injection), almost tripling the amount in 2023 (RMB101.4 million); (ii) RMB22.0 million from the out-licensing of CMG901 for milestone payment and technology transfer services (2023: RMB124.0 million); and (iii) RMB45.5 million (2023: nil) for the provision of CDMO services.

Cost of sales

For the year ended December 31, 2024, the Group has recorded cost of sales of RMB74.8 million (2023: RMB28.3 million), representing an increase of 164.6%, which was in line with the growth in revenue.

Selling and Marketing Expenses

For the year ended December 31, 2024, the Group has recorded selling and marketing expenses of RMB146.0 million (2023: RMB43.3 million), which was largely in line with the growth in sales revenue of PUYOUHENG (Pucotenlimab Injection) during the year ended December 31, 2024.

Administrative Expenses

Our administrative expenses primarily consist of (i) employee benefit expenses relating to our administrative staff; (ii) depreciation and amortization expenses, primarily representing depreciation expenses for right-of use assets and property, plant and equipment; and (iii) others, mainly representing utilities as well as traveling and transportation expenses.

For the year ended December 31, 2024, the Group has recorded administrative expenses of RMB91.9 million (2023: RMB86.7 million), mainly due to an increase in property taxes following the completion and operation of Shanghai Biotech Park in 2024.

Research and Development Expenses

Our research and development expenses primarily consist of (i) clinical study related expenses; (ii) pre-clinical study costs; (iii) raw materials and consumables used in pre-clinical and clinical studies; (iv) employee benefit expenses (mainly including wages, salaries and bonuses and share-based payment expenses) relating to our research and development staff; (v) depreciation and amortization expenses for property, plant and equipment as well as amortization expenses for intangible assets such as intellectual properties; and (vi) other expenses. Our research and development expenses decreased from RMB458.1 million in 2023 to RMB437.7 million in 2024, representing a decrease of 4.4%.

The following table sets forth the components of our research and development expenses for the years indicated.

	Year ended 31 December			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Clinical study related expenses	**184,604**	**42.2**	173,425	37.9
Pre-clinical study costs	**41,688**	**9.5**	34,463	7.5
Raw material and consumables used	**34,689**	**7.9**	26,455	5.8
Employee benefit expenses	**95,698**	**21.9**	120,682	26.3
Depreciation and amortization	**67,475**	**15.4**	88,372	19.3
Others	**13,543**	**3.1**	14,676	3.2
Total	**437,697**	**100**	458,073	100

(i) Clinical study related expenses increased by RMB11.2 million as compared to the year ended December 31, 2023, mainly due to the relatively concentrated CMC expenses incurred during the NDA stage;

(ii) Pre-clinical study costs increased by RMB7.2 million, because the Group has been continuously focusing on the research and development of more innovative molecules;

(iii) Raw material and consumables expenses increased by RMB8.2 million, mainly due to the Company's focus on the research and development of more innovative molecules;

(iv) Employee benefit expense decreased by RMB25.0 million, mainly due to the structural adjustment to meet the current R&D demand of the Group;

(v) Depreciation and amortization costs decreased by RMB20.9 million, mainly because the amortization of leasehold improvement of the Group's Beijing manufacturing plant was completed at the end of 2023, and no further amortization costs were recognized therefrom; and

(vi) Other expenses for the year ended December 31, 2024 decreased by RMB1.1 million.

Fair Value Changes on Financial Liabilities at Fair Value through Profit or Loss

We had fair value gain on financial liabilities at fair value through profit or loss of RMB175.0 million for 2023 and fair value gain of RMB5.1 million for 2024. Our financial liabilities include financial liabilities at fair value through profit or loss, representing the variable part of the consideration arisen from the acquisition of 40% equity interests of Taizhou Hanzhong from non-controlling interest, being a certain portion of future annual net sales revenue of relevant PD-1 products.

The following table sets forth a breakdown of our fair value changes on financial liabilities at fair value through profit or loss for the periods indicated.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Fair value gains on financial liabilities at fair value through profit or loss	**5,077**	174,976

Finance Income and Finance Costs

Our finance income primarily represents our bank interest income and foreign exchange gains. Our finance costs primarily consist of interest costs on lease liabilities and borrowings.

Our finance income decreased from RMB8.3 million in 2023 to RMB6.0 million in 2024, mainly due to a decrease in interest on bank deposits. Our finance costs increased from RMB16.0 million in 2023 to RMB23.0 million in 2024, due to the completion and operation of Shanghai Biotech Park in 2024, which resulted in its loan interest no longer being capitalized.

Income Tax Expenses

For the year ended December 31, 2023 and 2024, the Group's income tax expenses were nil.

Loss for the Reporting Period

Based on the factors described above, the Group's loss increased from RMB30.3 million in 2023 to RMB424.2 million in 2024.

– *Non-IFRS Operating Loss for the Reporting Period*

To supplement our consolidated financial statements which are presented in accordance with International Financial Reporting Standards ("**IFRS**"), we also use non-IFRS operating loss for the year (defined below) as an additional financial measure, which is not required by, or presented in accordance with IFRS. We believe that the presentation of this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items which our management considers not indicative of our core operating performance such as non-recurring items and non-operating in nature. We believe that this measure provides useful information to investors in understanding and evaluating the Group's consolidated results of operations in the same manner as they help our management. However, the use of non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS. In addition, the non-IFRS financial measure may be defined differently from similar terms used by other companies.

For the Reporting Period, we define "non-IFRS operating loss for the year" as loss for the year after deducting (i) net gains on dilution of equity interests in an associate, (ii) net gains on disposal of investments in an associate, which are items that are not in the financial results for the previous financial year and (iii) fair value changes on financial liabilities at fair value through profit or loss. For the year ended December 31, 2024, our non-IFRS operating loss for the year was approximately RMB429.3 million (for the year ended December 31, 2023: approximately RMB425.5 million).

The following table sets forth the reconciliations of our non-IFRS financial measure for the years ended December 31, 2023 and 2024 to the nearest measure prepared in accordance with IFRS:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Loss for the year	**(424,193)**	(30,301)
Deduct:		
Net gains on dilution of equity interests in an associate[(1)]	**–**	116,388
Net gains on disposal of investments in an associate[(2)]	**–**	103,874
Fair value changes on financial liabilities at fair value through profit or loss	**5,077**	174,976
Non-IFRS Operating Loss for the year	**(429,270)**	(425,539)

Notes:

(1) Net gains on dilution of equity interests in an associate represents the net gains recognized owing to the dilution of the Company's percentage equity interests held in Wuhan Binhui from 20.03% to 11.84% as a result of the preferred rights granted upon issuance of ordinary shares by Wuhan Binhui to certain investors were terminated. Such net gains recognized are non-operating and non-cash in nature.

(2) Net gains on disposal of investments in an associate represents the net gains recognized on the Company's partial disposal of equity interest in HealSun Biopharma. Such net gains recognized are non-operating in nature.

Liquidity and Financial Resources

Our cash and cash equivalents remained at a similar level as compared to last year at RMB401.3 million as at December 31, 2024 (2023: RMB426.0 million). Our primary use of cash is to fund our research and development activities and the commercialization of our commercialized products. For the year ended December 31, 2024, our net cash used in operating activities was RMB196.4 million, a decrease of RMB54.4 million from RMB250.8 million as of December 31, 2023 due to a surge in the revenue for the year ended December 31, 2024.

The main sources of the Group's liquidity are our operating activities, equity financing and bank borrowings.

Our bank borrowings are divided into secured loans and unsecured loans. As of December 31, 2024, the Group's bank borrowings amounted to RMB794.4 million (December 31, 2023: RMB694.3 million), among which unsecured and unguaranteed bank borrowings amounted to RMB534.1 million (December 31, 2023: RMB394.0 million) in total with interest at fixed and floating interest rates, among which RMB478.2 million of such borrowing will be repayable within one year.

As of December 31, 2024, the Group's secured and unguaranteed bank borrowings amounted to RMB260.3 million (December 31, 2023: RMB300.3 million) in total which bear interest at floating interest rates. Such bank borrowings are repayable by instalments and will mature in September 2027 and are secured by the Group's land use rights, buildings and facilities.

As of December 31, 2024, we had utilized RMB883.6 million from our banking facilities and RMB666.4 million remained unutilized under our banking facilities.

Placing of new Shares under general mandate

References are made to the announcements of the Company dated May 17, 2024 and May 24, 2024, respectively. The Company placed 51,170,000 H Shares to certain places through placing agents at the placing price of HK$4.58 per H Share under its general mandate. Completion of the placing took place on May 24, 2024.

Proceeds from placing and the usage plan

Reference is made to the announcement of the Company dated May 24, 2024. After deducting all applicable costs and expenses, including placing commission, legal fees and levies, the net proceeds raised amounted to approximately HK$229.75 million (equivalent to approximately RMB209.2 million). The net proceeds from the placing will be used as to (i) approximately 70% (being HK$160.83 million or RMB146.4 million) for the research and development, clinical trials, registration filings and other workstreams of the Company's ADC product candidates; (ii) approximately 20% (being HK$45.95 million or RMB41.8 million) for the clinical trials and other workstreams of the Company's oncolytic virus product candidate CG0070; and (iii) approximately 10% (being HK$22.98 million or RMB20.9 million) to replenish the Company's working capital and for general corporate purposes.

As of December 31, 2024, approximately RMB24.6 million of the proceeds has been used for the research and development, clinical trials, registration filings and other workstreams of the Company's ADC product candidates and RMB19.9 million of the proceeds has been used to replenish the Company's working capital and for general corporate purposes.

Gearing Ratio

The gearing ratio is calculated using the Group's liabilities divided by its assets. As of December 31, 2024, the Group's gearing ratio was 70.1% (December 31, 2023: 62.7%).

Significant Investments, Material Acquisitions and Disposals

The Group did not have any significant investments or material acquisitions or disposals of subsidiaries, associates and joint ventures for the year ended December 31, 2024.

Future Plans for Material Investments and Capital Assets

As of December 31, 2024, the Group did not have any future plans for material investments and capital assets.

Capital Commitments

As of December 31, 2023 and 2024, the Group had capital commitments for property, plant and equipment of RMB456.6 million and RMB456.8 million, respectively, reflecting the capital expenditure our Group contracted at the end of year but not yet incurred.

Contingent Liabilities

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

Charges on Group Assets

Save as disclosed in this annual report, as of December 31, 2024, the Group did not have any charges over its assets.

Foreign Exchange Exposure

Our financial statements are expressed in RMB, but certain of our Group's subsidiaries in PRC are exposed to foreign exchange risks arising from recognized financial liabilities denominated in foreign currencies. We currently do not have a foreign currency hedging policy. However, our management manages foreign exchange risks by performing regular reviews and will consider hedging significant foreign currency exposure should the need arise.

Employees and Remuneration

As of December 31, 2024, the Group had a total of 498 employees. The total remuneration cost for 2024 was RMB211.9 million, as compared to RMB198.9 million for 2023, primarily due to an increase in the expansion of the sales team upon the commercialization of our products.

To maintain the quality, knowledge and skill levels of our workforce, the Group provides regular and specialized trainings tailored to the needs of our employees in different departments, including regular training sessions conducted by senior employees or third-party consultants covering various aspects of our business operations, for our employees to stay up to date with both industry developments and skills and technologies. The Group also organizes workshops from time to time to discuss specific topics.

We provide various incentives and benefits to our employees. We offer competitive remuneration packages to our employees to effectively motivate our business development team. We participate in various social security plans (including housing provident fund, pension insurance, medical insurance, maternity insurance and work-related injury insurance and unemployment insurance) for our employees in accordance with applicable PRC laws.

USE OF PROCEEDS FROM THE LISTING

On the Listing Date, the Company's shares were listed on the Stock Exchange, and on March 17, 2022, the over-allotment option granted as part of the Global Offering was partially exercised. The net proceeds received by the Group from the initial public offering of the Company (after deducting underwriting fee and relevant listing expenses and taking into account the net proceeds from the over-allotment option) amounted to approximately HK$810.42 million (equivalent to approximately RMB657.61 million).

The net proceeds from the Listing (pro-rata adjustment based on the actual net proceeds) have been and will be used in accordance with the purposes set out in the Prospectus. The following table sets forth the planned use of the net proceeds and the actual use as at December 31, 2024:

Proposed use	Percentage of total net proceeds	Allocation of net proceeds (RMB million)	Utilized amount as at December 31, 2024 (RMB million)	Utilized amount during the Reporting Period (RMB million)	Unutilized amount as at December 31, 2024 (RMB million)
a) To fund our Core Products	68.51%	450.57	413.07	84.40	37.50
• To be used for MRG003	23.00%	151.28	128.38	27.29	22.90
– To fund the clinical development and preparation for registration filings of MRG003	19.27%	126.75	103.93	22.47	22.82
– To fund the manufacturing of MRG003	3.73%	24.53	24.45	4.82	0.08
• To be used for MRG002	22.01%	144.74	144.74	31.02	–
– To fund the clinical development and preparation for registration filings of MRG002	18.65%	122.66	122.66	30.95	–
– To fund the manufacturing of MRG002	3.36%	22.08	22.08	0.07	–
• To be used for HX008	16.17%	106.30	106.30	13.78	–
– To fund the clinical development and preparation for registration filings of HX008	7.46%	49.06	49.06	8.62	–
– To fund the manufacturing of HX008	6.22%	40.89	40.89	0.88	–
– To fund the commercialization of HX008	2.49%	16.35	16.35	4.28	–
• To fund the clinical development and preparation for registration filings of LP002	1.24%	8.18	8.18	0.11	–
• To be used to fund the planned clinical development and other development activities of the combination therapies of HX008 and LP002 with our other products including MRG003, MRG002 and CG0070	6.09%	40.07	25.47	12.18	14.60
b) To fund our other key clinical-stage drug candidates and our key pre-clinical drug candidates	6.35%	41.70	39.25	5.19	2.45
• Ongoing pre-clinical studies and planned clinical trials for the pre-clinical drug candidates in our pipeline	0.62%	4.09	4.09	–	–
• To fund the clinical development and preparation for registration filings of CG0070	1.87%	12.27	10.62	5.19	1.65
• To fund the clinical development and preparation for registration filings of MRG001	1.87%	12.27	12.27	–	–
• To fund the clinical development and preparation for registration filings of MRG004A	1.87%	12.27	12.27	–	–
• To fund, through our contribution to KYM, the clinical development and preparation for registration filings of CMG901	0.12%	0.80	–	–	0.80
c) To acquire potential technologies and assets and expand our pipeline of drug candidates and to fulfill our continuous payment obligation under our acquisition of HX008 from HanX	15.79%	103.85	103.85	28.85	–
d) For general corporate purposes	9.35%	61.49	61.49	–	–
Total	100%	657.61	617.66	118.44	39.95

The licensing income from BD activities and the commercialization of PUYOUHENG (Pucotenlimab Injection) had generated revenue and additional cashflow for the Group, therefore the usage of the net proceeds from the Listing has been extended. The unutilized amount of net proceeds from the Listing is expected to be used by December 31, 2025.

USE OF PROCEEDS FROM THE PLACING

References are made to the announcements of the Company dated May 17, 2024 and May 24, 2024, respectively.

The Company placed 51,170,000 H Shares in aggregate at the price of HK$4.58 per Share under its general mandate (the "**Placing**") to not less than six placees who were professional, institutional and/or other investors. The closing price was HK$4.95 per H Share as quoted on the Stock Exchange on the date of the placing agreement. Completion of the Placing took place on May 24, 2024. Based on the nominal value of RMB1.00 per H Share, the aggregate nominal value of the Placing Shares is RMB51,170,000. The Directors considered that the Placing would strengthen the liquidity and financial position of the Group, and that the Placing was undertaken to further enlarge the Shareholders' equity base of the Company, optimize the capital structure of the Company, and support the healthy and sustainable development of the Company. For further details, please refer to the announcements of the Company dated May 17, 2024 and May 24, 2024.

After deducting all applicable costs and expenses, including placing commission, legal fees and levies, the net proceeds raised amounted to approximately HK$229.75 million (equivalent to approximately RMB209.18 million). The table below sets out the actual usage up to December 31, 2024:

Proposed use	**Percentage of total net proceeds** (Approximately)	**Allocation of net proceeds** (RMB million)	**Utilized amount as at December 31, 2024** (RMB million)	**Unutilized amount as at December 31, 2024** (RMB million)
i) To be used for the R&D, clinical trials, registration filings and other workstreams of the Company's ADC product candidates	70.00%	146.43	24.57	121.86
ii) To be used for the clinical trials and other workstreams of CG0070	20.00%	41.84	–	41.84
iii) To replenish the Company's working capital and for general corporate purposes	10.00%	20.92	19.87	1.05
Total	100%	209.18	44.44	164.75

The unutilized amount of net proceeds from the Placing is expected to be used by December 31, 2026.

DIRECTORS

Executive Directors

Dr. Pu Zhongjie (蒲忠傑) (**"Dr. Pu"**) aged 62, is the founder and Controlling Shareholder of the Group, serving as an executive Director and the chairman of the Board, director and the chairman of the board of Taizhou Aoke, director of Miracogen Shanghai and executive director of Lepu Beijing.

In addition to his position in the Group, Dr. Pu has consecutively held positions with Lepu Medical as its director, chief technology officer, general manager, vice chairman of the board and chairman of the board since June 1999 and is currently the chief technology officer and chairman of the board of Lepu Medical. Dr. Pu also serves as an executive director of Beijing Tiandi Harmony Technology Co., Ltd. (北京天地和協科技有限公司), a wholly owned subsidiary of Lepu Medical engaging in the medical device business since November 1999.

Further, Dr. Pu has been serving as an executive director and the general manager of Beijing Puping Tiancheng Investment Management Consulting Co., Ltd. (北京普平天成投資管理顧問有限公司), a company ultimately owned by Dr. Pu as to 100% and licensed to conduct investment consulting business. In addition, Dr. Pu has also been serving as an executive director and the general manager of Huarui Zongheng (Beijing) Technology Co., Ltd. (華瑞縱橫(北京)科技有限公司), a limited liability company incorporated in the PRC and wholly owned by Dr. Pu since November 2013, an executive director and the general manager of Beijing Houde Yimin since May 2014, an executive director and the general manager of Ningbo Houde Yimin, a company wholly owned by Beijing Houde Yimin, since March 2017, and an independent director of Beijing Jinyi Culture Development Joint Stock Company (北京金一文化發展股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002721), from June 2019 to December 2020. Prior to establishing the Group, Dr. Pu served as deputy general manager of technology department of U.S. WP Medical Technologies, Inc. from November 1998 to June 1999.

Dr. Pu obtained a bachelor's degree in mechanical engineering in metal materials from Xi'an Jiaotong University (西安交通大學) in the PRC in 1983, a master's degree in metal materials from Xi'an Jiaotong University (西安交通大學) in the PRC in 1985, and a doctoral degree in metal materials from Central Iron & Steel Research Institute (鋼鐵研究總院) in the PRC in July 1990. Dr. Pu is the father of Ms. Pu Jue, a non-executive Director.

Dr. Sui Ziye (隋滋野) ("**Dr. Sui**"), aged 45, is an executive Director and the chief executive officer of the Company, a director of Miracogen Shanghai, a director of Taizhou Aoke, an executive director of CtM Bio, and the general manager of Lepu Beijing. In addition, Dr. Sui also served as a director of HealSun Biopharma, a company owned by us as to 5.51% as at the Latest Practicable Date, from March 2020 to September 2023. In addition, Dr. Sui served as a non-executive director of Star Combo Pharma Limited, a company listed on the Australian Stock Exchange (stock code: S66), from June 2018 to August 2022. Dr. Sui has nearly eighteen years of managerial experience in the pharmaceutical sector.

Prior to joining the Group, Dr. Sui held several positions in Lepu Medical and its subsidiaries, including an international sales & marketing manager and a vice president of Lepu Medical from April 2007 to January 2020, a CEO of Comed BV from March 2012 to May 2015, a CEO of Beijing Lepu Hushengtang Technology Co., Ltd. (北京樂普護生堂網絡科技有限公司) from April 2015 to December 2019, an executive director of Beijing Star GK Medical Device Co., Ltd. (北京思達醫用裝置有限公司) from October 2017 to January 2020, the chairman of the board of Zhongcheng Healthcare Industrial (Hainan) Co., Ltd. (中鍼健康產業(海南)股份有限公司), previously known as Hainan Mingshengda Pharmaceutical Co., Ltd. (海南明盛達藥業有限公司), from June 2015 to January 2020 and a director of Beijing Quinovare Medical Technology Co., Ltd. (北京快舒爾醫療技術有限公司) from September 2016 to July 2020.

Dr. Sui obtained a bachelor's degree in medical science from Peking University (北京大學) in the PRC in July 2001 and a doctoral degree from University of Rochester in the U.S. in March 2007.

Non-executive Directors

Mr. Yang Hongbing (楊紅冰) ("**Mr. Yang**"), aged 56, is a non-executive Director. In addition to his position in the Group, Mr. Yang is the co-founder of Shenzhen Shiyu and has been serving as the chairman of the board of Shenzhen Shiyu since December 2017, the chairman of the board of Suzhou Shiyu Investment Management Co., Ltd. (蘇州拾玉投資管理有限公司), a company wholly-owned by Shenzhen Shiyu, since October 2018, an executive director of Qingdao Shiyu Health Technology Co., Ltd. (青島拾玉健康科技有限公司) since March 2020, and director of Zhejiang Ciji Hospital Management Co., Ltd. (浙江慈繼醫院管理有限公司). Prior to that, Mr. Yang served as (a) a manager of the sales department and subsequently general manager of Gloria Pharmaceutical Co., Ltd. (哈爾濱譽衡藥業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002437), from September 2004 to December 2017; and (b) a deputy general manager of Shaanxi Dongsheng Pharmaceutical Co., Ltd. (陝西東盛醫藥有限責任公司) from May 2001 to August 2004.

As of the Latest Practicable Date, Mr. Yang serves as a non-executive director of Gloria Pharmaceutical (Guangzhou) Co., Ltd. (廣州譽衡生物科技有限公司) ("**Gloria Guangzhou**"), a company with PD-1 products business. Since Mr. Yang is not involved in the daily management and operation of the Company and Gloria Guangzhou, the directorship held by Mr. Yang would not give rise to any material competition issue under Rule 8.10 of the Listing Rules.

Mr. Yang obtained a bachelor's degree in management from Northwest University (西北大學) in the PRC in July 1991 and an EMBA from China International Business School (中國國際工商學院) in the PRC in October 2011.

Ms. Pu Jue (蒲珏) ("**Ms. Pu**"), aged 36, is a non-executive Director. In addition to her position in the Group, she leads international business development for Lepu Medical since April 2015, with successful investments including Viralytics Limited (acquired by Merck in February 2018).

As at the Latest Practicable Date, Ms. Pu serves as a director of Rgenix Inc. which develops leading immunotherapy cancer treatment agents, since October 2018 and a director of CG Oncology which develops oncolytic virus for the treatment of bladder cancer, since March 2019. As Ms. Pu is not involved in the daily management and operation of the Company as a non-executive Director, and of Rgenix Inc. and CG Oncology as an investor board representative, the directorships held by Ms. Pu would not give rise to any material competition issue under Rule 8.10 of the Listing Rules.

Ms. Pu obtained bachelor's degrees in both economics and engineering from the Wharton School of the University of Pennsylvania in the U.S. in May 2012 and a master's degree in material engineering from Stanford University in the U.S. in June 2013. Ms. Pu is the daughter of Dr. Pu.

Independent non-executive Directors

Mr. Zhou Demin (周德敏) ("**Mr. Zhou**"), aged 58, is an independent non-executive Director. In addition to his position in the Group, Mr. Zhou served consecutively as professor, deputy dean and dean of Peking University School of Pharmaceutical Sciences from September 2008 to July 2023 and is an independent director of North China Pharmaceutical Co., Ltd. (華北製藥集團有限責任公司), a company listed on the Shanghai Stock Exchange (stock code: 600812) since May 2019. Mr. Zhou also serves as an independent director of Chengdu Kanghong Pharmaceutical Group Co., Ltd. (成都康弘藥業集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002773) since August 2023 and an independent non-executive director of Hangzhou Jiuyuan Genetic Biopharmaceutical Co., Ltd. (杭州九源基因生物醫藥股份有限公司), previously known as Hangzhou Jiuyuan Gene Engineering Co., Ltd. (杭州九源基因工程股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 2566) since November 2024.

Mr. Zhou obtained a bachelor's degree in chemistry and a doctoral degree in science from Peking University Health Science Centre (北京醫科大學) in the PRC in July 1990 and June 1996 respectively.

Mr. Yang Haifeng (楊海峰) ("**Mr. Yang**"), aged 48, is an independent non-executive Director. In addition to his position in the Group, Mr. Yang is the head of managing committee of Silkroad Law Firm (錦路律師事務所) since June 2011. Prior to that, Mr. Yang served as a director of legal and risk department of CCB International Asset Management Limited (建銀國際資產管理有限公司) from July 2009 to June 2011, and a legal manager of Simmons (英國西盟斯律師事務所香港辦公室) from October 2004 to July 2009.

Mr. Yang obtained a bachelor's degree in law from Peking University (北京大學) in the PRC in July 2000 and a master's degree in law from Northwestern University in the U.S. in June 2004. Mr. Yang was admitted to practice law in the PRC in January 2019 and New York law in the U.S. in August 2007.

Mr. Fengmao Hua (華風茂) ("**Mr. Hua**"), aged 56, is an independent non-executive Director of the Company. In addition to his position at the Group, Mr. Hua serves as the chairman of the Board of China Finance Strategies Investment Holdings Limited since August 2014 and served as the chief executive officer of Chempartner Pharmatech Co., Ltd., a company listed on Shenzhen Stock Exchange (stock code: 300149) from July 2021 to October 2022. Mr. Hua has more than 16 years of experience in investment banking industry. Mr. Hua previously worked at a number of investment banking firms where he was mainly responsible for corporate finance, public offering, reorganization, merger and acquisitions as well as other financial consulting work, the details of which are set forth below:

- from July 2003 to October 2005, Mr. Hua held various positions in CLSA Capital Market Limited;
- from April 2008 to August 2014, Mr. Hua served as the managing director of investment banking department and the managing director in the private equity department in BOCOM International Holdings Company Limited;

- from July 2018 to June 2021, Mr. Hua served as an executive director and the chief financial officer of Viva Biotech Holdings, a company listed on the Stock Exchange (stock code: 1873);
- from December 2021 to June 2024, Mr. Hua served as an independent non-executive director of Sirnaomics Ltd., a company listed on the Stock Exchange (stock code: 2257);
- from December 2021 to February 2024, Mr. Hua served as an independent non-executive director of Ferretti S.p.A., a company listed on the Stock Exchange (stock code: 9638); and
- since July 2021, Mr. Hua has served as an independent non-executive director of Biocytogen Pharmaceuticals (Beijing) Co., Ltd., a company listed on the Stock Exchange (stock code: 2315).

Mr. Hua obtained his bachelor's degree in English from Shanghai International Studies University (上海外國語大學) in the PRC in July 1989. He obtained his master's degree in Business Administration from the International University of Japan in June 1997 in Japan.

SUPERVISORS

Mr. Xu Yang (徐揚) ("**Mr. Xu**"), aged 57, is a Supervisor of the Company. In addition to his position in the Group, Mr. Xu is a director of Lepu Medical since January 2014 and a founding partner of Chong Guang Law Office (北京市重光律師事務所) since May 2005. Prior to that, Mr. Xu served as (i) an independent director of NAURA Technology Group Co., Ltd. (北方華創科技集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002371), from September 2010 to October 2016, and (ii) an independent director of Sino-air Transportation Co., Ltd. (中外運空運發展股份有限公司), a company previously listed on the Shanghai Stock Exchange (stock code: 600270) and delisted by way of merger and absorption in December 2018, from October 2005 to April 2012.

Mr. Xu obtained a bachelor's degree in law from Peking University (北京大學) in the PRC in July 1991. Mr. Xu was admitted to practice law in the PRC in June 1994.

Mr. Yang Ming (楊明) ("**Mr. Yang**"), aged 59, is a Supervisor of the Company. Mr. Yang joined the Group in December 2020 and has been serving as a Supervisor since then. In addition to his position in the Group, Mr. Yang is the vice president of research and development department of Lepu Medical since January 2013 and had held various positions in Lepu Medical, including the manager of clinical registration department from January 2007 to December 2012, the manager of marketing department from October 2005 to December 2006, and the manager of technology quality department from June 2002 to September 2005.

Prior to that, Mr. Yang served as a technician of No. 725 Institution of China State Shipbuilding Corporation Limited (中國船舶重工集團公司第七二五研究所) until May 2002. Mr. Yang obtained a bachelor's degree in metal physics from Wuhan University (武漢大學) in the PRC in July 1988. He was qualified as a researcher of biologics material and medical device of China State Shipbuilding Corporation Limited (中國船舶重工集團公司) in March 2010. Mr. Yang has been a member of the second council of China Society for Drug Regulation (中國藥品監督管理研究會) since October 2020.

Ms. Zhao Lixuan (趙力萱) ("**Ms. Zhao**"), aged 33, is the employee representative Supervisor of the Company. Ms. Zhao has served as the investor relations director of the Company since March 2023. Prior to this, Ms. Zhao served as the senior assistant to the deputy general manager, as the investor relations manager and as the investor relations director of Lepu Medical from December 2015 to March 2023.

Ms. Zhao obtained a Bachelor of International Economics and Trade from Zhengzhou University (鄭州大學) in the PRC in July 2014 and a Master of Science (MSc) in Global Marketing from the University of York in January 2016.

The Company has entered into a service contract with Ms. Zhao and the term of office of Ms. Zhao as employee representative Supervisor will be three (3) years effective from the date of the Employees' Representative Meeting at which Ms. Zhao was elected as employee representative Supervisor. Ms. Zhao will not receive any Supervisors' remuneration from the Company during her term as employee representative Supervisor.

RETIRING DIRECTORS AND SUPERVISOR

Dr. Hu Chaohong retired from her positions as an executive Director and the co-chief executive of the Company, and Mr. Lin Xianghong retired from his position as a non-executive Director, both with effect from January 31, 2024. Mr. Wang Jiwei also retired from his office as the employee representative Supervisor with effect from January 31, 2024. The Board would like to express its heartfelt respect and thanks to Dr. Hu Chaohong, Mr. Lin Xianghong and Mr. Wang Jiwei for their great contributions to the Company during their respective tenures, and welcome Ms. Zhao Lixuan as the employee representative Supervisor of the Company.

SENIOR MANAGEMENT

Dr. Sui Ziye (隋滋野) is an executive Director and chief executive officer of the Company. See "Executive Directors" in this section for the biographical details of Dr. Sui.

Dr. Fang Lei (方磊) ("**Dr. Fang**"), aged 42, is the vice president of the Company and the general manager of CtM Bio. Dr. Fang has more than ten years of experience in oncology clinical drug development and is an expert in immunology, development strategy and early-stage clinical trials for innovative drugs and translational medical science.

Prior to joining the Group, Dr. Fang served as a director and then executive director of research and development department of I-Mab Shanghai, a subsidiary ultimately and wholly owned by I-Mab, a company listed on the New York Stock Exchange (stock code: IMAB), from September 2016 to April 2020, a director of Third Venture Biopharma (Nanjing) Co., Ltd. (南京三境生物科技有限公司), the predecessor of I-Mab, from March 2015 to August 2016, and consecutively as a research fellow and scientist of GSK (Shanghai) Drug Development Co., Ltd. (葛蘭素史克(上海)醫藥研發有限公司) from June 2010 to February 2015.

Dr. Fang obtained a bachelor's degree in biotechnology from Hebei University (河北大學) in the PRC in June 2004 and a doctoral degree in cell biology from Chinese Academy of Sciences (中國科學院). Dr. Fang received an R&D's Exceptional Science Award (卓越科學成就獎) from GSK (Shanghai) Drug Development Co., Ltd. in 2013.

Ms. Li Yunyi (李昀軼) ("**Ms. Li**"), aged 45, is the chief financial officer and Board secretary of the Company. Prior to joining the Group, Ms. Li served as the deputy financial director of Lepu Medical from May 2016 to October 2020. From September 2013 to December 2015, Ms. Li served as an executive director of debt capital market of Credit Suisse Founder Securities Limited (瑞信方正證券有限責任公司). From June 2008 to August 2013, Ms. Li served consecutively as associate, senior associate, vice president of fixed income team of investment banking department of China International Capital Corporation Limited (中國國際金融有限公司), a company listed on the Stock Exchange (stock code: 03908) and Shanghai Stock Exchange (stock code: 601995). From July 2001 to May 2008, Ms. Li served as the manager of investment banking and marketing development department of China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司), a company listed on the Stock Exchange (stock code: 01359).

Ms. Li obtained a bachelor's degree in international finance from Beihang University (北京航空航天大學) in the PRC in July 2001 and a master's degree in applied finance from Macquarie University in November 2007.

Dr. Qin Minmin (秦民民) ("**Dr. Qin**") resigned as the chief technology officer of the Company and senior vice president of Miracogen Shanghai with effect from August 2024 due to personal reasons. He has confirmed that he has no disagreement with the Board and there is no other matter relating to his resignation that needs to be brought to the attention of the shareholders of the Company or the Stock Exchange. The Company confirms that the technology related matters of the Group are all in an orderly manner and the departure of Dr. Qin will not have any adverse effect on the operations of the Group.

JOINT COMPANY SECRETARIES

Ms. Li Yunyi (李昀軼) is the chief financial officer, the secretary to the Board, and the joint company secretary of the Company. See "Senior Management" above for the biographical details of Ms. Li.

Ms. Lai Siu Kuen (黎少娟) ("**Ms. Lai**") is the joint company secretary of the Company. Ms. Lai is a director of the company secretarial services of Tricor Services Limited, a global professional services firm. She has over 20 years of professional and in-house experience in the company secretarial field. Prior to joining Tricor Services Limited, she was an associate director of other professional service providers. She obtained a bachelor's degree in accountancy from The Hong Kong Polytechnic University in November 1997. She is a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

DIRECTORS' REPORT

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

PRINCIPAL BUSINESS

We are a biopharmaceutical company focusing on anti-tumor targeted therapy and oncology immunotherapy. Since inception, we are dedicated to promoting the technological advancement of innovative ADCs in China, establishing an advanced and systematic ADC technology development platform, and developing more optimal and innovative drugs to better address the unmet significant clinical needs in oncology therapeutics.

The activities and particulars of the Company's principal subsidiaries are shown under note 37 to financial statements. An analysis of the Group's revenue and operating profit for the year by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report.

RESULTS AND BUSINESS REVIEW

The results of the Group for the year ended December 31, 2024 are set out in the section headed "Chairman's Statement" of this annual report and the consolidated statement of profit or loss and other comprehensive income of the Group on page 136 of this annual report.

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance, including an analysis of the Group's financial performance, an indication of likely future developments in the Group's business and the Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends, is set out in the section headed "Management Discussion and Analysis" of this annual report. These discussions form part of this annual report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Management Discussion and Analysis – Key Events after the Reporting Period" in this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Risks Relating to the Research and Development, Manufacturing and Commercialization of our Drug Candidates

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

- Clinical drug development involves a lengthy and expensive process with an uncertain outcome, and we may encounter unexpected difficulties executing our clinical trials. Results of earlier studies and trials may not be predictive of future trial results.

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

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

- We may rely on third parties to manufacture a portion of our drug candidates for clinical development and commercial sales. Our business could be harmed if those third parties fail to deliver sufficient quantities of product or fail to do so at acceptable quality levels or prices.

Risks Relating to Regulatory Approvals and Government Regulation

- All material aspects of the research, development and commercialization of pharmaceutical products are heavily regulated, and the approval process is usually lengthy, costly and unpredictable. Any failure to comply with existing or future regulations and industry standards or any adverse actions by drug approval authorities against us could negatively impact our reputation and our business, financial condition, results of operations and prospects.

- The regulatory approval processes of the NMPA, the FDA and other comparable regulatory authorities are lengthy, time-consuming and inherently unpredictable. If we are unable to obtain without undue delay any regulatory approvals for our drug candidates in our targeted markets, our business may be subject to actual or perceived harm.

- We may seek approvals from the NMPA, the FDA or other comparable regulatory authorities for an expedited review process for our drug candidates or for the use of data from registrational trials through accelerated development pathways, failure to obtain which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Risks Relating to our Operations

- We have recorded net cash outflow from operating activities since our inception, and we may need to obtain additional financing to fund our operations. If we are unable to obtain such financing, we may be unable to complete the development and commercialization of our major drug candidates.

- We are exposed to credit risks related to delay in payment of our customers. We cannot assure you that we will be able to collect our trade receivables from our customers in full, or at all, in the future, despite our efforts to conduct credit assessment on them.

- We may be subject to disasters, health epidemics, acts of war, terrorism, business disruptions and other force majeure events, which may have a material adverse effect on our business, financial condition and results of operations.

- There are uncertainties regarding the interpretation and enforcement of Chinese laws, rules and regulations.

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

MAJOR CUSTOMERS AND SUPPLIERS

Sales attributable to the Group's five largest customers and the largest customer accounted for 32.59% and 10.56%, respectively, of the Group's total sales for the Reporting Period.

Purchases attributable to the Group's five largest suppliers and the largest supplier accounted for 32.15% and 13.25%, respectively, of the Group's total purchases for the Reporting Period.

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

DIVIDENDS

The Directors do not recommend payment of a final dividend for the Reporting Period. There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

DIVIDEND POLICY

No dividend was declared or paid by the Company or other entities comprising the Group during the Reporting Period. The Company has adopted a policy on payment of dividends, please refer to the section headed "Corporate Governance Report – Dividend Policy" of this annual report for details.

We currently expect to retain all future earnings for use in operation and expansion of our business, and do not expect to declare or pay any dividends in the foreseeable future. Any future declarations and payments of dividends will be at the absolute discretion of our Directors and subject to the Articles and the PRC Company Law, and will depend on the actual/projected financial performance of the Group, operational capital need, cash flow, future expansion plans, current and future liquidity condition, internal and external circumstances that may impact upon the Company's business or financial performance or condition, and other factors which our Directors consider relevant. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by the Company's PRC Legal Adviser, according to the relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of the net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the Reporting Period are set out in note 15 to financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Reporting Period are set out in note 25 to financial statements.

SHARE SCHEME

During the Reporting Period up to and including the Latest Practicable Date, the Company did not adopt any share schemes under Chapter 17 of the Listing Rules.

BORROWINGS

Particulars of bank loans and other borrowings of the Group as of December 31, 2024 are set out in the section headed "Management Discussion and Analysis" in this annual report and note 30 to financial statements.

RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 139 of this annual report. Details of the movement in the reserves of the Company during the Reporting Period is set out in note 26 to the consolidated financial statements on page 179 of this annual report.

As of December 31, 2024, the Group had distributable reserve accounting to approximately RMB1,757.2 million.

FINANCIAL SUMMARY AND FINANCIAL STATEMENTS

A summary of the Group's results, assets and liabilities for the last four financial years (prepared in accordance with IFRS) are set out on page 221 of this annual report. This summary does not form part of the audited consolidated financial statements.

The results of the Group for the year ended December 31, 2024 and the state of the Group's financial position as at that date are set out in the consolidated financial statements on pages 136 to 138 of this annual report.

DIRECTORS AND SUPERVISORS

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

Executive Directors

Dr. PU Zhongjie
Dr. SUI Ziye
Dr. HU Chaohong (retired with effect from January 31, 2024)

Non-executive Directors

Mr. YANG Hongbing
Ms. PU Jue
Mr. LIN Xianghong (retired with effect from January 31, 2024)

Independent non-executive Directors

Mr. ZHOU Demin
Mr. YANG Haifeng
Mr. Fengmao HUA

Supervisors

Mr. XU Yang
Mr. YANG Ming
Ms. ZHAO Lixuan (appointed with effect from January 31, 2024)
Mr. WANG Jiwei (retired with effect from January 31, 2024)

Details of Directors and Supervisors are set out in "Biographies of Directors, Supervisors and Senior Management" of this annual report. Save as disclosed in that section, up to the date of this annual report, there were no changes to information which are required to be disclosed by Directors and Supervisors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

INTERESTS OF DIRECTORS AND SUPERVISORS IN TRANSACTION, ARRANGEMENT OR CONTRACT

Save as the New Procurement Framework Agreement and the New CDMO Services Framework Agreement disclosed under the section headed "Directors' Report – Connected Transactions" of this annual report, the Group has not entered into any transaction agreement or contract of significance in which the Group's Directors and Supervisors have direct or indirect material interests during the Reporting Period (other than the service contracts and employment agreements of Directors and senior management).

CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as the New Procurement Framework Agreement and the New CDMO Services Framework Agreement disclosed under the section headed "Directors' Report – Connected Transactions" of this annual report, the Controlling Shareholder does not have or had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Period (other than the service contract and employment agreement of Director and senior management).

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

Save as disclosed in the section headed "Biographies of Directors, Supervisors and Senior Management" in this annual report and save for their respective interests in the Group, none of the Directors, Supervisors and the Controlling Shareholder were interested in any business which competes or is likely to compete with the businesses of the Group during the Reporting Period.

From time to time, the Company's non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and biopharmaceutical industries. However, as these non-executive Directors are neither controlling shareholders of the Company nor members of its executive management team, the Company is of the view that their interests in such companies as directors would not render the Company incapable of carrying on its business independently from the other companies in which they may hold directorships from time to time.

EMOLUMENTS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS

The Remuneration and Appraisal Committee determines or makes recommendation to the Board (as case may be) on the remuneration and other benefits payable to the Directors and Supervisors by the Group. The Remuneration and Appraisal Committee regularly oversees the remuneration of all Directors and Supervisors to ensure that their remuneration and compensation are at an appropriate level. The Group maintains competitive remuneration packages with reference to the industry standard and according to the business development of the Group and determines remuneration of the Directors and Supervisors based on their respective qualifications, experience and contributions, to attract and retain its Directors and Supervisors as well as to control costs.

Details of emoluments of Directors, Supervisors and the top five highest paid individuals are set out in note 39 and note 9 to financial statements. For the year ended December 31, 2024, none of the Directors has waived or agreed to waive any emoluments.

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

As at December 31, 2024, the interests and short positions of the Directors, Supervisors, and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

Interests of our Directors in the Shares or Underlying Shares of the Company

Long position in the Shares as at December 31, 2024

Name of Director	Class of Shares	Nature of Interest	Number of Shares or underlying Shares	Approximate percentage in relevant class of Shares[1]	Approximate percentage of shareholding[1]
Dr. Pu Zhongjie[2]	H Shares	Interests in controlled corporation	658,591,549	39.76%	38.50%
Ms. Pu Jue[3]	H Shares	Interests in controlled corporation	90,000,000	5.43%	5.26%

Notes:

(1) The calculation is based on the total number of 1,710,614,838 Shares issued, including 1,656,346,474 H Shares and 54,268,364 Domestic Shares issued as of December 31, 2024.

(2) Ningbo Houde Yimin directly holds 433,239,436 H Shares as beneficial owner, and Ningbo Houde Yimin is held as to 100% by Beijing Houde Yimin, which is in turn held as to 100% by Dr. Pu Zhongjie, an executive Director and the chairman of the Board. In addition, Lepu Medical directly holds 225,352,113 H Shares as beneficial owner, and Dr. Pu Zhongjie is the actual controller of Lepu Medical. Dr. Pu Zhongjie is therefore deemed to be interested in the 433,239,436 H Shares and the 225,352,113 H Shares held by Ningbo Houde Yimin and Lepu Medical, respectively.

(3) Shanghai Lvyuan directly holds 90,000,000 H Shares as beneficial owner, and Shanghai Lvyuan is held as to 100% by Cereblue Limited, which is in turn held as to 100% by Ms. Pu Jue, one of the non-executive Directors. Ms. Pu Jue is therefore deemed to be interested in the 90,000,000 H Shares held by Shanghai Lvyuan.

Interests of our Directors in the Shares or Underlying Shares of Associated Corporations

So far as the Directors are aware, as at December 31, 2024, none of the Directors, Supervisors, or chief executives of the Company had any interests and/or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO), or were required to be recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

So far as is known to the Company, as at December 31, 2024, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Long position in the Shares as at December 31, 2024

Name of Shareholder	Class of Shares	Nature of Interest	Number of Shares or underlying Shares	Approximate percentage in relevant class of Shares[1]	Approximate percentage of shareholding[1]
Miracogen HK	H Shares	Beneficial interest	136,355,106	8.23%	7.97%
Miracogen Inc.[2]	H Shares	Interest in controlled corporation	136,355,106	8.23%	7.97%
Dr. Hu Chaohong[2]	H Shares	Interest in controlled corporation	136,355,106	8.23%	7.97%
Kington Capital No. 1 Equity Investment Partnership (Limited Partnership)*	H Shares	Beneficial interest	39,436,621	2.38%	2.31%
蘇州翼樸一號股權投資合夥企業(有限合夥)("**Kington Capital**")	Domestic Shares	Beneficial interest	39,436,620	72.67%	2.31%
Suzhou Yipu No. 1 Chuangzhe Management Consultation Limited Partnership*	H Shares	Interest in controlled corporation	39,436,621	2.38%	2.31%
蘇州翼樸一號創喆管理諮詢合夥企業(有限合夥)("**Suzhou Yipu No.1**")[3]	Domestic Shares	Interest in controlled corporation	39,436,620	72.67%	2.31%

Name of Shareholder	Class of Shares	Nature of Interest	Number of Shares or underlying Shares	Approximate percentage in relevant class of Shares[1]	Approximate percentage of shareholding[1]
Suzhou Suzi Investment Limited Partnership* 蘇州蘇梓投資合夥企業(有限合夥) ("**Suzhou Suzi**")	Domestic Shares	Beneficial interest	9,859,155	18.17%	0.58%
Suzhou Zisu Investment Consultation Limited Partnership* 蘇州梓蘇投資諮詢合夥企業(有限合夥) ("**Suzhou Zisu**")[4]	Domestic Shares	Interest in controlled corporation	9,859,155	18.17%	0.58%
Shanghai Qianyu Equity Investment Fund Management Co., Ltd.* 上海前宇股權投資基金管理有限公司 ("**Shanghai Qianyu**")[4]	Domestic Shares	Interest in controlled corporation	9,859,155	18.17%	0.58%
Suzhou Yumeng Investment Management Co., Ltd.* 蘇州宇夢投資管理有限公司 ("**Suzhou Yumeng**")[4]	Domestic Shares	Interest in controlled corporation	9,859,155	18.17%	0.58%
Qian Xin (US) (錢鑫)[4]	Domestic Shares	Interest in controlled corporation	9,859,155	18.17%	0.58%
Yinhua Changan Capital Management (Beijing) Co., Ltd.* 銀華長安資本管理(北京)有限公司 ("**Yinhua Changan**")[4]	Domestic Shares	Interest in controlled corporation	9,859,155	18.17%	0.58%
Yinhua Fund Management Co., Ltd.* 銀華基金管理股份有限公司 ("**Yinhua Fund**")[4]	Domestic Shares	Interest in controlled corporation	9,859,155	18.17%	0.58%

Name of Shareholder	Class of Shares	Nature of Interest	Number of Shares or underlying Shares	Approximate percentage in relevant class of Shares[1]	Approximate percentage of shareholding[1]
Southwest Securities Co., Ltd. (西南證券有限責任公司) ("**Southwest Securities**")[4]	Domestic Shares	Interest in controlled corporation	9,859,155	18.17%	0.58%
Suzhou Kington Equity Investment Fund Management Co., Ltd. (蘇州翼樸股權投資基金管理有限公司) ("**Suzhou Kington**")[5]	H Shares	Interest in controlled corporation	39,436,621	2.38%	2.31%
	Domestic Shares	Interest in controlled corporation	49,295,775	90.84%	2.88%
Suzhou Private Capital Investment Holdings Co., Ltd. (蘇州民營資本投資控股有限公司) ("**Suzhou Private Capital Investment**")[6]	H Shares	Interest in controlled corporation	39,436,621	2.38%	2.31%
	Domestic Shares	Interest in controlled corporation	49,295,775	90.84%	2.88%
Shanghai Healthcare Capital Partnership (Limited Partnership) (上海生物醫藥產業股權投資基金合夥企業(有限合夥)) ("**SHC**")	H Shares	Beneficial interest	10,962,335	0.66%	0.64%
	Domestic Shares	Beneficial interest	3,654,111	6.73%	0.21%
Shanghai Healthcare Capital Investment Fund Co., Ltd. (上海生物醫藥產業股權投資基金管理有限公司) ("**Shanghai Healthcare**")[7]	H Shares	Interest in controlled corporation	10,962,335	0.66%	0.64%
	Domestic Shares	Interest in controlled corporation	3,654,111	6.73%	0.21%

Notes:

(1) The calculation is based on the total number of 1,710,614,838 Shares issued, including 1,656,346,474 H Shares and 54,268,364 Domestic Shares issued as at December 31, 2024.

(2) Miracogen HK directly holds 136,355,106 H Shares as beneficial owner, and Miracogen HK is held as to 100% by Miracogen Inc., which is in turn held as to 100% by Dr. Hu Chaohong. Dr. Hu Chaohong and Miracogen Inc. are therefore deemed to be interested in the 136,355,106 H Shares held by Miracogen HK.

(3) Suzhou Yipu No. 1 is the general partner of Kington Capital and therefore is deemed to be interested in our Shares held by Kington Capital.

(4) Suzhou Zisu is the general partner of Suzhou Suzi, with Suzhou Kington being its general partner and Shanghai Qianyu being its limited partners holding 50% partnership interest. Suzhou Kington is wholly owned by Suzhou Private Capital Investment and Shanghai Qianyu is owned as to 60% by Suzhou Yumeng, a company owned by Qian Xin as to 99.50%.

Yinhua Changan is the limited partner of Suzhou Suzi holding 69.47% partnership interest, which in turn is wholly owned by Yinhua Fund and Southwest Securities owns 44.1% equity interest in Yinhua Fund.

Therefore, each of Suzhou Zisu, Suzhou Kington, Shanghai Qianyu, Suzhou Yumeng, Qian Xin, Yinhua Changan, Yinhua Fund and Southwest Securities is deemed to be interested in our Shares held by Suzhou Suzi.

(5) Suzhou Kington is the general partner of Suzhou Yipu No. 1 and Suzhou Zisu, therefore deemed to be interested in our Shares held by Kington Capital and Suzhou Suzi.

(6) Suzhou Private Capital Investment holds 100% equity interest in Suzhou Kington and is therefore deemed to be interested in our Shares held by Kington Capital and Suzhou Suzi.

(7) Shanghai Healthcare is the general partner of SHC and therefore is deemed to be interested in our Shares held by SHC.

Save as disclosed above, as at December 31, 2024, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

PERMITTED INDEMNITY

The Company has purchased appropriate liability insurance for its Directors and Supervisors which provides proper protection for the Directors and Supervisors.

CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions which will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon the Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers in relation to certain continuing connected transactions between us and certain connected persons under Chapter 14A of the Listing Rules.

The following transactions constitute continuing connected transactions of the Company under Rule 14A.31 of the Listing Rules and are required to be disclosed in this annual report in accordance with Rule 14A.71 of the Listing Rules:

1. PROCUREMENT FRAMEWORK AGREEMENTS

Our Company entered into a procurement of products and services framework agreement on December 22, 2023 with Lepu Medical (the "**Previous Procurement Framework Agreement**"), pursuant to which Lepu Medical and its subsidiaries and associates (excluding our Group) (the "**Lepu Medical Connected Persons**") shall supply to our Group (i) raw materials and supplementary materials for clinical trials, (ii) biological sample test services for clinical trials, (iii) employee body check services and other products for employees welfare; and (iv) other services. Lepu Medical is our substantial shareholder and our Controlling Shareholder is its actual controller.

The initial term of the Previous Procurement Framework Agreement commenced on January 1, 2024 and expired on December 31, 2024. The Company and the relevant Lepu Medical Connected Person(s) had been entered into separate individual agreements or purchase orders which set out the specific terms and conditions in accordance with the principles set out in the Previous Procurement Framework Agreement.

Given the Previous Procurement Framework Agreement expired on December 31, 2024 and it was expected that the Group would continue to enter into procurement transactions of a similar nature with the Lepu Medical Connected Persons, on November 26, 2024, a new procurement framework agreement (the "**New Procurement Framework Agreement**", together with the Previous Procurement Framework Agreement, the "**Procurement Framework Agreements**") was entered into between the Company and the Lepu Medical. The term of the New Procurement Framework Agreement is from January 1, 2025 to December 31, 2025 (both days inclusive).

We have been procuring the aforementioned products and services from the Lepu Medical Connected Persons prior to the Listing, and will continue to procure such products and services from the Lepu Medical Connected Persons for clinical trials and employee welfare as the Lepu Medical Connected Persons have been providing us with such products and services with standard and quality commensurate with our requisite safety and quality standard. As such, the Directors consider that Lepu Medical Connected Persons are familiar with our safety and quality standard and will be able to satisfy our demand efficiently and reliably with minimal disruption to our Group's operations and internal procedures.

Pricing

In order to ensure that the terms of the transactions in respect of the procurement of products and services by the Group from Lepu Medical and/or its subsidiaries and/or associates are fair and reasonable and in line with market practices, and that the terms of the transactions will be no less favorable to the Group than the terms of the transactions between the Group and Independent Third Parties, the Group has adopted the following measures:

(a) to maintain regular contact with the suppliers of the Group (including Lepu Medical and/or its subsidiaries and/or associates) to keep abreast of market developments and the price trend of products and services; and

(b) to assess, review and compare the quotations or proposals taking into account various factors including quality, payment, flexibility and after-sales services to ensure that the proposed transactions will be consistent with the general interest of the Group and the Shareholders as a whole.

Procurement of (i) raw materials and supplementary materials for clinical trials and (ii) biological sample test services for clinical trials will be priced with reference to market prices of comparable products and services, while the procurement fee for body check services will be charged based on the number of the employees of the Group enrolled. The Group implements various internal approval and monitoring procedures, including obtaining quotations on an as-needed basis from other independent suppliers of similar products and services and considering various assessment criteria (including price, quality, suitability, payment terms, and time required for the provision and delivery of the products and services) before entering into any new procurement arrangement with Lepu Medical and/or its subsidiaries and/or associates, and comparing such quotations obtained with the offer from Lepu Medical and/or its subsidiaries and/or associates.

Annual caps and actual amount

The actual transaction amount for the Reporting Period for transactions covered under the Previous Procurement Framework Agreement was RMB506,000, and the annual cap for the year ended December 31, 2024 was RMB8,500,000. Under the New Procurement Framework Agreement, the annual cap for the year ending December 31, 2025 is RMB5,000,000.

2. CDMO SERVICES FRAMEWORK AGREEMENTS

Our Company has conditionally entered into an agreement on November 13, 2023 with Lepu Medical (the "**Previous CDMO Services Framework Agreement**") and further entered into a supplemental agreement to the Previous CDMO Services Framework Agreement (the "**Supplemental CDMO Services Framework Agreement**") on December 22, 2023. Pursuant to the abovementioned agreements, the Company and/or its subsidiaries shall provide Lepu Medical and/or its subsidiaries with CDMO services including CMC technical services, subject to the approval of the Independent Shareholders. Lepu Medical is our substantial shareholder and our Controlling Shareholder is its actual controller.

The Previous CDMO Services Framework Agreement (as supplemented by the Supplemental CDMO Services Framework Agreement) was approved by the Independent Shareholders at the EGM on January 31, 2024. The term of the Previous CDMO Services Framework Agreement (as supplemented by the Supplemental CDMO Services Framework Agreement) commenced on January 31, 2024 and expired on December 31, 2024. The Company and/or its subsidiaries and Lepu Medical and/or its subsidiaries might from time to time enter into specific agreements in respect of the specific CDMO services for the development of particular drugs, and the CDMO services would be carried out in accordance with such specific agreements to be entered into.

Given the Previous CDMO Services Framework Agreement expired on December 31, 2024 and it was expected that the Group would continue to enter into transactions of a similar nature with Lepu Medical and/or its subsidiaries, on November 26, 2024, a new CDMO services framework agreement (the "**New CDMO Services Framework Agreement**", together with the Previous CDMO Services Framework Agreement and the Supplemental CDMO Services Framework Agreement, the "**CDMO Services Framework Agreements**") was entered into between the Company and Lepu Medical.

The New CDMO Services Framework Agreement was approved by the Independent Shareholders at the EGM on January 7, 2025. The term of the New CDMO Services Framework Agreement is from January 1, 2025 to December 31, 2025 (both days inclusive). The Company and/or its subsidiaries and Lepu Medical and/or its subsidiaries may from time to time enter into specific agreements in respect of the specific CDMO services for the development of particular drugs, and the CDMO services will be carried out in accordance with such specific agreements to be entered into.

The Group is well-equipped which high-quality manufacturing facility which is in compliance with GMP standards. Taking into account the needs of the Group for drugs manufacturing to cater for its clinical trials and commercialization, the Group can utilize its excess production capacity to provide CDMO services for appropriate business. By entering into the CDMO Services Framework Agreements, the Directors believe this will enable a more effective use of the Group's excess production capacity and can generate supplementary cashflow for the Group as a whole.

Pricing

The fees payable by Lepu Medical and/or its subsidiaries to the Company and/or its subsidiaries under the CDMO Services Framework Agreements and the specific agreements will be determined at arm's length and on a fair and reasonable basis based on a number of factors, including but not limited to (i) the scope and volume of tasks to be performed at each stage of each area of work; (ii) the volume, nature, complexity and value of the service involved; (iii) the expected operational costs (including, among others, laboratory costs, material costs and labor costs (which is determined by the number of personnel and hours expected to be scheduled and utilized for providing the particular service, the historical hourly rates of the relevant operations and management personnel)); (iv) book value of related ancillary equipment which is determined with reference to the cost of acquisition and subsequent depreciation of the related ancillary equipment; and (v) the then prevailing market rates by obtaining and comparing against fees charged by three independent comparable CDMO service providers for similar services in respect of similar types of tasks in the market as well as the comparable prices of similar related equipment in the market.

Annual caps and actual amount

Prior to 2024, the Group had not conducted transactions of the same nature with Lepu Medical and/or its subsidiaries. The actual transaction amount for the Reporting Period for transactions covered under the Previous CDMO Services Framework Agreement was RMB45,497,000, and the annual cap for the year ending December 31, 2024 is RMB46,000,000. Under the New CDMO Services Framework Agreement, the annual cap for the year ending December 31, 2025 is RMB36,000,000.

Confirmations

The Company has confirmed that the execution and enforcement of the implementation agreement under the continuing connected transactions set out above has followed the pricing policies of such continuing connected transactions.

Save for the information disclosed above, during the Reporting Period, the Group did not enter into any other transactions which constituted connected transactions or continuing connected transactions that were subject to annual review and reporting requirements under Chapter 14A of the Listing Rules, and the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

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

(i) entered into in the ordinary and usual course of business of the Group;

(ii) conducted either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from independent third parties; and

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

Ernst & Young, the Company's auditor, was engaged to report on the transactions and conducted its engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young has issued a report to the Board and confirm that nothing has come to their attention that would cause them to believe that:

(A) the above continuing connected transactions have not been approved by the Board;

(B) the above continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions;

(C) the transactions contemplated under the CDMO Services Framework Agreements were not, in all material respects, in accordance with the pricing policies of the Group; and

(D) with respect to the above continuing connected transactions, the aggregate amount of each of the above continuing connected transactions exceeded the annual cap as set by the Company.

MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed in the section headed "Directors' Report – Connected Transactions" in this annual report, the related party transactions as set out in note 38 to financial statements were not regarded as connected transactions or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

As at 31 December 2024, the Company did not hold any treasury shares.

EQUITY-LINKED AGREEMENTS

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.

PRE-EMPTIVE RIGHTS AND TAX RELIEF

There is no provision for the pre-emptive rights in the Articles or under the laws of the PRC, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

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

SUFFICIENT PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the Latest Practicable Date, the Company has maintained the public float as required under the Listing Rules.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at December 31, 2024 are set out in note 37 to financial statements.

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.

DONATIONS

During the Reporting Period, the Group made charitable donations of approximately RMB19,851,583 (2023: RMB3,405,906).

COMPLIANCE WITH LAWS AND REGULATIONS

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

MATERIAL LITIGATION

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

ENVIRONMENTAL POLICY AND PERFORMANCE

We are committed to operating our business in a manner that protects environment and providing our employees with a healthy and safe workplace. We have implemented a set of policies on environment protection, employee welfare and corporate governance consistent with industry standards and in compliance with the requirements of the Listing Rules.

In order to ensure that our operations are in compliance with the applicable laws and regulations, we have implemented group-wide environmental, health and safety policies and standard operating procedures, mainly comprising of management systems and procedures relating to wastewater generation and treatment, management of process safety and hazardous substances, employee health and safety requirements, third-party safety management and emergency planning and response. In particular, our environmental, health and safety protection measures include: (i) strict compliance with the GMP qualification requirements and relevant pollutant emissions standards during our production process to reduce pollutant emissions of air and wastewater; (ii) implementation of safety guidelines with respect to employee health and safety, environmental protection and operational and manufacturing safety in laboratories and manufacturing facilities, and closely monitor internal compliance with these guidelines; (iii) storage of hazardous substances in special warehouse and contract with qualified third parties for the disposal of hazardous materials and waste on a quarterly basis; and (iv) conducting periodic environmental evaluations on exhaust gas detection and emissions, hazardous waste disposals, noise emissions, and waste water detection and emissions to make sure all operations are in compliance with the applicable laws and regulations.

In addition, we have implemented measures to identify and address potential risks relating to the environment. These measures include continuous employee trainings to enhance our employees' awareness of environment issues and skills to comply with safety and operation standards, requirements that all our employees operating specialized equipment must have the requisite certifications, timely provision of protection equipment to our employees, periodic inspection of our operational facilities, special health examinations for employees who may have contact with hazards, medical examination for employees and establishment of procedures to appropriately handle work safety incidents.

We have security officers at our engineering department and other departments that are related to safety and environment protection. These security officers formed our group level environment, health and safety ("**EHS**") management team and are in charge of the implementation of relevant policies and procedures and routine inspections. Upon identification of any EHS risks, our EHS management team will conduct investigation, compose risk assessment report and emergency response plan, and make filings with local governmental authority if required under local laws and regulations, and take all applicable measures to reduce the impact of such risks or incidents.

CORPORATE GOVERNANCE

The Board is of opinion that the Company had adopted, applied and complied with the code provisions as set out in the CG Code contained in Appendix C1 to the Listing Rules during the Reporting Period. Principal corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" section of this annual report.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

AUDITORS

In November 2024, the original auditor of the Company, PricewaterhouseCoopers resigned as the auditor of the Company with effect from November 26, 2024. The Company, with the recommendation from the Audit Committee, proposed to appoint Ernst & Young as the Company's new auditor for the year of 2024 for a term up to the conclusion of the next annual general meeting of the Company and which was approved by Shareholders in the 2025 first extraordinary general meeting of the Company held on January 7, 2025.

The consolidated financial statements of the Group for the year ended December 31, 2024 have been audited by Ernst & Young who will retire at the AGM. Ernst & Young, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of Ernst & Young as the auditor of the Company will be proposed at the AGM.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on June 27, 2025. A notice convening the AGM will be published on the Company's website and the Stock Exchange's website and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course. For the purposes of determining the Shareholders' eligibility to attend, speak and vote at the AGM, the Register of Members will be closed as appropriate as set out below:

FOR DETERMINING THE ENTITLEMENT TO ATTEND AND VOTE AT THE AGM

The Register of Members will be closed from June 24, 2025 to June 27, 2025, both days inclusive, during which period no transfer of Shares will be effected. The record date for determining the entitlement of the Shareholders to attend and vote at the AGM will be June 27, 2025. In order to determine the identity of members who are entitled to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on June 23, 2025.

By order of the Board of
Lepu Biopharma Co., Ltd.
Dr. Pu Zhongjie
Chairman and Executive Director

Shanghai, the PRC
April 25, 2025

REPORT OF THE SUPERVISORY COMMITTEE

WORKS OF THE SUPERVISORY COMMITTEE IN 2024

In 2024, the Supervisory Committee of the Company conscientiously performed its supervising responsibilities on a good faith basis in strict compliance with the relevant requirements of applicable laws and regulations, including the Company Law, and the Articles, by obtaining an understanding of the Company's production and operational conditions, financial position, operational decision making and investment and financing plans and supervising the performance of duties by the Directors and senior management of the Company, to safeguard the legitimate rights and interests of the Company and the Shareholders as a whole and strictly and effectively monitor the operational compliance of the Company.

For the year ended December 31, 2024, the Supervisory Committee of the Company held a total of 6 meetings. All the Supervisors have conducted their work and performed their duties and obligations with due diligence in accordance with the requirements of normative documents such as the Rules of Procedure of the Supervisory Committee. During the Reporting Period, no incidence of Directors or senior management prejudicing the Company's interests or violating the laws, regulations or the Articles was noted by the Supervisory Committee. The Company operates well in compliance with the law and has established sound financial policies and internal control and risk management systems.

2025 WORK PLAN

In 2025, the Supervisory Committee will continue to strictly comply with the requirements of the law and regulations and the internal rules and systems of the Company to perform all its duties with due diligence and actively review each resolution and oversee the performance of duties by the Directors and senior management of the Company. The Supervisory Committee will enhance its communication with the Board and the management, pay attention to the building of the Company's risk management and internal control systems and promote the improvement of the corporate governance structure and the operational compliance of the Company.

By order of the Supervisory Committee of
Lepu Biopharma Co., Ltd.
Mr. Xu Yang
Chairman of the Supervisory Committee

Shanghai, the PRC
April 25, 2025

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Company's corporate governance report in this annual report.

CORPORATE GOVERNANCE PRACTICES

The Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Group is committed to achieve high standards of corporate governance with a view to safeguard the interests of the Shareholders as a whole.

The Company has adopted the CG Code as its own code of corporate governance since the Listing Date and has adopted whistleblowing and anti-corruption policies and systems in accordance with Code Provisions D.2.6 and D.2.7 of the CG Code.

The Company has complied with all applicable code provisions as set out in the CG Code (as it was applicable to corporate governance reports during the Reporting Period) during the Reporting Period.

BOARD OF DIRECTORS

Composition of the Board

The Company is committed to the view that the Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

As at the date of this annual report, the Board consists of two executive Directors, namely Dr. Pu Zhongjie (Chairman of the Board) and Dr. Sui Ziye (Chief Executive Officer), two non-executive Directors, namely Mr. Yang Hongbing and Ms. Pu Jue, and three independent non-executive Directors, namely Mr. Zhou Demin, Mr. Yang Haifeng and Mr. Fengmao Hua.

Their biographical details are set out in the "Biographies of Directors, Supervisors and Senior Management" section of this report. The overall management and supervision of the Company's operation and the function of formulating overall business strategies were vested in the Board. Dr. Pu Zhongjie is the father of Ms. Pu Jue. Other than that, there is no family or blood relationship among members of the Board.

During the Reporting Period, the Board has at all times met the requirements of Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. The three independent non-executive Directors represent one-third of the Board, complying with the requirement under Rule 3.10A of the Listing Rules whereby independent non-executive Directors of a listed issuer must represent at least one-third of the board. The Board believes that there is sufficient independence element in the Board to safeguard the interest of Shareholders.

Chairman and Chief Executive Officer

Code Provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

During the Reporting Period, in line with the recommendations under the Listing Rules, the roles and functions of the chairman of the Board and the chief executive officer of the Company were taken up by different individuals, and their respective duties were clearly defined.

During the Reporting Period, Dr. Pu Zhongjie held the position of the chairman of the Board, and Dr. Sui Ziye held the position as the Chief Executive Officer of the Company, responsible for the daily operation and management of the Company. Dr. Hu Chaohong held the position of the co-chief executive officer of the Company until his retirement on January 31, 2024.

Directors' Responsibilities

The Board takes the responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitor the performance of the senior executives. The Directors have to make decisions objectively in the interests of the Company.

Liability insurance for Directors and senior management of the Company is maintained by the Company with appropriate coverage for certain legal liabilities which may arise in the course of performing their duties.

Delegation by the Board

The management, consisting of executive Directors along with other senior executives, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day management and operations of the Group. Executive Directors and senior executives meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

Directors' Responsibilities for Financial Statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

Independent Non-Executive Directors (INEDs)

The independent non-executive Directors play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. The functions of independent non-executive Directors include bringing an impartial view and judgement on issues of the Company's strategies, performance and control, as well as scrutinizing the Company's performance and monitoring performance reporting.

The Company has multiple mechanisms in place to ensure independent views and input are available to the Board. When reviewing the structure, size and composition of the Board, the Nomination Committee puts emphasis on whether the composition of executive and non-executive Directors (including INEDs) is balanced and ensures that there is a strong independent element on the Board. The INEDs each focuses on the business, finance and legal aspects and should be of sufficient calibre and number for their views to carry weight. The INEDs also provide their independent views on matters such as connected transactions. All Directors (including INEDs) are given opportunities to include matters in the agenda for regular Board meetings. Upon a reasonable request of any Director, the Board should resolve to provide separate independent professional advice, at the Company's expense, to the Director(s) to assist such Director(s) or the Board in performing duties to the Company. If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter should be dealt with by a Board meeting rather than a written resolution. INEDs who, and whose associates, have no material interest in the transaction should be present at that Board meeting. Besides, any controversial matter is required to be discussed at a Board meeting rather than being dealt with by a written resolution so as to ensure that Directors (including INEDs) are given opportunities to exchange their views instantly with each other. The Chairman at least annually holds a meeting with the INEDs without the presence of other Directors. The Board considers that the implementation of above mechanisms is effective.

All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have made positive contributions to the development of the Company through providing their professional advice to the Board.

Mr. Zhou Demin and Mr. Yang Haifeng were firstly appointed as independent non-executive Directors from December 10, 2020. Mr. Fengmao Hua was firstly appointed as an independent non-executive Director from December 16, 2021. They were all re-elected as independent non-executive Directors for a term of three years commencing on January 31, 2024.

Confirmation of independence

The independence of the independent non-executive Directors has been assessed in accordance with the applicable Listing Rules. The Company is of the view that all independent non-executive Directors meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules and are independent.

Board Diversity Policy

The Company has adopted the board diversity policy which sets out the objective and approach for achieving and maintaining diversity of the Board in order to enhance its effectiveness. In accordance with the board diversity policy, the Company seeks to achieve board diversity by taking into account a number of factors, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience.

The Board have set the measurable objectives for implementing the board diversity policy which include having one-third female representation on the Board. For the Reporting Period, the Board consists of five male members and two female members, achieving a female representation of near one-third. For the Reporting Period, the Board considers that the Board is diverse in gender. Going forward, the Board will continue to seek opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

Based on our review of the membership and composition of the Board, the Company is of the view that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable the Company to maintain a high standard of operation.

The Nomination Committee has also reviewed the implementation of the board diversity policy and considers it effective. The Board will continue to monitor the implementation and have continuous evaluation of the appropriateness and effectiveness of the board diversity policy.

Our diversity philosophy including gender diversity was also generally followed within our workforce, and as at the date of this annual report, two of our senior management members out of three are female, achieving a female representation of approximately 66.67% parity in this regard, and 45.98% of our total workforce were male. Considering the nature of the industry, the Company believes that the gender ratio of employees in the Group is normal and is of the view that the Group has achieved gender diversity among employees. Therefore, the Company has not set any plans or measurable objectives for gender diversity.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Pursuant to the requirements of the Articles, Directors (including non-executive Directors) shall be elected at the general meeting with a term of three years. Each of the current non-executive Directors have been appointed for a term of three years commencing on January 31, 2024. A Director may serve consecutive terms if re-elected upon the expiry of his/her term. The Company has implemented a set of effective procedures for the appointment of new Directors. The nomination of new Directors shall be first deliberated by the Nomination Committee and then submitted to the Board, subject to approval by election at the general meeting.

Each of the executive Directors, non-executive Directors, independent non-executive Directors and Supervisors has entered into a service contract or a letter of appointment with the Company with a specific term. Such term is subject to his retirement and re-election at the annual general meeting of the Company in accordance with the Articles.

Save as disclosed above, the Company did not sign any relevant unexpired service contract which is not terminable within a year without payment of any compensation, other than statutory compensation.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The emoluments of the Directors, Supervisors and senior management of the Company are decided by the Board with reference to the recommendation given by the Remuneration and Appraisal Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

Details of the Directors' emoluments and emoluments of the five highest paid individuals in the Group are set out in notes 39 and 9 to financial statements on pages 194 to 196, and pages 160 to 161 of this annual report. Details of the Directors', Supervisors' and senior managements' emoluments are set out in note 39 to financial statement on pages 194 to 196 of this annual report.

For the year ended December 31, 2024, there was no remuneration paid or payable by the Company to any of the Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office.

None of the Directors or Supervisors has waived any emoluments or benefits in kind for the year ended December 31, 2024.

Except as disclosed above, no other payments have been made or are payable, for the year ended December 31, 2024, by the Company to or on behalf of any of the Directors.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

Pursuant to the requirements of Code Provision C.1.4 of the CG Code, all Directors will continue to participate in continuous professional development and provide the Company with records of the training they received to ensure that their contributions to the Board remain informed and relevant. Every newly appointed Director will be given a comprehensive, formal and tailored induction on appointment. Subsequently, Directors will receive updates on the Listing Rules, legal and other regulatory requirements and the latest development of the Group's business. All Directors are encouraged to attend relevant training courses and the Company will arrange relevant trainings when necessary.

During the year ended December 31, 2024, the Company have provided the relevant materials including legal and regulatory updates to the Directors for their reference and studying. Pursuant to the requirements of the Code Provision C.1.4 of the CG Code, all Directors have provided the Company with records of the training they received to ensure that their contributions to the Board remain informed and relevant.

BOARD MEETINGS

Pursuant to Code Provision C.5.1 of the CG Code, the Company has adopted the practice of holding Board meetings for at least four times a year at approximately quarterly intervals. Notice of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting in accordance with Code Provisions C.5.2 and C.5.3 of the CG Code.

All Directors are provided with agenda and relevant information in advance before a Board meeting. They have access to the senior management and the joint company secretaries of the Company at all times and, upon reasonable request, may seek independent professional advice at the Company's expense.

Minutes of Board meetings are kept by the secretary to the Board with copies circulated to all Directors for information and records. Minutes of Board meetings and committee meetings record sufficient detail of the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of Board meetings and committee meetings are sent to the Directors for perusal within a reasonable time after the date on which a meeting is held. The minutes of the Board meetings are open for inspection by Directors.

Attendance Record of Directors and Committee Members

The attendance record of each Director during their respective tenure of office at the Board and the relevant Board Committee meeting(s) and the general meeting(s) 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	Nomination Committee	Remuneration and Appraisal Committee	Strategy Committee	Annual general meeting	Other general meetings
Dr. Pu Zhongjie	8/8	N/A	3/3	3/3	1/1	1/1	1/1
Dr. Sui Ziye	8/8	N/A	N/A	N/A	1/1	1/1	1/1
Ms. Pu Jue	8/8	4/4	N/A	N/A	N/A	1/1	1/1
Mr. Yang Hongbing	8/8	N/A	N/A	N/A	N/A	1/1	1/1
Mr. Zhou Demin	8/8	N/A	3/3	N/A	1/1	1/1	1/1
Mr. Yang Haifeng	8/8	4/4	3/3	3/3	N/A	1/1	1/1
Mr. Fengmao Hua	8/8	4/4	N/A	3/3	N/A	1/1	1/1
Dr. Hu Chaohong (retired with effect from January 31, 2024)	1/1	N/A	N/A	N/A	N/A	0/0	0/0
Mr. Lin Xianghong (retired with effect from January 31, 2024)	1/1	N/A	N/A	N/A	N/A	0/0	0/0

NOMINATION POLICY

The primary responsibilities of the Nomination Committee include to consider and recommend to the Board suitable and qualified candidates of Directors and to review the structure, size and composition of the Board and the board diversity policy adopted by the Company on a regular basis.

The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from third-party agency firm, and proposals properly submitted by the Shareholders. The Board will consider the recommendations of the Nomination Committee and shall have the final decision on all matters relating to recommending candidates to stand for election at any general meeting or appointing the suitable candidate to act as the Director to fill the Board vacancies or as an addition to the Board members, subject to compliance with the constitutional documents of the Company. All appointments of Director should be confirmed by a letter of appointment and/or service contract setting out the key terms and conditions of the appointment of Directors.

The Nomination Committee will assess, select and recommend candidate(s) for directorships to the Board by giving due consideration to criteria including but not limited to:

- Reputation for character and integrity;
- Accomplishment and experience in the relevant industries in which the Company's business is involved and other professional qualifications;
- Skills that are complementary to those of the existing Board;
- Commitment for responsibilities of the Board in respect of available time and relevant interest;
- Diversity in aspects including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;
- Contribution that the candidate(s) can potentially bring to the Board;
- Plans in place for the orderly succession of the Board; and
- (in relation to the candidate(s) for independent non-executive directorship), factors set out in Rules 3.10(2) and 3.13 of the Listing Rules.

The Nomination Committee may also consider such other factors as it may deem are in the best interests of the Company and the Shareholders as a whole.

During the Reporting Period, there was no change in the composition of the Board.

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

During the Reporting Period, the Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors and the Supervisors. Specific enquiries have been made to all the Directors and Supervisors and each of them has confirmed that he/she has complied with the Model Code for the Reporting Period.

As required by the Company, relevant officers and employees of the Company are also bound by the Model Code, which prohibits them to deal in securities of the Company at any time when he/she possesses insider information in relation to those securities. No incident of non-compliance of the Model Code by the relevant employees who are likely to be in possession of inside information of the Company was aware by the Company.

REMUNERATION PAYABLE TO MEMBERS OF SENIOR MANAGEMENT

Pursuant to Code Provision E.1.5 of the CG Code, the annual remuneration of members of the senior management (other than Directors and Supervisors) by band for the year ended December 31, 2024 is set out below. Directors' remuneration policy is provided in the section headed "Corporate Governance Report – Board of Directors – Compensation of Directors, Supervisors and Senior Management" in this annual report.

	Number of members of senior management
Nil to RMB1,000,000	–
RMB1,000,001 to RMB2,000,000	–
RMB2,000,001 to RMB3,000,000	2
RMB3,000,001 to RMB4,000,000	–
RMB4,000,001 to RMB5,000,000	1
Over RMB5,000,001	–

DIVIDEND POLICY

No dividends have been declared or paid by entities comprising the Group. The Company currently expects to retain all future earnings for use in operation and expansion of the Group's business. No dividend shall be declared or payable except out of profits and reserves lawfully available for distribution.

As confirmed by the Company's PRC Legal Adviser, according to relevant PRC laws, any future net profit that the Company makes will have to be first applied to make up for our historically accumulated losses, after which the Company will be obliged to allocate 10% of the net profit to statutory common reserve fund until such fund has reached more than 50% of the registered capital. The Company will therefore only be able to declare dividends after (i) all historically accumulated losses have been made up for; and (ii) sufficient net profit has been allocated to the statutory common reserve fund as described above.

The Company has adopted a policy on payment of dividends pursuant to Code Provision F.1.1 of the CG Code taking into consideration of various factors including but not limited to, among other things, the actual/projected financial performance of the Group, operational capital need, cash flow, future expansion plans, current and future liquidity condition, internal and external circumstances that may impact upon the Company's business or financial performance or condition, or any other conditions which the Board may deem relevant. The policy sets out the factors in consideration, procedures and methods of the payment of dividends and has been approved by the Shareholders. According to the policy, the distribution of dividends will be formulated by the Board, and will be subject to Shareholders' approval.

CORPORATE GOVERNANCE FUNCTIONS

In accordance with Code Provision A.2.1 of the CG Code, the Board is responsible for performing the corporate governance duties including:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with Appendix C1 to the Listing Rules (CG Code) and disclosure in the Corporate Governance Report.

The Board has performed the above duties for the Reporting Period.

BOARD COMMITTEES

The Board has established four committees, namely, the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee, for overseeing particular aspects of the Company's affairs. All Board Committees are established with specific written terms of reference which deal clearly with their authorities and duties pursuant to paragraph C.4 of the CG Code.

Audit Committee

The Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraphs C.4 and D.3 of the CG Code. The Audit Committee consists of Mr. Fengmao Hua, Mr. Yang Haifeng and Ms. Pu Jue.

The chairman of the Audit Committee is Mr. Fengmao Hua and he is our independent non-executive Director with the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary responsibilities of the Audit Committee are to review and supervise the Company's financial reporting process, including:

- to make recommendations to the Board on the appointment, replacement and removal of the external auditor, approve the remuneration and terms of engagement of the external auditor, and deal with all matters of the resignation or dismissal of external auditor;

- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards and to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- to develop and implement policy on engaging an external auditor to provide non-audit services;
- to review the financial control, internal control and risk management system of the Company;
- to discuss with the management on risk management and internal control system to ensure that the management has performed its duty to maintain an effective risk management and internal control system;
- to monitor the internal audit system of the Company and ensure the implementation of such systems;
- to facilitate communications between the internal audit department and the external auditor;
- to review the external auditor's audit letter to the management, major queries raised by the external auditors about accounting records, financial accounts or control systems and the response of the management;
- to review the financial and accounting policies and practices of the Company;
- to review the financial information and relevant disclosures of the Company; and
- to monitor the Company in respect of financial reporting system, risk management and internal controls system.

During the Reporting Period, the Audit Committee has mainly performed the following duties:

- reviewed the Group's audited annual results for the year ended December 31, 2023;
- reviewed the Group's unaudited interim results for the six months ended June 30, 2024;
- made recommendations to the Board on the appointment of the external auditor and the remuneration and terms of engagement of the external auditor; and
- reviewed and monitored the financial control, internal control and risk management system of the Group.

During the Reporting Period, the Audit Committee has held 4 meetings to review (among other things) the draft audited annual consolidated financial statements and significant issues on the financial reporting, the draft annual results announcement, the draft annual report, the effectiveness and sufficiency of the risk management and internal control systems, the effectiveness of the Company's internal audit function, and the appointment of external auditors. The attendance records of the Audit Committee for the Reporting Period are set out under "Corporate Governance Report – Board of Directors – Board Meetings – Attendance Record of Directors and Committee Members" of this annual report.

Remuneration and Appraisal Committee

The Company has established a Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the CG Code. The Remuneration and Appraisal Committee consists of Mr. Yang Haifeng, Mr. Fengmao Hua, Dr Pu Zhongjie, and is chaired by Mr. Yang Haifeng. The primary responsibilities of the Remuneration and Appraisal Committee include:

- to make recommendations to the Board on the Company's remuneration policy and structure for all Directors, Supervisors and senior management, and on the establishment of a formal and transparent procedure for developing the remuneration policy;
- to review and approve the remuneration proposals of senior management with reference to the Board's corporate goals and objectives;
- to make recommendations to the Board on the remuneration packages of the executive Director and senior management or to determine, with delegated responsibility, the remuneration packages of the executive Director and senior management. The remuneration packages shall include benefits in kind, pension rights and compensation payments (including compensation for loss or termination of their office or appointment);
- to make recommendations to the Board on the remuneration of non-executive Directors;
- to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- to review and approve the compensation payable to the executive Director and senior management for their loss or termination of office or appointment to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive;
- to review and approve the compensation arrangements relating to dismissal or removal of the Directors for misconduct to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive; and
- to ensure that no Director or any of their associates is involved in deciding that Director's own remuneration.

During the Reporting Period, the Remuneration and Appraisal Committee has mainly performed the following duties:

- made recommendations to the Board on the remuneration package of the executive Directors and senior management;
- reviewed and made recommendations to the Board on the procedure for developing the remuneration policy; and
- reviewed the performance of duties of Directors and senior management of the Company.

The Remuneration and Appraisal Committee held 3 meetings during the Reporting Period to perform the above duties. The attendance records of the Remuneration and Appraisal Committee for the Reporting Period are set out under "Corporate Governance Report – Board of Directors – Board Meetings – Attendance Record of Directors and Committee Members" of this annual report.

Nomination Committee

The Company has established a Nomination Committee with written terms of reference in compliance with paragraph B.3 of the CG Code. The Nomination Committee consists of Mr. Zhou Demin, Mr. Yang Haifeng, Dr. Pu Zhongjie. Mr. Zhou Demin is the chairman of the Nomination Committee. The primary responsibilities of the Nomination Committee include:

- to review the structure, size and composition of the Board (including the skills, knowledge and experience) at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to identify individuals suitably qualified to become board members and select and make recommendations to the Board on the selection of individuals nominated for directorships;
- to assess the independence of the independent non-executive Directors;
- to develop and maintain a policy for the nomination of the directors;
- to develop and maintain a policy concerning diversity of the board of directors, and to review periodically and disclose the policy in the corporate governance report;
- to review annually the time required to be devoted by the non-executive directors and independent non – executive directors; and
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

During the Reporting Period, the Nomination Committee has mainly performed the following duties:

- reviewed the structure, size and composition of the Board;
- developed, reviewed and assessed the board diversity policy;
- assessed the independence of the independent non-executive Directors.

The Nomination Committee held 3 meetings during the Reporting Period to perform the above duties. The attendance records of the Nomination Committee during the period from the Listing Date to the date of this annual report are set out under "Corporate Governance Report – Board of Directors – Board Meetings – Attendance Record of Directors and Committee Members" of this annual report.

Strategy Committee

The Company has established a Strategy Committee, which consists of Dr. Pu Zhongjie, Dr. Sui Ziye, and Mr. Zhou Demin. Dr. Pu Zhongjie is the chairman of the Strategy Committee. The primary responsibilities of the Strategy Committee include:

- to conduct research and make recommendations for the long-term strategic development plans of the Company;
- to conduct research and make recommendations for major investment plans which are subject to the approval of the Board;
- to conduct research and make recommendations for major capital operation and asset operation projects which are subject to the approval of the Board;
- to review the annual investment plan of the Company;
- to conduct research and make recommendations for major investment programs which are subject to the approval of the Board; and
- other duties as conferred by the Board.

During the Reporting Period, the Strategy Committee has mainly performed the following duties:

- conducted research and make recommendations for the long-term strategic development plans of the Company and major investment programs; and
- reviewed the annual investment plan of the Company.

The Strategy Committee held 1 meeting during the Reporting Period to perform the above duties. The attendance records of the Strategy Committee during the period from the Listing Date to the date of this annual report are set out under "Corporate Governance Report – Board of Directors – Board Meetings – Attendance Record of Directors and Committee Members" of this annual report.

SUPERVISORY COMMITTEE

The Supervisory Committee is a supervisory body of the Company which is responsible for the supervision of the Board and its members and senior management such as the general manager and deputy general manager so as to prevent them from the misuse of authority and infringement upon lawful rights of the Shareholders, the Company and the Company's employees. The number of members and the composition of the Supervisory Committee are in line with the provisions and requirements of the laws, regulations and the Articles. From the Listing Date up to and including the date of this annual report, the Supervisory Committee was comprised of three Supervisors, of whom one was an employee representative supervisor democratically elected by staff and workers congress of the Company. The background and biographical details of the supervisors are set out in the section headed "Biographies of Directors, Supervisors and Senior Management" in this annual report.

FINANCIAL REPORTING SYSTEM, RISK MANAGEMENT, AND INTERNAL CONTROL SYSTEM

Financial Reporting System

The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year ended December 31, 2024, which give a true and fair view of the affairs of the Company and the Group and of the Group's financial performance and cash flows. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner.

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

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

Risk Management and Internal Control

The Company is exposed to various risks in its business operations and the Company recognizes that risk management is critical to its success. Please refer to the "Directors' Report – Principal Risks and Uncertainties" section of this report for a discussion of various operational risks and uncertainties faced by the Company.

The Company is devoted to establishing and maintaining risk management and internal control systems consisting of policies, procedures and risk management methods that are considered to be appropriate for the Company's business operations, and the Company is dedicated to continuously reviewing and improving these systems in terms of their effectiveness. The Company has adopted and implemented comprehensive internal control and risk management policies in various aspects of our business operations. Such systems are designed to manage rather than eliminate the risk of failing to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. In accordance with Code Provisions D.2.1 and D.2.4 of the CG Code, the Board, supported by the Audit Committee, confirms its responsibility for the Company's risk management and internal control systems and will oversee and review their effectiveness on an annual basis. The Company considers that the Directors and the senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

The Audit Committee will oversee and manage the overall risks associated with the Company's business operations, including:

(i) reviewing the financial control, internal control, and risk management system of the Company;

(ii) discussing with the management on risk management and internal control system to ensure that the management has performed its duty to maintain an effective risk management and internal control system with consideration to, among others,

  (a) the adequacy of resources;

  (b) qualifications, experience and training of staff;

  (c) budget pertaining to the accounting and financial reporting functions;

(iii) considering major investigation findings on risk management and internal control on its own initiative or as delegated by the Board and the management's response to those findings;

(iv) monitoring the Company in respect of financial reporting system, risk management and internal control system;

(v) reviewing the risk management strategies and solutions for major risk management issues; and

(vi) to assess and determine the environmental, social and governance risks of the Company, to ensure the establishment of an appropriate and effective control system for environmental, social and governance risks and internal control system.

The Company has adopted and will continue to adopt, among other things, the following risk management measures:

Financial Reporting Risk Management

The Company has in place a set of accounting policies in connection with the Company's financial reporting risk management, such as financial reporting management policies and budget management policies. The Company has various procedures in place to implement accounting policies and the finance department reviews the management accounts based on such procedures. The Company also provides regular training to the finance department staff to ensure that they understand the financial management and accounting policies and implement them in the Company's daily operations.

Information System Risk Management

Sufficient maintenance, storage and protection of user data and other related information is critical to the Company's success. The Company has implemented relevant internal procedures and controls to ensure that user data is protected, and that leakage and loss of such data is avoided. The Company provides information security training to the employees and conduct ongoing trainings and discuss any issues or necessary updates from time to time.

Patient Data Management

The Company has taken measures to maintain the confidentiality of the medical records and personal data of subjects enrolled in the clinical trials the Company collected. The measures include encrypting such information in the information technology system so that it cannot be viewed without proper authorisation, as well as setting internal rules requiring employees to maintain the confidentiality of the subjects' medical records.

Quality Control Risk Management

The Company's quality control system is an essential component of the risk management and internal control system. The quality control measures cover all aspects of the Company's manufacturing operations, including design and construction of manufacturing facilities, the installation and maintenance of manufacturing equipment, procurement of raw materials and packaging materials, quality checks of raw materials, work-in-progress and finished products, monitoring adverse drug reactions and verification of documentation. The procedures and methodologies of the Company's quality control system are based on GMP standards, the PRC Pharmacopoeia and other applicable domestic and international standards.

Anti-bribery and Anti-kickback

The Company strictly prohibits bribery or other improper payments in any of the business operations. This prohibition applies to all business activities anywhere in the world, whether involving government officials, medical professionals or private or public payors. Improper payments prohibited by this policy include bribes, kickbacks, excessive gifts or entertainment, or any other payment made or offered to obtain an undue business advantage. The Company keeps accurate books and records that reflect transactions and asset dispositions in reasonable details. The Company also ensures that the commercialization team complies with applicable promotion and advertising requirements, which include restrictions on promoting drugs for unapproved uses or patient populations and limitations on industry-sponsored scientific and educational activities.

Human Resources Risk Management

The Company formulates recruitment plan based on the turnover rate and future business plan, and constantly improves recruitment process with the aid of information technology.

Internal Control Systems

The Company has designed and adopted strict internal procedures to ensure the compliance of business operations with the relevant rules and regulations. The Company's internal audit team is responsible for:

- working closely with the external auditor for annual auditing, reviewing, analysing, and following up on the advice of the external auditor;
- performing risk assessment and monitoring the adequacy and effectiveness of the risk management and internal control system of the Company;
- reporting the review on risk management and internal control system to the Audit Committee; and
- working closely with business groups to promote risk awareness.

In accordance with the Company's procedures, financial and legal departments examine contract terms and review all relevant documents for the business operations, including licenses and permits obtained by the vendors and all the necessary underlying due diligence materials, before the Company enter into any agreement or business arrangements.

The executive committee of the Company, which comprises senior management and functional heads, oversees and manages the overall risks associated with the Company's business operations, including:

- reviewing and approving the Company's risk management policy to ensure that it is consistent with the corporate objectives;
- reviewing and approving the Company's corporate risk tolerance;
- monitoring the most significant risks associated with the Company's business operation and the management's handling of such risks;
- reviewing the Company's corporate risk in the light of the corporate risk tolerance; and
- monitoring and ensuring the appropriate application of the Company's risk management framework.

The regulatory affairs department oversees the obtaining of any requisite governmental pre-approvals or consents, including:

- formulating and updating the Company's risk management policy and target;
- promulgating risk management measures;

- providing guidance on the Company's risk management approach to the relevant departments;
- reviewing the relevant departments' reporting on key risks and providing feedbacks;
- supervising the implementation of the Company's risk management measures by the relevant departments;
- reporting to the executive committee on material risks; and
- ensuring that the appropriate structure, processes and competences are in place across the Group.

For IP-related issues, in particular, we have engaged third party IP legal advisers to assist us in registering and applying for and reviewing the relevant patent and trademark rights of our IPs. The Company has also engaged a Compliance Adviser to provide advice to the Directors and management team regarding matters relating to the Listing Rules. The Compliance Adviser is expected to provide support and advice regarding the requirements of relevant regulatory authorities, including those relating to corporate governance, on a timely basis. The Company has also engaged a PRC Legal Adviser to advise it on, and keep it abreast with, PRC laws and regulations.

At present, the Company has built internal control policies covering procurement, supplier management, research and development, clinical trial registry management, product storage, system maintenance, software management, insurance and capital management, tax management, human resources and compensation management, information security and intellectual property rights, financial reporting and disclosure and other business processes.

The Company has adopted whistleblowing and anti-corruption policies and systems in accordance with Code Provisions D.2.6 and D.2.7 of the CG Code. The Company has also engaged an independent internal control consultant to review and provide recommendations to the Company on its internal controls before the Listing.

The Board, as supported by the Audit Committee as well as the management, reviewed the risk management and internal control systems from the Listing Date up to and including the Latest Practicable Date, and considered that such systems are effective and adequate.

HANDLING OF INSIDE INFORMATION

The Company has adopted policies in respect of the confidentiality management of the Company's information and the disclosure of inside information, sensitive information or confidential information in accordance with the SFO and the Listing Rules to ensure confidentiality when handling inside information and the publication of relevant disclosures to the public as soon as practicable. Under this policy, the Company disseminates information to specified persons on a need-to-know basis, and requires all employees who have access to the inside information to maintain strict confidentiality of the inside information until it is announced. The policy also sets out the procedures for identifying, handling and monitoring inside information or sensitive or confidential information, the scope of inside information and the procedures and precautionary measures for reporting or leakage of inside information of the Group.

AUDITOR'S REMUNERATION

The remuneration paid and payable for the year ended December 31, 2024 to the Company's external auditors, is set out as follows:

Service	Fees paid (RMB'000)
Audit services	2,650
Non-audit services	–
Total	2,650

A statement by Ernst & Young about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report on pages 134 to 135.

JOINT COMPANY SECRETARIES

The Company has appointed Ms. Li Yunyi, a full-time employee of the Company, and Ms. Lai Siu Kuen, a director of Tricor Services Limited, an external service provider, as joint company secretaries of the Company. Ms. Li, who is also the chief financial officer and the secretary to the Board, is the primary corporate contact person at the Group, which would work and communicate with Ms. Lai on the Company's corporate governance and secretarial matters.

Reference is made to the waiver granted to the Company by the Stock Exchange from strict compliance with the requirements under Rule 3.28 and Rule 8.17 of the Listing Rules on February 8, 2022. Ms. Li was assisted by Ms. Lai since the Listing. On February 28, 2025, the Stock Exchange agreed that Ms. Li has been qualified to act as the company secretary of the Company under Rule 3.28 of the Listing Rules. Notwithstanding the above, the Company continued to maintain the joint company secretaries arrangement in order to achieve and maintain high standards of corporate governance.

The biographies of Ms. Li and Ms. Lai are set out in the "Biographies of Directors, Supervisors and Senior Management" section of this report.

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

SHAREHOLDERS' INFORMATION

Important Shareholders' Dates

Financial Calendar 2024

Announcement of the 2024 annual results	March 27, 2025
Publication of the 2024 annual report	April 25, 2025
2024 annual general meeting	June 27, 2025

For Shareholders to Attend and Vote at 2024 Annual General Meeting

Latest time to lodge transfer documents for registration with H Share Registrar in Hong Kong	4:30 p.m. on June 23, 2025
Closure of the Register of Members (both days inclusive)	June 24, 2025 - June 27, 2025

PUBLIC FLOAT

Pursuant to information available for public and as far as Directors are aware, during the Reporting Period and as of the date of this annual report, the Company has maintained the public float in accordance with the Listing Rules.

SHAREHOLDERS' RIGHTS

Right to Convene Extraordinary General Meeting

Pursuant to the Articles, Shareholders severally or jointly holding 10% or more of the shares of the Company shall be entitled to request the Board to convene an extraordinary general meeting in writing.

The Board shall, pursuant to laws, administrative regulations and the Articles, inform in writing whether it agrees or disagrees to convene the extraordinary general meeting within 10 days upon receipt of the request.

If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the Board. In the event of any change to the original proposal set forth in the notice, the consent of relevant Shareholders shall be obtained.

If the Board does not agree to hold the extraordinary general meeting or fails to respond within 10 days upon receipt of the request, Shareholders severally or jointly 10% or more of the shares of the Company shall be entitled to propose to the Supervisory Committee to convene an extraordinary general meeting in writing.

If the Supervisory Committee agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days upon receipt of the said request. In the event of any change to the original proposal set forth in the notice, the consent of relevant Shareholders shall be obtained.

In case of failure to issue the notice of extraordinary general meeting within the prescribed period, the Supervisory Committee shall be deemed as failing to convene general meeting and the Shareholders severally or jointly holding 10% or more shares of the Company for 90 or more consecutive days may convene and preside over such meeting by itself/themselves.

Right to Put Forward Proposals at a General Meeting

When a general meeting is convened by the Company, Shareholders who severally or jointly hold 3% or more of the shares of the Company, shall be entitled to make proposals to the general meetings and submit them in writing to the convener 10 days before the convening of the general meeting. The convener shall issue a supplemental notice of the general meeting within 2 days upon receipt of the proposals and announce the contents of the proposals.

Right to Propose a Person for Election as a Director

Shareholders may nominate a person for election as a Director of the Company at a general meeting.

Shareholders who individually or jointly hold above 3% of the Company's shares have the right to propose a motion to nominate a person for a directorship and submit it to the Board in writing 7 days before the date of the general meeting.

The written notice regarding the intention to nominate a candidate for a directorship and the indication of the candidate's willingness to accept the nomination shall be issued to the Company not less than 7 days before the date of the general meeting and such notice period shall not be less than 7 days. The period for issuing such notice to the Company shall commence on the day after the despatch of the notice of the general meeting for the election of directors and end on the 7th day before the date of the general meeting.

Right to Directing Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company's headquarters and principal place of business in China at No. 651, Lianheng Road, Minhang District, Shanghai, PRC. Shareholders may also make enquiries with the Board at the general meetings of the Company or contact our Investor Relations team through email at ir@lepubiopharma.com.

EFFECTIVE COMMUNICATIONS WITH SHAREHOLDERS

The Company has in place a Shareholders' communication policy to ensure that Shareholders' views and concerns are appropriately addressed.

The Company continuously attaches great importance to maintaining and developing investor relations for a long time, enhances transparency of the corporate information by promptly and effectively releasing the corporate information to the public, which has established effective channels for the Company to communicate with Shareholders. The Company publishes its announcements, financial information, and other relevant information on its website (www.lepubiopharma.com) and the website of Stock Exchange (www.hkexnews.hk), as a channel to facilitate effective communication.

The Board welcomes Shareholders' views and encourages them to attend general meetings to convey any concerns they might have to the Board or the management. Members of the Board (in particular chairpersons of Board Committees or their delegates), key management officers and external auditors will attend annual general meetings. At the general meetings, all Shareholders attending the meeting may make enquiries to the Directors and other management in respect of matters relevant to the resolutions. The Company has published detailed contact methods through its website, notices of the general meeting, circulars to the Shareholders and annual reports for Shareholders to express their views or make enquiries.

The Board has reviewed the Shareholders' communication policy of the Company during the Reporting Period in terms of its implementation and effectiveness. By reviewing the views of Shareholders that have been received as well as assessing how the opinions of Shareholders have been considered in reaching important strategic decisions during the Reporting Period, the Board is satisfied that the current policy is adequate and effective.

INVESTOR RELATIONS

The Company considers it crucial to provide investors with accurate information in a timely manner and maintains communication with investors through effective communication channels, with an aim to enhance mutual understanding between investors and the Company and to improve the transparency of the Company's information disclosure.

In accordance with the Listing Rules, the Company shall duly disseminate its corporate information via various channels, including regular reports, announcements and company website.

THE ARTICLES OF ASSOCIATION

The amendments of the Articles were passed and approved on January 31, 2024 and September 2, 2024. For details of amendments to the Articles, please refer to the Company's announcements dated January 16, 2024, January 31, 2024 and 2 September, 2024, and the Company's circular dated January 16, 2024.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. ABOUT THIS REPORT

This Environmental, Social and Governance Report (hereinafter referred to as "This Report") issued by Lepu Biopharma Co., Ltd. is prepared in a faithful and reliable manner to disclose Lepu Biopharma's efforts and achievements in the field of environmental, social and governance (hereinafter referred to as "ESG") in 2024 to all stakeholders. This report should be read in conjunction with the Corporate Governance Report in the annual report and the "Corporate Governance" section of Lepu Biopharma's website to enable readers to have a comprehensive understanding of the Company's practices and measures in ESG aspects.

Reporting Scope

Unless otherwise indicated, the reporting scope is the actual business scope of Lepu Biopharma Co., Ltd. and its controlling subsidiaries (hereinafter referred to as "Lepu Biopharma", "Our Company", "The Company" or "We").

Reporting Period

This is an annual report covering the period from January 1, 2024 to December 31, 2024 unless otherwise specified. To enhance the comparability and completeness of this report, part of its content can be traced back to previous years or extended to the following years.

Reporting Principles

This report is prepared with reference to the Appendix C2 *Environmental, Social and Governance Reporting Guide* in the Main Board Listing Rules released by the Stock Exchange of Hong Kong Limited (HKEX) and adheres to the reporting principles of materiality, quantitative, balance and consistency.

During the preparation of this report, major stakeholders and their ESG issues of concern have been identified, and targeted disclosures have been made in this report according to the relative importance of their concerns. Please refer to the following sections of "Interactions with Stakeholders" and "Assessment on Material ESG-related Issues" for details about the materiality assessment.

In this report, the key performance indicators (KPIs) in environmental and social dimensions were presented in the form of quantified data. The quantitative criteria, tools used for calculation, methods of measurement and suitable conversion factors used in this report have been clearly described and the statistical method used is consistent with that used previously.

Data Source

Unless otherwise specified, all data and cases referenced in this report are derived from the public information, statistical report, related documents and internal communication documents of the Company.

Access to the Report

The electronic format of this report is available at the website of the Company (www.lepubiopharma.com) and the website of HKEX (www.hkexnews.hk).

II. ABOUT LEPU BIOPHARMA

(I) Company Profile

Lepu Biopharma is an innovation-driven biopharmaceutical company focusing on oncology therapeutics, in particular, targeted therapy and oncology immunotherapy, with a strong China foundation and global vision. Since our establishment, we have been dedicated to developing innovative ADCs through our comprehensive and advanced ADC technology development platform and we aim to develop optimal and innovative drugs to better serve the unmet medical needs of cancer patients. We have an integrated end-to-end capability across drug discovery, clinical development, CMC and GMP-compliant manufacturing, encompassing all critical functions of the biopharmaceutical value chain. We are committed to continuously developing a market-differentiating pipeline by fully integrating our independent innovation capabilities and strategic collaborations. Concurrently, we are dedicated to exploring synergistic therapeutic approaches on the basis of the continuous enrichment of our product pipeline. We have established and are progressively expanding our internal manufacturing capabilities, driven by the business requirements stemming from the upcoming commercialization of our ADC candidates.

(II) Corporate Honors

Name of Entity	Honorary Title	Issuing Authority	Image
Lepu Biopharma Co., Ltd.	High-Quality Biopharmaceutical Enterprise	Pujiang Town People's Government	
Lepu Biopharma Co., Ltd.	Pujiang Outstanding Social Contribution Enterprise of the Year 2023	Pujiang Town People's Government	
Lepu Biopharma Co., Ltd.	Shanghai Key Service Listed Unicorn Enterprise	Shanghai Small and Medium Enterprises Development Service Center Beijing Great Wall Enterprise Strategy Research Institute	
Lepu (Beijing) Biopharma Co., Ltd.	Beijing "Specialized and Sophisticated" SMEs ("專精特新"中小企業)	Beijing Municipal Bureau of Economy and Information Technology	
Shanghai Miracogen Inc.	Shanghai "Specialized and Sophisticated" SMEs ("專精特新"中小企業)	Shanghai Municipal Commission of Economy and Informatization	

III. GOVERNANCE EXCELLENCE, SOLID FOUNDATIONS

(I) ESG Management

Our Company has long been committed to establishing a high-standard ESG management system, continuously optimizing ESG strategies, improving the ESG governance framework, gradually enhancing the quality of ESG work, implementing ESG concepts and requirements into corporate governance and company development, and continuously improving the level of ESG management.

1. ESG Strategy

We always closely follow the national dual-carbon strategy, dedicated to optimizing our energy structure to minimize the negative environmental impact of our business operations and actively address the potential risks posed by climate change. We adhere to our original intention of innovation, continually stepping up our product research and development innovation efforts, committed to improving product quality, and establishing a comprehensive supplier management system.

We consistently uphold the "people-oriented" concept, focusing on the healthy growth of our employees, effectively safeguarding their legitimate rights and interests, and committed to promoting community empowerment. We take the initiative to assume social responsibilities, actively participate in public charity activities, care for vulnerable groups, and through practical actions like donating medical supplies and equipment, strive to contribute to social welfare. We remain committed to our duties, uphold the ethical standards of honesty and integrity, and continuously promote the joint development of the Company and all stakeholders.

2. *ESG Governance Structure*

Board Statement

Lepu Biopharma's Board of Directors (the "Board") is responsible for ESG strategy and reporting, overseeing the group's ESG matters. With the assistance of the Audit Committee, the Board makes decisions and reviews ESG matters, such as determining the ESG-related strategic plan and reviewing the ESG performance. In order to better implement the ESG strategy, we have established an ESG organizational structure covering all subsidiaries and departments, enabling corresponding functional departments and subsidiaries to carry out ESG management and relevant work.

Lepu Biopharma regularly evaluates the materiality of ESG issues, takes the management and promotion of such issues as ESG priority, and supervises the issue management and performance. The specific assessment process and results are detailed in the sections of "Interactions with Stakeholders" and "Assessment on Material ESG-related Issues" of the annual ESG report and reviewed by the Board. We pay high attention to the significant impact that ESG risks may have on the Company. The Audit Committee discusses and identifies ESG risks and opportunities of the Company, focuses on the management and promotion of material ESG-related issues, and supervises the management and performance of such issues.

This report disclosed in detail the progress and effectiveness of ESG work of Lepu Biopharma in 2024, which was reviewed and approved by the Board on April 25, 2025. The Board and all directors of Lepu Biopharma guaranteed that the contents of this report do not contain any false statements, misleading statements or material omissions, and assume responsibility for the truthfulness, accuracy and completeness of its contents.

3. *Communication with Stakeholders*

We attach great importance to interactions with stakeholders, and regularly and fully communicate with various stakeholders through various channels to understand their demands and respond positively.

By referring to the *Environmental, Social and Governance Reporting Guide* and combining the Company's businesses and opinions and suggestions of stakeholders, we set up a variety of communication and feedback channels to identify the feedback, expectations and material ESG-related issues that stakeholders focus on the Company, and take them as important references for the Company's ESG management direction and report disclosure. The details are as follows:

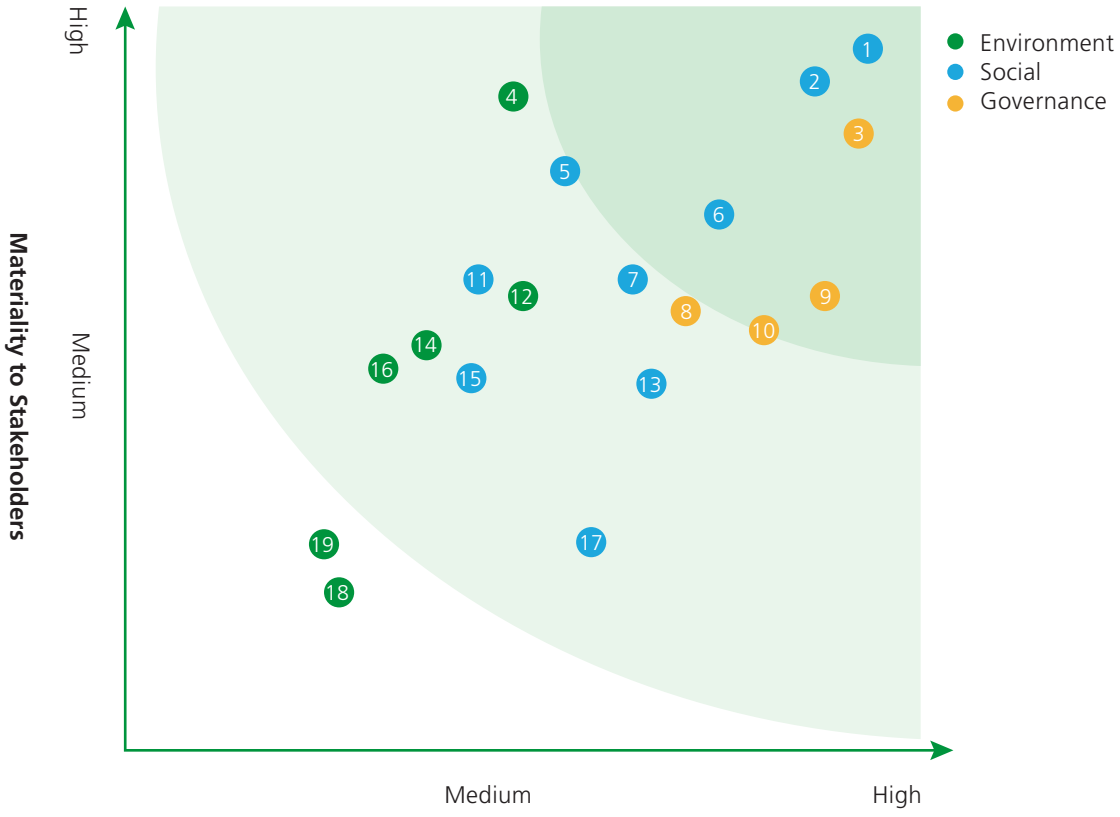
Stakeholders	Expectations and Demands	Main Communication and Feedback Channels
Governments and regulatory authorities	Employment Supply chain management Product responsibility Anti-corruption Community investment	Fulfillment of legal compliance and obligation Establishment of operational compliance and internal control mechanisms Regular reporting of company operations Continuous enhancement of pharmaceutical quality Promotion of coordinated development throughout the industry Legal tax compliance
Shareholders and Investors	Employment Product responsibility Anti-corruption	Shareholders' General Meetings Results announcement Interim and annual reports Announcements on significant events Telephone, email, and online investor communications Investor meetings and on-site inspections Company's website
Employees	Employment Health and safety Development and training Labour standards	Employee performance assessment and feedback In-house communication meetings for employees In-house announcements and emails Employee training activities Distribution of employee benefits

Stakeholders	Expectations and Demands	Main Communication and Feedback Channels
Patients	Product responsibility Anti-corruption	Strict implementation of full-process drug quality control Protection of customer information and optimization of complaint mechanisms Handling of consumer complaints and feedback Information disclosures Communication on products
Suppliers	Supply chain management Anti-corruption	Supplier tendering and review Standardized management and implementation of contracts and agreements Regular communication meetings with suppliers Site visit to suppliers
Media and non-governmental organizations	Emissions Use of resource Environmental and Natural Resources Employment Supply chain management Product responsibility	Compliant disclosure of environmental performance data and setting environmental objectives Press conference Press interview Official WeChat account of the Company Social media Industry seminars
Community	Community investment	Community engagement and communication Identification of community demands

4. *Assessment on Material ESG-related issues*

To clarify key areas of sustainable development practice and information disclosure, we determined the materiality of ESG issues. Based on the requirements described in *Environmental, Social and Governance Reporting Guide* and considering our business sector and operational characteristics, we maintained active interactions with major external stakeholders using the above-mentioned channels for communication and feedback, successfully identified 19 material issues relevant to Lepu Biopharma and ranked them by their importance to our business development and the stakeholders, forming the following matrix of material issues.

Lepu Biopharma's Matrix of Material ESG Issues in 2024



Highly Important Issues

1. Product quality and safety
2. Rights and interests of patients
3. ESG management
6. R&D and innovation
9. Integrity Construction

Moderately Important Issues

4. Energy and resources management
5. Product accessibility
7. Health and safety
8. Tax Management
10. Anti-corruption
11. Supply chain management
12. Environmental protection
13. Responsible marketing
14. Combat climate change
15. Labour standards
16. Environmental and natural resources
17. Development and training

Generally Important Issues

18. Waste disposal
19. Emissions

(II) Integrity Construction

Lepu Biopharma always adheres to business ethics, strictly complies with national laws and regulations, including the Company Law of the People's Republic of China and the Anti-Money Laundering Law of the People's Republic of China. Meanwhile, to further strengthen internal management, the Company formulated the internal "Anti-Fraud Management System" rules. This system aims to clarify employees' standards of conduct, prevent corruption, bribery, extortion, fraud, money laundering, and other illegal activities.

The Company maintains a zero-tolerance attitude towards unlawful behaviors and will deal with any violations seriously according to the law. The Company also focuses on stepping up training and education for employees, requiring all employees to strictly adhere to ethical standards of integrity and honesty, outlined in the "Employee Handbook". By regularly organizing training on laws, regulations, and internal management systems, employees are made aware and familiar with relevant legal and system requirements, enhancing their self-discipline and risk prevention abilities.

Lepu Biopharma encourages departments or individuals to perform whistle-blowing against actual or suspected violations of moral standards or professional ethics through whistle-blowing hotline, email, letters, etc.

In 2024, no concluded legal cases regarding corruption or bribery were brought against Lepu Biopharma or its employees, and no violations of relevant laws and regulations by employees were found to the knowledge of the Company.

(III) Tax Management

The Company has formulated tax management and relevant systems, adhering to the principle of lawful and compliant tax payment. We diligently fulfill tax obligations, and strictly comply with the tax policies and regulations of the countries or regions where the business operates, as well as the Company's management systems and operational standards. The Company ensures that all tax payments are made accurately, timely, and in accordance with the law, supported by authentic and complete tax-related documentation. The Company conducts tax information disclosure as required to ensure compliance with relevant tax regulatory requirements.

The Company continuously deepens its tax risk management efforts by improving internal control systems and workflows, leveraging digital and information technology to establish quantitative tax risk assessment models and regularly assess tax risk warnings. It strengthens tax risk prevention and control at source, enhances compliance management at the initial, process, and outcome stages, promotes normalized, institutionalized, and precise risk management, and improves the ability of tax risk prevention and control.

IV. RESPONSIBLE OPERATIONS: QUALITY ASSURANCE

(I) Product Quality and Safety

As a leading enterprise focused on the research and development of new drugs, the Company deeply understands the importance of product responsibility in corporate development and always considers it as one of the core issues moving forward. The Company's research and development philosophy and mission are "to improve the quality of life for patients worldwide through pharmaceutical innovation," committed to bringing safer and more effective treatment options to patients.

1. R&D Quality and Safety Assurance

Lepu Biopharma strictly abides by relevant laws and regulations, including the Drug Administration Law of the People's Republic of China, the Regulations for the Implementation of the Drug Administration Law of the People's Republic of China, the Good Manufacturing Practice for Drugs (2010 Revision) and the Guideline for International Multicenter Clinical Trials of Drugs (Trial), and has established the Clinical Trial Project Management, the Clinical Protocol Preparation, the Investigational Product Management, the Safety Report and other relevant standard operating procedures ("SOPs"). The company exercises strict control over the quality and safety of pharmaceuticals at various stages, including early research and development, process development, and the safety of clinical trials.

- In the early stage of research and development planning, Lepu Biopharma conducts in-depth market research and sound analysis to define research and development goals and positioning, striving to align R&D directions with market demands and patient interests. At the same time, it strengthens training and instructions for the R&D team, improving their professional qualifications and awareness of quality, ensuring the scientific nature and standardization of the R&D process.

- In terms of process development, the Company actively introduces advanced R&D technology and equipment, optimizes R&D processes, reduces production costs, and increases production efficiency; it also strengthens the screening and testing of raw materials and auxiliaries to ensure the quality and stability of raw materials, laying the foundation for producing high-quality drugs.

- In terms of clinical trial safety, the Company strictly adheres to relevant laws, regulations, and ethical norms, formulates strict clinical trial protocols and operating procedures, strengthens the supervision and management of the clinical trial process, and ensures the rights and safety of participants as well as the authenticity and reliability of data.

2. *Production Quality and Safety Assurance*

In terms of securing product quality, Lepu Biopharma strictly follows high international standards of production processes and quality control systems, ensuring that each new drug meets strict quality standards. The Company continuously introduces advanced production technology and equipment, enhancing the automation and intelligence level of the production process to fully ensure the stability and reliability of product quality. Lepu Biopharma's quality assurance and quality control teams remain closely coordinated and cooperate with the production team to ensure strict control of product quality at every link in the manufacturing process. This coordinated working model allows the Company to avert potential quality risks at the source and timely identify and resolve issues during the production process, thus ensuring the safety and efficacy of the final products. Among them, the production team plays a critical role in quality assurance work. They carefully formulate the production plan for clinical drugs according to the clinical development plan, striving to match production progress with R&D needs. At the same time, the production team is also responsible for purchasing high-quality raw materials that meet process requirements according to the production plan, and establishing corresponding process specifications, operational SOPs, and batch records to ensure that every step of the operation complies with established standards and norms. The quality control and quality assurance teams play a supervisory and overseeing role throughout the entire production process. They are responsible for quality inspection and assessment of raw materials, intermediate products, bulk liquids, and finished products, covering aspects such as physical properties, chemical properties, and microbial limits of the samples. Only when samples meet the established quality standards are they allowed to proceed to the next phase.

Lepu Biopharma's quality control department conducts random spot checks and reviews of all test processes and records, and oversees the implementation of the executed SOPs, completeness of records made and soundness of quality system of each department, proposing improvements when necessary. We also regularly check and manage the quality of our partners including material suppliers, contract research organizations (CROs), and contract development and manufacturing organizations (CDMOs).

3. *Post-Market Safety Surveillance*

Strictly adhering to the Medicinal Product Administration Law of the People's Republic of China, the Measures for the Reporting and Monitoring of Adverse Drug Reactions, the Specifications for Pharmacovigilance Quality Management, and other relevant laws and regulations, the Company has established systems such as "Post-Marketing Individual Drug Safety Report Procedures," "Evaluation Guidelines on Adverse Drug Reactions," "Signal Detection and Management Processes," "Preparation and Submission Processes for Regular Safety Update Reports," and "Risk Management Plan Preparation and Submission Processes." A Drug Safety Committee has been formed to handle significant risk assessment and risk control decisions. The Company assesses significant events based on the actual product circumstances and proposes risk management measures based on assessment results. The Company carries out its operations in accordance with legal and regulatory requirements, maintaining a favorable risk-benefit balance for the Company's products and safeguarding patient medication safety.

The Company requires all employees to strictly follow the adverse event reporting policy, collecting safety-related information such as adverse reactions through the Company's official website, public email, and 24-hour hotline. During the Reporting Period, we conducted training for all staff on the adverse drug reaction reporting and handling procedures. The training covered the definition of adverse events/reactions, reporting channels, and reporting timelines. It clarified that every employee has the responsibility to promptly report product safety information, ensuring that safety-related information is timely addressed when an adverse event occurs.

4. *Product Recall Management*

The Company adheres to the relevant regulations set forth by drug regulatory authorities and has established product recall management plans such as the "Product Recall Management Procedures" and the "Nonconforming Product Management Procedures." The Company conducts regular simulated recall drills to enhance the emergency response capabilities for product safety incidents and to improve operation management standards for related products. For products involving quality complaints, adverse reactions, or other quality issues, the Company implements appropriate recall measures proportionate to the severity of safety hazards and risks. All products returned due to quality issues are properly documented and destructed.

During the Reporting Period, the Company achieved a product qualification rate of 100%, with the number of recalled products being 0.

(II) Supply Chain Management

To further standardize the management of suppliers, Lepu Biopharma has prepared such documents as the Procurement Control and Management Procedures, the Technical Service Supplier Management System and the Contract Management System, providing procurement behaviours and processes, the sourcing, development and initial access evaluation of front-end suppliers and summary of annual purchasing data to facilitate supplier review and evaluation as well as supervision of day-to-day contract management.

Lepu Biopharma's procurement department closely cooperates with the quality management department and the demand departments to form a review team, conducting strict preliminary reviews of suppliers' qualification documents to ensure the reliability and quality of suppliers' services.

- In the preliminary review phase, the Company carefully checks the suppliers' various qualification documents to ensure they have the legal qualifications for operation and production.
- The company also conducts a comprehensive assessment of the suppliers' quality management systems, production equipment, and process flows, and carries out onsite audits of suppliers of key materials.
- Through onsite visits, the Company gains an in-depth understanding of suppliers' production environments, quality management systems, and staff qualifications, looking for suppliers that meet the Company's requirements and are set for long-term cooperation.

In addition, Lepu Biopharma continuously improves the qualified supplier database and updates the information of qualified suppliers in a timely manner according to changes in market conditions and demands. In terms of supplier evaluation, the Company conducts a comprehensive assessment of suppliers based on their performance in quality, delivery time, and service.

- For suppliers who perform outstandingly, the Company provides incentives, such as increasing purchases or shortening payment cycles.
- For those performing poorly, the Company issues timely rectification notices, demanding corrections within a specified period.
- Unqualified suppliers are decisively eliminated to ensure the overall quality of the supplier team.

Through continuous optimization of the qualified supplier database, conducting onsite audits and regular reviews, and implementing supplier evaluations, the Company has successfully established a long-term, stable, and mutually beneficial cooperative relationship with its suppliers. During the Reporting Period, the Company's supplier evaluation work covered all procurement projects and suppliers, effectively ensuring smooth procurement and the stable improvement of product quality.

During the Reporting Period, Lepu Biopharma's business partners mainly included hospitals at home and abroad, CROs, CDMOs and suppliers of raw materials and equipment, and some of the suppliers had obtained ISO 9001, ISO 13485 and CE certifications.

In 2024, the Company had 913 suppliers, of which 883 were in China (the Chinese mainland), and 30 in China (Hong Kong, Macau and Taiwan) and other countries and regions.

Number of suppliers in 2024

Category	Unit	2024
Number of suppliers by geographical region (details categorized by region)	—	913
Number of suppliers in China (the Chinese mainland)	—	883
Number of suppliers in China (Hong Kong, Macao and Taiwan) and foreign countries	—	30
Number of suppliers reviewed	—	24
Number of suppliers suspended for non-compliance	—	0
Number of potential suppliers rejected for non-compliance	—	0
Number of ISO certified suppliers	—	81

(III) Responsible Marketing

The Company is dedicated to operate responsibly by conducting ethical marketing practices and implementing sustainable business strategies. By rigorously overseeing marketing communications, ensuring the precision of drug information labeling, and efficiently handling drug complaints, the company comprehensively protects the rights of patients while fostering sustainable corporate growth.

1. Standardized Marketing Management

As a reflection of the Company's commitment to openness and transparency, we adhere to the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Advertising Law of the People's Republic of China, the Interim Measures for the Administration of Censorship of Advertisements on Drugs, Medical Devices, Dietary Supplements and Formula Foods for Special Medical Purposes, the Measures for the Administration of Medical Advertisements, the Measures for the Examination of Drug Advertisements, the Notice on Standardizing the Use of Drug Names in Drug Advertisements, and other laws and regulations, as well as a series of strict procedures based on these laws and regulations, to ensure that our marketing communications are not only truthful and reliable but also provide the necessary background information. This helps medical staff accurately determine whether our drugs are appropriate for their patients and fully understand any potential side effects.

Lepu Biopharma places great emphasis on the standardization and legality of market promotion, strictly adhering to laws and regulations such as the Advertising Law of the People's Republic of China, the Trademark Law of the People's Republic of China, and the Measures for the Examination of Drug Advertisements. The Company standardizes its market promotion and related management activities to maintain market order and protect consumer rights.

Lepu Biopharma conducts rigorous reviews of its marketing campaign to ensure that all promotional materials and product explanations are truthful, accurate, and complete, thereby avoiding any false advertising or misleading of consumers. At the same time, the Company steps up training for its marketing personnel, enhancing their legal awareness and professional qualifications to ensure compliance with laws and regulations and adherence to principles of integrity during marketing activities. Moreover, to ensure the effective implementation of various frameworks and measures, the Company has established a sound supervision mechanism, regularly and sporadically inspecting marketing activities, seriously dealing with any detected violations, and holding the responsible personnel accountable.

2. *Accuracy of Drug Information*

Our responsibility begins with ensuring the accuracy of drug labels. Before any new label is finalized or significant changes are submitted to regulatory authorities and/or before the product is marketed, we conduct thorough reviews. Moreover, we ensure that all information and statements released to the public are consistent with the labels and indications approved for the local market, and we perform medical accuracy reviews of the information to be compliant with local regulatory and legal standards. We adhere strictly to promoting our pharmaceuticals only for their approved indications and using them in accordance with the approved labeling. Through these measures, we are committed to providing clear and accurate information about our drugs to healthcare professionals and patients, while maintaining the integrity of our brand and the trust of the public.

3. *Service Quality Assurance*

In response to drug complaints, Lepu Biopharma has formulated a strict handling procedure and continuously refines its related work mechanisms. Upon receiving the complaint about product quality issues, the Company immediately initiates the complaint handling process. First, a professional team meticulously records the details of the complaint and promptly contacts the complainant to understand the situation in detail. Subsequently, a thorough investigation is conducted to analyze the cause of the issue and develop targeted solutions. Throughout the entire process, the Company maintains close communication with the complainant to ensure they are informed about the handling progress and outcome. The Company also sets specified time limits for handling complaints, thus ensuring the timeliness and efficiency of the process. Additionally, the Company reflects on and summarizes the complaint handling process to identify and improve any shortcomings, continuously enhancing service quality.

During the Reporting Period, the Company did not receive any customer complaints.

V. TECHNOLOGICAL INNOVATION LEADERSHIP: HEALTH PROTECTION

Lepu Biopharma Co., Ltd. is an innovation-driven biopharmaceutical company with a strong China root and global vision. With a firm belief that the Company's value is jointly created by our employees, customers and partners, the Company upholds the principle of responsibility-based operation and concentrates on generating shared value for various social parties all the time.

Lepu Biopharma places great emphasis on technological innovation, committed to maintaining a leading position in the industry through continuous R&D investment, while strictly adhering to product responsibility principles to ensure that each product meets the highest standards.

(I) Technological Innovation

Lepu Biopharma places its mission in the back of our heads to "become a leading platform-based innovative enterprise that meets the medical needs of cancer patients with innovative drugs." The Company focuses on differentiated biopharmaceutical R&D as a strategic priority, keeping pace with the latest technologies and trends in global biopharmaceutical innovation. The goal is to establish a solid foundation in China and expand to the global market, becoming a truly internationally influential innovative biopharmaceutical company.

1. Technological Innovation Management System

The Company specializes in innovative medical care, long committed to discovering, developing, and commercializing candidate drugs with originality and optimal performance in the fields of targeted cancer therapy and immunotherapy. In the pre-clinical stage, the Company follows the "Research and Development Management System" to initiate projects, screen candidate drugs, and file IND applications. We strictly abide by laws and regulations including the Drug Administration Law of the People's Republic of China, the Measures for the Administration of Drug Registration, the Guideline for the Acceptance and Examination of the Registration of Biological Products, the Guiding Principles of Pharmaceutical Research and Change of Technology in Biological Products During Clinical Trials, the Good Laboratory Practice (GLP), the Good Clinical Practice (GCP) and the Measures for the Administration of Drug Research and Registration (Trial). At the same time, under the framework of the guidance principles of the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH), the Company standardizes the development of new drugs.

2. *Technological Innovation Strategy and Achievements*

The Company continuously strengthens the construction of the R&D industrial platform, focusing on cutting-edge technology and concentrating on the development of high-quality innovative drugs. We have established a comprehensive industrial platform that integrates R&D, production, and commercialization, covering key aspects such as new drug research, pharmaceutical development and industrialization, drug production, clinical research, and commercialization.

- **Innovative Pharmaceutical R&D Platform**

  We continuously strive to build up and develop novel technology platforms as innovative engines for the Company. Besides the clinical-proven vc-MMAE platform, we have developed multiple innovative linker-payload platforms for ADC drug candidates, including the Hi-TOPi platform and other early-stage platforms. During the Reporting Period, our innovative ADC platforms and T cell engager platform TOPAbody have achieved significant progress. Based on these innovation platforms, we have generated two ADC drug candidates, which are MRG006A with global first-in-class potential and MRG007 with global best-in-class potential, as well as the new-generation T cell agonistic antibody CTM012. Currently, we are conducting a Phase I clinical trial for the drug candidate MRG006A. Meanwhile, we are advancing the drug candidates MRG007 and CTM012 to clinical research stage efficiently.

- **Process Development and Analytical Development Platform**

  The Company possesses strong capabilities in process and analytical development, including the following functionalities: (1) the construction of GMP-compliant cell bank; (2) the separation and purification process which improves product purity; (3) advanced ADC conjugation technology; (4) optimization technologies that realize precise control of DAR; (5) sophisticated formulation development technology; and (6) comprehensive release testing and product characterization analysis technologies.

- **GMP Production Platform**

The Company continues to strengthen its independent production capabilities. The Beijing base has established a 2,000L GMP-compliant bioreactor production line, which mainly supports the production of clinical drug supply and offers CDMO production services. In addition, the building construction of the Shanghai Biotech Park has been completed. The research and development center in the Shanghai Biotech Park has been put in use, which further enhances the company's capability to conducting pre-clinical, quality control, and CMC research activities. The manufacturing facilities in the Shanghai Biotech Park have a designed total capacity of 12,000L, and have been obtained the environmental impact assessment report for the production of mAb and ADC. Going forward, we will continue to build or expand our manufacturing facilities based on our business needs.

- **Clinical Development Platform**

The Company has established a scientific and efficient innovative drug clinical development and operation management system, with clinical development centers set up in both China and the United States, possessing extensive experience regulatory communication and registration filings in the innovative drug sectors of both countries. Currently, one of our drugs, Pucotenlimab Injection, has been approved by the National Medical Products Administration (NMPA) for marketing in two indications: unresectable or metastatic MSI-H or mismatch repair deficiency (dMMR) advanced solid tumors, and unresectable or metastatic melanoma that has failed prior systemic therapy, entering the commercialization stage. Moreover, multiple clinical trials are also being efficiently advanced.

Case: Multiple Pipelines Recognized as Innovative Programs by Regulatory Authorities

We are steadily advancing clinical development of our pipelines and have secured recognition for several innovative programs. During the Reporting Period, the Phase II clinical studies of MRG002 and MRG003 were both included in the 2024 Shanghai Biopharmaceutical Innovation Product Development Project (上海市生物醫藥創新產品攻關項目). Additionally, the Phase III clinical study of MRG002 was included into the Shanghai Science and Technology Innovation Action Plan's "Biopharmaceutical Technology Support Special Project" (上海市科技創新行動計劃"生物醫藥科技支撐專項") as well as the 2024 Pudong New Area Special Support for High-Quality Development of the Biopharmaceutical Industry Project (浦東新區支持生物醫藥產業高質量發展專項).

Case: MRG003 NDA Application Accepted by CDE and Included in Priority Review; Clinical Trial Results to be Presented at ASCO Congress 2025

MRG003 is an ADC comprised of an EGFR-targeted mAb conjugated with the potent microtubulin disrupting payload MMAE via a vc linker. We have received the Acceptance Notice (《受理通知書》) issued by the NMPA in relation to the acceptance of the NDA of MRG003, for the treatment of R/M NPC, and currently the NDA of MRG003 is under the priority review by the CDE of NMPA. The encouraging data from the pivotal Phase IIb clinical study has been observed and selected as "late breaking abstract (LBA)" for oral presentation at the 2025 ASCO Annual Meeting. Additionally, BTD of MRG003 was granted by the FDA for the treatment of R/M NPC in 2024. We are also further exploring the potential of MRG003 through its combination with immuno-oncology.

- **Commercialization Platform**

  The Company has established an efficient marketing team domestically, primarily responsible for formulating product promotion, product positioning, and brand management strategies. By conducting academic promotions, a strong brand image is built to enhance the awareness of the product among doctors and patients. In terms of sales channel development, the Company actively explores cooperative relationships across various business channels, currently covering approximately 81 cities through multiple channels. In 2024, the product Pucotenlimab Injection (trade name: Puyouheng®) was awarded the title of 2024 Shanghai Biopharmaceutical "New and Improved Pharmaceutical and Medical Device" Product (上海市生物醫藥"新優藥械"產品) by the Shanghai Municipal Commission of Science and Technology. Concurrently, the Company is actively promoting overseas cooperation. The global exclusive licensing agreement with AstraZeneca for the Claudin 18.2 antibody-drug conjugate CMG901 has initiated an international multicenter Phase III clinical trial.

3. Cultivation of Technological Innovation Talents

The Company deeply understands the critical importance of talent and places great emphasis on nurturing and building its scientific research team. By leveraging a diverse talent recruitment mechanism to widely attract outstanding individuals and continuously refining its training processes, the Company has successfully established a R&D team rich in experience in drug discovery, clinical development, pharmaceutical development, and production. The central technology management team is led by industry veterans, who set global strategic innovation goals for the Company from a professional perspective, upgrade the R&D organizational structure, and recruit global R&D talent. The leadership team of Lepu Biopharma has held positions in leading pharmaceutical companies both domestically and internationally, possessing a broad vision and extensive professional experience.

During the Reporting Period, there were 157 employees in the R&D team of Lepu Biopharma, accounting for 31.53% of the workforce, including 73 employees with master's degree and 22 with doctoral degree.

(II) Patient Privacy Protection

The Company always adheres to scientific ethics and focuses on information security and patient privacy protection during the process of new drug development to safeguard the common interests of the Company and patients. We strictly comply with the Good Clinical Practice (GCP), follow the international standards such as ICH GCP Guidelines, and use reliable electronic clinical trial data collection and management system (EDC). Through the perfect management system and process control, we aim to reduce the information security risk in the daily work process, and protect the legal rights and interests as well as the privacy of the subjects.

Lepu Biopharma has taken a series of measures to enhance patient privacy protection:

- The Company signs non-disclosure agreements (NDAs) with all employees, as well as suppliers and partners that are involved in confidential information, requiring every employee, management employee, affiliate or external technical advisor to fulfill the duty of confidentiality;

- The clinical trials conducted by the Company are reviewed by the Medical Ethics Committee and carried out in collaboration with clinical trial sites (hospitals), sample testing institutions, CROs and other partners, and we do not have direct access to any of the subjects' private information other than the data necessary for the study. In handling essential data for clinical research, the Company also anonymizes medical data, using codes for patient identity management to ensure the safety of personal privacy;

- The Company requires all partners to conduct clinical trials by respecting the subject privacy and confidentiality rules of GCP and to closely monitor and manage the clinical trial process.

(III) Intellectual Property Protection

As a knowledge-intensive enterprise, intellectual property is the fundamental source of competitive strength for Lepu Biopharma, which highly values the protection and management of intellectual property. While protecting the Company's own intellectual property rights, it also respects the intellectual property rights of others. The Company strictly abides by the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China and other laws and regulations, and has formulated relevant intellectual property rights system documents and management measures. The Company has specifically established an Intellectual Property Department to assist in completing the application processes for various patents, trademarks, and copyrights, ensuring that the Company's rights are effectively protected by law. Additionally, the Company regularly maintains and updates existing intellectual property rights. Additionally, this department is responsible for the evaluation, transaction, and licensing of intellectual property rights, creating more commercial value and competitive advantages for the Company through reasonable utilization of intellectual property rights.

To ensure timely and accurate safeguarding of its legitimate rights and interests, Lepu Biopharma places great emphasis on the retrieval and analysis of intellectual property information. The Company regularly conducts all-around searches of intellectual property information and thoroughly analyzes potential risk points to proactively identify and manage major risks in intellectual property management, thereby effectively preventing the occurrence of intellectual property infringement. In addition, to maintain the security of our patents, we sign confidentiality agreements with our employees, and sign invention transfer agreements with them in relation to job inventions to clarify the ownership of intellectual property rights. These measures ensure our compliance and security in intellectual property rights, and help to maintain the Company's innovation achievements and market competitiveness.

During the Reporting Period, the Company had 7 Chinese mainland patents, 1 Hong Kong patent and 1 Macau patent in China, 10 US patents, 8 Japanese patents, 3 European patents (including 3 authorized by Switzerland, Spain, the UK, 2 by Ireland, Belgium, Denmark, France, Finland, the Netherlands, Germany, Italy, and 1 by European) for its main business. In addition, the Company held 125 pending invention patents, including 21 in the Chinese mainland and 104 in overseas jurisdictions (such as the United States, Japan, Korea, Australia, Israel, India and the European Union). Furthermore, we owned 42 trademarks in China and 13 abroad, 34 software copyrights as well as 22 domain names during such period.

VI. PEOPLE-ORIENTED: SHARED FUTURE

(I) Compliance employment

Employees are the most valuable asset of Lepu Biopharma and are the core "engine" driving the Company's continuous innovation and sustainable development. The Company regards employees as important partners as our business grows, consistently focusing on employee caring and growth, striving to create a comfortable working environment for them. The Company provides employees with an all-around welfare system, allowing them to work in a relaxed and pleasant atmosphere. At the same time, it actively builds a broad career development platform for employees, helping them continuously improve their abilities and caliber through internal training, promotion opportunities, and other means, achieving a win-win situation for personal value and company development.

1. Employee Hiring

To standardize the management of recruitment and separation, salary, benefits and promotion, working hours and holidays, Lepu Biopharma has formulated a series of employee management systems, such as Recruitment Management System, Interview Management Measures, Salary Management System, Employee Probation Management Measures, and Entry and Exit Management System, to strictly eliminate all forms of child labour and forced labour. The Company strictly adheres to the principles of openness, fairness, and just in the recruitment process, ensuring all qualified applicants have equal opportunities to compete, avoiding any form of discrimination and bias, and not providing different treatment based on the applicant's ethnicity, race, age, gender, marital status, or religious beliefs. The Company actively expands recruitment networks through campus recruitment, social recruitment, internal referrals, etc., attracting talents from different backgrounds with diverse professional skills and experiences, achieving diversity and inclusiveness in our team of talent. By establishing a diversified talent introduction and training mechanism, the Company provides equal career opportunities for employees, effectively attracting and retaining various outstanding talents, continuously driving the Company's innovative development.

During the Reporting Period, Lepu Biopharma had 498 employees, of which 54.02% were females, with two female senior executives.

Number and percentage of employees in 2024

Overall 498 employees

By gender

Male	229	45.98%
Female	269	54.02%

New Hires 264 53.01%

By age

Under 30	155	31.12%
30 - 50	339	68.07%
50 and above	4	0.80%

By rank

Senior Management employees	3	0.60%
Middle management employees	139	27.91%
Ordinary employees	356	71.49%

By region

China (the Chinese mainland)	495	99.40%
China (Hong Kong, Macao and Taiwan) and foreign countries	3	0.60%

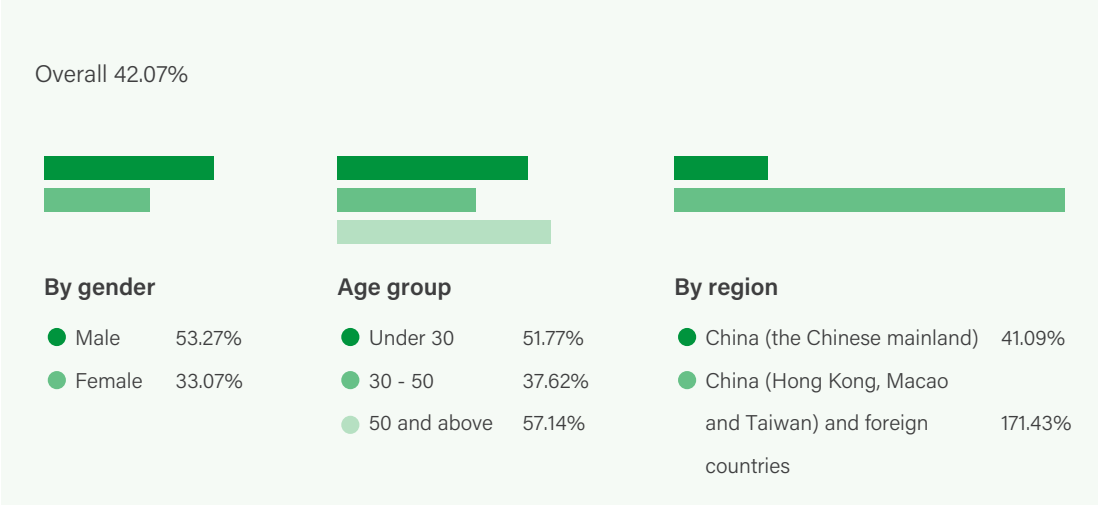
Employment category

Full-time employees	496	99.60%
Interns	2	0.40%

Educational background

Doctorate	27	5.42%
Master's	99	19.88%
Bachelor's and below	372	74.70%

Employee turnover rate in 2024



2. *Employee Rights and Interests*

Lepu Biopharma strictly complies with the requirements of the law, implements standard working hours, and formulates management systems and regulations when necessary, including the Management System for Promoting Employment and Protecting the Rights and Interests of Employees, the Management System of Labour Contracts, the Performance Management System, the Management System of Staff Attendance and the Management System of Staff Code of Conduct, to protect the rights and interests of employees.

Lepu Biopharma is always committed to creating an efficient and humane working environment. The Company encourages employees to maintain a highly efficient work state within regular working hours, to work with focus and enthusiasm, jointly promoting the Company's innovation and development. The Company fully respects and protects employees' time off work, in addition to adhering to national statutory holidays such as the Spring Festival, Labor Day, and National Day. It also provides paid annual leave based on employees' tenure, allowing them to fully rest and recuperate. For female employees, the Company provides paid maternity leave, and for male employees, paid paternity leave, ensuring female employees or their family members receive adequate rest and care during childbirth. Furthermore, Lepu Biopharma continues to regulate the management of employee benefits, committed to providing comprehensive and multi-level benefits for employees. The Company pays social insurance for employees and provides various subsidies, effectively caring for every employee. The Company also highly values the needs and feelings of its employees, and highlights equal communication with employees to keep up with their developments and demands. Zero complaints and zero labor disputes were received on human rights-related issues during the Reporting Period.

(II) Occupational Health and Safety

Lepu Biopharma places employee health and production operation safety in a crucial position, continuously strengthens safety management, implements sustained safety management, improves staff safety awareness, and is committed to providing employees with a healthy and safe working environment. The Company strictly abides by the relevant laws and regulations as well as industry standards, including the Law of the People's Republic of China on Work Safety, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, the Law of the People's Republic of China on Prevention and Treatment of Infectious Diseases, the Regulations on the Safety Management of Hazardous Chemicals, the Technical Specifications for Occupational Health Surveillance, and the Regulations on Work-Related Injury Insurance of the People's Republic of China, and we have also established relevant management systems and specifications, such as the Employee Health Management System, the Safety Production Standardization Management Manual, the Hazardous Chemicals Safety Management System, the Special Chemical Emergency Response Plan, the Fire Safety Management System, the Management System for Prevention and Control of Occupational Hazards, the Hazardous Work Management System, etc.

To enhance the environment, health and safety (EHS) management and reduce EHS-related risks and impacts, Lepu Biopharma constantly optimizes the EHS management team, timely adjusts the Company's EHS policies, long-term plans and annual objectives, defines the annual EHS work priorities, prepares EHS risk assessment reports and emergency response plans, investigates EHS incidents, follows up improvement progress, and takes corresponding measures in time.

Lepu Biopharma values its employees' occupational health and safety in manufacturing and work, and takes multiple measures to protect employees from injuries arising therefrom. During the Reporting Period, the Company thoroughly identified and managed occupational disease hazards in the workplace, adopting scientific methods to comprehensively analyze and evaluate potential hazards in the production process and formulate corresponding control measures. At the same time, it strengthens the management of occupational health-related facilities, ensuring their normal operation, effectively preventing the occurrence of occupational diseases. Additionally, to enhance employees' awareness of occupational health and safety operation skills, the Company requires all employees operating special equipment to have the necessary certification. The Company provides professional training and guidance to employees, helping them master relevant knowledge and skills for safe operation, enabling them to complete tasks at work proficiently and safely. The Company also pays special attention to employees in high occupational health risk positions, providing them with occupational health examinations before being put on post, during their tenure, and before leaving, to timely discover and address potential health issues. The Company has established a comprehensive emergency response mechanism. Once a work injury incident occurs or an employee experiences occupational health issues, immediate measures are taken, adjusting their positions and taking other remedial measures to maximally protect employees' rights and health.

During the Reporting Period, the number of lost days due to work injury were 103, the number of safety accidents occurred were 0, the number of work-related injury were 1, the rate of work-related fatalities occurred were 0.

Case: Lepu Biopharma Conducted Hazardous Materials Emergency Drills

In terms of hazardous chemical management, the company has established corresponding emergency response plans and conducts regular drills annually. These drills are organized by the safety department, which also holds a kick-off meeting to review the drill scenario. This year's hazardous chemical emergency drill focused on theft prevention and loss control, with active participation from all relevant department personnel. Through hands-on training, the drill enhanced employees' ability to respond to emergencies and validated the practicality of the contingency plans. It not only raised safety awareness among employees but also strengthened the company's safety defenses in the management of hazardous chemicals as well.



Case: Lepu Biopharma Shanghai Park Conducted Fire Drill

To further promote fire safety awareness and enhance employees' emergency response and self-rescue capabilities, a fire drill was conducted at the Shanghai Park in November 2024. During the drill, personnel on site responded swiftly and evacuated in an orderly manner along the designated evacuation routes within the required timeframe, successfully completing the drill objectives. Subsequently, the park invited external professionals to demonstrate proper fire extinguisher usage techniques, with employees participating in hands-on practice.


(III) Employee Development

Lepu Biopharma attaches great importance to personnel training. We carry out personnel training in accordance with strategic requirements and development needs, build a sound personnel training system, and provide talents with good development opportunities by establishing a reasonable and scientific promotion mechanism.

Transparent Promotion Mechanism

Lepu Biopharma has established a fair, sensible, and transparent performance evaluation mechanism. It regularly conducts employee performance assessments and evaluations, comprehensively and objectively evaluating employees' work performance through clear goal setting, scientific assessment methods, and fair judging criteria. In this process, the Company not only focuses on employees' performance outcomes but also pays attention to their work attitude, teamwork ability, and innovation capacity. To achieve the transparency in promotion, the Company has established an employee promotion pathway, strictly defining the conditions, standards, and procedures for promotion, providing employees with a clear career development path. Through such a promotion pathway, employees can clearly understand their direction of promotion, thus purposefully enhancing their abilities and qualities. Meanwhile, to ensure the fairness of promotion, the Company implements a strict promotion qualification approval system. An employee's promotion qualification is jointly approved by the respective department head and the human resources department, striving to a comprehensive and objective consideration of their work performance, caliber, and potential. This system effectively avoids subjective bias and human interference, ensuring the fairness and accuracy of promotion.

All-around Training System

Lepu Biopharma adheres to people-oriented and lean management, and strives to provide wide-ranging and targeted training to employees of different positions by formulating tailored training plans on the basis of the actual needs of specific job requirements, the construction of talent team building and employees' career plan, so as to continuously improve the professional skills and knowledge level of employees.

Workforce training coverage rate in 2024

Overall	Male	Female	Senior Management Employees
100%	100%	100%	100%

Middle Management Employees	Ordinary Employees
100%	100%

Workforce training intensity in 2024

Number of employee training	Total length of training in the year	Average length of training per employee
833time	10,342.5hour	20.77hour

Average length of training per male employee	Average length of training per female employee	Average length of training per senior management employee
20.59hour	20.92hour	8.33hour

Average length of training per middle management employee	Average length of training per primary employee
16.80hour	22.42hour

Lepu Biopharma makes training plans for employees every year, organizes training at three levels (company, department, and post) every quarter, produces EHS-themed monthly, and organizes fire, electricity and traffic safety training in the middle of the year. In addition, the Company organizes training on telecom fraud prevention or other theme-based training in the Workplace Safety Month based on the hot security issues in society, and holds related competitions to expand the scope and depth of such training, and rewards employees for their outstanding performance.

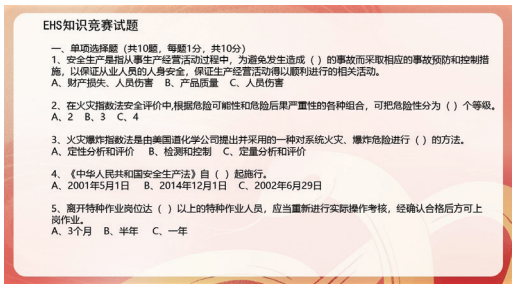
During the Reporting Period, Lepu Biopharma organized a total of 833 employee training sessions or activities.

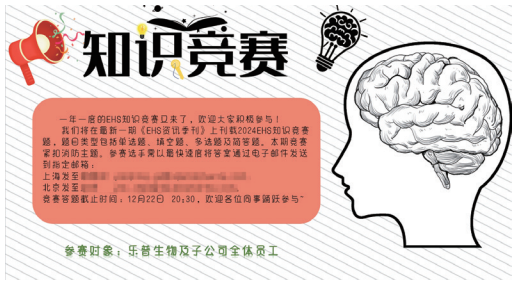
Content of 2024 Employee Training

- Workplace Safety Laws and Regulations Training
- Occupational Health Training
- Hazardous Waste Safety Training
- Fire safety training and drills
- Three-Level (Corporate, Departmental, Positional) EHS Basic Safety Training
- Hazardous Chemicals Safety Training

Case: EHS Quarterly Newsletter and Knowledge Competition

The EHS department at Lepu Biopharma designs thematic quarterly newsletters to disseminate EHS knowledge across the company. Regular knowledge competitions are conducted based on the content shared in the newsletter, featuring Q&A sessions with incentive-based scoring for submitted answers.





(IV) Employee Care

The Company is committed to fostering a warm and supportive working environment to enhance employees' sense of well-being and belonging. We actively address employees' psychological needs and strive to build stronger emotional connections. We demonstrate care through various initiatives, ensuring employees genuinely experience the warmth of our corporate family.

Case: Anniversary Greetings

Lepu Biopharma prioritized employee well-being. On employees' birthdays, employment anniversaries, and major holidays, the company sends celebratory messages through the email system.

Lepu Biopharma always believes that a vibrant and cohesive team is an important cornerstone for the sustainable development of the enterprise. Therefore, every year, the Company plans various recreational and sports activities to strengthen the building of corporate culture, enhance the cohesion of employees, and continuously improve the well-being of employees as well as their loyalty to the Company. During the Reporting Period, the Company organized a variety of team-building activities for employees, including the annual meeting, monthly birthday parties, and team development activities.

Company annual meeting


Team-building activities



Monthly birthday parties


VII. SOCIAL IMPACT: SPREADING COMPASSION

(I) Universal Healthcare

Lepu Biopharma is deeply aware of the importance of the widespread accessibility and availability of pharmaceuticals for public health. To this end, the Company has implemented multiple measures dedicated to making its high-quality drugs accessible to more people.

By establishing close partnerships with medical institutions and drug distributors at all levels, we optimized supply chain management to ensure efficient and rapid delivery of drugs to patients. In 2024, the Company achieved network coverage in 27 provinces and cities, with sales regions covering 31 provinces, cities, and autonomous regions, 81 cities, over 500 hospitals, and more than 350 pharmacies, establishing a nationwide supply network system to ensure patients can access medicines in a timely and convenient manner. Additionally, we actively expand hospital access through formal admission and temporary procurement supply to ensure the prescription drug supply for hospitalized patients. We actively participates in public medical insurance programs, communicating and negotiating with relevant government departments, successfully joining the Huimin Insurance in locations: Hebei Province, Guangzhou, Nanjing, Anhui Province, Huzhou, Zigong, Ya'an, and Zhuhai, reducing the medication costs for patients.

Furthermore, the Company has launched drug assistance programs, offering subsidies or free drugs to economically disadvantaged patients to alleviate their financial burdens.

Through these efforts, Lepu Biopharma has not only improved the accessibility of drugs but also contributed to improving the overall health of society. In the future, the Company will continue to explore innovative cooperation models and solutions to expand the reach of medicines to a wider population and contribute to achieving global health goals.

(II) Public Charity

Lepu Biopharma always upholds the principle of "patient-first, innovation-driven." While committed to meeting clinical needs and focusing on innovative research and development, the Company also actively practices corporate social responsibility, establishing stable and effective communication mechanisms with the community to promote its harmonious development.

Lepu Biopharma is fully aware that enterprises and society are interdependent and inseparable. Therefore, the Company always prioritizes taking on social responsibilities and deeply engages in social practices. To maintain close contact with the community, the Company has established various communication channels and mechanisms.

To help patients with cancer receive continuous, organized treatment and improve their quality of life and survival, Lepu Biopharma collaborated with the Quzhou Medical Health and Community Development Foundation to initiate the "Puyou Lifetime – PUYOUHENG Personal Assistance Project." By providing PUYOUHENG (Pucotenlimab Injection) drug assistance to patients, it helps them receive timely and effective treatment, alleviating pain and reducing financial burden. As of 2024, the Company has donated tens of millions worth of PUYOUHENG drugs to the foundation, benefiting hundreds of patients.

At the 2024 China Physician Public Welfare Conference themed "Advocating Humanistic Spirit and Highlighting the Compassionate Heart of Physicians," approximately 500 medical experts, representatives of loving enterprises, representatives of public welfare organizations, patient representatives, and humanities scholars from all over the country gathered together to jointly explore new pathways for the medical public welfare cause. During the conference, the Company was awarded the honorary title of "Promoter of Medical Public Welfare" by the China Physician Public Welfare Conference.


荣誉证书

乐普生物科技股份有限公司

恭喜您获得2024中国医师公益大会

"医疗公益的推动者"

荣誉称号

VIII. ECOLOGICAL STEWARDSHIP: ADVANCING ENVIRONMENTAL PARTNERSHIPS

(I) Environmental Management

The company places great emphasis on environmental protection, adopting stringent management and treatment measures for the gas emissions, wastewater, and solid waste generated during the Company's operations to ensure compliance with environmental regulations and reduce environmental impact.

1. Environment Management System

Lepu Biopharma adheres to the concept of sustainable development. Strictly abiding by laws and regulations including the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution, and the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, Lepu Biopharma has established and continuously improves the Company's environmental protection policies and systems, strengthens environmental impact monitoring and risk management, minimizes the operational environmental footprint as much as possible, and fulfills the primary responsibility for corporate ecological and environmental protection.

Lepu Biopharma has formulated management standards such as the "Corporate Environmental Management System," setting strict regulations on resource utilization, energy conservation, emission reduction, and management of emissions, striving to minimize the environmental impact of the Company's operations. With environmental management objectives as the guide, it has developed environmental management measures covering all aspects of production, office operations, and logistics, aiming to integrate environmental management into every detail.

The Company also established an environmental management assessment and reward and punishment mechanism, recognizing and rewarding departments and individuals who excel in environmental management work and seriously dealing with violations of environmental protection regulations. By establishing an internal environmental management system and strictly implementing relevant management standards, Lepu Biopharma has successfully reduced the environmental impact of its operations, achieving a win-win for economic and environmental benefits.

2. *Environment Management Measures*

In 2024, we have developed and implemented environmental management measures in our Beijing plant and Shanghai Biotech Park

- Shanghai laboratory exhaust treatment unit
- Shanghai sewage station added waste gas treatment facilities
- We have formulated overall power-saving scheme and provided all lighting by using LED lights
- All the street lights are powered by solar energy in Shanghai Biotech Park
- Promote the use of intelligent lighting system
- Irrelevant high-power consuming equipment are not allowed in dormitories and offices
- Variable frequency controllers are used for all the equipment and devices supplied in the laboratories
- Variable frequency air conditioners are used in all facilities
- Water-saving faucets are installed in all facilities
- Water sinks not necessary for daily operations are recommended to be removed
- Electronic documentation is advocated to be used instead of paper documentation
- Employees are encouraged to bring their own cups to terminate the use of paper cups
- Detailed garbage sorting is implemented and garbage disposal is performed as required
- Ensuring lights and air conditioning are turned off when leaving the office
- Partial activation of underground lighting

3. Environment Management Targets

Energy conservation & emissions reduction

- The design of Shanghai Biotech Park of Lepu Biopharma requires that the temperature and humidity of the workplace should be controlled at the lowest energy consumption level under the premise of meeting the GMP requirements, which are 20°C-24°C and 45%-65% in spring and summer, and 18°C-22°C and 40%-60% in autumn and winter for clean areas; while 18°C-26°C and 30%-75% in spring and summer, and 18°C-26°C and 30%-75% in autumn and winter for non-clean areas.

- Rooftop photovoltaic power generation equipment was used in Shanghai Biotech Park of Lepu Biopharma to reduce power consumption by using clean energies.

- In 2024, Lepu Biopharma continued to purchase office computers that have passed the "China Energy-saving Product Certification" and achieved Grade I energy efficiency from our suppliers.

Saving water

- Purified water systems will be installed in Shanghai Biotech Park of Lepu Biopharma to achieve water conservation by using RO+EDI water production process;

- In 2024, Lepu Biopharma has provided direct drinking water in replace of bottled water in the whole Company.

Reducing waste

- In 2024, Lepu Biopharma continued to accomplish 100% waste recycling and processing.

(II) Pollution Prevention and Control

1. Waste water Treatment

The wastewater produced by Lepu Biopharma mainly includes laboratory liquid waste, production wastewater, and domestic wastewater. Although laboratory waste liquids are small in volume and non-toxic, the Company still adopts a cautious approach, entrusting qualified third parties to collect and treat them uniformly in an effort to avoid any adverse environmental impact. The production wastewater is discharged into the municipal pipeline network together with the domestic wastewater after being treated by the sewage station in the plant and reaching the standard.

Indicator	Unit	Data in 2024	Data in 2023
Wastewater	metric ton	14,337.41	9,119.87
COD	metric ton	0.66	0.16
Ammonia-Nitrogen	metric ton	0.04	0.01

2. Waste Gas Treatment

Our main challenge is the treatment of waste gas from experiments. We strictly control the process flow in experiments, utilizing advanced waste gas treatment equipment and technologies to ensure emissions meet national and local environmental standards. We regularly inspect and maintain the waste gas treatment equipment to guarantee its proper operation and efficient processing of exhaust gases.

Indicator	Unit	Data in 2024	Data in 2023
Waste gas emissions	Cubic Meters	61,930,046	43,882,058.00

During the Reporting Period, Lepu Biopharma took many different emission reduction measures to effectively reduce emissions from laboratories and workplace.

(i) We used the tail gas treating unit to filter the waste gas during experiment, to ensure compliance with treatment and release requirements of such waste gas;

(ii) For gas-fired boilers, we have assembled low-nitrogen burners to achieve emissions of nitrogen oxides < 30 mg/m³, sulfur dioxide < 10 mg/m³, and fume dust < 5 mg/m³ in the exhaust gases;

(iii) We used harmless treatment design for waste gas to ensure that the waste gas generated from sewage treatment are discharged into the atmosphere in the form of clean air only after green treatment.

(iv) The Shanghai wastewater treatment station has added exhaust gas treatment facilities, where odors are treated with UV, activated carbon, and alkali spray before being discharged through a 31 m high E5 exhaust stack.

(v) The Shanghai laboratory has installed new exhaust treatment equipment, with laboratory reagent preparation and waste gas from experiments, as well as liquid-phase waste gas from experiments being treated with activated carbon before being discharged through the E2 exhaust stack. Disinfection waste gas from the biosafety laboratory clean area is treated through an activated carbon filter screen before being discharged through the E4-1 and E4-2 exhaust stacks.

Tail gas treatment unit at laboratories in Beijing plant

Low-nitrogen burners used for the gas-fired boilers in Beijing plant

Harmless treatment of waste gas used for the sewage treatment system in Beijing plant

Shanghai laboratory exhaust treatment unit

Shanghai sewage station waste gas treatment facilities

3. Solid Waste Treatment

The **hazardous wastes** generated by Lepu Biopharma mainly include waste chemical reagents, reagent packaging boxes and waste toner cartridges. The Company conducts hazardous waste management by strictly following its internal system to prevent environmental pollution caused by the leakage of hazardous chemicals. All hazardous wastes are handed over to eligible third parties or suppliers for unified treatment as required.

The **non-hazardous wastes** generated by Lepu Biopharma mainly include domestic waste and office supplies waste during day-to-day office work. The Company carries out waste classification to promote the recycling of waste. Non-hazardous wastes that can be recycled are transferred to qualified suppliers or recyclers for handling, and other non-hazardous wastes are handled by the property service provider.

In 2024, the amount of hazardous wastes generated by Lepu Biopharma was 26.92 metric tons in total, per capita 0.05 metric tons. The total amount of non-hazardous wastes was 6.29 metric tons, per capita 0.01 metric tons.

Indicator	Unit	Data in 2024	Data in 2023
Total hazardous waste[1]	metric ton	26.92	22.02
Hazardous waste per person	metric ton/person	0.05	0.05
Total non-hazardous waste[2]	metric ton	6.29	5.05
Non-hazardous waste per person	metric ton/person	0.01	0.01

1 Hazardous wastes include hazardous waste consumables and hazardous medical wastes. Hazardous waste consumables include toner cartridges, toners and other items purchased by the Company, calculated based on the data on the detailed purchase list provided by the supplier; hazardous medical wastes include waste chemical reagents, laboratory waste solutions, empty bottles of reagents, laboratory waste, spent activated carbon, laboratory hazardous solid waste, glass, plastic package, etc., calculated by the medical waste treatment bills and log records.

2 Non-hazardous wastes include domestic wastes and electronic wastes. Domestic wastes include copying paper, light bulbs, office desks and chairs, gas masks, goggles and fire extinguishers; electronic wastes include emergency light batteries, glare flashlights, ultraviolet sterilization lamps and access control devices.

(III) Energy Utilization

Resource consumption is closely linked to environmental protection. Lepu Biopharma always pays close attention to the consumption of primary resources such as electricity, water, and office paper. As the business scale continues to expand, the Company becomes more aware of the importance of resource management and conservation, dedicated to optimizing the way resources are used, improving resource efficiency, and achieving sustainable development.

1. Energy Management

Lepu Biopharma has taken various measures to reduce energy consumption during the experimental and production processes in laboratories and workplace. the Company adopted:

- Variable frequency controls to reduce the energy consumption level of production equipment such as fans for clean air conditioners, bioreactors, centrifuges and filling lines;
- Multi-effect water distillator to increase the utilization rate of heat energy;
- Active power filters to effectively reduce harmonic current, increase the effective capacity of transformers, improve the operating safety factor of transformers, and achieve energy saving and efficiency improvement; and
- Reactive compensation technology to reduce power loss and electric energy loss in the power grid system.

Furthermore, Lepu Biopharma has achieved "temperature and humidity under control" in the clean area of Beijing plant, enabling the adjustment of temperature and humidity according to the external temperature. Specifically, the Company set the temperature and humidity of the clean air conditioners at 24℃, 60% and 21℃, 50% in summer and winter, respectively, so that unnecessary energy consumption from temperature and humidity control can be effectively decreased. The Company has also replaced the conventional lighting system in the locker rooms of the workplace, QC labs and PD labs in Beijing plant with intelligent lighting system, switched the normally-open air curtain to intelligent opening so as to reduce energy consumption through intelligent control.

In the common office areas, Lepu Biopharma actively implements various energy-saving measures, continuously optimizing resource usage methods to enhance resource efficiency. Regarding electricity consumption, the Company regularly inspects the use of lighting fixtures in office areas to guarantee their normal operation and sensible use. Meanwhile, the Company has unified the use of LED energy-saving lights to replace high-energy-consuming fixtures. LED lights are efficient, energy-saving, and environmentally friendly, effectively reducing electricity consumption. Furthermore, the Company advocates the practice of "lights off when leaving," reducing the electricity consumption of air conditioning, fresh air, and exhaust systems, and fostering good habits of saving electricity. By minimizing unnecessary electricity waste, it further reduces power consumption.

Energy conservation efforts made in 2024:

- The design of Beijing Factory and Shanghai Biotech Park of Lepu Biopharma requires that the temperature and humidity of the workplace should be controlled at the lowest energy consumption level, which are 20°C-24°C and 45%-65% in spring and summer, and 18°C-22°C and 40%-60% in autumn and winter for clean areas; while 18°C-26°C and 30%-75% in spring and summer, and 18°C-26°C and 30%-75% in autumn and winter for non-clean areas.

- Air-cooled heat pumps of Grade I energy efficiency are used in Lepu Biopharma. In addition, air conditioning units and exhaust fans are driven by variable frequency motors. Air conditioning and lighting facilities in office areas are turned off during non working hours.

- Water conservation: Smart water dispensers are installed in office areas to replace bottled water.

Indicator	Unit	Total in 2024	Total in 2023
Comprehensive energy consumption[1]	MWh	17,871.67	14,461.35
Direct energy consumption[2]	MWh	10,236.33	8,928.48
Natural gas	MWh	10,236.33	8,928.48
Indirect energy consumption[3]	MWh	7,635.34	5,532.87
Outsourced electric power	MWh	7,635.34	5,532.87
Energy consumption per person	MWh/person	35.89	33.71

2. Green Office

The Company not only focuses on the consumption of primary resources in its daily operations but also demonstrates a profound commitment to environmental protection through attention to detail. In terms of water usage, the Company focuses on improving the efficiency of water resource utilization. In the office areas of the Beijing factory, intelligent water purifiers have been installed to replace bottled water. These purifiers can directly filter tap water, providing safe and healthy drinking water while avoiding the waste associated with the use and transportation of bottled water. In the restrooms of various factories, the Company has fully implemented the use of air-inflated faucets and infrared sensor flushing valves, aiming to further reduce actual water consumption and contribute to environmental protection. The design of air-inflated faucets is unique, allowing for effective handwashing while significantly reducing water flow, thus achieving the goal of water conservation. Infrared sensor flushing valves can precisely detect users' flushing needs, avoiding waste of water resources due to improper manual operation. This intelligent flushing system not only improves convenience in usage but also significantly reduces the consumption of water.

1 The comprehensive energy consumption was calculated through direct and indirect energy consumption according to the conversion coefficient specified in General Rules for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020).

2 During the Reporting Period, our primary modes of operation were day-to-day office work and laboratory operations, and the main energy directly consumed was natural gas.

3 During the Reporting Period, our primary modes of operation were day-to-day office work and laboratory operations, and the main energy indirectly consumed was electric power.

Furthermore, the Company encourages employees to economize on the use of office supplies and to reasonably control the distribution and use of office paper. Employees are encouraged to use teleconferencing, online working and other paperless forms for cross-regional communication so as to minimize the use of office papers.

Indicator	Unit	Total in 2024	Total in 2023
Total water consumption[1]	metric ton	51,517.44	47,759.00
Water consumption per person	metric ton/person	103.45	111.33
Total packaging material consumption	metric ton/person	5.81	0.58

(IV) Responding to Climate Change

Global climate change has become a major challenge for human survival and sustainable development. Frequent occurrence of extreme weather events, ecological degradation, and the emergence of environmental issues such as air, soil, and water pollution not only cause serious environmental damage but also pose unprecedented risks to the daily business and operations of companies. As a company that is highly socially responsible, Lepu Biopharma is acutely aware of the potential impacts of environmental and climate change risks on company operations and development. The Company proactively identifies climate change risks closely related to operations and actively seeks response strategies. At the same time, the Company also sees the opportunities brought about by climate change, driving the Company towards a more environmentally friendly and efficient direction through technological innovation and sustainable development practices.

1 The water used in our facilities are supplied from municipal water networks and no issues have been found in sourcing water that is fit for the purpose of our Company.

1. *Climate change risks and responses*

Risk			Response
Physical Risks	Contingency Risks: Extreme weather	• Office buildings and equipment might be damaged to cause asset loss; • The physical security of plants may be at risk, and the frequency and intensity of regional extreme weather events continue to increase, further exacerbating the likelihood and scope of impact of contingency risk events; • Major equipment damage may directly or indirectly sabotage the continuity of business operations and economic interests.	• Develop emergency response plans for natural disasters and continuously improve emergency response measures for natural disasters; • Identify possible damage to assets and procure necessary insurance.
	Chronic Risks: Lasting heatwave, drought, etc.	• Higher temperatures may result in the need for additional cooling equipment, increasing operational costs.	• Equipped with more energy-efficient cooling technology and system; • Continue to aid companies in going green to mitigate associated climate change risks.
Transition Risks	Policies and Laws Risks	• New policies, regulations, regulatory policies and taxes may increase the Company's compliance costs and related litigation or claims may also increase in numbers.	• Pay close attention to changes in environmental laws, regulations and policies and respond timely.
	Technology Risks	• Failure to identify and apply emerging technologies such as low-carbon technologies and artificial intelligence in a timely manner may lead to greater climate-related risks in businesses.	• Boost R&D capabilities through measures such as training and retention of talents.
	Market Risks	• Shifting customer preferences may intensify the focus on green, low-carbon products.	• Looking for suppliers that are less prone to climate change; • Develop green and low-carbon products, track market trends, and meet consumer demands.
	Reputation risks	• Poor performance in combating climate change and sustainability giving rise to negative feedback from associated stakeholders.	• Boost sustainability of the Company and actively combat climate change; • Improve the transparency of associated management systems and respond to stakeholders' concerns.

2. *Indicators and targets*

The main source of greenhouse gas emissions for Lepu Biopharma is electricity use. For this reason, the Company actively optimizes its electricity use structure, increases the proportion of renewable energy usage, and reduces the consumption of fossil fuels, thereby lowering greenhouse gas emissions. At the same time, the Company is exploring advanced technologies such as carbon capture and storage, with the aim of further reducing greenhouse gas emissions.

Completion status of emissions reduction targets

Energy conservation efforts made in 2024:

- Street lamps are powered by solar energy in Shanghai Biotech Park of Lepu Biopharma to reduce the consumption of municipal electric power.

- All computer suppliers of Lepu Biopharma were required to provide "China Energy-saving Product Certification" to ensure that the computers purchased are of Grade I energy efficiency.

Indicator	Unit	Data in 2024	Data in 2023
Total GHG emissions[1]	metric ton	6,881.81	5,238.85
Direct GHG emissions (Scope 1)	metric ton	1,708.10	1,489.78
Natural gas	metric ton	1,708.10	1,489.78
Indirect GHG emissions (Scope 2)	metric ton	5,173.71	3,749.07
Outsourced electric power	metric ton	5,173.71	3,749.07
GHG Emissions per person	metric ton/person	13.82	12.21

1 Carbon dioxide, methane and nitrous oxide are mainly included in the calculation of GHG emissions. GHG emissions accounting is presented as carbon dioxide equivalence. The emission factor for natural gas is sourced from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories. The emission factor for purchased electricity is derived from the Announcement on the Release of 2022 Grid Electricity Carbon Dioxide Emission Factors (Announcement No. 33 of 2024) by the Ministry of Ecology and Environment and the National Bureau of Statistics. The data for 2023 has been retrospectively recalculated based on the aforementioned factors. During the Reporting Period, the Company's total GHG emissions were from "direct energy" GHG emissions due to natural gas consumption and "indirect energy" GHG emissions due to the use of electricity.

IX. STEADFAST PROGRESS: VISION 2025

In 2024, Lepu Biopharma continued to deepen its efforts in the ESG field, not only consolidating the achievements of the previous year but also achieving new breakthroughs in several key areas. Our endeavors have laid a solid foundation for the company's sustainable development and have also made positive contributions to the improvement of society and the environment. Looking to the future, we are full of confidence, while also recognizing the need to continuously adapt to new challenges and opportunities.

As an innovation-driven biopharmaceutical company, Lepu Biopharma will continue to adhere to the philosophy of "patient first" and commit to developing safer and more effective treatment solutions. We will enhance product quality and production efficiency by increasing R&D investment and optimizing production processes, in order to meet patient needs and improve their quality of life.

We are well aware that the implementation of ESG is key to a company's long-term development. Therefore, Lepu Biopharma will continue to deepen its ESG strategy and integrate it into every aspect of company operations. We will further optimize energy management to reduce environmental impact, strengthen sustainable supply chain management, ensure the health and safety of employees, and comprehensively improve the company's environmental, social, and governance performance.

Lepu Biopharma will continue to drive innovation, acquire cutting-edge technology and management knowledge through international cooperation, and reinforce our leading position in the biopharmaceutical field. We will also closely monitor market changes and patient needs, and flexibly adjust our strategic direction and business focus to consolidate our leading position in the fierce market competition.

Looking ahead, Lepu Biopharma aspires to become a global innovation benchmark in the biopharmaceutical industry. Through close collaboration with partners, we hope to contribute greater value to the global health cause while promoting industry progress.

We firmly believe that with the joint efforts of all employees and the strong support of our partners, Lepu Biopharma will continue to achieve new breakthroughs and together embrace a greener, healthier, and more harmonious future.

APPENDIX: INDEX TABLE OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Indicators		Section(s)
Mandatory Disclosure Requirements		
Governance Structure	A statement from the Board containing the following elements: (i) a disclosure of the Board's oversight of ESG issues; (ii) the Board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the Board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Page 80
Reporting Principles	A description of, or an explanation on, the application of Reporting Principles (materiality, quantitative and consistency) in the preparation of the ESG report.	Page 76
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Page 76
"Comply or Explain" Provisions		
Environmental		
A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Page 113
A1.1	The types of emissions and respective emissions data.	Page 113
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity.	Page 121
A1.3	Total hazardous waste produced and, where appropriate, intensity.	Page 115
A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	Page 115
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Page 112
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Page 113-115

Indicators		Section(s)
A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Page 116-119
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Page 118
A2.2	Water consumption in total and intensity.	Page 119
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Page 110-112, 116-120
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Page 110-112, 116-120
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Page 119
A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Page 119-120
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Page 119-120
A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Page 119-120
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Page 119-120
B. Social		
B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Page 99-107
B1.1	Total workforce by gender, employment type, age group and geographical region.	Page 100
B1.2	Employee turnover rate by gender, age group and geographical region.	Page 101

Indicators		Section(s)
B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Page 102
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Page 102
B2.2	Lost days due to work injury.	Page 102
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Page 102
B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Page 104-106
B3.1	The percentage of employees trained by gender and employee category.	Page 105
B3.2	The average training hours completed per employee by gender and employee category.	Page 105
B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Page 99-101
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Page 99-101
B4.2	Description of steps taken to eliminate such practices when discovered.	Page 99-101

Indicators		Section(s)
B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Page 88-89
B5.1	Number of suppliers by geographical region.	Page 89
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Page 88-89
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Page 88-89
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Page 88-89
B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Page 90-91
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Page 87
B6.2	Number of products and service related complaints received and how they are dealt with.	Page 91
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Page 98
B6.4	Description of quality assurance process and recall procedures.	Page 85-87
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Page 97

Indicators		Section(s)
B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Page 84
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Page 84
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Page 84
B7.3	Description of anti-corruption training provided to directors and staff.	Page 84
B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Page 109
B8.1	Focus areas of contribution.	Page 109
B8.2	Resources contributed to the focus area.	Page 109

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Lepu Biopharma Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Lepu Biopharma Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 136 to 220, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill	
As at 31 December 2024, the Group's goodwill amounted to approximately RMB52,636,000 arisen from the acquisition of a wholly-owned subsidiary, Shanghai Miracogen Inc., and management has performed an annual impairment assessment on the goodwill. To assess the impairment, the goodwill has been allocated to the relevant cash generating unit ("**CGU**") at the acquisition date and management has engaged an independent valuer to assist them to assess the recoverable amounts of the CGU. The recoverable amounts of the CGU were determined by management based on value in use ("**VIU**").	In response to this key audit matter, we have performed the following procedures: • We obtained an understanding of management's key control on goodwill impairment test; • We assessed the competence, capabilities and objectivity of the independent valuer; • We evaluated management's identification of CGUs and allocation of goodwill based on the Group's accounting policy and our understanding of the Group's business;

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill (Continued) We focused on this matter due to the significance of goodwill and significant judgement and estimates were involved in determining the recoverable amounts. As a result, we identified the impairment assessment of goodwill as key audit matter. Refer to Notes 4.2 and 17 to the consolidated financial statements.	• We involved our internal valuation specialists to assist us in evaluating the appropriateness of the valuation model and the key valuation parameters such as the discount rate and the terminal growth rate applied by benchmarking market data and comparable companies; • We evaluated the reasonableness of the key assumptions as adopted by management in the discounted cash flow model by reference to internal operation information and external industry data; • We tested the mathematical accuracy of the calculations of the discounted cash flow model and the recoverable amounts of the CGUs; • We evaluated the sensitivity analysis prepared by management around the key assumptions and estimates applicable to the CGUs to assess the potential impact of a range of possible outcomes; and • We assessed the adequacy of related disclosures in the consolidated financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter

Fair value measurement of financial liabilities at fair value through profit or loss ("FVTPL") – variable consideration payable for transaction with the then non-controlling interests

As at 31 December 2024, the financial liabilities at FVTPL in relation to the variable consideration payable arisen from acquiring 40% share of interests of Taizhou Hanzhong Biotechnology Co., Ltd. ("Taizhou Hanzhong") from the then non-controlling interests in 2019, amounted to approximately RMB263,112,000.

Management has engaged an independent valuer to assist them for performing the fair value valuation of the variable consideration payable as at 31 December 2024. The fair value of the variable consideration payable was determined by using discounted cash flow method.

We focused on this matter due to the significance of balance as at 31 December 2024 and significant management judgements and estimates were involved in determining the fair values of the financial instruments. As a result, we identified the fair value measurement of financial liabilities at FVTPL – variable consideration payable for transaction with the then non-controlling interests as key audit matter.

Refer to Notes 3.3(b), 4.4, 10 and 34 to the consolidated financial statements.

In response to this key audit matter, we have performed the following procedures:

- We obtained an understanding of management's key control on fair value measurement of variable consideration payable;
- We assessed the competence, capabilities and objectivity of the independent valuer;
- We involved our internal valuation specialists to assist us in evaluating the appropriateness of the valuation model and the key valuation parameters such as the discount rate;
- We evaluated the reasonableness of the key assumptions as adopted by management in the future revenue forecast by reference to internal operation information, external industry data;
- We tested the mathematical accuracy of the calculations of the discounted cash flow model; and
- We assessed the adequacy of related disclosures in the consolidated financial statements.

Key Audit Matter

Cut-off of research and development expenditures

For the year ended 31 December 2024, the Group incurred expenditures on research and development ("R&D") activities of approximately RMB458,370,000, out of which, approximately RMB437,697,000 were recognised as R&D expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024 and approximately RMB20,673,000 were capitalised as intangible assets in the consolidated statement of financial position during the year.

A material portion of the R&D expenditures is the service fees paid to contract research organisations ("CROs") and clinical site management operators ("SMOs") (collectively referred to as "Outsourced Service Providers"). The R&D activities with these Outsourced Service Providers are documented in agreements and are typically performed over an extended period. These expenditures are recognized based on the progress of the R&D projects.

We focused on this matter due to the significance of R&D expenditures and significant management judgement and estimates were involved in determining the completeness and allocation of these expenditures to the appropriate reporting period based on the progress of the R&D projects. As a result, we identified the cutoff of research and development expenditures as key audit matter.

Refer to Note 4.1, 8, 17(b) and 43.7(c) to the consolidated financial statements.

How our audit addressed the Key Audit Matter

In response to this key audit matter, we have performed the following procedures:

- We obtained an understanding of management's key controls over the R&D expenditures process.
- We inquired management about the reasons for periodical fluctuations in R&D expenditures and assessed the reasonableness of those fluctuations based on our understanding of the progress of the major R&D projects during the year ended 31 December 2024.
- For the service fees paid/payable to the Outsourced Service Providers, we, on a sample basis, reviewed the key terms set out in the agreements with the Outsourced Service Providers, evaluated the completion status of the R&D projects with reference to the progress reported by the project managers which were based on inputs such as number of patient enrolments, time elapsed and milestone achieved, and inspected the supporting documents and obtained confirmations from the Outsourced Service Providers, to determine whether the service fees were properly recorded in the appropriate financial reporting periods.
- We evaluated the adequacy of the R&D expenditures by comparing the subsequent milestone billings and payments with the accrued R&D expenditures to determine whether the R&D expenditures were recorded in the appropriate financial reporting periods.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Wong Man Kit.

Ernst & Young
Certified Public Accountants

Hong Kong 27 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2024 RMB'000	2023 RMB'000
Revenue	6	**367,794**	225,352
Cost of sales	8	**(74,824)**	(28,277)
Gross profit		**292,970**	197,075
Other income	7	**8,499**	7,251
Other expenses		**(69)**	(3)
Selling and marketing expenses		**(145,951)**	(43,296)
Administrative expenses		**(91,943)**	(86,657)
Research and development expenses		**(437,697)**	(458,073)
Fair value changes on financial liabilities at fair value through profit or loss ("FVTPL")	10	**5,077**	174,976
Other (losses)/gains, net	11	**(21,651)**	213,523
Operating (loss)/profit		**(390,765)**	4,796
Finance income		**5,996**	8,261
Finance costs		**(22,985)**	(16,017)
Finance costs, net	12	**(16,989)**	(7,756)
Share of loss of investments accounted for using the equity method	18	**(16,439)**	(27,341)
Loss before income tax		**(424,193)**	(30,301)
Income tax expense	13	**–**	–
Loss for the year		**(424,193)**	(30,301)
Loss attributable to:			
Owners of the Company		**(411,376)**	(22,096)
Non-controlling interests		**(12,817)**	(8,205)
		(424,193)	(30,301)
Other comprehensive income/(loss)			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		**76**	(331)
Share of other comprehensive income of associates		**901**	–
Total comprehensive loss		**(423,216)**	(30,632)
Total comprehensive loss attributable to:			
Owners of the Company		**(410,399)**	(22,427)
Non-controlling interests		**(12,817)**	(8,205)
		(423,216)	(30,632)
Losses per share for loss attributable to owners of the Company for the year (expressed in RMB per share)			
– Basic loss per share	14	**(0.24)**	(0.01)
– Diluted loss per share	14	**(0.24)**	(0.01)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	15	**930,106**	948,189
Right-of-use assets	16	**120,932**	139,056
Intangible assets	17	**435,250**	434,221
Investments accounted for using the equity method	18	**114,073**	126,685
Other receivables, prepayments and deposits	21	**34,816**	59,009
Total non-current assets		**1,635,177**	1,707,160
Current assets			
Inventories	19	**22,787**	29,412
Trade receivables	20	**45,821**	37,802
Other receivables, prepayments and deposits	21	**111,986**	120,289
Financial assets at FVTPL	22	**63,628**	63,628
Cash and cash equivalents	23	**401,286**	426,015
Total current assets		**645,508**	677,146
Total assets		**2,280,685**	2,384,306
Equity			
Equity attributable to owners of the Company			
Share capital	25	**1,710,615**	1,659,445
Reserves	26	**1,757,172**	1,591,046
Accumulated losses		**(2,764,962)**	(2,353,586)
		702,825	896,905
Non-controlling interests		**(21,022)**	(8,205)
Total equity		**681,803**	888,700

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
Liabilities			
Non-current liabilities			
Borrowings	30	**255,940**	260,000
Lease liabilities	31	**11,455**	24,184
Deferred government grants	32	**18,020**	12,000
Deferred tax liabilities	33	**37,687**	37,687
Financial liabilities at FVTPL	34	**232,267**	262,174
Total non-current liabilities		**555,369**	596,045
Current liabilities			
Borrowings	30	**538,411**	434,299
Trade payables	28	**236,135**	207,611
Other payables and accruals	29	**233,684**	234,380
Lease liabilities	31	**34,378**	23,271
Contract liabilities		**905**	–
Total current liabilities		**1,043,513**	899,561
Total liabilities		**1,598,882**	1,495,606
Total equity and liabilities		**2,280,685**	2,384,306

Executive Director: **Dr. Pu Zhongjie**

Executive Director: **Dr. Sui Ziye**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Attributable to owners of the Company			Non-controlling interests RMB'000	Total RMB'000
		Share capital RMB'000	Reserves RMB'000	Accumulated losses RMB'000		
At 1 January 2023		1,659,445	1,572,807	(2,331,490)	–	900,762
Comprehensive loss						
Loss for the year		–	–	(22,096)	(8,205)	(30,301)
Other comprehensive loss		–	(331)	–	–	(331)
Share-based payments	27	–	18,570	–	–	18,570
At 31 December 2023		1,659,445	1,591,046	(2,353,586)	(8,205)	888,700
At 1 January 2024		**1,659,445**	**1,591,046**	**(2,353,586)**	**(8,205)**	**888,700**
Comprehensive loss						
Loss for the year		**–**	**–**	**(411,376)**	**(12,817)**	**(424,193)**
Other comprehensive loss		**–**	**977**	**–**	**–**	**977**
Issuance of shares	25	**51,170**	**157,821**	**–**	**–**	**208,991**
Share-based payments	27	**–**	**4,402**	**–**	**–**	**4,402**
Share of reserves of associates		**–**	**2,926**	**–**	**–**	**2,926**
At 31 December 2024		**1,710,615**	**1,757,172**	**(2,764,962)**	**(21,022)**	**681,803**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash used in operations	35	**(201,061)**	(258,885)
Interest received		**4,667**	8,049
Net cash used in operating activities		**(196,394)**	(250,836)
Cash flows from investing activities			
Proceeds from disposal of investment in an associate		**–**	125,000
Payments for property, plant and equipment		**(32,917)**	(28,002)
Payments for financial assets at FVTPL		**–**	(50,000)
Proceeds from disposal of financial assets at FVTPL		**–**	50,136
Payments for intangible assets		**(28,831)**	(13,197)
Net cash flows (used in)/from investing activities		**(61,748)**	83,937
Cash flows from financing activities			
Payments for transactions with non-controlling interests		**(44,436)**	(65,681)
Proceeds from issuance of shares	25	**213,379**	–
Payments for share issuance costs		**(4,388)**	–
Payments for listing expenses		**–**	(1,200)
New bank borrowings		**584,405**	403,552
Repayments of bank borrowings		**(484,389)**	(359,305)
Payments of lease liabilities			
– Principal		**(4,240)**	(24,686)
– Interest		**(1,207)**	(632)
Bank loan interest paid		**(27,040)**	(28,743)
Net cash generated from/(used in) financing activities		**232,084**	(76,695)
Net decrease in cash and cash equivalents		**(26,058)**	(243,594)
Cash and cash equivalents at the beginning of year		**426,015**	669,397
Effects of exchange rate changes on cash and cash equivalents		**1,329**	212
Cash and cash equivalents at end of year		**401,286**	426,015

1. GENERAL INFORMATION

Lepu Biopharma Co., Ltd. (the "**Company**") was established in Shanghai, the People's Republic of China (the "**PRC**") on 19 January 2018 as a limited liability company. Upon approval by the shareholders' general meeting held on 10 December 2020, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC.

The Company, together with its subsidiaries (collectively referred to as the "**Group**"), are principally focused on the discovery, development and commercialisation of drugs for cancer-targeted therapy and immunotherapy globally.

The consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

(a) Compliance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- International Accounting Standards
- Interpretations developed by the IFRS Interpretations Committee or its predecessor body, the Standing Interpretations Committee

For the year ended 31 December 2024, the Group has incurred net losses of approximately RMB424.2 million, while net cash used in operating activities was approximately RMB196.4 million. As at 31 December 2024, the Group had net current liabilities of approximately RMB398.0 million and cash and cash equivalents of approximately RMB401.3 million. Historically, the Group has relied principally on non-operational sources of financing from investors and banks as well as cash generated from sales activities to fund its operations and business development. The Group's ability to continue as a going concern is dependent on management's ability to successfully execute its business plan. The directors of the Company believes that the cash and cash equivalents, unutilised bank facilities and cash generated from operating activities are sufficient to meet the cash requirements to fund planned operations and other commitments for at least the next twelve months from 31 December 2024. The Group therefore continues to prepare clarify consolidated financial statement on a going concern basis.

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

2.1 Basis of preparation (continued)

(b) Historical cost convention

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

(c) Revised IFRS Accounting Standards adopted by the Group

The Group has applied the following revised IFRS Accounting Standards for the first time for its annual reporting period commenced 1 January 2024:

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

(d) New and revised IFRS Accounting Standards not yet adopted

The following new Accounting Standards have been issued but are not mandatory for the reporting period ended 31 December 2024 and have not been early adopted by the Group:

- IFRS 18-*Presentation and Disclosure in Financial Statements*
- IFRS 19-*Subsidiaries without Public Accountability: Disclosures*
- Amendments to IFRS 9 and IFRS 7-*Amendments to the Classification and Measurement of Financial Instruments*
- Amendments to IFRS 10 and IAS 28-*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to IAS 21-*Lack of Exchangeability*
- Annual Improvements to IFRS Accounting Standards – Volume 11-*Amendments to IFRS 1, IFRS7, IFRS 9, IFRS 10 and IAS 7*
- Amendments to IFRS 9 and IFRS 7 – *Contracts Referencing Nature-dependent Electricity*

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

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on addressing the Group's financial position.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency other than the Group entities' functional currency.

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures. The Group did not hedge against any fluctuation in foreign currency during the reporting period. The Group's subsidiaries in the PRC are exposed to foreign exchange risk arising from recognised financial assets and liabilities denominated in United States dollars ("**USD**").

As at 31 December 2024, if the USD had strengthened/weakened by 5% against the RMB, with all other variables held constant, the loss before income tax for the year would have been approximately RMB57,000 lower/higher (2023: RMB211,000 lower/higher), mainly as a result of foreign exchange gain or loss on translation of USD-denominated cash and cash equivalents.

(ii) Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Generally, the Group enters into long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. For the years ended 31 December 2024 and 2023, the Group had no interest rate swap arrangements.

Management assesses a 10 basis points increase or decrease as reasonably possible change in interest rates. If interest rates had been 10 basis points higher, with all other variables held constant, the Group's loss before income tax for (through the impact on floating rate borrowings) the year ended 31 December 2024 would have increased by approximately RMB343,000 (2023: RMB394,000).

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk

(i) Risk management

Credit risk is managed on a group basis.

The Group is exposed to credit risk primarily in relation to its cash and cash equivalents, trade receivables, as well as other receivables and deposits. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage credit risk, cash and cash equivalents are mainly placed with state-owned or reputable financial institutions in Mainland China and reputable financial institutions outside Mainland China. There has been no recent history of default in relation to these financial institutions. Thus, the directors of the Company are of the view that the credit risk related to cash and cash equivalents is insignificant.

(ii) Impairment of financial assets

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group only has the following types of financial assets that are subject to the expected loss model:

- Trade receivables
- Other receivables and deposits

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics of business segments and the days past due.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Trade receivables (continued)

The expected loss rate is assessed based on the historical loss experience of each business segment, combined with the credit ratings of accounts receivable counterparts and the non-performing loan rate of commercial banks in their respective industries. Moreover, adjustments have been made to account for the impact of macroeconomic changes on the historical loss rates of each counterparty's industry, in order to reflect current and forward-looking information about macroeconomic factors that affect customers' ability to settle accounts receivable.

On that basis, the loss allowances for trade receivables as at 31 December 2024 and 2023 were determined as follows:

As at 31 December 2023	
Expected loss rate	0.6%
Gross carrying amount-trade receivables(RMB'000)	38,014
Loss allowance (RMB'000)	212
As at 31 December 2024	
Expected loss rate	**0.9%**
Gross carrying amount-trade receivables(RMB'000)	**46,232**
Loss allowance (RMB'000)	**411**

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Trade receivables (continued)

The loss allowances for trade receivables as at 31 December 2024 and 2023 reconcile to the opening loss allowances as follows:

	Trade receivables RMB'000
Opening loss allowance as at 1 January 2023	**–**
Increase in the allowance recognised in profit or loss during the year	212
Closing loss allowance as at 31 December 2023	212
Opening loss allowance as at 1 January 2024	**212**
Increase in the allowance recognised in profit or loss during the year	**199**
Closing loss allowance as at 31 December 2024	**411**

Other receivables and deposits

The Group considers the probability of default upon initial recognition of other receivables and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default on other receivables as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information, with particular attention to the following indicators:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtors' ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtors;
- significant increases in credit risk on other financial instruments of the same debtors; or
- significant changes in the expected performance and behaviour of the debtors, including changes in the payment status of debtors, etc.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Other receivables and deposits (continued)

For the other receivables and deposits, management applies the 3-stage model to assess the expected credit loss. Management makes periodic collective assessments as well as individual assessments of the recoverability of other receivables based on historical settlement records and past experience.

In view of the history of cooperation with the debtors and collection from them, the management of the Group believes that the credit risk inherent in the Group's outstanding other receivables is not significant. The expected credit loss rate of other receivables as at 31 December 2024 was approximately 0.43% (31 December 2023: 2.86%).

The loss allowance for other receivables and deposits as at 31 December 2024 and 2023 reconciled to the opening loss allowance as follows:

	Other receivables and deposits RMB'000
Opening loss allowance as at 1 January 2023	538
Decrease in the allowance recognised in profit or loss during the year	(58)
Closing loss allowance as at 31 December 2023	480
Opening loss allowance as at 1 January 2024	**480**
Decrease in the allowance recognised in profit or loss during the year	**(420)**
Closing loss allowance as at 31 December 2024	**60**

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents to meet its operating capital requirements.

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2024					
Borrowings	**555,747**	**142,865**	**122,614**	**–**	**821,226**
Trade payables	**236,135**	**–**	**–**	**–**	**236,135**
Other payables and accruals (excluding non-financial liabilities)	**183,942**	**–**	**–**	**–**	**183,942**
Lease liabilities	**35,106**	**11,690**	**–**	**–**	**46,796**
Total	**1,010,930**	**154,555**	**122,614**	**–**	**1,288,099**
At 31 December 2023					
Borrowings	455,086	68,232	206,415	–	729,733
Trade payables	207,611	–	–	–	207,611
Other payables and accruals (excluding non-financial liabilities)	203,623	–	–	–	203,623
Lease liabilities	26,768	25,075	–	–	51,843
Total	893,088	93,307	206,415	–	1,192,810

Variable consideration payable as described in Note 34 was recognised as financial liabilities at FVTPL which are managed on a fair value basis and no contractual maturity date is applicable.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management

The Group monitors capital (including shares and borrowings) by regularly reviewing the capital structure. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to deliver returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

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

	As at 31 December	
	2024	2023
The liability-to-asset ratio	**70%**	63%

There were no changes in the Group's approach to capital management during the reporting period.

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

3.3 Fair value estimation

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are classified as Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is classified as Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is classified as Level 3. This applies to unlisted equity securities.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments, and
- discounted cash flow analysis for other financial instruments.

The following table presents the Group's assets and liabilities that were measured at fair value as at 31 December 2024 and 2023:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2024				
Financial assets				
Financial assets at FVTPL (Note 22)	**–**	**–**	**63,628**	**63,628**
Financial liabilities				
Financial liabilities at FVTPL (Note 34)	**–**	**–**	**263,112**	**263,112**
At 31 December 2023				
Financial assets				
Financial assets at FVTPL (Note 22)	–	–	63,628	63,628
Financial liabilities				
Financial liabilities at FVTPL (Note 34)	–	–	272,625	272,625

There were no transfers between Level 1 and Level 2 for recurring fair value measurements during the years ended 31 December 2024 and 2023.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(a) Financial assets at FVTPL in Level 3

The following table presents the changes in Level 3 items for the years ended 31 December 2024 and 2023:

	Unlisted equity investment RMB'000	Structured deposits RMB'000
Opening balance as at 1 January 2023	–	–
Additions	63,628	50,000
Settlements	–	(50,128)
Gains recognised in profit or loss	–	128
Closing balance as at 31 December 2023	63,628	–
Net unrealised gains for the year	–	–
Balance as at 1 January 2024 and 31 December 2024	**63,628**	**–**

(b) Financial liabilities at FVTPL in Level 3

Financial liability at FVTPL represent the variable consideration payable arising from the acquisition of 40% equity interests in Taizhou Hanzhong Biotechnology Co., Ltd. ("**Taizhou Hanzhong**") from the then non-controlling interests.

As at 31 December 2024 and 2023, the fair value of the variable consideration payable arising from the acquisition of 40% equity interests in Taizhou Hanzhong from the then non-controlling interests was determined by the management of the Company with reference to valuation reports issued by an independent qualified valuer. Key assumptions of valuation are as follows:

	As at 31 December	
	2024	2023
Expected revenue growth rate during the forecast period	**45% to -1%**	87% to 2%
Expected revenue growth rate beyond the forecast period	**-2%**	1% to 0%
Expected success rate of commercialisation	**25% to 100%**	15% to 100%
Discount rate	**14.5%**	15.0%

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(b) Financial liabilities at FVTPL in Level 3 (continued)

The changes in and valuations of the variable consideration payable arising from the acquisition of 40% equity interests in Taizhou Hanzhong from the then non-controlling interests for the years ended 31 December 2024 and 2023 are presented in Note 34.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4.1 Development expenditures

Development expenditures incurred on the Group's development activities, including conducting clinical studies and other activities related to regulatory filings for the Group's drug candidates, are capitalised as intangible assets only when they meet the capitalisation criteria set out in Note 17(b). Development expenditures that do not meet these capitalisation criteria are recognised as research and development expenses.

4.2 Impairment of goodwill

The Group tests whether goodwill has suffered any impairment at the balance sheet date. The recoverable amount of a cash-generating unit ("**CGU**") is determined based on value-in-use calculations which require the use of assumptions. The calculations are developed from cash flow forecasts based on financial budgets approved by management covering the forecast period.

Cash flows beyond the forecast period are extrapolated using the growth rates estimated by management by reference to certain internal and external market data. Details of key assumptions are disclosed in Note 17(d).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.3 Impairment of non-financial assets (other than goodwill)

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories, deferred tax assets and other non-current assets), the asset's recoverable amount is estimated. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4.4 Fair value of financial liabilities at FVTPL

The Group has recognised the variable consideration payable arising from the acquisition of 40% interests in Taizhou Hanzhong from the then non-controlling interests during the years ended 31 December 2024 and 2023 as financial liabilities at FVTPL as set out in Note 34.

The Group evaluates the fair value of the variable consideration payable periodically using the discounted cash flow method, where key assumptions are adopted to determine the fair value of the variable consideration payable. Further details are disclosed in Note 3.3(b).

Management's estimates are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value to be recognised in profit or loss.

4.5 Current and deferred income taxes

The group encounters numerous transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises deferred income tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred income tax assets mainly involves management's judgments and estimations about the timing and the amount of taxable profits of the companies that had tax losses.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.6 Estimated useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives and residual values for its property, plant and equipment, and reviews the useful lives and residual values periodically to ensure that the method and rates of depreciation are consistent with the expected pattern of realisation of economic benefits from property, plant and equipment. This estimate is based on the management's experience of the actual practice of a similar nature and function and normal terms in the PRC. In addition, management assesses impairment whenever events or changes in circumstances indicate that the carrying amount of an item of property, plant and equipment may not be recoverable. Management will adjust the depreciation charge where useful lives are estimated to change compared with previous estimates. Any change in these estimates may have a material impact on the results of the Group.

4.7 Estimated useful lives of intangible assets

The intangible assets are amortised on the straight-line basis by taking into account the residual value. The Group reviews the estimated useful lives periodically to determine the related amortization charges for its intangible assets. The estimation is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions, with consideration of market conditions. Management will increase the amortisation charges when useful lives become shorter than previously estimated.

4.8 Share-based payments

The Group has adopted the define in 2020. The fair value of the restricted shares granted to employees is determined by using back-solve method from the most recent transaction price of the Company's series B financing and equity allocation based on define model. The Group has to estimate the expected forfeiture rate ("**Forfeiture Rate**") of the restricted shares granted at the end of the reporting period in order to determine the amount of share-based payment expenses charged to the consolidated comprehensive loss. The Forfeiture Rate of the restricted shares awarded by the Group was assessed to be 23% as at 31 December 2023.

5. SEGMENT INFORMATION

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

During the year ended 31 December 2024, the Group has been principally engaged in the sale of pharmaceutical products and research and development of new drugs. Management reviews the operating results of the business as one operating segment to make decisions about the allocation of resources. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entity of the Group is domiciled in Mainland China. Accordingly, the Group's results were primarily derived in Mainland China during the reporting period, and its non-current assets were also primarily located in Mainland China.

6. REVENUE

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue recognised at a point in time		
– Sale of pharmaceutical products	**300,333**	101,385
– Licensing income (a)	**21,964**	123,967
	322,297	225,352
Revenue recognised over time		
– CDMO services (b)	**45,497**	–
Total	**367,794**	225,352

6. REVENUE (CONTINUED)

Information about the geographical markets of the Group's revenue is presented based on the locations of the customers.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Geographical markets		
– The Mainland China	**345,830**	101,385
– Overseas	**21,964**	123,967
Total	**367,794**	225,352

For the year ended 31 December 2024, revenue of approximately RMB45,497,000 (2023: Nil) was derived from CDMO services income from Beijing Lepu Pharmaceutical Technology Co., Ltd. ("**Beijing Lepu Pharmaceutical**") and Lepu Pharmaceutical Co., Ltd. ("**Lepu Pharmaceutical**"), both of which are related parties of the Group (Note 38), ultimately controlled by the same shareholder, which accounted for 12.37% (2023: nil) of the Group's total revenue. Other than the aforementioned customer, the revenue derived from each of the remaining external customers was less than 10% of the Group's total revenue.

(a) Licensing income

On 22 February 2023, KYM Biosciences Inc. (**KYM**) entered into a global exclusive out-license agreement (the "**License Agreement**") with AstraZeneca AB ("**AstraZeneca**"), an independent global pharmaceutical company, to develop and commercialise CMG901, a drug candidate co-developed by the Group and Keymed Biosciences Inc. ("**Keymed**") through KYM. KYM was established by Keymed and the Group as the platform solely for commercialisation of CMG901. Keymed and the Group held 70% and 30% shares of interest in KYM, respectively.

Upon the execution of the License Agreement and subject to the terms and conditions thereof (including obtaining certain regulatory approvals for the licensing transaction), AstraZeneca would be granted an exclusive global license for research, development, registration, manufacturing, and commercialisation of CMG901, and shall be responsible for all costs and activities associated with the further development and commercialisation of CMG901 in accordance with the License Agreement.

6. REVENUE (CONTINUED)

(a) Licensing income (continued)

According to the License Agreement and subject to the terms and conditions thereof, KYM shall receive an upfront payment of US$63.0 million with the potential for additional payments up to US$1,125.0 million subject to the achievement of certain development, regulatory and commercial milestones. In addition, KYM is entitled to receive tiered royalties on net sales from AstraZeneca. KYM is obliged to provide assistance and staff to facilitate technology and know-how transfer. Except as otherwise agreed, AstraZeneca would be responsible for bearing all costs for activities associated with the development and regulatory affairs of the ongoing trial in relation to CMG901.

Concurrently, the Group has entered into a license agreement with KYM, pursuant to which the Group has granted exclusive global license for research, development, registration, manufacturing, and commercialisation of CMG901 to KYM, and KYM shall pay 30% of the amounts received from AstraZeneca after deducting relevant tax and expenses to the Group upon receiving any payment.

Based on the License Agreement, the Group has entered into a series of agreements with AstraZeneca, pursuant to which the Group would provide services and supply drug products to AstraZeneca.

During the year ended 31 December 2024, the Group has recognised licensing income of approximately RMB21,964,000. (2023: RMB123,967,000) in relation to the abovementioned transaction.

(b) Revenue from CDMO services

The extraordinary general meeting of the Company approved the CDMO services framework Agreement and the supplemental framework agreement in 2024, pursuant to which the Group conditionally agreed to provide Lepu Medical Technology (Beijing) CO., Ltd. ("Lepu Medical"), a related party of the group, and/or its subsidiaries with CDMO services.

During the year ended 31 December 2024, the Group has recognised CDMO services income of approximately RMB45,497,000 (2023: Nil) in relation to the abovementioned transaction.

(c) Accounting policies of revenue recognition

(i) Sale of goods

The Group produces and sells pharmaceutical products to customers. The Group transports the products to the agreed delivery location in accordance with the sales contract, and the sales are recognised after the customer has accepted the products and both parties have signed the goods delivery orders. The Group adopts advance collection or a credit period of 30 days with its customers, and the transaction price does not have a significant financing component.

6. REVENUE (CONTINUED)

(c) Accounting policies of revenue recognition (continued)

(ii) Licensing income

The Group generates revenue from licensing of intellectual property ("**IP**") to customers. As the customers are able to direct the use of, and obtain substantially all of the benefits from, the licence at the time control of the licence is transferred to the licensee, the licences that provide a right to use an entity's IP are performance obligations satisfied at a point in time. Revenue is recognised when or as control of the licences is transferred to the licensee.

The Group recognises revenue for a sales-based or usage-based royalty promised in exchange for a licence of IP only when (or as) the later of the following events occurs:

- the subsequent sale or usage occurs; and
- the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

(iii) Revenue from CDMO services

The CDMO services are integrated services including project management, drug manufacturing, development, optimisation, trial production, and other relevant services. The duration of the contracts ranges from months to year. The contracts contain multiple deliverable units, which are generally in the form of technical laboratory reports, samples and/or products for manufacturing, and each deliverable unit has an individual selling price specified within the contract. The Group has assessed whether each deliverable is distinct to determine the performance obligation within the contract. Any deliverable in the contract is identified as a performance obligation if the deliverable is distinct. If the deliverables are highly interdependent or highly interrelated, those deliverables are not separately identifiable, and are combined into a single performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

6. REVENUE (CONTINUED)

(c) Accounting policies of revenue recognition (continued)

(iii) Revenue from CDMO services (continued)

If none of the above criteria is met, the Group recognises revenue at the point in time when the customer obtains control of the distinct good or service.

If control of the service transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using output method. Otherwise, revenue is recognised at the point in time when the customer obtains control of the service.

The transaction price allocated to the remaining performance obligations, all of which pertain to CDMO services, amounts to RMB9,317,000 and is expected to be recognized as revenue over the next five years.

7. OTHER INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Government grants (a)	**7,577**	6,779
Investment income on financial assets at FVTPL	**–**	128
Others	**922**	344
Total	**8,499**	7,251

(a) Government grants

The Group recognised government grants of RMB7,577,000 in profit or loss for the year. This amount included RMB7,397,000 in income-related grants, which were systematically recognised in the periods when the associated costs were incurred, as there were no unfulfilled conditions attached. The remaining RMB180,000 related to grants for qualifying assets. These asset-related grants are deferred and amortised on a straight-line basis over the assets' useful lives. Following the commissioning of the related assets in June 2024, the Group recognised RMB180,000 of amortisation in the current year's profit or loss.

8. LOSS BEFORE TAX

	Notes	Year ended 31 December 2024 RMB'000	2023 RMB'000
Cost of sales		**74,824**	28,277
Depreciation of property, plant and equipment	15	**51,997**	54,268
Depreciation of right-of-use assets	16	**17,864**	18,515
Amortisation of other intangible assets	17	**30,318**	29,789
Research and development costs (excluding depreciation, amortisation and employee benefit expense)		**274,524**	249,019
Lease payments not included in the measurement of lease liabilities	16	**616**	648
Auditors' remuneration		**2,650**	2,850
Employee benefit expense:			
Wages, salaries and welfare		**158,012**	135,986
Share-based payment expenses		**4,402**	18,570
Pension scheme contributions		**18,399**	15,563
Other social security costs, housing benefits and other employee benefits		**31,067**	28,787
Less: Amount capitalised		**(3,129)**	–
Foreign exchange difference, net	12	**(1,329)**	(212)
Bank interest income	12	**(4,667)**	(8,049)

9. FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year included two (2023: two) directors whose emoluments are reflected in the analysis shown in Note 39. The emoluments payable to the remaining three (2023: three) individuals during the year are as follows:

	Year ended 31 December 2024 RMB'000	2023 RMB'000
Wages and salaries	**4,264**	5,190
Bonuses	**707**	1,368
Pension costs – defined contribution plans	**141**	135
Other social security costs, housing benefits and other employee benefits	**165**	162
Share-based payment expenses	**3,444**	6,487
Total	**8,721**	13,342

9. FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

One (2023: one) of the remaining three (2023: three) highest paid individuals for the year was foreign senior management, who was not entitled to the Group's defined contribution plans as well as other social security costs, housing benefits.

The remaining highest paid individuals fell within the following bands:

	Year ended 31 December	
	2024	2023
Emolument bands (in HK$)		
HK$2,000,001 to HK$2,500,000	**1**	–
HK$2,500,001 to HK$3,000,000	**1**	1
HK$3,000,001 to HK$3,500,000	**–**	1
HK$4,000,001 to HK$4,500,000	**1**	–
HK$7,500,001 to HK$8,000,000	**–**	1

10. FAIR VALUE CHANGES ON FINANCIAL LIABILITIES AT FVTPL

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Financial liabilities at FVTPL (Note 34)	**5,077**	174,976

11. OTHER GAINS/(LOSSES), NET

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Net gains on dilution of equity interests in an associate (Note 18)	**–**	116,388
Net gains on disposal of investments in an associate (Note 18)	**–**	103,874
Net gains on disposal of right-of-use assets	**11**	–
Expected credit losses	**221**	(154)
Donation	**(19,852)**	(3,406)
Others	**(2,031)**	(3,179)
Total	**(21,651)**	213,523

12. FINANCE INCOME AND COSTS

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Bank interest income	**4,667**	8,049
Net exchange gain	**1,329**	212
Finance income	**5,996**	8,261
Interest on bank borrowings	**(27,076)**	(28,717)
Interest on lease liabilities (Note 16)	**(1,207)**	(632)
Bank charges and others	**(1,335)**	(1,340)
	(29,618)	(30,689)
Less: Amount capitalised (a)	**6,633**	14,672
Finance costs	**(22,985)**	(16,017)
Finance costs	**(16,989)**	(7,756)

(a) The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's borrowings during the year ended 30 June 2024, which was 3.83% (2023: 3.98%) per annum.

13. INCOME TAX EXPENSE

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current income tax expense	**–**	–
Deferred income tax expense	**–**	–
Income tax expense	**–**	–

The Group's principal applicable taxes and tax rates are as follows:

Shanghai Miracogen Inc. ("**Miracogen Shanghai**") renewed its qualification as a High and New Technology Enterprise ("**HNTE**") under the relevant PRC laws and regulations in 2023. Accordingly, it was entitled to a preferential corporate income tax rate of 15% on its estimated assessable profits for a three-year period since then.

Lepu (Beijing) Biopharma Co., Ltd. ("**Lepu Beijing**") was qualified as a HNTE under the relevant PRC laws and regulations on 25 October 2021 and the qualification was renewed in 2024. Accordingly, it was entitled to a preferential corporate income tax rate of 15% on its estimated assessable profits for the years ended 31 December 2021 to 2023, which was extended to the years ended 31 December 2026.

CtM Bio Co., Ltd. ("**CtM Bio**") was qualified as a HNTE under the relevant PRC laws and regulations on 12 December 2023. Accordingly, it was entitled to a preferential corporate income tax rate of 15% on its estimated assessable profits for the years ended 31 December 2023 to 2025.

13. INCOME TAX EXPENSE (CONTINUED)

The Company and the Company's other subsidiaries established and operated in Mainland China are subject to the PRC corporate income tax at the rate of 25%.

A reconciliation of the expected income tax calculated at the applicable corporate income tax rate and loss before income tax, with the actual corporate income tax is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Loss before income tax	**(424,193)**	(30,301)
Tax calculated at applicable corporate income tax rates of 25%	**(106,048)**	(7,575)
Tax effects of:		
Impact of applying preferential tax rate	**15,655**	19,351
Super deduction for research and development expenses	**(41,184)**	(38,881)
Expenses not deductible for tax purposes	**11,490**	9,672
Impact on fair value changes of FVTPL	**(1,269)**	(43,744)
Impact on investments accounted for using equity method	**4,195**	(41,909)
Deductible temporary differences not recognised as deferred tax assets	**14,200**	28,468
Tax losses not recognised as deferred tax assets	**102,961**	74,618
Income tax expense	**–**	–

(i) Accounting for super deduction for research and development expenses

Pursuant to Caishui [2023] circular No.7 in 2023, certain subsidiaries enjoy a super deduction of 200% (2023: 200%) on qualifying research and development expenditures for the year ended 31 December 2024.

As at 31 December 2024, the Group had unused tax losses of approximately RMB3,451,853,000 (31 December 2023: RMB3,010,184,000) that can be carried forward against future taxable income. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future taxable income.

The unused tax losses of the Group were mainly from the subsidiaries incorporated in Mainland China, where the accumulated tax losses normally expire within 5 years. Pursuant to the relevant regulations on the extension of expiry periods for unused tax losses of HNTE and Small and Medium-sized Technological Enterprises issued in August 2018, the accumulated tax losses which did not expire from 2018 will have expiries extending from 5 years to 10 years.

14. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing:

- the loss attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year.

	Year ended 31 December	
	2024	2023
Loss for the year attributable to owners of the Company (in RMB'000)	**(411,376)**	(22,096)
Weighted average number of ordinary shares in issue (in thousands)	**1,690,482**	1,659,445
Basic loss per share (in RMB)	**(0.24)**	(0.01)

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the years ended 31 December 2024 and 2023, the Company had no potential ordinary shares. Accordingly, diluted loss per share for the years ended 31 December 2024 and 2023 is the same as the basic loss per share for the respective years.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings and facilities RMB'000	Equipment and instruments RMB'000	Office equipment and furniture RMB'000	Motor vehicles RMB'000	Leasehold improvements and Antibody purification resin RMB'000	Construction-in-progress RMB'000	Total RMB'000
At 1 January 2023							
Cost	45,551	217,425	27,784	951	105,710	661,641	1,059,062
Accumulated depreciation	(206)	(51,601)	(12,978)	(602)	(77,266)	–	(142,653)
Net book value	45,345	165,824	14,806	349	28,444	661,641	916,409
Year ended 31 December 2023							
Opening net book value	45,345	165,824	14,806	349	28,444	661,641	916,409
Additions	–	25,193	8,557	–	319	51,979	86,048
Transfer upon completion	–	85,473	–	–	–	(85,473)	–
Depreciation charge	(1,236)	(27,317)	(5,756)	(136)	(19,823)	–	(54,268)
Closing net book value	44,109	249,173	17,607	213	8,940	628,147	948,189
At 31 December 2023							
Cost	45,551	328,091	36,341	951	106,029	628,147	1,145,110
Accumulated depreciation	(1,442)	(78,918)	(18,734)	(738)	(97,089)	–	(196,921)
Net book value	44,109	249,173	17,607	213	8,940	628,147	948,189
Year ended 31 December 2024							
Opening net book value	**44,109**	**249,173**	**17,607**	**213**	**8,940**	**628,147**	**948,189**
Additions	**–**	**2,390**	**5,286**	**–**	**4,139**	**23,600**	**35,415**
Transfer upon completion	**614,682**	**4,132**	**1,806**	**–**	**8,746**	**(629,366)**	**–**
Disposals	**–**	**(18)**	**–**	**–**	**–**	**–**	**(18)**
Depreciation charge	**(10,562)**	**(31,080)**	**(4,375)**	**(92)**	**(7,371)**	**–**	**(53,480)**
Closing net book value	**648,229**	**224,597**	**20,324**	**121**	**14,454**	**22,381**	**930,106**
At 31 December 2024							
Cost	**660,233**	**334,253**	**43,433**	**951**	**118,914**	**22,381**	**1,180,165**
Accumulated depreciation	**(12,004)**	**(109,656)**	**(23,109)**	**(830)**	**(104,460)**	**–**	**(250,059)**
Net book value	**648,229**	**224,597**	**20,324**	**121**	**14,454**	**22,381**	**930,106**

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) For the year ended 31 December 2024, depreciation charge for property, plant and equipment of approximately RMB1,483,000 (2023: nil) was capitalised into product development costs.

(b) The addition to construction in progress for the year ended 31 December 2024 included the finance costs capitalised amounting to approximately RMB6,633,000 (2023: RMB14,672,000) (Note 12).

(c) As at 31 December 2024, certain of the Group's property, plant and equipment located in Shanghai (**"Shanghai Biological Park"**) with carrying amount of approximately RMB648,299,000 (31 December 2023: RMB653,405,000) had been pledged to the bank as security for the bank borrowings of RMB260,261,000 (31 December 2023: RMB300,321,000) (Note 30).

(d) Depreciation methods and useful lives

Depreciation is calculated using the straight-line method to allocate their costs or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvement and certain leased plant and equipment, the shorter lease term as follows:

— Buildings and facilities	35 years
— Equipment and instruments	5-20 years
— Office equipment and furniture	3-5 years
— Motor vehicles	4-10 years
— Leasehold improvements	Shorter of remaining lease term or estimated useful life
— Antibody purification resin	3-5 years

See note 43.6 for the other accounting policies relevant to property, plant and equipment.

16. RIGHT-OF-USE ASSETS

	Land use rights RMB'000	Leased properties RMB'000	Total RMB'000
At 1 January 2023			
Cost	128,817	65,071	193,888
Accumulated depreciation	(23,403)	(47,823)	(71,226)
Net book value	105,414	17,248	122,662
Year ended 31 December 2023			
Opening net book value	105,414	17,248	122,662
Additions	–	38,621	38,621
Depreciation charge	(6,443)	(15,784)	(22,227)
Closing net book value	98,971	40,085	139,056
At 31 December 2023			
Cost	128,817	55,198	184,015
Accumulated depreciation	(29,846)	(15,113)	(44,959)
Net book value	98,971	40,085	139,056
Year ended 31 December 2024			
Opening net book value	**98,971**	**40,085**	**139,056**
Additions	**–**	**3,385**	**3,385**
Disposals	**–**	**(756)**	**(756)**
Depreciation charge	**(6,444)**	**(14,309)**	**(20,753)**
Closing net book value	**92,527**	**28,405**	**120,932**
At 31 December 2024			
Cost	**128,817**	**57,262**	**186,079**
Accumulated depreciation	**(36,290)**	**(28,857)**	**(65,147)**
Net book value	**92,527**	**28,405**	**120,932**

16. RIGHT-OF-USE ASSETS (CONTINUED)

Depreciation charges have been expensed in the profit or loss as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
– Land use rights (a)	**4,588**	2,731
– Leased properties (b)	**13,276**	15,784
	17,864	18,515
Interest costs included in finance costs (Note 12)	**1,207**	632
Expenses relating to short-term leases (included in research and development expenses and administrative expenses)	**616**	648
Expenses relating to leases of low-value assets that are shown above as short-term leases (included in research and development expenses and administrative expenses)	**70**	103

(a) For the year ended 31 December 2024, depreciation charge of land use rights amounting to approximately RMB1,856,000 (2023: RMB3,712,000) was capitalised into construction-in-progress.

(b) For the year ended 31 December 2024, depreciation charge of leased properties amounting to approximately RMB1,033,000 (2023: nil) was capitalised into capitalised product development costs.

(c) For the year ended 31 December 2024, the total cash outflow for leases was approximately RMB6,063,000 (2023: RMB25,966,000).

(d) As at 31 December 2024, land use rights with carrying amounts of approximately RMB50,421,000 (31 December 2023: RMB54,133,000) were pledged to the bank as security for the bank borrowings of RMB260,261,000 (31 December 2023: RMB300,321,000) (Note 30).

17. INTANGIBLE ASSETS

	Capitalised product development costs RMB'000	Goodwill RMB'000	Intellectual properties RMB'000	Software RMB'000	Total RMB'000
At 1 January 2023					
Cost	–	52,636	520,908	–	573,544
Accumulated amortisation	–	–	(122,731)	–	(122,731)
Net book value	–	52,636	398,177	–	450,813
Year ended 31 December 2023					
Opening net book value	–	52,636	398,177	–	450,813
Additions	11,654	–	–	1,543	13,197
Amortisation charge	–	–	(29,644)	(145)	(29,789)
Closing net book value	11,654	52,636	368,533	1,398	434,221
At 31 December 2023					
Cost	11,654	52,636	520,908	1,543	586,741
Accumulated amortisation	–	–	(152,375)	(145)	(152,520)
Net book value	11,654	52,636	368,533	1,398	434,221
Year ended 31 December 2024					
Opening net book value	**11,654**	**52,636**	**368,533**	**1,398**	**434,221**
Additions	**20,673**	**–**	**10,674**	**–**	**31,347**
Amortisation charge	**–**	**–**	**(30,164)**	**(154)**	**(30,318)**
Closing net book value	**32,327**	**52,636**	**349,043**	**1,244**	**435,250**
At 31 December 2024					
Cost	**32,327**	**52,636**	**531,582**	**1,543**	**618,088**
Accumulated amortisation	**–**	**–**	**(182,539)**	**(299)**	**(182,838)**
Net book value	**32,327**	**52,636**	**349,043**	**1,244**	**435,250**

17. INTANGIBLE ASSETS (CONTINUED)

(a) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

— Intellectual properties	11 to 23 years
— Software	10 years

(b) Capitalised product development costs

The Group incurs significant costs and efforts on research and development activities. Research expenditures, mainly including clinical study related expenses, pre-clinical study costs, depreciation and amortisation, employee benefit expenses and raw materials and consumables used in research activities, are charged to profit or loss as an expense in the period the expenditure is incurred. Development costs are recognised as assets if they are directly attributable to a newly developed product and all the following are demonstrated:

- it is technically feasible to complete the development project so that it will be available for use;
- management intends to complete the development project and use or sell the product;
- there is an ability to use or sell the product;
- it can be demonstrated how the development project will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development project and to use or sell the product are available, and
- the expenditure attributable to the asset during its development can be reliably measured.

The Group generally considers that the capitalisation criteria for internally generated intangible assets are met when obtaining marketing approval from the regulatory authority.

17. INTANGIBLE ASSETS (CONTINUED)

(b) Capitalised product development costs (continued)

The costs of an internally generated intangible asset are the sum of the expenditure incurred from the date the recognition criteria above are met to the date when the asset is available for use. The capitalised costs in connection with the intangible asset include cost of materials and services used or consumed, employee costs incurred in the creation of the asset and an appropriate portion of relevant overheads.

Capitalised development costs are amortised using the straight-line method over the life of the related product. Amortisation begins when the intangible asset is available for its intended use.

Development expenditures not satisfying the above criteria are recognised in profit or loss as incurred.

During the year ended 31 December 2024, the Group capitalised product development costs of RMB20,673,000 (2023: RMB11,654,000) for the PD-1 which has satisfied the criteria for capitalisation.

The management of the Company measured the recoverable amounts of the capitalised product development costs and concluded that no provision for impairment has to be recognised as at 31 December 2024 (2023: nil).

(c) Impairment assessment for goodwill

Goodwill of approximately RMB52,636,000 resulted from the acquisition of Miracogen Shanghai from a third party during 2018, which is principally engaged in the provision of research and development focusing on antibody drug conjugate ("**ADC**") related pipelines.

The management has involved an independent qualified valuer to perform goodwill impairment assessment to assess the "value-in-use" (determined by management as the recoverable amount) of the CGU as at 31 December 2024 and 2023 by using the discounted cash flow model.

17. INTANGIBLE ASSETS (CONTINUED)

(c) Impairment assessment for goodwill (continued)

These calculations use pre-tax cash flow forecast based on financial budgets prepared by management, the forecast period longer than 5 years. The management considers that the length of the forecast period is appropriate because it generally takes longer for a biopharma company to reach a perpetual growth mode, compared to companies in other industries, especially when ADC related products are still under clinical study and the market of such products is at an early stage of development with substantial growth potential. Hence, the management believes that a forecast period for, the CGU of Miracogen Shanghai longer than five years is feasible and consistent with industry practice. Key assumptions are disclosed as below:

	As at 31 December	
	2024	2023
The first commercialisation year of ADC related pipelines	**2026**	2025
Expected revenue growth rate during the forecast period from second year of commercialisation	**150% to 14%**	119% to 15%
Expected revenue growth rate beyond the forecast period	**8% to 0%**	8% to 0%
Expected market penetration rate	**0% to 26%**	0% to 26%
Expected success rate of commercialisation	**15% to 60%**	8% to 50%
Pre-tax discount rate	**14.6%**	16.1%

Management has determined the values assigned to certain key assumptions as follows:

Assumption	Approach used to determine values
Revenue growth rate	Revenue growth rate covering the forecast period was estimated based on management's expectations of market development and industry data from industry research report issued by a third-party consultation company
Market penetration rate	Based on the expected selling conditions, considering the features of marketing and technological development
Success rate of commercialisation	By reference to the practices of biopharmaceutical industries, development of technology and related regulations from administrations
Pre-tax discount rate	Reflect specific risks relating to the operation of the business in the PRC

The management believes that any reasonable possible change in any of the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

The management of the Company concluded that no provision for impairment on the goodwill has to be recognised as at 31 December 2024 and 2023.

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
At the beginning of the year	**126,685**	122,392
Disposals	**–**	(84,754)
Share of loss on investments	**(16,439)**	(27,341)
Share of other comprehensive income	**901**	–
Share of other reserves	**2,926**	–
Others	**–**	116,388
At the end of the year	**114,073**	126,685

Set out below are the associates of the Group as at 31 December 2024. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/ country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Principal activities
		2024	2023			
Wuhan Binhui Biological Technology Co., Ltd. ("**Wuhan Binhui**") (武漢濱會生物科技股份有限公司)	The PRC	**11.84%**	11.84%	Associate	Equity method	Research and development of biomedicine
KYM	The United States	**30%**	30%	Associate	Equity method	Technological development of biotechnology

The associates of the Group have been accounted for using the equity method based on the financial information of the associates prepared under the accounting policies consistent with the Group.

All associates are engaged in the biotechnology industry and are at an early stage of development or pre-clinical. Management periodically reviewed their business performance, including development progress of pipelines, the plan of business as well as subsequent financing, and no impairment indicator was noted as at 31 December 2024 and 2023.

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(a) Summarised financial information for associates

The tables below provide summarised financial information for the associate that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associate and not the Company's share of those amounts. These amounts have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policies.

Summarised balance sheet

	Wuhan Binhui As at 31 December	
	2024 RMB'000	2023 RMB'000
Current assets	**358,631**	602,472
– Cash and cash equivalents	**233,186**	552,677
Non-current assets	**700,194**	466,417
Total assets	**1,058,825**	1,068,889
Current liabilities	**70,445**	27,758
Non-current liabilities	**64,642**	7,682
Total liabilities	**135,087**	35,440
Non-controlling interests	**1,552**	1,872
Equity attribute to owners of the company	**922,186**	1,031,577
Total equity	**923,738**	1,033,449
Share of net assets	**109,197**	122,150
Goodwill	**4,235**	4,235
Carrying amount	**113,432**	126,385

Summarised statements of comprehensive loss

	Wuhan Binhui Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Revenue	**1,725**	1,296
Loss for the year	**131,923**	121,169
Total comprehensive loss	**131,732**	121,169

19. INVENTORIES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Raw materials	**19,614**	20,739
Finished goods	**2,678**	738
Working in progress outsourced for processing	**495**	7,935
Total	**22,787**	29,412

The cost of inventories recognised as expenses and included in 'cost of sales' and 'research and development expenses' amounted to approximately RMB26,072,000 and RMB34,689,000 (2023: RMB7,084,000 and RMB26,455,000), respectively.

20. TRADE RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade receivables	**46,232**	38,014
Less: Loss allowance	**(411)**	(212)
Total	**45,821**	37,802

The Group allows a credit period of 30 days to its customers. As at 31 December 2024 and 2023, the ageing analysis of the trade receivables (net of loss allowance) based on the invoice date is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
0 to 30 days	**44,007**	37,802
31 to 60 days	**1,716**	–
61 to 90 days	**98**	–
Total	**45,821**	37,802

(a) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

20. TRADE RECEIVABLES (CONTINUED)

(a) Classification as trade receivables (continued)

Details about the Group's impairment policies and the calculation of the loss allowance are provided in Note 3.1.

21. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Value added tax recoverable	**42,093**	39,810
Deposits	**13,761**	16,706
Prepayments for:		
– property, plant and equipment	**26,020**	29,077
– clinical study related expenses	**63,889**	89,355
Prepayments for listing expenses	**1,047**	4,779
Others	**52**	51
	146,862	179,778
Less: Loss allowance for other receivables and deposits	**(60)**	(480)
	146,802	179,298
Less: Non-current portion (a)	**(34,816)**	(59,009)
Current portion	**111,986**	120,289

(a) The non-current portion of other receivables, prepayments and deposits includes prepayments to suppliers for property, plant and equipment, value-added tax recoverable that can not be utilised in the coming 12 months, and deposits as guarantees for land use rights are as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Non-current assets		
Value added tax recoverable	**6,060**	21,958
Prepayments for property, plant and equipment	**26,020**	29,077
Deposits	**2,736**	7,974
Total	**34,816**	59,009

22. FINANCIAL ASSETS AT FVTPL

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Unlisted equity investment	**63,628**	63,628

23. CASH AND CASH EQUIVALENTS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Cash at bank	**401,286**	426,015

Cash and cash equivalents which are denominated in the following currencies are as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
RMB	**399,083**	424,433
USD	**1,523**	1,532
HKD	**680**	50
Total	**401,286**	426,015

24. FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost		
– Other receivables, prepayments and deposits excluding non-financial assets	**13,752**	16,277
– Trade receivables	**45,821**	37,802
– Cash and cash equivalents	**401,286**	426,015
Financial assets at FVTPL		
– Unlisted equity investment	**63,628**	63,628
	524,487	543,722
Financial liabilities		
Financial liabilities at amortised cost		
– Borrowings	**794,351**	694,299
– Trade payables	**236,135**	207,611
– Other payables and accruals excluding non-financial liabilities	**153,097**	203,623
Financial liabilities at FVTPL	**263,112**	272,625
Total	**1,446,695**	1,378,158

25. SHARE CAPITAL

	Number of shares	**Nominal value of shares RMB'000**
Authorised, issued and fully paid		
At 1 January 2023 and 31 December 2023	1,659,444,838	1,659,445
Issuance of shares	51,170,000	51,170
At 31 December 2024	**1,710,614,838**	**1,710,615**

On 24 May 2024, the Company completed a placing of 51,170,000 H Shares with a par value of RMB1.00 each at the price of HK$4.58 per H Share (the "Placing"). The gross proceeds from the Placing amounted to approximately HK$234 million (equivalent to RMB213,379,000), of which, RMB51,170,000 were credited to the Company's share capital and the remaining proceeds deducting the share issue costs of RMB4,388,000 were credited to the share premium.

26. RESERVES

	Share premium RMB'000	Capital reserves RMB'000	Share-based payment reserves RMB'000	Other reserves RMB'000	Total RMB'000
Balance at 1 January 2023	2,419,845	(401,514)	149,096	(594,620)	1,572,807
Share-based payments (Note 27)	–	–	18,570	–	18,570
Currency translation differences	–	–	–	(331)	(331)
Balance at 31 December 2023	2,419,845	(401,514)	167,666	(594,951)	1,591,046
Balance at 1 January 2024	**2,419,845**	**(401,514)**	**167,666**	**(594,951)**	**1,591,046**
Share-based payments (Note 27)	**–**	**–**	**4,402**	**–**	**4,402**
Issuance of shares	**157,821**	**–**	**–**	**–**	**157,821**
Currency translation differences	**–**	**–**	**–**	**76**	**76**
Share of other comprehensive income of associates	**–**	**–**	**–**	**901**	**901**
Share of reserves of associates	**–**	**–**	**–**	**2,926**	**2,926**
Balance at 31 December 2024	**2,577,666**	**(401,514)**	**172,068**	**(591,048)**	**1,757,172**

27. SHARE-BASED PAYMENTS

Huarui Zongheng (Beijing) Technology Co., Ltd. (華瑞縱橫(北京)科技有限公司), Shanghai Zupai Technology Partnership (Limited Partnership) (上海築湃科技合夥企業(有限合夥)), Shanghai Zulin Technology Partnership (Limited Partnership)(上海築麟科技合夥企業(有限合夥)), Shanghai Renhong Technology Partnership (Limited Partnership) (上海韌宏科技合夥企業(有限合夥)) and Shanghai Progeun Technology Co., Ltd. (上海芃槿科技有限責任公司) (collectively referred to as the "**Vehicles**") were all established in the PRC under the Company Law of the PRC as a vehicle to hold the ordinary shares for the Company's employees under the ESOP in 2020.

27. SHARE-BASED PAYMENTS (CONTINUED)

(a) ESOP

On 7 December 2020, 151 eligible employees (the "**Grantees**") were granted 45,149,702 shares of the Company at a consideration of RMB1.00 per share which are vested when Grantees complete a contractual term of service with the authorisation from the Board of Directors of the Company to acquire their long-term service in the future.

The grants under the plan vest over a period of four years of continuous service, with one-fourth (1/4) vesting upon each anniversary date of the stated vesting commencement date.

Set out below is the movement in the number of awarded restricted shares under the ESOP:

	Number of awarded restricted shares
At 1 January 2023	14,356,650
Vested during the year	(6,585,685)
Forfeited during the year	(1,685,281)
At 31 December 2023	6,085,684
At 1 January 2024	**6,085,684**
Vested during the year	**(4,643,137)**
Forfeited during the year	**(1,442,547)**
At 31 December 2024	**–**

27. SHARE-BASED PAYMENTS (CONTINUED)

(b) Expenses arising from share-based payment transactions

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Administrative expenses	**(206)**	10,288
Research and development expenses	**4,608**	8,282
Total	**4,402**	18,570

28. TRADE PAYABLES

The ageing analysis of the trade payables based on their respective invoice dates is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Less than 1 year	**211,469**	196,909
Over 1 year	**24,666**	10,702
Total	**236,135**	207,611

Trade payables are unsecured and are usually paid within 30 days from the date of initial recognition.

The carrying amounts of trade payables are considered to be the same as their fair values, due to their short-term nature.

The trade payables are all denominated in RMB.

29. OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Fixed payables for acquisition/investments (a)	**35,000**	75,000
Variable payables for acquisition/investments ((a) and Note 34)	**30,845**	10,451
Payables for purchase of property, plant and equipment	**87,468**	96,643
Payroll and welfare payables	**32,831**	29,755
Leases and utilities payables	**9,980**	5,068
Payables for employee reimbursement	**15,167**	4,947
Payables for professional fees	**1,651**	3,122
Other taxes and surcharges payables	**16,911**	1,002
Deposits from suppliers	**592**	752
Others	**3,239**	7,640
Total	**233,684**	234,380

(a) On 29 September 2019, the Group entered into an equity purchase agreement with Hangzhou HanX Biomedical Co., Ltd. ("**HanX**") to acquire 40% equity interests in Taizhou Hanzhong held by HanX at (i) a fixed consideration of RMB350,000,000; and (ii) a variable consideration payable at 4.375% of the annual net sales revenue of PD-1 products, which will be settled annually after the PD-1 products are launched into the market. As at 31 December 2024, the outstanding fixed consideration amounted to RMB35,000,000 (31 December 2023: RMB75,000,000).

30. BORROWINGS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Current		
Bank borrowings, non-secured (b)	**478,150**	393,978
Bank borrowings, secured (a)	**60,261**	40,321
Non-current		
Bank borrowings, non-secured (b)	**55,940**	–
Bank borrowings, secured (a)	**200,000**	260,000
Total	**794,351**	694,299

30. BORROWINGS (CONTINUED)

As at 31 December 2024 and 2023, the Group's borrowings were repayable as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 1 year	**538,411**	434,299
Between 1 and 2 years	**135,940**	60,000
Between 2 and 5 years	**120,000**	200,000
Total	**794,351**	694,299

(a) Details of the assets of the Group that have been pledged to bank as the security for the bank borrowings as at 31 December 2024 and 2023 are set out in Note 15 and 16. The borrowings bear interest at a floating rate ranging from 3.45% to 3.80% per annum during 2024 (2023: from 3.80% to 4.00%). Interest is payable quarterly. The principal amounts for the borrowings are payable in batches from 20 June 2022 to 1 September 2027.

(b) The borrowings bear interests at float rate range from 2.65% to 3.45% per annum during 2024 (2023: from 2.90% to 3.65%). Interest is payable quarterly.

The fair value of borrowings approximated their carrying amounts as at 31 December 2024 and 2023 as the borrowings carried interest rates which were benchmarked against rates announced by the People's Bank of China from time to time.

31. LEASE LIABILITIES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Minimum lease payments due		
– Within 1 year	**35,106**	23,326
– Over 1 year	**11,690**	25,075
	46,796	48,401
Less: Future finance charges	**(963)**	(946)
Present value of lease liabilities	**45,833**	47,455
Portion classified as current liabilities	**34,378**	23,271
Portion classified as non-current liabilities	**11,455**	24,184
The present value of lease liabilities is as follows:		
– Within 1 year	**34,378**	23,271
– Over 1 year	**11,455**	24,184
Total	**45,833**	47,455

32. DEFERRED GOVERNMENT GRANTS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Government grants		
Asset-related grants (a)	**11,820**	12,000
Income-related grants	**6,200**	–
To be realised after more than 12 months	**18,020**	12,000

(a) The asset-related grants are subsidies received from the government to compensate the Group's project of Shanghai Biological Park for high-efficiency monoclonal antibody drug production.

33. DEFERRED INCOME TAX

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rates at which are expected to be applied at the time of reversal of the temporary differences.

The deferred income tax assets and liabilities are mainly due from the acquisition of subsidiaries, and the amount of offsetting deferred income tax assets and liabilities as at 31 December 2024 is RMB11,490,000 (31 December 2023: RMB14,201,000).

The analysis of deferred income tax assets and liabilities before offsetting is as follows:

(a) Deferred tax assets

	Tax losses RMB'000
At 1 January 2023	22,335
Charged to profit or loss	(2,711)
Impact of applying preferential tax rate	(5,423)
At 31 December 2023	**14,201**
At 1 January 2024	**14,201**
Charged to profit or loss	**(2,711)**
At 31 December 2024	**11,490**

(b) Deferred tax liabilities

	Property, plant and equipment acquired in business combination RMB'000	Intangible assets acquired in business combination RMB'000	Total RMB'000
At 1 January 2023	(136)	(59,886)	(60,022)
Credited to profit or loss	15	2,696	2,711
Impact of applying preferential tax rate	30	5,393	5,423
At 31 December 2023	(91)	(51,797)	(51,888)
At 1 January 2024	**(91)**	**(51,797)**	**(51,888)**
Credited to profit or loss	**15**	**2,696**	**2,711**
At 31 December 2024	**(76)**	**(49,101)**	**(49,177)**

33. DEFERRED INCOME TAX (CONTINUED)

(b) Deferred tax liabilities (continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(37,687)**	(37,687)

34. FINANCIAL LIABILITIES AT FVTPL

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Variable consideration payable arising from the acquisition in 40% equity interests in Taizhou Hanzhong from the then non-controlling interests (Note 29(a))	**263,112**	272,625
Less: Current portion	**(30,845)**	(10,451)
Non-current portion	**232,267**	262,174

As described in Note 29(a), the fair value of variable consideration payable as at 31 December 2024 and 2023 was determined by an independent valuer (Note 3.3(b)), and the changes in fair value were recognised in the profit or loss.

The movements of financial liabilities at FVTPL for the years ended 31 December 2024 and 2023 are set out below:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Opening balance	**272,625**	448,282
Change in fair value (Note 10)	**(5,077)**	(174,976)
Variable consideration paid to HanX	**(4,436)**	(681)
Closing balance	**263,112**	272,625

35. CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Cash flows from operating activities		
Loss before income tax	**(424,193)**	(30,301)
Adjustments for:		
– Expected credit losses	**(221)**	154
– Depreciation of property, plant and equipment	**51,997**	54,268
– Amortisation of intangible assets	**30,318**	29,789
– Depreciation of right-of-use assets	**17,864**	18,515
– Share-based payments	**4,402**	18,570
– Loss on disposal of property, plant and equipment	**18**	–
– Net gains on disposal of right-of-use assets	**(11)**	–
– Change in fair value of financial liabilities at FVTPL	**(5,077)**	(174,976)
– Finance costs, net	**15,654**	6,449
– investment income on financial assets at FVTPL	**–**	(128)
– Net gains on dilution of equity interests in an associate	**–**	(116,388)
– Net gains on disposal of investments in an associate	**–**	(103,874)
– Deferred government grants	**(180)**	–
– Listing expenses	**3,904**	–
– Share of loss of investments accounted for using the equity method	**16,439**	27,341
Operating cash flows before movements in working capital	**(289,086)**	(270,581)
Decrease/(increase) in inventories	**6,625**	(5,351)
Increase in trade receivables	**(8,218)**	(38,014)
Decrease in other receivables, prepayments and deposits	**26,031**	5,032
Increase in contract liabilities	**905**	–
Increase in deferred government grants	**6,200**	–
Increase in trade payables	**28,524**	41,482
Increase in other payables and accruals	**27,958**	8,547
Cash used in operations	**(201,061)**	(258,885)

35. CASH FLOW INFORMATION (CONTINUED)

(b) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- Capitalisation of depreciation charge of property, plant and equipment – Note 15
- Capitalisation of depreciation charge of right-of-use assets and land use rights – Note 16
- Additions to right-of-use assets and lease liabilities – Note 16
- Dilution of equity interests in an associate in 2023 – Note 18

(c) Changes in liabilities arising from financing activities

	Borrowings RMB'000	Lease liabilities RMB'000	Fixed payables for acquisition/ investments included in other payables and accruals RMB'000	Variable payables for acquisition/ investments included in financial liabilities at FVTPL RMB'000	Total RMB'000
At 1 January 2023	(650,045)	(33,520)	(140,000)	(448,282)	(1,271,847)
Changes from financing cash flows	(15,504)	25,318	65,000	681	75,495
New leases	–	(38,621)	–	–	(38,621)
Interest expense	(28,750)	(632)	–	–	(29,382)
Fair value changes	–	–	–	174,976	174,976
At 31 December 2023	(694,299)	(47,455)	(75,000)	(272,625)	(1,089,379)
At 1 January 2024	**(694,299)**	**(47,455)**	**(75,000)**	**(272,625)**	**(1,089,379)**
Changes from financing cash flows	**(72,976)**	**5,447**	**40,000**	**4,436**	**(23,093)**
New leases	**–**	**(3,385)**	**–**	**–**	**(3,385)**
Interest expense	**(27,076)**	**(1,207)**	**–**	**–**	**(28,283)**
Lease termination	**–**	**767**	**–**	**–**	**767**
Fair value changes	**–**	**–**	**–**	**5,077**	**5,077**
At 31 December 2024	**(794,351)**	**(45,833)**	**(35,000)**	**(263,112)**	**(1,138,296)**

36. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Property, plant and equipment	**456,840**	456,596

(b) Operating lease commitments

At the end of the reporting period, the Group's commitments for future minimum lease payments under non-cancellable short-term leases are as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
No later than 1 year	**528**	528

37. SUBSIDIARIES

The Group's principal subsidiaries as at 31 December 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of subsidiary	Place of incorporation/ registration and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital and debt securities	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2024	2023	2024	2023
Miracogen Shanghai (上海美雅珂生物技術有限責任公司)	The PRC, limited liability company	Research and development focusing on ADC related pipelines in the PRC	RMB99,371,981	100%	100%	–	–
Taizhou Hanzhong (泰州翰中生物醫藥有限公司)	The PRC, limited liability company	Research and development focusing on PD-1 related pipelines in the PRC	RMB7,692,308	91%	91%	9%	9%
Taizhou Houde Aoke Technology Co., Ltd. ("**Taizhou Aoke**") (泰州厚德奧科科技有限公司)	The PRC, limited liability company	Research and development focusing on PD-L1 related pipelines in the PRC	RMB262,000,000	70%	70%	30%	30%
CtM Bio Co., Ltd. ("**CtM Bio**") (樂普創一生物科技(上海)有限公司)	The PRC, limited liability company	Discovery of new drug candidates in the PRC	RMB30,000,000	70%	70%	30%	30%
Lepu Beijing (樂普(北京)生物科技有限公司)	The PRC, limited liability company	Operation of manufacturing site in Beijing, the PRC	RMB100,000,000	100%	100%	–	–
Innocube Limited	The British Virgin Islands, limited liability company	Investment holdings in the British Virgin Islands	USD50,000	100%	100%	–	–
Shanghai Lepu Biopharma Investment Co., Ltd. ("**Lepu Shanghai**") (上海樂普生物投資有限公司)	The PRC, limited liability company	Investment holdings in the Mainland China	RMB50,000,000	100%	100%	–	–
Lepu Hangjia (Shanghai) Venture Capital Co., Ltd. ("**Lepu Hangjia**") (樂普航嘉(上海)創業孵化器管理有限公司)	The PRC, limited liability company	Business incubator management in the Mainland China	RMB50,000,000	100%	100%	–	–
Innocube Biosciences Inc.	The United States, limited liability company	Platform for clinical development overseas in the United States	USD10,000	100%	100%	–	–
CtM Bio (Nanjing) Co., Ltd. (樂普創一生物科技(南京)有限公司)	The PRC, limited liability company	Discovery of new drug candidates in the Mainland China	RMB3,000,000	70%	70%	30%	30%

38. RELATED PARTY TRANSACTIONS

The Group is controlled by the following entity:

Name	Type	Place of registration	Ownership interests in the Company As at 31 December 2024	Ownership interests in the Company As at 31 December 2023
Ningbo Houde Yimin	Immediate parent entity	Ningbo, the PRC	**25.33%**	26.11%

The Company was ultimately controlled by Dr. Pu Zhongjie.

The directors are of the view that the following parties excluding subsidiaries and associates, are other related parties that had transactions or balances with the Group:

Name	Relationship with the Group
Beijing Pufeng Medical Management Co., Ltd. (北京普峰醫療管理有限公司)	A subsidiary of an entity of which the director is a close family member of Dr. Pu Zhongjie
Beijing Volt Technology Co., Ltd. (北京伏爾特技術有限公司)	A subsidiary of an entity of which the director is a close family member of Dr. Pu Zhongjie
Lepu Pharmaceuticals, Inc (樂普藥業股份有限公司)	Controlled by a shareholder which has significant influence over the Group
Beijing Lepu Pharmaceutical (北京樂普醫藥科技有限公司)	Controlled by a shareholder which has significant influence over the Group
Beijing Lejian Dongwai Clinic Co., Ltd. (北京樂健東外門診部有限公司)	Controlled by a shareholder which has significant influence over the Group
Lepu Ruikang (Beijing) Technology Co., Ltd (樂普睿康(北京)科技有限公司)	Controlled by a shareholder which has significant influence over the Group
Beijing Lepu Hushengtang Network Technology Co., Ltd. (北京樂普護生堂網絡科技有限公司)	Controlled by a shareholder which has significant influence over the Group
Beijing Aipuyi Medical Testing Center Co. Ltd (北京愛普益醫學檢驗中心有限公司)	Controlled by a shareholder which has significant influence over the Group
CG Oncology, Inc.	An entity of which the director is a close family member of Dr. Pu Zhongjie
Hangzhou HealSun Biotechnology Co., Ltd. ("**Hangzhou HealSun**") (杭州皓陽生物技術有限公司("**杭州皓陽**"))	An associate of the Group prior to September 2023.

The following significant transactions were carried out between the Group and its related parties during the reporting period. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

38. RELATED PARTY TRANSACTIONS (CONTINUED)

38.1 Transactions with other related parties

(a) Purchase and sale of raw materials and various services

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Licensing income from an associate	**20,987**	109,520
CDMO services income from related parties	**45,497**	–
Purchase of technical development services from:		
– an associate	**–**	2,790
– other related parties	**1,838**	2,202
Purchase of professional services from related party	**4,300**	441
Purchase of raw materials from related parties	**1,378**	795

(b) Rental services

	Type of Leased Asset	**Rental expenses for short-term leases and leases of low-value assets treated in a simplified manner RMB'000**	**Rent Paid RMB'000**
2024			
Beijing Pufeng Medical Management Co., Ltd.	Production Facility	**484**	**4,443**
2023			
Beijing Pufeng Medical Management Co., Ltd.	Production Facility	472	8,630

38. RELATED PARTY TRANSACTIONS (CONTINUED)

38.2 Balances with related parties

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Balances due from related parties		
Prepayment to a related party	**1,520**	–
Other receivables from a related party	**1,390**	1,390
Trade receivables from a related party	**5,180**	–
Balances due to related parties		
Trade payables to related parties		
– associates	**–**	4,679
– other related party	**207**	–
Other payables and accruals to related parties	**9,544**	4,715
Lease liabilities to related party	**33,013**	36,647

As at 31 December 2024 and 2023, there was no any non-trade nature balance with related parties. All balances with related parties were non-interest bearing and trade in nature, and their fair values approximated their carrying amounts due to their short maturities.

38.3 Key management compensation

Key management includes executive directors, supervisors and senior managements. The compensation paid or payable to key management personnel other than directors and supervisors disclosed in Note 39 is shown as below:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Salaries, bonuses and other allowances	**4,971**	6,559
Pension costs – defined contribution plans	**141**	135
Other social security costs, housing benefits, and other employee benefits	**165**	162
Share-based payment expenses	**3,444**	6,487
Total	**8,721**	13,343

39. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

(a) Directors and supervisors

Details of the emoluments paid or payable to the directors and supervisors for the reporting period are set out as follows:

For the year ended 31 December 2024:

Name	Fees RMB'000	Salaries RMB'000	Bonuses and other allowances RMB'000	Share-based payments RMB'000	Defined contribution plans RMB'000	Total RMB'000
Directors:						
Dr. Pu Zhongjie	–	–	–	–	–	–
Dr. Sui Ziye	–	1,702	607	2,237	161	4,707
Dr. Hu Chaohong*	–	1,861	–	(3,388)	–	(1,527)
Ms. Pu Jue	–	–	–	–	–	–
Mr. Yang Hongbing	–	–	–	–	–	–
Mr. Lin Xianghong**	–	–	–	–	–	–
	–	3,563	607	(1,151)	161	3,180
Independent non – executive directors:						
Mr. Zhou Demin	250	–	–	–	–	250
Mr. Yang Haifeng	250	–	–	–	–	250
Mr. Hua Fengmao	250	–	–	–	–	250
	750	–	–	–	–	750
Supervisors:						
Mr. Xu Yang	250	–	–	–	–	250
Mr. Yang Ming	–	–	–	–	–	–
Mr. Wang Jiwei***	–	9	–	–	4	13
Ms. Zhao Lixuan****	–	409	82	–	161	652
Total	250	418	82	–	165	915

* Hu Chaohong retired from January 31,2024
** Lin Xianghong retired from January 31,2024
*** Wang Jiwei retired from January 31,2024
**** Zhao Lixuan appointed from January 31,2024

39. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (CONTINUED)

(a) Directors and supervisors (continued)

For the year ended 31 December 2023:

Name	Fees RMB'000	Salaries RMB'000	Bonuses and other allowances RMB'000	Share-based payments RMB'000	Defined contribution plans RMB'000	Total RMB'000
Directors:						
Dr. Pu Zhongjie	–	–	–	–	–	–
Dr. Sui Ziye	–	1,893	660	4,214	153	6,920
Dr. Hu Chaohong	–	2,747	660	4,214	–	7,621
Ms. Pu Jue	–	–	–	–	–	–
Mr. Yang Hongbing	–	–	–	–	–	–
Mr. Lin Xianghong	–	–	–	–	–	–
	–	4,640	1,320	8,428	153	14,541
Independent non – executive directors:						
Mr. Zhou Demin	250	–	–	–	–	250
Mr. Yang Haifeng	250	–	–	–	–	250
Mr. Fengmao Hua	250	–	–	–	–	250
	750	–	–	–	–	750
Supervisors:						
Mr. Xu Yang	250	–	–	–	–	250
Mr. Yang Ming	–	–	–	–	–	–
Mr. Wang Jiwei	–	110	12	–	54	176
Total	250	110	12	–	54	426

39. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (CONTINUED)

(a) Directors and supervisors (continued)

No directors or supervisors waived or agreed to waive any emoluments during the reporting period. No emoluments were paid to directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office during the reporting period.

(b) Directors and supervisors' retirement benefits

None of the directors or supervisors received any retirement benefits during the reporting period.

(c) Directors and supervisors' termination benefits

None of the directors or supervisors received any termination benefits during the reporting period.

(d) Information about loans, quasi-loans and other dealings in favour of directors, supervisors and bodies corporate controlled by or entities connected with directors

Other than as disclosed in Note 38, there were no loans, quasi-loans and other dealings in favour of directors, supervisors or bodies corporate controlled by and entities connected with such directors or supervisors during the reporting period.

(e) Directors and supervisors' material interests in transactions, arrangements or contracts

Other than as disclosed in Note 38, there were no other significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director or supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the reporting period.

40. DIVIDEND

No dividend has been paid or declared by the Company or companies comprising the Group during the years ended 31 December 2024 and 2023.

41. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Assets		
Non-current assets		
Property, plant and equipment	**814,645**	812,768
Right-of-use assets	**92,527**	99,816
Intangible assets	**24,059**	22,431
Investments in subsidiaries	**2,022,376**	2,021,062
Investments accounted for using the equity method	**113,432**	126,385
Other receivables, prepayments and deposits	**22,600**	28,765
Total non-current assets	**3,089,639**	3,111,227
Current assets		
Inventories	**5,011**	2,835
Trade receivables	**51,526**	36,650
Other receivables, prepayments and deposits	**2,039,738**	1,817,940
Financial assets at FVTPL	**63,628**	63,628
Cash and cash equivalents	**336,110**	292,576
Total current assets	**2,496,013**	2,213,629
Total assets	**5,585,652**	5,324,856
Equity		
Share capital	**1,710,615**	1,659,445
Reserves	**2,770,213**	2,604,163
Accumulated losses	**(635,244)**	(183,748)
Total equity	**3,845,584**	4,079,860

41. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Balance sheet of the Company (continued)

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Liabilities		
Non-current liabilities		
Borrowings	**255,940**	260,000
Lease liabilities	**–**	217
Deferred government grants	**15,620**	12,000
Financial liabilities at FVTPL	**232,267**	262,174
Total non-current liabilities	**503,827**	534,391
Current liabilities		
Borrowings	**538,411**	434,299
Trade payables	**444,907**	29,429
Other payables and accruals	**252,018**	246,241
Lease liabilities	**–**	636
Contract liabilities	**905**	–
Total current liabilities	**1,236,241**	710,605
Total liabilities	**1,740,068**	1,244,996
Total equity and liabilities	**5,585,652**	5,324,856

Executives Director: **Dr. Pu Zhongjie**

Executives Director: **Dr. Sui Ziye**

41. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Reserve movement of the Company

	Share premium RMB'000	Capital reserves RMB'000	Share-based payment reserves RMB'000	Other reserves RMB'000	Total RMB'000
Balance at 1 January 2023	2,419,845	–	149,096	16,652	2,585,593
Share-based payments (Note 27)	–	–	18,570	–	18,570
Balance at 31 December 2023	2,419,845	–	167,666	16,652	2,604,163
Balance at 1 January 2024	**2,419,845**	**–**	**167,666**	**16,652**	**2,604,163**
Issuance of shares	**157,821**	**–**	**–**	**–**	**157,821**
Share-based payments (Note 27)	**–**	**–**	**4,402**	**–**	**4,402**
Share of other comprehensive income of associates	**–**	**–**	**–**	**901**	**901**
Share of reserves of associates	**–**	**–**	**–**	**2,926**	**2,926**
Balance at 31 December 2024	**2,577,666**	**–**	**172,068**	**20,479**	**2,770,213**

42. EVENTS OCCURRING AFTER THE REPORTING PERIOD

In January 2025, the Company entered into an exclusive licensing agreement with ArriVent for MRG007. Under the terms of the agreement, the Company has granted ArriVent exclusive rights to develop, manufacture and commercialize MRG007 outside of Greater China. The one-time upfront and near-term milestone payments are US$47 million and the Company is eligible to receive up to US$1.16 billion in development, regulatory and sales milestones and tiered royalties on net sales outside of Greater China.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

This note provides a list of other potentially material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all years presented, unless otherwise stated. The financial statements are for the Group.

43.1 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group except for business combination under common control.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries are adjusted, where necessary, to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in profit or loss, statement of changes in equity and the balance sheet.

(b) Associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it 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.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.1 Principles of consolidation and equity accounting (continued)

(c) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of equity-accounted investees are adjusted, where necessary, to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 43.8.

(d) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment to the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

Contingent consideration is initially measured at fair value and classified either as equity or a financial liability. Amounts classified as financial liabilities are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.2 Business combinations

Non-common control business combinations

The Group applies the acquisition method to account for business combination, except for business combinations under common control. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.2 Business combinations (continued)

Non-common control business combinations (continued)

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

43.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

43.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM, responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Group that make strategic decisions.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). Since the operations of the Group are located in the PRC, the consolidated financial statements are presented in RMB, which is the Company's primary functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses are presented in profit or loss, within finance costs.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at financial assets at FVTPL are recognised in profit or loss as part of the fair value gain or loss and translation differences on nonmonetary assets such as equities classified as fair value through other comprehensive income ("**FVOCI**") are recognised in other comprehensive income ("**OCI**").

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.5 Foreign currency translation (continued)

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive loss are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical costs include expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

Construction-in-progress (the "**CIP**") represents equipment and decorations under construction, and is stated at costs less accumulated impairment losses, if any. Costs include the costs of construction and acquisition and capitalised borrowing costs. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to leasehold improvements as well as equipment and instruments and depreciated in accordance with the policy as stated above.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.7 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 43.2. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment at balance sheet date, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(b) Intellectual properties

Separately acquired intellectual properties are shown at historical cost. Intellectual properties acquired in a business combination are recognised at fair value at the acquisition date. Intellectual properties have a finite useful life and are amortised using the straight-line method over their estimated useful lives of 11 to 23 years, which are determined based on the shorter of authorised useful lives and the management's estimation of the period of returns on the intellectual properties. Intellectual properties are subsequently carried at cost less accumulated amortisation and impairment losses.

The Group might acquire intellectual properties for an initial payment plus contractually agreed additional payments contingent on future events and outcomes occurred. Based on the costs accumulation model chosen by the Group, intellectual properties are recognised at acquisition at the cost paid, and variable payments are not included in the carrying amount of the asset at acquisition. Subsequently, the Group capitalises the variable payments as part of the costs of the asset when paid, on the basis that these payments represent the direct costs of acquisition.

(c) Research and development

Research expenditure and development expenditure that do not meet the criteria for capitalisation as set out in Note 17(b) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.8 Impairment of non-financial assets

Capitalised product development costs and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

43.9 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.9 Investments and other financial assets (continued)

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains/(losses), net" together with foreign exchange gains and losses.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains/(losses), net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains/(losses), net".

- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses), net" in the period in which it arises.

During the reporting period, no amount is recognised in respect of financial assets at fair value through other comprehensive income.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.9 Investments and other financial assets (continued)

(c) Measurement (continued)

(ii) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses), net" in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For other receivables, prepayments and deposits, at each reporting date, the Group shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition.

The measurement of expected credit losses reflects: An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information that is available without undue costs or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

43.11 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the amount determined in accordance with the expected credit loss model under IFRS 9 *Financial Instruments*.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

43.12 Inventories

Inventories including finished goods, raw materials and consumable materials are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

43.13 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less allowance for impairment.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.14 Prepayments

Prepayments of the Group represent upfront cash payments made to contract research organisations ("**CROs**"), contract manufacture organisations ("**CMOs**"), contract development and manufacturing organisations ("**CDMOs**"), hospitals and suppliers of equipment.

Prepayments to CROs, CMOs, CDMOs and hospitals, which are organisations that provide support, such as chemistry, manufacturing, and controls processes in the development, licensure, manufacturing, and ongoing marketing of pharmaceutical products ("**CMC**"), to the pharmaceutical, biotechnology and medical device industries in the form of research services outsourced on a contract basis, will be subsequently recorded as research and development expenses in accordance with the applicable performance requirements within one year or less and therefore are all classified as current assets.

Prepayments for purchasing of equipment which are due for transfer to property, plant and equipment and therefore are classified as non-current assets.

43.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

43.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

43.17 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

43.19 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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. Other borrowing costs are expensed in the period in which they are incurred.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.20 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.21 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Post-employment obligations

Employees of the Group are covered by defined contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred and contributions paid to the defined contribution pension plans for a staff are not available to reduce the Group's future obligations to such defined contribution pension plans even if the staff leaves the Group.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (i) when the Group can no longer withdraw the offer of those benefits; and (ii) when the entity recognises costs for a restructuring and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(d) Housing funds

The PRC employees of the Group are also entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to those funds based on a certain percentage of the employee's salaries. The Group's liabilities in respect of these funds are limited to the contributions payable in each period and the Group has no further obligation beyond the contributions made. The non-PRC employees are not covered by the housing funds.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.22 Share-based payments

The fair value of awarded shares granted to employees under the Employee Share Ownership Plan (the "**ESOP**") less amount paid by employees is recognised as an employee benefits expense over the relevant service period, being the vesting period of the shares, and the credit is recognised in the share-based payment reserves in equity. The fair value of the shares is measured at the grant date. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and the share-based payment reserves. Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective at the date of the forfeiture.

43.23 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Note 7 provides further information on how the Group accounts for government grants.

43.24 Interest income

Interest income from financial assets at FVTPL is included in the net fair value gains on these assets.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.25 Earnings per share

To calculate earnings per share, the weighted average number of ordinary shares in issue before the conversion into a joint stock company was determined assuming the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:1 as upon conversion into joint stock company.

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares,
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

43.26 Dividend income

Dividends are received from financial assets measured at fair value through profit or loss (FVTPL) and at fair value through other comprehensive income (FVOCI). Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.27 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. 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.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.27 Leases (continued)

Right-of-use assets are measured at cost comprising the following:

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Right-of-use assets are subject to impairment.

Payments associated with short-term leases of equipment and vehicles and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months. Low-value assets comprise IT equipment and small items of office furniture.

43.28 Financial liabilities at FVTPL

Financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. At initial recognition, the Group measures a financial liability at its fair value plus or minus, in the case of a financial liability not at FVTPL, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial liability, such as fees and commissions. Transaction costs of financial liabilities carried at FVTPL are expensed in profit and loss.

Financial liabilities at FVTPL includes derivatives and financial liabilities designated as FVTPL. The Group shall present a gain or loss on those financial liabilities designated as at FVTPL as follows: the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, and the remaining amount of change in the fair value of the liability shall be presented in profit or loss unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.

The financial liability is derecognised when the obligation under the liability is discharged or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.29 Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; (If the Group is itself such a plan) and the sponsoring employers of the post-employment benefit plan;

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

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

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

43.30 Contract liabilities

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

FINANCIAL SUMMARY

	December 31, 2024 RMB'000	December 31, 2023 RMB'000	December 31, 2022 RMB'000	December 31, 2021 RMB'000	December 31, 2020 RMB'000
Total assets	**2,280,685**	2,384,306	2,529,172	2,082,061	2,423,611
Total liabilities	**1,598,882**	1,495,606	1,628,410	1,234,978	921,889
Total equity	**681,803**	888,700	900,762	847,083	1,501,722
Revenue	**367,794**	225,352	15,572	–	–
Cost of sales	**(74,824)**	(28,277)	(2,005)	–	–
Gross profit	**292,970**	197,075	13,567	–	–
Other income	**8,499**	7,251	11,284	10,572	7,964
Other expenses	**(69)**	(3)	(729)	(1,074)	(1,915)
Selling and marketing expenses	**(145,951)**	(43,296)	(1,749)	–	–
Administrative expenses	**(91,943)**	(86,657)	(138,830)	(156,237)	(93,757)
Research and development expenses	**(437,697)**	(458,073)	(524,285)	(791,210)	(354,427)
Fair value changes on financial assets and liabilities at fair value through profit or loss	**5,077**	174,976	(62,816)	(76,285)	(77,991)
Other (losses)/gains, net	**(21,651)**	213,523	(924)	4,598	(225)
Operating (loss)/profit	**(390,765)**	4,796	(704,482)	(1,009,636)	(520,351)
Finance (costs)/income, net	**(16,989)**	(7,756)	37,272	(1,538)	(81,013)
Share of loss of investments accounted for using the equity method	**(16,439)**	(27,341)	(32,231)	(17,695)	(12,084)
Loss before income tax	**(424,193)**	(30,301)	(699,441)	(1,028,869)	(613,448)

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"actual controller"	the individual or entity that can control a company by way of investment
"ADC"	antibody drug conjugate, a class of biopharmaceutical drugs that combine monoclonal antibodies specific to surface antigens present on particular tumor cells with highly potent antitumor small molecule agents linked via a chemical linker
"AGM"	the annual general meeting of the Company for the year ended December 31, 2024 to be convened and held on June 27, 2025
"Articles"	the articles of association of the Company, as amended, modified or supplemented from time to time
"ASCO"	American Society of Clinical Oncology
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"AstraZeneca"	AstraZeneca AB, a global pharmaceutical company which, to the best knowledge and belief of the Company, is independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)
"Audit Committee"	the audit committee of the Board
"Authorized Representative(s)"	the authorized representative(s) of the Company
"BC"	breast cancer
"B cell"	a type of white blood cell that differs from other types of lymphocytes by expressing B cell receptors on its surface, and responsible for producing antibodies
"BCG"	a type of bacteria that causes a reaction in a patient's immune system that can destroy cancer cells located in the lining of the bladder. It is also widely used as a vaccine against tuberculosis
"BD"	business development
"Beijing Houde Yimin"	Beijing Houde Yimin Investment Management Co., Ltd. (北京厚德義民投資管理有限公司), a limited liability company incorporated in the PRC on August 17, 2009

"Board Committee(s)"	the board committees of our Company, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee
"Board of Directors" or "Board"	the board of Directors of the Company
"BTD"	Breakthrough Therapy Designation
"CD20"	a B-lymphocyte antigen that is expressed on the surface of B cells, starting at the pre-B cell stage and also on mature B cells in the bone marrow and in the periphery
"CDE"	藥品審評中心(the Center for Drug Evaluation* of the NMPA)
"CDMO"	contract development and manufacturing organization, a pharmaceutical company that develops and manufactures drugs for other pharmaceutical companies on a contractual basis
"CG Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
"CG Oncology"	CG Oncology, Inc. (previously known as Cold Genesys, Inc.), a clinical-stage immuno-oncology company headquartered in the U.S., of which Lepu Medical holds approximately 7.73% equity interest through Lepu Holdings Limited, a company wholly owned by Lepu Medical, and Ms. Pu Jue (蒲珏) serves as a director
"chemotherapy"	a category of cancer treatment that uses one or more anti-cancer small molecule chemical agents as part of its standardized regimen
"China", "Mainland China" or "PRC"	the People's Republic of China excluding, for the purpose of this annual report, Hong Kong, Macau and Taiwan
"CLDN18.2"	Claudin 18.2, a highly specific tissue junction protein for gastric tissue
"CMC"	chemistry, manufacturing, and controls processes in the development, licensure, manufacturing, and ongoing marketing of pharmaceutical products
"combination therapy"	a treatment modality that combines two or more therapeutic agents

"Company" or "our Company"	Lepu Biopharma Co., Ltd. (樂普生物科技股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange (Stock code: 2157)
"Company Law" or "PRC Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), enacted by the Standing Committee of the Eighth National People's Congress on December 29, 1993 and effective on July 1, 1994, and subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018, as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder"	has the meaning ascribed under the Listing Rules and unless the context otherwise requires, refers to Dr. Pu Zhongjie
"Core Product(s)"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for purposes of this annual report, our core products include MRG003, MRG002 and HX008
"CR"	complete response, the disappearance of all signs of cancer in response to treatment
"CSCO"	Chinese Society of Clinical Oncology
"CSGO"	Chinese Society of Gynecological Oncology
"CtM Bio"	CtM Bio Co., Ltd. (樂普創一生物科技(上海)有限公司), a limited liability company incorporated in the PRC on March 26, 2020, and our non-wholly owned subsidiary
"Director(s)"	the director(s) of the Company
"DLBCL"	diffuse large B cell lymphoma
"Domestic 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 up in RMB and are unlisted Shares which are currently not listed or traded on any stock exchange, and the term "**Domestic Shareholder(s)**" shall be construed accordingly

"EGFR"	epidermal growth factor receptor
"EGM"	extraordinary general meeting of the Company
"ESMO"	European Society for Medical Oncology
"FDA"	Food and Drug Administration of the United States
"first-line" or "1L"	with respect to any disease, the first line therapy, which is the treatment regimen or regimens that are generally accepted by the medical establishment for initial treatment. It is also called primary treatment or therapy
"FISH"	fluorescence in situ hybridization, a test that maps the genetic material in human cells, including specific genes or portions of genes
"FTD"	Fast Track Designation
"GC"	gastric cancer
"GEJ"	gastroesophageal junction
"Global Offering"	the offer of the H Shares for subscription as described in the Prospectus
"GLP-1"	glucagon-like peptide-1
"GMP"	a system for ensuring that products are consistently produced and controlled according to quality standards, which is designed to minimize the risks involved in any pharmaceutical production that cannot be eliminated through testing the final product. It is also the practice required in order to conform to the guidelines recommended by agencies that control the authorization and licensing of the manufacture and sale of pharmaceutical products
"Group", "we", "us" or "our"	the Company and its subsidiaries
"G/GEJ carcinoma"	gastric and gastroesophageal junction carcinoma
"HanX"	Hangzhou HanX Biomedical Co., Ltd. (杭州翰思生物醫藥有限公司), a limited liability company incorporated in the PRC on August 3, 2016, which is a biopharmaceutical company principally engaged in biological products, biotechnology, medical technology development and consulting, and held by Mr. Zhang Faming, the former director of Miracogen Shanghai as to 53.75% and four Independent Third Parties as to 46.25% in aggregate with each Independent Third Party holding no more than 20% of the equity interest of HanX

"HealSun Biopharma"	Hangzhou HealSun Biopharma Co., Ltd. (杭州皓陽生物技術有限公司), a limited liability company incorporated in the PRC
"HER2"	human epidermal growth factor receptor 2
"HER2-expressing"	HER2 status of tumor cells identified with a test score of IHC 1+ or above
"HER2 low-expressing"	HER2 status of tumor cells identified with a test score of IHC 1+ or IHC 2+ plus FISH (or ISH)-
"HER2 over-expressing" or "HER2-positive"	HER2 status of tumor cells identified with a test score of either IHC 3+ or (IHC 2+ plus FISH (or ISH)+)
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HNSCC"	head and neck squamous cell carcinoma
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"H Share(s)"	overseas listed foreign invested ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of the Stock Exchange, and the term "**H Shareholder(s)**" shall be construed accordingly
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"IFRS"	International Financial Reporting Standards, which include standards, amendments and interpretations issued by the International Accounting Standards Board
"IgG"	human immunoglobulin G, the most common antibody type found in blood circulation that plays an important role in antibody-based immunity against invading pathogens
"IHC"	immunohistochemistry, the most common application of immunostaining. It involves the process of selectively identifying antigens in cells of a tissue section by exploiting the principle of antibodies binding specifically to antigens in biological tissues
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or the U.S.
"Independent Shareholder(s)"	the Shareholders other than Lepu Medical and Ningbo Houde Yimin

"Independent Third Party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not a connected person of the Company within the meaning ascribed thereto under the Listing Rules
"I-Mab Shanghai"	I-Mab Biopharma Co., Ltd. (天境生物科技(上海)有限公司), a limited liability company incorporated in the PRC on August 24, 2016, as the case may be, its affiliated entities
"Keymed"	Keymed Bioscience (Chengdu) Co., Ltd. (康諾亞生物醫藥科技(成都)有限公司), a limited liability company incorporated in the PRC on September 1, 2016, which is a third-party biotechnology company focusing on the inhouse discovery and development of innovative biological therapies in the autoimmune and oncology therapeutic areas
"KOL"	key opinion leader, who are professionals that influence their peers' medical practice, including but not limited to prescribing behavior
"KYM"	KYM Biosciences Inc., a Delaware corporation and a joint venture formed in the U.S. by Keymed and our Group
"Latest Practicable Date"	April 18, 2025, being the latest practicable date prior to the printing of this annual report for the purpose of ascertaining certain information contained in this annual report
"Lepu Beijing"	Lepu (Beijing) Biopharma Co., Ltd. (樂普(北京)生物科技有限公司), a limited liability company incorporated in the PRC on July 30, 2018, and a wholly owned subsidiary of the Company
"Lepu Medical"	Lepu Medical Technology (Beijing) Co., Ltd. (樂普(北京)醫療器械股份有限公司), a joint stock company incorporated in the PRC on June 11, 1999 and listed on the Shenzhen Stock Exchange (stock code: 300003), and the promoter of the Company
"License Agreement"	a global exclusive out-license agreement entered into by KYM and AstraZeneca on February 23, 2023
"Listing"	the listing of the H Shares of the Company on the Main Board of the Stock Exchange
"Listing Date"	February 23, 2022

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"mAb"	monoclonal antibody, an antibody generated by identical cells that are all clones of the same parent cell
"Main Board"	the Main Board of the Stock Exchange
"Macau"	the Macau Special Administrative Region of the PRC
"metastatic"	in reference to any disease, including cancer, disease producing organisms or of malignant or cancerous cells transferred to other parts of the body by way of the blood or lymphatic vessels or membranous surfaces
"Miracogen HK"	Miracogen Limited, a limited liability company established under the laws of Hong Kong and a special purpose investment vehicle wholly-owned by Miracogen Inc., which in turn is a company wholly-owned by Dr. Hu Chaohong, our executive Director and co-chief executive officer of our Company during the Reporting Period
"Miracogen Shanghai"	Shanghai Miracogen Inc. (上海美雅珂生物技術有限責任公司), a limited liability company incorporated in the PRC on January 27, 2014, and a wholly owned subsidiary of the Company
"MMAE"	monomethyl auristatin E, a potent tubulin binder with a half maximal inhibitory concentration (IC50) in the subnanomolar range
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"mOS"	median overall survival
"mPFS"	median progression free survival
"MRCT"	multi-regional clinical trial
"MSI-H/dMMR"	high levels of microsatellite instability/deficient mismatch repair
"Nasdaq"	Nasdaq Global Select Market
"NDA"	new drug application
"NHL"	non-Hodgkin's lymphoma

"Ningbo Houde Yimin"	Ningbo Houde Yimin Information Technology Co., Ltd. (寧波厚德義民信息科技有限公司), a limited liability company incorporated in the PRC on March 29, 2017, and the promoter of the Company
"NK cell"	natural killer cell, a kind of cells that play important roles in immunity against viruses and in the immune surveillance of tumors
"NMIBC"	non-muscle invasive bladder cancer
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局)
"Nomination Committee"	the nomination committee of the Board
"NPC"	nasopharyngeal cancer
"ODD"	Orphan-drug Designation
"ORR"	overall response rate
"PC"	pancreatic cancer
"PD-1"	programmed cell death protein 1, an immune checkpoint receptor expressed on T cells, B cells and macrophages
"PD-1 (L1)"	PD-1 or PD-L1
"PD-L1"	PD-1 ligand 1, which is a protein on the surface of a normal cell or a cancer cell that binds to its receptor, PD-1, on the surface of the T cell that causes the T cell to turn off its ability to kill the cancer cell
"PD-L2"	PD-1 ligand 2, which is a protein on the surface of a normal cell or a cancer cell that attaches to certain proteins on the surface of the T cell that causes the T cell to turn off its ability to kill the cancer cell
"PDX"	patient derived xenografts, models of cancer where the tissue or cells from a patient's tumor are implanted into an immunodeficient mouse
"PFS"	progression-free-survival
"Pgp"	a drug transporter which plays important roles in multidrug resistance and drug pharmacokinetics

"Phase I clinical trial(s)" or "Phase I clinical study(ies)"	study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness
"Phase II clinical trial(s)" or "Phase II clinical study(ies)"	study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, and to determine dosage tolerance and optimal dosage
"Phase III clinical trial(s)" or "Phase III clinical study(ies)"	study in which a drug is administered to an expanded patient population generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the labelling of the product
"placebo"	any dummy medical treatment administered to the control group in a controlled clinical trial in order that the specific and non-specific effects of the experimental treatment can be distinguished
"PRC Legal Adviser"	Zhong Lun Law Firm, our legal adviser as to the laws of the PRC
"pre-clinical studies"	studies or programs testing a drug on non-human subjects, to gather efficacy, toxicity, pharmacokinetic and safety information and to decide whether the drug is ready for clinical trials
"Prospectus"	the prospectus issued by the Company dated February 10, 2022
"registrational trial"	a clinical trial or study intended to provide evidence for a drug marketing approval
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Reporting Period"	the year ended December 31, 2024
"RMB"	Renminbi, the lawful currency of the PRC
"R/M"	recurrent/metastatic
"second-line" or "2L"	with respect to any disease, the therapy or therapies that are tried when the first-line treatments do not work adequately

"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Shanghai Lvyuan"	Lvyuan (Shanghai) Technology Co., Ltd. (律元(上海)科技有限公司), a limited liability company incorporated in the PRC on April 11, 2019, and the promoter of our Company
"Shanghai Stock Exchange"	the Shanghai Stock Exchange (上海證券交易所)
"Shareholder(s)"	holder(s) of the Shares
"Share(s)"	shares in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the Domestic Shares, and H Shares
"Shenzhen Shiyu"	Shenzhen Shiyu Capital Management Co., Ltd. (深圳市拾玉投資管理有限公司)
"Shenzhen Stock Exchange"	the Shenzhen Stock Exchange (深圳證券交易所)
"solid tumors"	an abnormal mass of tissue that usually does not contain cysts or liquid areas. Solid tumors may be benign (not cancer), or malignant (cancer). Different types of solid tumors are named for the type of cells that form them
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Company
"subsidiaries"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Taizhou Aoke"	Taizhou Houde Aoke Technology Co., Ltd. (泰州厚德奧科科技有限公司), a limited liability company incorporated in the PRC on March 23, 2018, and a non-wholly owned subsidiary of the Company
"T cell"	a lymphocyte of a type produced or processed by the thymus gland and actively participating in the immune response, which plays a central role in cell-mediated immunity. T cells can be distinguished from other lymphocytes, such as B cells and NK cells, by the presence of a T cell receptor on the cell surface

"TCR"	a protein complex found on the surface of T cells that is responsible for recognizing fragments of antigen as peptides bound to major histocompatibility complex molecules
"TEAEs"	treatment-emergent adverse events
"tissue factor" or "TF"	a protein encoded by the F3 gene, present in subendothelial tissue and leukocytes. Many cancer cells express high level of TF
"TNBC"	triple-negative breast cancer
"UC"	urothelial cancer
"United States" or "the U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"US$"	United States dollars, the lawful currency of the United States
"vc linker"	valine-citrulline linker, which is adequately stable in blood circulation and cleaved effectively by the lysosomal cathepsin enzyme after the ADC is internalized and enters lysosome
"Wuhan Binhui"	Wuhan Binhui Biological Technology Co., Ltd. (武漢濱會生物科技股份有限公司), a limited liability company incorporated in the PRC
"%"	per cent

* *For identification purposes only*