



康宁杰瑞

ALPHAMAB ONCOLOGY

ALPHAMAB ONCOLOGY

康寧傑瑞生物製藥

(Incorporated in the Cayman Islands with limited liability)

Stock code : 9966



2024 ANNUAL REPORT

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Company Profile

OVERVIEW

We are a leading biopharmaceutical company in China with a fully integrated proprietary technology platform in ADCs, bispecific antibodies and multifunctional protein engineering. We deliver world-class innovative therapeutic biologics to treat patients globally by applying our unique drug discovery and development capabilities. We believe these capabilities are demonstrated by our strong R&D track record and supported by our proprietary technologies, platforms and expertise.

PIPELINE

Our highly differentiated in-house pipeline consists of ADCs, monoclonal antibodies and bispecific antibodies in staggered development status in oncology, including, among others, one product approved for marketing by the NMPA and multiple products in phase III or pivotal clinical trial stages.

- **KN035 (Envafohimab Injectable) (brand name: ENWEIDA, 恩維達®)** – an innovative anti-tumor immunotherapy drug, is the first subcutaneously injectable PD-L1 inhibitor worldwide and the first PD-L1 inhibitor produced domestically, offering advantages in safety, convenience, compliance, access to patients not suitable for intravenous infusion, and lower medical cost. We have commenced commercialization of KN035 in November 2021. In 2024, KN035 was registered by the Macau Pharmaceutical Administration Bureau for marketing, applicable for the treatment of adult patients with unresectable or metastatic MSI-H/dMMR advanced solid tumors; received high recognition from 16 authoritative domestic guidelines and consensuses; was granted breakthrough therapy designation by the CDE for the treatment of unresectable or metastatic solid tumors with high tumor mutational burden (TMB-H) in patients that have failed prior standard therapies and lack in satisfactory alternative therapies; and the regulatory review for the supplemental application for site, scale, and process changes was completed, and a compliance notification letter was obtained; and we entered into a license agreement with 3D Medicines and Glenmark, pursuant to which 3D Medicines and we agreed to grant Glenmark an exclusive license and the right to sublicense in respect of oncology indications of KN035 to, among others, develop and commercialize KN035 in India, Asia Pacific (excluding Singapore, Thailand and Malaysia), Middle East and Africa, Russia, Commonwealth of Independent States and Latin America in all fields of use in oncology.

- **KN026** – a next-generation anti-HER2 BsAb that can simultaneously bind two distinct epitopes of HER2, demonstrating promising efficacy. Currently, three phase III clinical trials are undergoing in China, including KN026 in combination with docetaxel (albumin-bound) in the first-line treatment for HER2-positive BC, KN026 in combination with chemotherapy as second-line or above treatment of HER2-positive GC/GEJ, and KN026 in combination with docetaxel (albumin-bound) as neoadjuvant therapy of BC. KN026 in combination with chemotherapy for the treatment of patients with HER2-positive GC (including GEJ) who have failed first-line standard treatment (trastuzumab in combination with chemotherapy) has been granted breakthrough therapy designation by the CDE. Based on the interim analysis results, we will initiate regulatory engagement for registration discussions.
- **JSKN003** – a biparatopic HER2-targeting ADC, of which a topoisomerase I inhibitor is linked to the N glycosylation site of the antibody KN026 (a recombinant humanized anti-HER2 bispecific antibody) via the glycosite-specific conjugation. The click reaction-based conjugation confers better serum stability than maleimide-Michael reaction-based conjugation. The biparatopic HER2 targeting enables JSKN003 to have stronger internalization induction and bystander killing effect leading to potent anti-tumor activity in HER2 expression tumors. Currently, three phase III clinical trials of JSKN003 in the treatment of HER2-positive BC, HER2-low expression BC and platinum-resistant recurrent epithelial ovarian cancer, primary peritoneal cancer, or fallopian tube cancer in China are undergoing. The research results of the dose-escalation stage of the phase I clinical trial of JSKN003 conducted in Australia were presented at the AACR annual meeting in April 2024. The research results of the phase I study of the phase I/II clinical trial of JSKN003 conducted in China were presented at the ASCO annual meeting in June 2024. Latest research updates on clinical trials of JSKN003 for the treatment of platinum-resistant OC and HER2-positive (IHC 3+) advanced solid tumors (excluding BC) were presented at the ESMO Congress in September 2024. And in September 2024, we entered into a licensing agreement with JMT-Bio to develop, sell, offer for sale and commercialize JSKN003 for the treatment of tumor-related indications in Mainland China. According to the Licensing Agreement, our Company is entitled to receive upfront payment and milestone payments of up to RMB3.08 billion in total. In addition, our Company is also entitled to receive a double-digit percentage of royalties on net product sales of JSKN003. JSKN003 has also been granted breakthrough therapy designation by the CDE for the treatment of platinum-resistant recurrent epithelial ovarian cancer, primary peritoneal cancer, or fallopian tube cancer, not restricted by HER2 expression.

- **JSKN016** – an in-house developed bispecific ADC, which can simultaneously target HER3 and TROP2 on tumor cells. JSKN016 was designed based on our Company's proprietary glycan-specific conjugation platform. After binding to TROP2 or HER3 on the surface of tumor cells, JSKN016 enters the lysosome through target-mediated endocytosis, releases the cytotoxic topoisomerase I inhibitor (TOPO1i), and then induces tumor cell death. In addition, the inhibitor can penetrate the cell membrane and enter the antigen-negative tumor cells to exert bystander effect. These effects can effectively inhibit the growth of tumor cells. The phase I clinical trial of JSKN016 for the treatment of advanced malignant solid tumors and the clinical trials of JSKN016 monotherapy and combination therapy in multiple subgroups of lung cancer and BC are currently undergoing.
- **JSKN033** – the global first subcutaneous ADC co-formulation independently developed by our Group, consisting of JSKN003 and KN035. It has received the approval from the Australian Bellberry Human Research Ethics Committee to conduct clinical studies for the treatment of HER2-expressing advanced or metastatic solid tumors, and the first patient was successfully dosed in March 2024. Also, the phase I/II clinical trial of JSKN033 in patients with advanced metastatic malignant tumors is currently undergoing in China. This trial is part of the pilot program to optimize the regulatory review and approval process for clinical trials of innovative drugs. In November 2024, the research updates of a phase I/II clinical trial of JSKN033 for the treatment of HER2-expressing advanced or metastatic solid tumors conducted in Australia, have been presented for the first time as a poster in the Late-Breaking Abstract session at the 2024 SITC annual meeting.
- **KN046** – a BsAb immune checkpoint inhibitor simultaneously targeting two clinically-validated immune checkpoints, PD-L1 and CTLA-4, with a clear structural differentiation to improve localization with the tumor microenvironment and to reduce off-target toxicity. Multiple clinical trials at different stages of KN046 covering various indications, including, among others, NSCLC, have been conducted in China, the United States and Australia. The results of the phase II clinical trial for first-line treatment for triple-negative BC were published in *Nature Communications* in February 2024, the results of the phase II clinical trial for first-line treatment for NSCLC were published in *Cell Reports Medicine* in March 2024, and the results for a phase Ib clinical study of first-line treatment for recurrent and metastatic esophageal squamous cell carcinoma were published in *Cancer Immunology, Immunotherapy* in August 2024, and the phase II clinical trial results of KN046 in combination with Axitinib for the first-line treatment of advanced NSCLC were presented at ESMO Immuno-Oncology Congress 2024. In September 2024, we completed final OS analysis for a phase III clinical trial of KN046 for the treatment of advanced sq NSCLC. Our Company will determine the subsequent development plans for KN046 based on the actual situation.

Board of Directors

Executive Directors:

Dr. XU Ting (*Chairman of the Board and Chief Executive Officer*)

Ms. LIU Yang

Non-executive Director:

Mr. CHO Man (*appointed on October 22, 2024*)

Independent Non-executive Directors:

Dr. GUO Zijian

Mr. WEI Kevin Cheng

Mr. WU Dong

Audit Committee

Mr. WEI Kevin Cheng (*Chairman*)

Dr. GUO Zijian

Mr. WU Dong

Remuneration Committee

Mr. WU Dong (*Chairman*)

Ms. LIU Yang

Mr. WEI Kevin Cheng

Nomination Committee

Dr. XU Ting (*Chairman*)

Dr. GUO Zijian

Mr. WU Dong

Strategy Committee

Ms. LIU Yang (*Chairwoman*)

Mr. CHO Man (*appointed on October 22, 2024*)

Dr. XU Ting

Dr. GUO Zijian

Joint Company Secretaries

Ms. CHAN Lok Yee

Ms. WANG Jin'nan (*resigned on October 22, 2024*)

Ms. CHENG Qiulan (*appointed on October 22, 2024*)

Authorized Representatives

Ms. LIU Yang

Ms. WANG Jin'nan (*resigned on October 22, 2024*)

Ms. CHENG Qiulan (*appointed on October 22, 2024*)

| | |
|---|--|
| Registered Office | Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands |
| Head Office and Principal Place of Business in China | No. 175 Fangzhou Road Suzhou Industrial Park Suzhou Jiangsu Province, the PRC |
| Principal Place of Business in Hong Kong | Room 1901, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong |
| Legal Advisor as to Hong Kong Laws | Kirkland & Ellis 26/F, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong |
| Auditor | Deloitte Touche Tohmatsu <i>Registered Public Interest Entity Auditors</i> 35/F, One Pacific Place 88 Queensway Admiralty Hong Kong |

Principal Share Registrar

Conyers Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited

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

Stock Code

9966

Company Website

<http://www.alphamabonc.com>

Chairman's Statement

Dear Shareholders:

On behalf of the Board, I would like to express our sincere gratitude for your continued trust and support in Alphamab Oncology.

For Alphamab Oncology, 2024 has been a year of challenges and changes. We maintained an innovation-driven approach, actively addressing pressures and challenges. We accelerated the value conversion of products based on clinical needs, advanced the iterative upgrade of the pipeline matrix through cutting-edge technologies, and built a collaborative innovation ecosystem with targeting at global market. By cultivating opportunities amidst challenges and forging new paths amid changes, we have taken solid strides in sustainable growth and long-term development.

The commercialization process demonstrated strong momentum. Alphamab Oncology has built a differentiated product matrix with international competitiveness, covering cutting-edge areas such as ADC, bispecific antibody and single domain antibody. In 2024, we further expanded the market share of Envafohimab Injectable (KN035), the first subcutaneous PD-(L)1 inhibitor worldwide which was marketing. It was approved for marketing in Macau and developed and commercialized in Asia Pacific, Middle East and other regions through collaborations. Three phase III clinical studies of KN026, a HER2 bispecific antibody, for the treatment of the second-line GC/GEJ, the first-line HER2-positive BC, and as neoadjuvant therapy of HER2-positive BC were undergoing smoothly and have demonstrated positive progress, building robust momentum for the commercialization of product pipeline.

The innovative R&D of bispecific ADC has significant differential advantages. At present, three innovative bispecific ADC of our Company are in the stage of clinical study. JSKN003, a HER2 bispecific ADC, demonstrated remarkable efficacy in PROC, HER2-expressing BC, and other HER2-high expressing solid tumors. The research results of JSKN003 have been presented in top-tier global academic conferences, with its innovative value gaining international recognition. Three phase III clinical studies as well as multiple exploratory phase II clinical studies in HER2-low expression BC, PROC and HER2-positive BC are also undergoing smoothly.

Multiple phase I/II clinical studies in JSKN016, a HER3/TROP2 bispecific ADC, are commenced in succession, for exploring more multi-indication, monotherapy/combination therapies.

JSKN033, a high concentration co-formulation of ADC and immune checkpoint inhibitor, as the first subcutaneous ADC entering clinical trials, is the outstanding demonstration that Alphamab Oncology updates and innovates its pipeline products. The research results of the first-in-human phase I/II clinical trial of JSKN033 were selected as the Late-Breaking Abstract (LBA) at 2024 SITC annual meeting. As a pilot program to optimize the regulatory review and approval process for clinical trials of innovative drugs, its phase I/II research in China were rapidly approved for entering clinical trials.

The rapid progress of bispecific ADC marks the technological advantages and ongoing innovation capabilities of Alphamab Oncology in the treatment of oncology as its deep expertise.

Innovation at source supports the continuous enhancement of core competence. Alphamab Oncology continuously improves its platform for R&D technique of large molecule drugs such as glycan-specific conjugation, linker-payload, bispecific antibody, subcutaneous high concentration formulation and single domain antibody and continuously enriches its early-stage R&D pipelines leveraging on innovative platforms. bispecific ADC (BADC) and bispecific antibody dual drug conjugation (BADDCC) developed by our Company not only improve oncology targeting, but also effectively help overcome oncology heterogeneity and drug resistance, thereby providing new therapies. At present, multiple bispecific ADC innovative molecular in the pre-clinical development stage, are commencing clinical trials in succession.

During the Reporting Period, we actively integrated global resources and continued to strengthen globalization strategy. Our research results on the bispecific antibody and bispecific ADC products were presented at academic conferences and research journal, thus continuously enhancing our Company's international influence. Our technology platform and high-quality products have accelerated value conversion through cooperation with leading global pharmaceutical companies and gradually expanded the international market share. The globalization strategies have led to a significant year-on-year growth of 192.58% in operating revenue, achieving annual financial profitability for the first time. The sufficient cash reserves have also gathered confidence and strength for our Company's long-term development.

Eternal innovation and focusing on practice. Looking forward, Alphamab Oncology will leverage innovative thinking, stimulate innovative spirit, thereby continuing to develop new drugs with differentiation, clinical value and international competitiveness.

XU Ting

Chairman and Chief Executive Officer

Suzhou, China

Definitions and Glossary of Technical Terms

| | |
|---------------------------|--|
| “AACR” | American Association for Cancer Research, one of the first and largest cancer research organizations dedicated to accelerating the conquest of cancer |
| “Advantech I” | Advantech Capital Investment I Limited, a company incorporated in the Cayman Islands |
| “Advantech II” | Advantech Capital II AlphaMab Partnership L.P., a limited partnership registered in the Cayman Islands |
| “ADC(s)” | antibody-drug conjugate(s) |
| “AGM” | the annual general meeting of our Company to be held at 10:00 a.m. on Thursday, June 12, 2025 at No. 175, Fangzhou Road, Suzhou Industry Park, Suzhou, Jiangsu, China or any adjournment thereof |
| “Alphamab Australia” | Alphamab (Australia) Co Pty Ltd, a company incorporated in Australia on November 20, 2017 and a direct wholly-owned subsidiary of Jiangsu Alphamab |
| “Articles of Association” | the fifth amended and restated articles of association of our Company adopted on June 12, 2023, as amended from time to time |
| “ASCO” | American Society of Clinical Oncology |
| “associate(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Audit Committee” | the audit committee of our Company |
| “Axitinib” | a targeted cancer drug used to treat kidney cancer after previous treatment has not been effective |
| “BC” | breast cancer |
| “bispecific” | in reference to antibodies, antibodies that combine two antigen-recognizing elements into a single construct, able to recognize and bind to two different antigens (or epitopes) |
| “Board” | the board of directors of our Company |

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| “BsAb” | bispecific monoclonal antibody |
| “BVI” | the British Virgin Islands |
| “CDE” | the Center for Drug Evaluation (藥品審評中心) |
| “China” or “PRC” or “Mainland China” | the People’s Republic of China, and for the purpose of this annual report only, except where the context requires otherwise, excluding Hong Kong, Macau and Taiwan |
| “Companies Ordinance” | the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time |
| “Company”, “our Company” or “the Company” | Alphamab Oncology (康寧傑瑞生物製藥), an exempted company with limited liability incorporated under the laws of the Cayman Islands on March 28, 2018 |
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules |
| “connected transactions” | has the meaning ascribed thereto under the Listing Rules |
| “Controlling Shareholder(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Corporate Governance Code” | the Corporate Governance Code set out in Appendix C1 of the Listing Rules |
| “CTLA-4” | cytotoxic T-lymphocyte-associated protein 4, a protein expressed on all T-cells but which is expressed at the highest level on regulatory T-cells (Treg) and contributes to the suppressor function of Treg and acts as an off-switch to T-cell immune response to cancer cells |

Definitions and Glossary of Technical Terms

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| “dMMR” | deficient mismatch repair, ability of a cell in correcting mistakes made when DNA is copied in a cell; mismatch repair deficient cells usually have many DNA mutations, which may lead to cancer |
| “Director(s)” or “our Director(s)” | the directors of our Company, including all executive, non-executive and independent non-executive directors |
| “docetaxel” | a medication used to treat cancer (such as breast, lung, prostate, stomach, and head/neck cancer) |
| “Dr. Xu” | Dr. XU Ting (徐霆), the founder, chairman, executive Director and chief executive officer of our Company |
| “ESMO” | European Society for Medical Oncology |
| “FDA” | the U.S. Food and Drug Administration, a federal agency of the U.S. Department of Health and Human Services responsible for regulating food and drugs |
| “FVTPL” | fair value through profit or loss |
| “GC” | gastric cancer |
| “GEJ” | gastroesophageal junction cancer |
| “Glenmark” | Glenmark Specialty S.A., a corporation organized and existing under the laws of Neuchâtel, Switzerland, wholly owned by Glenmark Pharmaceuticals Ltd. |
| “Global Offering” | the offer for subscription of an aggregate of 206,313,000 Shares (including Shares issued and allotted pursuant to the over-allotment option) at offer price of HK\$10.2 under the Hong Kong public offering and the international offering |
| “GMP” | good manufacturing practice |

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| “Group” or “our Group” or “we” | our Company and all of our subsidiaries or, where the context so requires, any companies that became our subsidiaries as part of the Reorganization and the oncology businesses operated by such subsidiaries or their predecessors, Suzhou Alphamab (as the case may be) |
| “HCC” | hepatocellular carcinoma |
| “HER2” | human epidermal growth factor receptor 2 |
| “HER2+” | HER2-positive |
| “HER3” | human epidermal growth factor receptor 3 |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “HK\$” or “Hong Kong Dollars” | Hong Kong dollars, the lawful currency of Hong Kong |
| “IFRSs” | International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board |
| “immune checkpoint inhibitor(s)” | molecules that release the natural brakes of immune response |
| “IND” | investigational new drug or investigational new drug application, also known as clinical trial application in China and clinical trial notification in Australia |
| “Independent Third Party(ies)” | party or parties that is or are not a connected party within the meaning of the Listing Rules |
| “Jiangsu Alphamab” | Jiangsu Alphamab Biopharmaceuticals Co., Ltd. (also known as Jiangsu Alphamab Pharmaceuticals Co., Ltd.) (江蘇康寧傑瑞生物製藥有限公司), a limited liability company established in the PRC on July 14, 2015 and our wholly owned subsidiary |
| “JMT-Bio” | Shanghai JMT-Bio Technology Co., Ltd. (上海津曼特生物科技有限公司), a wholly-owned subsidiary of CSPC Pharmaceutical Group Limited, the shares of which are listed on the Stock Exchange (stock code: 1093) |

Definitions and Glossary of Technical Terms

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| “KN035” or “KN035 (Envafohimab Injectable)” | an anti-PD-L1 recombinant humanized sdAb invented by our Group |
| “Latest Practicable Date” | April 22, 2025, being the latest practicable date prior to the printing of this purpose of ascertaining the information contained herein |
| “lenvatinib” | a kinase inhibitor used to treat certain types of cancer |
| “Listing Date” | December 12, 2019, the date on which dealings in our Shares first commence on the Main Board of the Stock Exchange |
| “Listing Rules” or “Hong Kong Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time |
| “Macau” | the Macau Special Administrative Region of the PRC |
| “Main Board” | the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the GEM |
| “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 |
| “Model Code” | the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules |
| “Ms. Liu” | Ms. LIU Yang (劉陽), the executive Director of our Company |
| “MSI-H” | microsatellite instability-high, a feature of cancer’s genetic coding with a high amount of instability in a tumor |

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| “nab-paclitaxel” | an albumin-bound, solvent-free, formulation of paclitaxel that does not require steroid premedication |
| “New Xu’s Family Trust” | a discretionary trust established by Ms. Liu on April 10, 2023 with South Dakota Trust acting as the trustee, Ms. Liu acting as the settlor and protector, and Dr. Xu acting as the investment advisor for the benefit of Ms. Liu’s family members, including among others, Dr. Xu |
| “NDA” | new drug application |
| “NMPA” | the National Medical Products Administration of China (國家藥品監督管理局) or, where the context so requires, its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局), or CFDA |
| “Nomination Committee” | the nomination committee of our Company |
| “Non-competition Undertaking” | the non-competition undertaking dated November 24, 2019 and entered into by the Controlling Shareholders in favor of our Company |
| “NSCLC” | non-small cell lung cancer |
| “OC” | ovarian cancer |
| “OS” | overall survival |
| “PAG Growth” | PAG Growth I (BVI) Limited, a business company incorporated under the laws of the BVI |
| “PD” | pharmacodynamics, the study of how a drug affects an organism, which, together with pharmacokinetics, influences dosing, benefit, and adverse effects of the drug |
| “PD-1” | programmed cell death protein 1, an immune checkpoint receptor expressed on some T-cells, B-cells and macrophages that turns off the T-cell mediated immune response as part of the process that discourages a healthy immune system from attacking other cells in the body |

Definitions and Glossary of Technical Terms

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| “PD-L1” | programmed death ligand 1, a protein on the surface of a normal cell or a cancer cell that can attach to PD-1 on the surface of the T-cell that causes the T-cell to turn off its ability to kill the cancer cell |
| “Pearlmed” | Pearlmed Ltd., a company incorporated in the BVI on March 22, 2018 and wholly owned by Mr. XUE Chuanxiao as of the Latest Practicable Date |
| “PFS” | progression-free survival |
| “Post-IPO Restricted Share Award Scheme” | the post-IPO restricted share award scheme adopted by our Company on March 23, 2021, amended on June 12, 2024 and as amended from time to time, the principal terms of which are set out in “Directors’ Report – Post-IPO Restricted Share Award Scheme” in this annual report |
| “Post-IPO Share Option Scheme” | the post-IPO share option scheme adopted by our Company in accordance with the scheme rules adopted by the Board on April 10, 2020 and approved by Shareholders’ meeting on May 25, 2020, amended on June 12, 2024 as amended from time to time, the principal terms of which are set out in “Directors’ Report – Post-IPO Share Option Scheme” in this annual report |
| “Pre-IPO Share Option Plans” | the pre-IPO share option plan I adopted by our Company on October 16, 2018, which was further amended on March 29, 2019 and the pre-IPO share option plan II adopted by our Company on March 29, 2019, as amended from time to time, the principal terms of which are set out in “Directors’ Report – Pre-IPO Share Option Plans” in this annual report |
| “PROC” | platinum-resistant ovarian cancer |
| “Prospectus” | the prospectus of our Company dated December 2, 2019 |
| “R&D” | research and development |
| “Remuneration Committee” | the remuneration committee of our Company |
| “Renminbi” or “RMB” | the lawful currency of the PRC |

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| “Reporting Period” | the year ended December 31, 2024 |
| “Rubymab” | Rubymab Ltd., a company incorporated in the BVI on March 22, 2018 and wholly owned by New Xu’s Family Trust as of the Latest Practicable Date |
| “sdAb” | single domain antibody |
| “SFO” | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time |
| “Share(s)” | common stock of our Company, par value US\$0.000002 per share |
| “Shareholder(s)” | holder(s) of our Share(s) |
| “Simcere” | Simcere Pharmaceutical Group Limited, a company engaged in the R&D, production and commercialization of pharmaceuticals with the national key laboratory of translational medicine and innovative pharmaceuticals, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2096) |
| “SITC” | The Society for Immunotherapy of Cancer |
| “Sky Diamond” | Sky Diamond Co., Ltd., a company incorporated in the BVI on June 1, 2018 and wholly owned by Mr. ZHANG Xitian (張喜田) |
| “South Dakota Trust” | South Dakota Trust Company LLC, the trustee of New Xu’s Family Trust |
| “sq NSCLC” | squamous NSCLC |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited |
| “Strategy Committee” | the strategy committee of our Company |
| “subsidiary(ies)” | 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 |

Definitions and Glossary of Technical Terms

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| “Suzhou Alphamab” | Suzhou Alphamab Co., Ltd. (蘇州康寧傑瑞生物科技有限公司), a limited liability company established in the PRC on November 6, 2008 and our connected person as of the Latest Practicable Date |
| “Suzhou Dingfu” | Suzhou Dingfu Target Biotechnology Co., Ltd. (蘇州丁孚靶點生物技術有限公司), a limited liability company established in the PRC on December 2, 2011 |
| “Treasury Shares” | has the meaning ascribed thereto under the Listing Rules |
| “Top-up Placing” | the placing of 25,000,000 Shares at a price of HK\$15.22 per placing Share pursuant to the placing and subscription agreement dated February 3, 2023 by and among our Company, Rubymab and Jefferies Hong Kong Limited |
| “TROP2” | trophoblast cell surface antigen 2 |
| “trastuzumab” | a monoclonal antibody used to treat breast cancer and stomach cancer |
| “U.S.” or “United States” | the United States of America, its territories, its possessions and all areas subject to its jurisdiction |
| “U.S. dollar(s)” or “US\$” | United States dollars, the lawful currency of the United States |
| “VAT” | value-added tax; all amounts are exclusive of VAT in this annual report except where indicated otherwise |
| “we”, “us” or “our” | our Company or our Group, as the context requires |
| “%” | per cent |
| “3D Medicines” | 3D Medicines (Beijing) Co., Ltd. (思路迪(北京)醫藥科技有限公司), a company incorporated under the laws of the PRC on December 22, 2014, an Independent Third Party collaborating with us in the development of KN035 (Envafohimab) |
| “3D Medicines (Sichuan)” | 3D Medicines (Sichuan) Co., Ltd. (四川思路康瑞藥業有限公司), a company incorporated under the laws of the PRC on March 16, 2016 and owned by 3D Medicines and Jiangsu Alphamab of 51% and 49%, respectively |

Financial Highlights |

A summary of the results and of the assets and liabilities of our Group for the last five financial years, as extracted from the audited financial information and financial statements is set out below:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | For the year ended December 31, | | | | |
|--------------------------------------|---------------------------------|------------------|------------------|------------------|------------------|
| | 2024 RMB'000 | 2023 RMB'000 | 2022 RMB'000 | 2021 RMB'000 | 2020 RMB'000 |
| Revenue | 640,083 | 218,774 | 166,845 | 146,021 | – |
| Cost of Sales | (60,316) | (55,237) | (44,207) | (3,028) | – |
| Gross profit | 579,767 | 163,537 | 122,638 | 142,993 | – |
| Other income | 62,023 | 91,817 | 57,782 | 46,954 | 111,136 |
| Other gains and losses | 13,235 | 33,094 | 63,073 | (30,570) | (117,627) |
| R&D expenses | (404,152) | (407,524) | (468,238) | (481,361) | (331,241) |
| Administrative expenses | (74,607) | (79,338) | (86,771) | (77,251) | (78,208) |
| Finance costs | (9,924) | (12,179) | (14,206) | (13,182) | (11,826) |
| Profit (Loss) before taxation | 166,342 | (210,593) | (325,722) | (412,417) | (427,766) |
| Income tax expense | – | – | – | – | – |
| Profit (Loss) for the year | 166,342 | (210,593) | (325,722) | (412,417) | (427,766) |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | As of December 31, | | | | |
|-------------------------|--------------------|------------------|------------------|------------------|------------------|
| | 2024 RMB'000 | 2023 RMB'000 | 2022 RMB'000 | 2021 RMB'000 | 2020 RMB'000 |
| Non-current assets | 530,406 | 578,583 | 623,001 | 588,542 | 440,294 |
| Current assets | 1,711,349 | 1,558,530 | 1,494,530 | 2,116,549 | 2,199,228 |
| Non-current liabilities | 155,827 | 198,163 | 174,947 | 197,542 | 36,903 |
| Current liabilities | 254,044 | 266,838 | 384,912 | 637,260 | 329,535 |
| Net assets | 1,831,884 | 1,672,112 | 1,557,672 | 1,870,289 | 2,273,084 |

| Business Highlights

EVENTS DURING THE REPORTING PERIOD

During the Reporting Period, we have been making significant progress with respect to our drug pipeline and business operations, including the following milestones and achievements:

- In January 2024, KN035 (Envafohimab) was registered by the Macau Pharmaceutical Administration Bureau for marketing, applicable for the treatment of adult patients with unresectable or metastatic MSI-H/dMMR advanced solid tumors.
- In January 2024, Jiangsu Alphamab entered into a license agreement with 3D Medicines and Glenmark, pursuant to which Jiangsu Alphamab and 3D Medicines agreed to grant Glenmark an exclusive license and the right to sublicense in respect of oncology indications of KN035 to, among others, develop and commercialize KN035 in India, Asia Pacific (except Singapore, Thailand and Malaysia), the Middle East and Africa, Russia, Commonwealth of Independent States and Latin America in oncology.
- In February 2024, we achieved encouraging PFS and OS benefit, well tolerance and manageable safety profile in a phase II clinical trial of KN046 in combination with nab-paclitaxel as the first-line treatment of advanced triple-negative BC. Such results were published in *Nature Communications*, an open access journal that publishes high-quality research from all areas of the natural sciences.
- In March 2024, Envafohimab was included in the 2024 edition of the *Chinese Expert Consensus on the Use of Immune Checkpoint Inhibitors in Perioperative Treatment of Advanced Gastric Cancer* published by the Gastric Cancer Committee of the Chinese Anti-Cancer Association. In 2024, Envafohimab received high recognition from 16 authoritative domestic guidelines and consensuses.
- In March 2024, the results of the phase II clinical trial of KN046 in combination with chemotherapy as first-line treatment for metastatic NSCLC were published in *Cell Reports Medicine*, a premium open-access journal that publishes cutting-edge research in translational and clinical biomedical sciences.
- In March 2024, the first patient was successfully dosed in Australia in the phase I/II clinical trial of JSKN033 for the treatment of HER2-expressing advanced or metastatic solid tumors. To date, the dose-escalation study was completed.
- In March 2024, an implied approval for the clinical trial of JSKN016 in treatment of advanced malignant solid tumors was obtained from the CDE for clinical research.

- In April 2024, research updates on the results of the phase I clinical trial of JSKN003 in Australia for the treatment of HER2-expressing advanced solid tumors, which demonstrated encouraging preliminary anti-tumor activity, favorable tolerability and safety profile of JSKN003 in patients with advanced/metastatic solid tumors who received prior multi-line treatment, were presented at the AACR annual meeting.
- In May 2024, the first patient was successfully dosed in China in a phase I clinical trial of JSKN016.
- In June 2024, research updates on a phase I/II clinical trial of JSKN003 in China in patients with advanced solid tumors were presented at the ASCO annual meeting. The data of its phase I clinical trial demonstrated encouraging anti-tumor activity, favorable tolerability and safety profile of JSKN003 in heavily pretreated patients.
- In June 2024, Jiangsu Alphamab entered into a research and collaboration agreement with ArriVent BioPharma, Inc. to use Jiangsu Alphamab's proprietary linker-payload platform (Alphatecan) and glycan-specific conjugation platform to discover and develop novel ADC products.
- In August 2024, KN035 was granted breakthrough therapy designation by the CDE for the treatment of unresectable or metastatic solid tumors with high tumor mutational burden (TMB-H) in patients that failed prior standard therapies and lack in satisfactory alternative therapies.
- In August 2024, the results for a phase Ib clinical study of KN046 combined with chemoradiotherapy as first-line treatment for recurrent and metastatic esophageal squamous cell carcinoma were published in full in *Cancer Immunology, Immunotherapy*.
- In September 2024, the regulatory review for the supplemental application for site, scale, and process changes related to KN035 was completed, and a compliance notification letter was obtained in December 2024.
- In September 2024, we completed final OS analysis for a phase III clinical trial of KN046 for the treatment of advanced sq NSCLC.
- In September 2024, the research updates on clinical trials of JSKN003 for the treatment of PROC and HER2+ (IHC 3+) advanced solid tumors (excluding BC) were presented at the ESMO Congress.


Business Highlights

- In September 2024, Jiangsu Alphamab entered into an up to RMB3.08 billion licensing agreement with JMT-Bio to develop, sell, offer for sale and commercialize JSKN003 for the treatment of tumor-related indications in China (excluding Hong Kong, Macau or Taiwan).
- In October 2024, a phase III clinical trial of KN026 in combination with docetaxel (Albumin bound) was approved by the CDE for the neoadjuvant treatment of HER2+ early or locally advanced BC. Two additional phase III clinical trials are progressing smoothly, including one for second-line or above treatment of HER2+ GC/GEJ, and the other for the first-line treatment of HER2+ recurrent or metastatic BC.
- In November 2024, the research updates of a phase I/II clinical trial of JSKN033 for the treatment of HER2-expressing advanced or metastatic solid tumors, have been presented for the first time as a poster in the Late-Breaking Abstract session at the 2024 SITC annual meeting.
- In November 2024, our Company was granted “2024 Top 100 Chinese Pharmaceutical Innovative Enterprises (2024中國醫藥創新企業100強)” and “2024 China Pharmaceutical Innovative Enterprise Bispecific Antibody Track Top 5 (2024中國醫藥創新企業技術賽道TOP 5)” by *Healthcare Executive* (E藥經理人), a specialized magazine focusing on the pharmaceutical industry.
- In November 2024, our Company was granted “2024 Top 100 Brand Influence of Chinese Pharmaceutical Enterprise (2024中國藥品企業品牌影響力TOP 100)” by the China Health Culture Association, the China Hospital Association and the National Health Commission of the PRC Health TV Channel (CHTV) at the 2024 Healthy China Communication Conference.
- In December 2024, the results of the phase II clinical trial of KN046 in combination with Axitinib for the treatment of advanced NSCLC were displayed in ESMO Immuno-Oncology Congress 2024, which demonstrated an encouraging efficacy and well tolerated of KN046 plus Axitinib in patients with advanced NSCLC.
- In December 2024, JSKN003 received approval from the CDE to initiate a phase III clinical study with platinum-resistant recurrent epithelial ovarian cancer, primary peritoneal cancer, or fallopian tube cancer. The phase III clinical trial for the treatment of locally advanced unresectable or metastatic HER2-low expressing BC, as well as multiple exploratory phase II trials, are also progressing smoothly.
- In December 2024, we received the IND approval from the CDE to conduct the phase I/II clinical trial of JSKN033 in patients with advanced metastatic malignant tumors.

EVENTS AFTER THE REPORTING PERIOD

After the end of the Reporting Period and up to the Latest Practicable Date, we have continued to make significant progress with respect to our drug pipeline and business operations, including the following milestones and achievements:

- In January 2025, the results for the phase II clinical study of KN026 combined with docetaxel as first-line treatment for HER2+ recurrent or metastatic BC were published in full in *Cancer Communications*.
- In January 2025, the first patient was successfully dosed in the phase I/II clinical trial of JSKN033 for the treatment of advanced metastatic malignant tumors. This trial is part of the pilot program to optimize the regulatory review and approval process for clinical trials of innovative drugs.
- In February 2025, we received approval from the CDE to initiate the phase III clinical trial of JSKN003 in patients with HER2+ BC. It aims to evaluate the efficacy and safety of JSKN003 compared with Trastuzumab emtansine (T-DM1) in patients with HER2+ BC and the first patient was successfully dosed in the same month.
- In February 2025, the first patient was successfully dosed in a phase III clinical trial of JSKN003 for the treatment of platinum-resistant recurrent epithelial ovarian cancer, primary peritoneal cancer, or fallopian tube cancer.
- In February 2025, the results for the phase II clinical study of KN046 combined with lenvatinib for the treatment of advanced unresectable or metastatic HCC were published in full in *Nature Communications*.
- In March 2025, JSKN003 was granted breakthrough therapy designation by the CDE for the treatment of platinum-resistant recurrent epithelial ovarian cancer, primary peritoneal cancer, or fallopian tube cancer, not restricted by HER2 expression.
- In March 2025, the IND applications for JSKN016 combined with chemotherapy/immunotherapy/tyrosine kinase inhibitors (TKIs) for first-line and late-line treatment of multiple subgroups of NSCLC were approved by the CDE. Additionally, a phase II clinical trial evaluating the efficacy, safety, and dose optimization of JSKN016 monotherapy in multiple NSCLC subgroups is currently undergoing.
- In March 2025, the IND applications for JSKN016 combined with chemotherapy/immunotherapy for first-line and late-line treatment of multiple subgroups of non-HER2+ BC were also approved by the CDE. Furthermore, a cohort expansion clinical trial of JSKN016 monotherapy in non-HER2+ BC is undergoing.



Business Highlights

- In March 2025, the results for the phase II clinical trial of KN026 combined with KN046 for the treatment of HER2+ solid tumors other than BC were published in full in *Signal Transduction and Targeted Therapy*.

For details of any foregoing, please refer to the rest of this annual report, where applicable, our Company's prior announcements published on the websites of the Stock Exchange and our Company and prior press releases published on our Company's website.

Management Discussion and Analysis |

OVERVIEW

We are a leading biopharmaceutical company in China with a fully integrated proprietary technology platform in ADCs, bispecific antibodies and multifunctional protein engineering. We deliver world-class innovative therapeutic biologics to treat patients globally by applying our unique drug discovery and development capabilities. We believe these capabilities are demonstrated by our strong R&D track record and supported by our proprietary technologies, platforms and expertise.

PRODUCT PIPELINE

Our highly differentiated in-house pipeline consists of ADCs, monoclonal antibodies and bispecific antibodies in staggered development status in oncology, including, among others, one product approved for marketing by the NMPA and multiple products in phase III or pivotal clinical trial stages. The following chart summarizes our main product pipeline:

| Products | Indications | Combination Therapies | IND | Phase I | Phase II | Pivotal (Phase II/Phase III) | NDA |
|--|--------------------------------------|-----------------------|-----|---------|----------|------------------------------|-----|
| KN046 (PD-L1/CTLA-4 bispecific antibody) | 1L sq NSCLC | + chemotherapy | | | | | |
| KN026 (HER2/HER2 bispecific antibody) | ≥2L GC/GEJ | + chemotherapy | | | | | |
| | 1L HER2+ BC | + nab-docetaxel | | | | | |
| | HER2+ Neoadjuvant BC | + nab-docetaxel | | | | | |
| KN035 (SubQ PD-L1) | ≥2L MSI-H/dMMR advanced solid tumors | monotherapy | | | | | |
| | 1L biliary track cancer | + chemotherapy | | | | | |
| | Neoadjuvant/adjuvant therapy NSCLC | + chemotherapy | | | | | |
| JSKN003 (HER2 biparatopic ADC) | Late-line HER2-low expression BC | monotherapy | | | | | |
| | PROC | monotherapy | | | | | |
| | ≥2L HER2+ BC | monotherapy | | | | | |
| | HER2-expressing solid tumors | monotherapy | | | | | |
| | 1L HER2+ GC/GEJ | + IO/chemotherapy | | | | | |
| JSKN016 (HER3/TROP2 bispecific antibody ADC) | Lung cancer | monotherapy | | | | | |
| | BC | monotherapy | | | | | |
| | Other advanced solid tumors | monotherapy | | | | | |
| | Lung cancer | Combination therapy | | | | | |
| | BC | Combination therapy | | | | | |
| JSKN033 (subcutaneous co-formulation of JSKN003 and KN035) | Advanced solid tumors ¹ | monotherapy | | | | | |
| | Advanced solid tumors | monotherapy | | | | | |

Note:

1. This trial is undergoing in Australia.

Management Discussion and Analysis

The depth and breadth of our in-house R&D and manufacturing capabilities are demonstrated by the following: (i) structure-guided protein engineering capability to develop protein building blocks in various formats, including sdAb and engineered proteins; (ii) our in-house developed proprietary platforms including sdAb, CRIB (charge repulsion improved bispecific antibody) platform, glycan-specific conjugation platform, linker-payload platform, subcutaneous high concentration formulation platform and glycan-specific conjugated dual-payload platform; and (iii) state-of-the-art manufacturing capability, to be further strengthened by new facilities with an expected capacity of over 40,000L, designed and built to meet the current good manufacturing practice standards of the NMPA, the European Medicines Agency and the FDA. Meanwhile, a new production plant for drug substances and preparations of ADCs based on existing production capacity is scheduled to commence operation.

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules: We cannot guarantee that we will be able to successfully develop, or ultimately market our products. Shareholders and potential investors of our Company are advised to exercise caution when dealing in the Shares.

FUTURE DEVELOPMENT

We will continue to strive for delivering world-class innovative therapeutic biologics to treat patients globally by applying our unique drug discovery and development capabilities. Leveraging our strong in-house R&D capabilities and technology platforms, we will discover, validate and select lead candidates to enrich our early-stage pipeline with a focus on ADCs. We will also continue to optimize our manufacturing process and technologies to enhance product quality and reduce the costs. To maximize the commercial value of our assets with global rights, we will also continue to actively seek for more strategic collaboration opportunities, such as co-development, collaboration in combination development, and out-licensing.

FINANCIAL REVIEW

Overview

We recorded total revenue of RMB640.1 million for the year ended December 31, 2024, as compared with RMB218.8 million for the year ended December 31, 2023, and recorded total cost of sales of RMB60.3 million for the year ended December 31, 2024, as compared with RMB55.2 million for the year ended December 31, 2023. For the year ended December 31, 2024, our Group recorded other income of RMB62.0 million, as compared with RMB91.8 million for the year ended December 31, 2023. We recorded other gains of RMB13.2 million for the year ended December 31, 2024, as compared to RMB33.1 million for the year ended December 31, 2023. Our total comprehensive income amounted to RMB166.3 million for the year ended December 31, 2024, as compared with the total comprehensive expense of RMB211.4 million for the year ended December 31, 2023. The R&D expenses of our Group amounted to RMB404.2 million for the year ended December 31, 2024, as compared with RMB407.5 million for the year ended December 31, 2023. The administrative expenses amounted to RMB74.6 million for the year ended December 31, 2024, as compared with RMB79.3 million for the year ended December 31, 2023. The finance costs amounted to RMB9.9 million for the year ended December 31, 2024, as compared with RMB12.2 million for the year ended December 31, 2023.

Management Discussion and Analysis

Revenue

We recorded total revenue of RMB640.1 million for the year ended December 31, 2024, as compared with RMB218.8 million for the year ended December 31, 2023. Our Group mainly generated revenue from (i) sales of pharmaceutical products and royalty income; (ii) license fee income; (iii) provision of goods and consumables for R&D projects; and (iv) service income. The following table sets forth the components of the revenue from contracts with customers for the years presented:

| | Year ended December 31, | |
|---|-------------------------|-----------------|
| | 2024 RMB'000 | 2023 RMB'000 |
| Time of revenue recognition | | |
| <i>A point in time</i> | | |
| Sales of pharmaceutical products and royalty income | 159,457 | 195,551 |
| License fee income | 464,240 | 7,202 |
| Provision of goods and consumables for R&D projects | 10,302 | 14,722 |
| Service income | 4,208 | 426 |
| | 638,207 | 217,901 |
| <i>Overtime</i> | | |
| License fee income | 1,876 | 873 |
| | 640,083 | 218,774 |

We recorded sales of pharmaceutical products and royalty income from 3D Medicines (Sichuan), which amounted to RMB159.5 million for the year ended December 31, 2024, as compared with RMB195.6 million for the year ended December 31, 2023. Our Group and 3D Medicines entered into a licensing agreement in February 2016 for the joint development and commercialization of KN035. For the year ended December 31, 2024, revenue from the sales of KN035 product to 3D Medicines (Sichuan) amounted to RMB122.5 million, as compared with RMB128.4 million for the year ended December 31, 2023. Such revenue is recognized by our Group when the goods are delivered and the control of the goods has been transferred. For the year ended December 31, 2024, our Group also recognized revenue of RMB37.0 million (2023: RMB67.2 million) for sales-based royalty fees generated from licensing KN035 intellectual property under a supplementary agreement entered into between our Group, 3D Medicines and 3D Medicines (Sichuan) in December 2021.

Our Group's license fee income (recognized at a point in time) was RMB464.2 million for the year ended December 31, 2024 (2023: RMB7.2 million). The significant increase was mainly attributable to the collaborative and licensing agreements we entered into for the year ended December 31, 2024. Please refer to our Company's announcements dated January 25, 2024, June 5, 2024 and September 29, 2024 for further details.

For the year ended December 31, 2024, our Group recognized license fee income (recognized overtime) of RMB1.9 million on co-development and commercialization of KN035 (2023: RMB0.9 million), primarily representing the recognition of revenue amortization from a non-refundable upfront payment under our collaboration with 3D Medicines upon the commencement of commercialization of KN035 in November 2021.

For the year ended December 31, 2024, our Group recognized service income of RMB4.2 million (2023: RMB0.4 million), primarily representing the recognition of service delivered to the customers by our Group.

In addition, we continue to provide goods and consumables for customers to conduct clinical trials as well. Such revenue is recognized when control of the goods has been transferred, being when the goods have been delivered to the customer's specific location. For the year ended December 31, 2024, we recorded revenue of RMB10.3 million (2023: RMB14.7 million) for the provision of goods and consumables for R&D projects.

Cost of Sales

Our Group's cost of sales primarily consisted of cost of direct labor, manufacturing cost and raw material and manufacturing overhead related to the production of the product sold. For the year ended December 31, 2024, our Group recorded cost of sales of RMB60.3 million (2023: RMB55.2 million) primarily attributable to cost of sales of pharmaceutical products of RMB56.0 million (2023: RMB51.3 million), and cost of provision of goods and consumables for R&D projects of RMB4.3 million (2023: RMB3.9 million). The increase in our Group's costs of sales for the year ended December 31, 2024 was generally in line with the growth of our Group's revenue in the same year.

Other Income

Our Group's other income primarily consisted of interest income and government grants income.

For the year ended December 31, 2024, our Group's other income decreased by RMB29.8 million to RMB62.0 million, as compared to RMB91.8 million for the year ended December 31, 2023. Our interest income decreased from RMB74.0 million for the year ended December 31, 2023 to RMB49.3 million for the year ended December 31, 2024, primarily because the decrease in U.S. dollar deposits and the lower interest rates. Our government grants income decreased from RMB17.8 million for the year ended December 31, 2023 to RMB12.8 million for the year ended December 31, 2024, primarily due to a reduction in the number of new projects applying for government grants.

Other Gains

Our Group's other gains primarily consisted of net exchange gains.

For the year ended December 31, 2024, we recorded RMB13.2 million of other gains, as compared to RMB33.1 million for the year ended December 31, 2023. The decrease was primarily attributable to a lower unrealized net foreign exchange gain, driven by a reduced strengthening of certain major currencies, particularly the U.S. dollar, against the RMB.

R&D Expenses

Our Group's R&D expenses primarily comprised of (i) third-party contracting costs related to services provided by contract research organizations, contract manufacturing organizations, clinical trial sites, consultants and other service providers during the R&D of our pipeline products; (ii) staff costs for our R&D staff, including salary, bonus and equity incentives; (iii) raw materials costs in relation to the R&D of our drug candidates; (iv) office rental costs, utilities and depreciation and amortization; and (v) other miscellaneous expenses, which primarily include expenses for patent application registration services and logistics expenses of drug samples for clinical trials.

For the year ended December 31, 2024, our R&D expenses remained relatively stable at RMB404.2 million, as compared to RMB407.5 million for the year ended December 31, 2023. The following table sets forth the breakdown of our R&D expenses by nature for the years indicated.

| | For the year ended December 31, | | | |
|---|--|--------|---------|--------|
| | 2024 | | 2023 | |
| | (RMB in thousands, except percentages) | | | |
| Outsourcing service fees | 109,051 | 27.0% | 136,990 | 33.6% |
| Staff costs | 132,510 | 32.8% | 129,831 | 31.9% |
| Raw material costs | 73,273 | 18.1% | 55,478 | 13.6% |
| Office rental costs, utilities, and depreciation and amortization | 70,612 | 17.5% | 66,400 | 16.3% |
| Others | 18,706 | 4.6% | 18,825 | 4.6% |
| Total | 404,152 | 100.0% | 407,524 | 100.0% |

Administrative Expenses

Our Group's administrative expenses primarily comprised of staff costs for our administrative staff, including salary, bonus and equity incentives.

Our administrative expenses remained relatively stable at RMB74.6 million for the year ended December 31, 2024, as compared to RMB79.3 million for the year ended December 31, 2023.

Finance Costs

Our Group's finance costs primarily comprised of interest expenses on (i) bank borrowings, (ii) contract liabilities and (iii) lease liabilities related to our leases of office premises, R&D facilities and manufacturing facilities.

Our finance costs decreased to RMB9.9 million for the year ended December 31, 2024, as compared to RMB12.2 million for the year ended December 31, 2023, primarily due to (i) the change of the amount of working capital borrowings, and (ii) the decrease in the interest rate of borrowings.

Income Tax Expenses

We had unused tax losses of RMB3,489.1 million available for set off against future profits as of December 31, 2024, as compared to RMB3,315.6 million for the year ended December 31, 2023. No deferred tax asset has been recognized in respect of the unused tax losses due to the unpredictability of future profit streams.

For the years ended December 31, 2023 and 2024, we did not incur any income tax expenses.

Profit (Loss) for the Year

As a result of the above factors, our Company recorded a profit of RMB166.3 million for the year ended December 31, 2024, as compared to a loss of RMB210.6 million for the year ended December 31, 2023.

Property, Plant and Equipment

Property, plant and equipment primarily consisted of our manufacturing facilities, R&D center and office premises.

Our property, plant and equipment decreased by RMB50.1 million to RMB500.0 million as of December 31, 2024, as compared to RMB550.1 million as of December 31, 2023, primarily because of normal depreciation of property, plant and equipment.

Right-of-use Assets

Under IFRS 16, we recognize right-of-use assets with respect to our property leases. Our right-of-use assets are depreciated over the lease term or the useful life of the underlying asset, whichever is shorter.

Our right-of-use assets decreased by RMB2.9 million to RMB24.0 million as of December 31, 2024, as compared to RMB26.9 million as of December 31, 2023, primarily due to normal amortization.

Inventories

Our Group's inventories consisted of raw materials and other consumables used in the R&D of our drug candidates, work in progress and finished goods.

Our inventories remained relatively stable at RMB81.8 million as of December 31, 2024, as compared to RMB78.7 million as of December 31, 2023.

Trade Receivables

Our Group's trade receivables primarily consisted of our trade receivables with contracts with customers.

Our trade receivables as of December 31, 2024 amounted to RMB16.5 million, as compared to RMB7.1 million as of December 31, 2023, primarily due to the increase in the royalty income during the fourth quarter of 2024.

Amount Due from a Related Company

As of December 31, 2024, our amount due from a related company, Suzhou Alphamab, was RMB3.8 million (2023: Nil), representing receivables arising from technical services provided to Suzhou Alphamab.

Other Receivables, Deposits and Prepayments

Our Group's other receivables, deposits and prepayments primarily consisted of (i) other receivables, deposits and prepayments mainly related to prepayments made in connection with our purchase of raw materials and payments to contract research organizations and other third parties for services relating to our clinical trials; (ii) deposits and interest receivables mainly related to our time deposits; and (iii) VAT recoverable in connection with the procurement of raw materials, third-party services for our R&D activities, machinery and equipment for our new manufacturing facilities, which can offset the VAT to be incurred upon commercialization.

Our other receivables, deposits and prepayments decreased by RMB26.9 million to RMB39.6 million as of December 31, 2024, as compared to RMB66.5 million as of December 31, 2023, primarily due to the receipt of certain interest payments and decrease in receivables for the interest income and prepayments for services relating to clinical trials.

Cash and Cash Equivalents and Time Deposits with Original Maturity Over Three Months

Our cash and cash equivalents mainly consisted of (i) cash at banks and on hand and (ii) time deposits with original maturity less than three months.

Our cash and cash equivalents increased from RMB1,086.0 million as of December 31, 2023 to RMB1,112.1 million as of December 31, 2024, and our time deposits with original maturity over three months increased from RMB321.2 million as of December 31, 2023 to RMB459.3 million as of December 31, 2024.

Trade and Other Payables

Our Group's trade and other payables primarily consisted of accrued R&D expenses and staff costs, which largely relate to our clinical studies. Our trade and other payables also consisted of payables for the construction of new facilities and the procurement of equipment and machinery for these new facilities.

Our trade and other payables remained relatively stable at RMB180.8 million as of December 31, 2024, as compared to RMB175.1 million as of December 31, 2023.

Amount Due to a Related Company

Our amount due to Suzhou Alphamab decreased from RMB4.4 million as of December 31, 2023 to RMB3.1 million as of December 31, 2024, primarily due to our payment for the process development service fees to Suzhou Alphamab.

Lease Liabilities

Our Group's lease liabilities are in relation to the properties we leased for our R&D activities and our office premises. We recognize lease liabilities with respect to all lease agreements in which we are the lessee, except for short term leases and leases of low value assets. For these leases, we generally recognize the lease payments as an operating expense on a straight-line basis over the term of the lease. The lease liability is initially measured at present value that are not paid at the commencement date of the lease and subsequently adjusted by interest accretion and lease payments.

Our lease liabilities decreased from RMB7.1 million as of December 31, 2023 to RMB3.7 million as of December 31, 2024, primarily due to our timely payment of rents.

Contract Liabilities

We recorded contract liabilities of RMB25.5 million and RMB40.1 million as of December 31, 2023 and December 31, 2024, respectively. Our contract liabilities primarily represent amounts received in advance for the provision of goods and consumables related to R&D, co-development, and the commercialization of drug candidates. Such amounts are subject to adjustment for the effects of the time value of money at a discount rate of 2.67% to 4.35% (2023: 3.70% to 4.35%) per annum, taking into consideration of the credit characteristics of our Group.

Liquidity and Source of Funding

Our primary uses of cash were to fund our clinical trials, manufacturing, purchase of equipment and raw materials and other expenses. During the year ended December 31, 2024, we primarily funded our working capital requirements through proceeds from the Global Offering, the Top-up Placing, sales of our commercialized product, pre-IPO financing and bank borrowings at reasonable market rates. Currently, our Group follows a set of funding and treasury policies to manage our capital resources and prevent risks involved. In order to better control and minimize the cost of funds, our Group's treasury activities are centralized, and all cash transactions are dealt through reputable commercial banks. We closely monitor the uses of cash and cash balances and strive to maintain a healthy liquidity for our operations.

As of December 31, 2024, there was a balance of unutilized net proceeds from the Global Offering (as defined in the Prospectus), Top-up Placing, pre-IPO financing and bank borrowings. For details on the net proceeds from the Global Offering and the Top-up Placing, please refer to the section headed "Use of Net Proceeds from the Global Offering" and "Use of Net Proceeds from the Top-Up Placing" respectively in this annual report.

Our Company believes that it has sufficient funds to satisfy our working capital and capital expenditure requirements for 2025.

Bank Borrowings

As of December 31, 2024, our bank borrowings of RMB182.2 million (as of December 31, 2023: RMB250.0 million) had effective interest rates of 2.54% to 2.67%. As of December 31, 2024, our secured bank borrowings were secured by property and plant of RMB235.6 million and land use rights in our right-of-use assets of RMB20.2 million.

Management Discussion and Analysis

Key Financial Ratios

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

| | As of December 31, | |
|------------------------------|--------------------|--------|
| | 2024 | 2023 |
| Current ratio ⁽¹⁾ | 6.74 | 5.84 |
| Quick ratio ⁽²⁾ | 6.41 | 5.55 |
| Gearing ratio ⁽³⁾ | (0.51) | (0.50) |

Notes:

- (1) Current ratio represents current assets divided by current liabilities as of the same date.
- (2) Quick ratio represents current assets less inventories and divided by current liabilities as of the same date.
- (3) Gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents divided by total equity and multiplied by 100%. For the avoidance of doubt, ratio in brackets represents negative number.

Material Investments

Our Group did not make any material investments during the year ended December 31, 2024. In addition, there is no current plan of our Group for material investments or additions of material capital assets as of the Latest Practicable Date.

Material Acquisitions and Disposals

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

Pledge of Assets

As of December 31, 2024, our Group had a total RMB235.6 million of property and plant and RMB20.2 million of land use rights pledged to secure its loans and banking facilities.

Contingent Liabilities

As of December 31, 2024, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group that is likely to have a material and adverse effect on our business, financial condition or results of operations.

Foreign Exchange Exposure

During the year ended December 31, 2024, we mainly operated in China and a majority of our transactions were settled in RMB, the functional currency of our Company's primary subsidiaries. As of December 31, 2024, a significant amount of our Group's bank balances and cash was denominated in U.S. dollars. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Except for certain bank balances and cash, other receivables, trade and other payables, and other financial liabilities denominated in foreign currencies, our Group did not have significant foreign currency exposure from its operations as of December 31, 2024.

Employees and Remuneration

As of December 31, 2024, our Group had 420 employees (2023: 435 employees). The total remuneration cost incurred by our Group for the year ended December 31, 2024 was RMB175.9 million, as compared to RMB189.3 million for the year ended December 31, 2023.

The remuneration package of our employees includes salary, bonus and equity incentives, which are generally determined by their qualifications, industry experience, position and performance. We make contributions to social insurance and housing provident funds as required by the PRC laws and regulations.

Our Company has also adopted Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Restricted Share Award Scheme to provide incentives for our employees. Please refer to the section headed "Statutory and General Information – D. Pre-IPO Share Option Plans" in Appendix V to the Prospectus and our Company's circulars dated April 22, 2020 and May 21, 2024 for further details.

Profiles of Directors and Senior Management

EXECUTIVE DIRECTORS

Dr. XU Ting (徐霆), aged 52, is the founder, the chairman of our Board, an executive Director and the chief executive officer of our Company. Dr. Xu was appointed as a Director and the chairman of the Board on March 28, 2018 and October 31, 2018, respectively. Dr. Xu was re-designated as an executive Director on July 3, 2019. Dr. Xu has been serving as the chief executive officer of our Company since October 1, 2018. Dr. Xu is primarily responsible for overall management of the business strategy, corporate development and R&D of our Group and oversight of the commercial suitability and sustainability of our Group. Dr. Xu is also a director and the general manager of Jiangsu Alphamab.

Dr. Xu has approximately 23 years of experience in pharmaceutical R&D. Prior to founding the Group, from November 2003 to June 2007, Dr. Xu worked at EMD Serono Research Institute Inc. (now part of Merck KGaA). From June 2007 to 2010, Dr. Xu served as senior scientist of Biogen IDEC Inc., a global biotechnology company, the shares of which are listed on NASDAQ (ticker symbol: BIIB). In November 2008, Dr. Xu founded Suzhou Alphamab, the predecessor and a connected person of our Company, and has been serving as a director of Suzhou Alphamab since its incorporation. Dr. Xu currently holds certain positions in our connected persons including a chairman of Suzhou Alphamab, a director of Suzhou Smart Nuclide Biopharmaceutical Co., Ltd. (蘇州智核生物醫藥科技有限公司) and a chairman of Suzhou BioNovoGene Biotech Co., Ltd. (蘇州帕諾米克生物醫藥科技有限公司). In addition, Dr. Xu also currently serves as a director of Shanghai Kangjing Bioscience Co., Ltd. (上海康景生物醫藥科技有限公司) and a director of Guangzhou Acrolmmune Biotechnology Co., Ltd. (廣州昂科免疫生物技術有限公司). He also held several positions in Suzhou Dingfu, including the chairman and general manager from November 2011 to July 2018 and the legal representative from November 2011 to September 2018.

Dr. Xu obtained his bachelor's degree in biochemistry from Nanjing University (南京大學) in the PRC in July 1993 and his master's and doctoral degree in molecular biology and Biochemistry from Chinese Academy of Science (中國科學院) in the PRC in December 1997. Dr. Xu was a post-doctoral fellow of Tufts University in the U.S. from January 1998 to October 2000 and a post-doctoral fellow of Harvard University in the U.S. from November 2000 to March 2002. Dr. Xu was awarded the Science and Technology Leading Talent (科技領軍人才) by Suzhou Industry Park Administration Committee (蘇州工業園區管理委員會) in 2009, and was granted the Mayor Award (市長獎) by Suzhou Municipal People's Government (蘇州市人民政府) in 2017. Dr. Xu won the sixth "Suzhou Outstanding Talent Award" awarded by the Suzhou Municipal Government in July 2020. Dr. Xu is the spouse of Ms. Liu.

Ms. LIU Yang (劉陽), aged 53, was appointed as our Director on October 31, 2018 and re-designated as our executive Director on July 3, 2019. She was also appointed as the vice president of corporate operations of our Company on October 1, 2018. Since joining our Group, Ms. Liu has participated in the daily operations of our Group and is primarily responsible for corporate operations and management, including human resources, supply chain, engineering, internal control and audit, public relationship, administration and legal affairs of the Group. Ms. Liu also holds several positions with other members of our Group including a vice president of Jiangsu Alphamab and a director of Alphamab Australia.

Ms. Liu has extensive experience in the biotechnology industry and worked as a physician for four years. Prior to joining our Group, Ms. Liu served as an attending physician in internal medicine at the First People's Hospital of Lianyungang City (連雲港第一人民醫院) from July 1994 to July 1997. From March 1999 to May 2001, she worked at Ironwood Pharmaceuticals, Inc. (formerly known as Microbia, Inc.). Ms. Liu also worked at ImmunoGen, Inc. from 2003 to 2010. She also served as a vice president of Suzhou Dingfu. Ms. Liu was awarded as one of 2020 China Top 50 Women in Technology by Forbes China in July 2020.

Ms. Liu obtained her bachelor's degree in medicine from Xuzhou Medical University (徐州醫科大學) in the PRC in July 1994. Ms. Liu is the spouse of Dr. Xu.

NON-EXECUTIVE DIRECTOR

Mr. CHO Man (左敏), aged 63, was appointed as a non-executive Director on October 22, 2024. Mr. Cho is a senior economist. From June 2013 to June 2023, Mr. Cho served as an executive director and the president of Shanghai Pharmaceuticals Holding Co., Ltd. (上海醫藥集團股份有限公司), a company listed on Stock Exchange (stock code: 2607) and Shanghai Stock Exchange (stock code: 601607), and held directorships in certain of its subsidiaries, including a director of Shanghai Pharmaceuticals (HK) Investment Limited from August 2017 to August 2023, the chairman of Shanghai SPH Ruier Drugs Co., Ltd. (上海上藥睿爾藥品有限公司) from August 2020 to August 2023 and the chairman and president of Shanghai Biomedical Frontier Industry Innovation Center Co., Ltd. (上海生物醫藥前沿產業創新中心有限公司) from September 2021 to August 2024. From September 2020 to September 2024, he served as the chairman of Shanghai Biomedical Industrial Equity Investment Fund 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)).

In his early career, Mr. Cho served as vice chairman and chief executive officer of the Wing Fat Printing Co., Ltd., vice president of China Resources Pharmaceutical Group Limited, deputy general manager of Sanjiu Enterprise Group, chairman and general manager of Sanjiu Economic Trading Co., Ltd. and Nine Stars Printing and Packaging Co., Ltd., vice director and head of sales department of Shenzhen South Pharmaceutical Factory, and head of transfusion medicine department, head of the drug injection department and pharmacist of Nanfang Hospital, First Military Medical University, Guangzhou, etc.

Mr. Cho obtained a bachelor's degree in pharmacy from Sichuan University (former West China University of Medical Science) and a master's degree in management from the School of Management of Fudan University.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. GUO Zijian (郭子建), aged 63, was appointed as an independent non-executive Director on August 27, 2021. Dr. Guo is primarily responsible for supervising and providing independent judgement to our Board.

Dr. Guo has been serving as a professor of School of Chemistry and Chemical Engineering of Nanjing University (南京大學化學化工學院) since May 1999. From October 1996 to April 1999, he was a research associate at the University of Edinburgh in the United Kingdom. Dr. Guo was granted the Outstanding Achievement Award by Asian Society of Biological Inorganic Chemistry (亞洲生物無機化學會) in October 2020. He won the Luigi Sacconi Medal from the Italian Chemical Society in September 2016. Dr. Guo was awarded the First Prize of China's State Natural Science Award (國家自然科學一等獎) by Ministry of Education of the People's Republic of China (中華人民共和國教育部) in February 2016.

In November 2017, Dr. Guo was elected as a member of the Chinese Academy of Sciences. In November 2022, Dr. Guo was elected as a fellow (academician) of The World Academy of Sciences ("TWAS") during the 16th general meeting of TWAS.

Dr. Guo received his doctor degree from the University of Padova in Italy in September 1994 and worked as a postdoctoral research fellow at Birkbeck College of the University of London in the United Kingdom until June 1996.

Mr. WEI Kevin Cheng (蔚成), aged 57, was appointed as an independent non-executive Director on November 24, 2019. Mr. Wei's main responsibility includes serving as the chairman of the Audit Committee.

Mr. Wei is currently a managing partner of a corporate finance advisory firm and Mr. Wei's current and prior directorships in the last three years in listed companies include:

- an independent non-executive director and a member of the audit committee of the board of BAIOO Family Interactive Limited (百奧家庭互動有限公司), a company listed on the Stock Exchange (stock code: 2100) since July 1, 2023; and
- an independent non-executive director and the chairman of audit and compliance committee of Nexteer Automotive Group Limited, a company listed on the Stock Exchange (stock code: 1316) from June 2013 to June 2022.

Mr. Wei also served as a non-executive director of Tibet Water Resources Ltd. (“**Tibet Water Resources**”), a company listed on the Stock Exchange (stock code: 1115) from October 2020 to June 2021. He ceased to be the chairman of the board of directors and the nomination committee and a member of the remuneration committee of Tibet Water Resources in June 2021. He previously served as an independent non-executive director, the chairman of audit committee, a member of remuneration committee, nomination committee and risk management committee between March 2011 and October 2020. Previously, Mr. Wei served as the chief financial officer of IFM Investments Limited, a real estate services company headquartered in Beijing, from December 2007 to September 2013. IFM Investments Limited was delisted from NYSE in 2015. Prior to that, from July 2006 to October 2007, Mr. Wei served as the chief financial officer of Solarfun Power Holdings Co., Limited (ticker symbol: SOLF), a NASDAQ listed solar company (currently known as Hanwha SolarOne Co., Ltd. and relisted on NASDAQ as Hanwha SolarOne (ticker symbol: HSOL)). From September 2003 to July 2005, Mr. Wei served as the head of internal audit for LG.Philips Displays International Ltd.

Mr. Wei became a member of the American Institute of Certified Public Accountants in February 1999. He graduated in June 1991 from Central Washington University in the U.S., where he received his bachelor’s degree in science (cum laude) with a double major in accounting and business administration.

Mr. WU Dong (吳冬), aged 55, was appointed as an independent non-executive Director on November 24, 2019. Mr. Wu is primarily responsible for supervising and providing independent judgement to our Board.

Mr. Wu is currently serving as a venture partner at 6 Dimensions Capital (蘇州通和毓承投資合夥企業(有限合夥)), a leading venture capital firm specializing in the healthcare industry to invest in companies in their early stages of formation or progress for development. He is also the founder and an executive director of Shanghai Jiuben Technology Co., Ltd. (上海究本科技有限公司). Prior to joining 6 Dimensions Capital, Mr. Wu had worked for Johnson & Johnson (a company listed on the NYSE, stock code: JNJ) for over 10 years from August 2007 to March 2018 and served different positions including the head of Asia Pacific Innovation Center, a vice president of global engineering and emerging market R&D, the Emerging Market Innovation Centre Leader, a vice president of Research Development & Engineering, Asia Pacific and a senior director of emerging market R&D.

Mr. Wu received his bachelor’s degree in applied chemistry from Fudan University (復旦大學) in the PRC in July 1992 and an executive master of business administration from China-Europe International Business School (中歐國際商學院) in the PRC in September 2005.

SENIOR MANAGEMENT

Dr. XU Ting (徐霆) is the chairman of the Board, Chief Executive Officer and an executive Director. Please see “Executive Directors” section on page 38 for details of his biography.

Ms. LIU Yang (劉陽) is an executive Director and the vice president, corporate operations of our Company. Please see “Executive Directors” section on page 39 for details of her biography.

Mr. CHENG Jiancheng (程建成), aged 39, has served as the vice president of biostatistics since January 2024. Mr. Cheng is primarily responsible for overseeing the operations of the biostatistics, statistical programming, data management, and clinical pharmacology departments.

Mr. Cheng brings over 16 years of experience in clinical trial design and statistical analysis. He has contributed to the design and analysis of over 100 clinical trials, including approximately 50 phase III registration trials, and has extensive experience interacting with regulatory authorities (such as the FDA, EMA, and CDE), with over 80 engagements.

From July 2008 to September 2016, Mr. Cheng served successively as statistical programmer, biostatistician, and manager of Statistic Analysis Department at Shanghai EPS Pharmaceutical Development Co., Ltd. (上海日新醫藥發展有限公司), a subsidiary of EPS Creative Health Technology Group Limited (EPS 創健科技集團有限公司), a company listed on the Stock Exchange (stock code: 3860). From October 2016 to December 2023, he progressively advanced from manager of biostatistics to senior manager, associate director, director, senior director, and executive director at Shanghai Henlius Biotech, Inc. (上海復宏漢霖生物技術股份有限公司), a company listed on the Stock Exchange (stock code: 2696).

Mr. Cheng obtained his bachelor's degree in preventive medicine (biostatistics) and master's degree in biostatistics from Nanjing Medical University (南京醫科大學) in June 2008 and in June 2018, respectively. Mr. Cheng is currently pursuing a part-time Ph. D. in Medical Research Methodology at Nanjing Medical University.

Save as disclosed above, none of our Directors and senior management held any directorship in any public companies the shares of which are listed in the Stock Exchange or overseas stock markets in the last three years prior to the Latest Practicable Date.

To the best of the Board's knowledge, information and belief, save as disclosed in the annual report, our Directors and senior management do not have any relationship amongst them.

JOINT COMPANY SECRETARIES

Ms. CHENG Qiulan (程湫淩), was appointed as a joint company secretary and authorized representative of the Company on October 22, 2024.

She has been focusing on life science and biotechnology sector for about ten years, with a demonstrated track record of market researching and investor relationship management. Ms. Cheng has been serving as the investor relations manager of the Company since July 2021. Prior to joining the Company, Ms. Cheng had many years of experience as a research analyst, and held positions at multiple listed companies, including senior supervisor of investor relationship and board secretarial department and senior market information specialist. Ms. Cheng received her bachelor's degree in pharmaceutical engineering from Chongqing University of Posts and Telecommunications.

Ms. CHAN Lok Yee (陳樂而) was appointed as one of our joint company secretaries on July 20, 2020. Ms. Chan is currently a senior manager of Company Secretarial Services of Vistra Corporate Services (HK) Limited. She has over ten years of experience in providing a full range of company secretarial and compliance services to private and listed companies. Ms. Chan obtained a bachelor's degree in arts from The Hong Kong Polytechnic University and a master's degree of science in professional accounting and corporate governance from The City University of Hong Kong. She has been an associate member of The Hong Kong Institute of Chartered Secretaries (now known as The Hong Kong Chartered Governance Institute) and an associate member of The Institute of Chartered Secretaries and Administrators (now known as The Chartered Governance Institute) in the United Kingdom since 2015.

CHANGES TO DIRECTORS' INFORMATION

On October 22, 2024, Mr. CHO Man was appointed as a non-executive Director and a member of the Strategy Committee.

Save as disclosed above and in the section headed "Profiles of Directors and Senior Management", as of the Latest Practicable Date, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Corporate Governance Report

The Board presents this corporate governance report in the Group's annual report for the year ended December 31, 2024.

COMPANY'S CULTURE

The Board believes that corporate culture underpins the long-term business, economic success and sustainable growth of the Group. A strong culture enables the Company to deliver long-term sustainable performance and fulfil its role as a responsible corporate citizen. The Company's mission is to make cancer manageable and curable.

In addition, the Company puts the employee first, focuses on continuous innovation, aims at achieving global competitiveness, and takes it as its own duty to treat patients with cancer, and strives to be vigorous, conscientious, and able to be of real value to society.

During the year ended December 31, 2024, the Company continues to strengthen its cultural framework and the Board sets and promotes corporate culture and expects and requires all employees to reinforce. All of our new employees are required to attend orientation and training programs so that they may better understand our corporate culture, structure and policies, learn relevant laws and regulations, and raise their cooperative and innovative awareness. In addition, from time to time, the Company will invite external experts to provide training to our management personnel to improve their relevant knowledge and management skills. Board oversight of culture encompasses a range of measures and tools over time, including workforce engagement, employee retention and training, robust financial reporting, effective and accessible whistleblowing framework, legal and regulatory compliance (including compliance with the employee's code of conduct and corporate governance policies of the Group), as well as staff safety, wellbeing and support.

Taking into account the corporate culture in a range of contexts, the Board considers that the corporate culture, mission, value and strategy of the Group are aligned.

CORPORATE GOVERNANCE PRACTICES

The Company strives to achieve high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders and to enhance corporate value and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices.

For the year ended December 31, 2024, the Company has complied with all applicable code provisions set out in the Corporate Governance Code except for the deviations from code provision C.2.1 of the Corporate Governance Code. Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Dr. Xu currently serves as the chairman of the Board and the chief executive officer of the Company. He is the founder of the Group and has been operating and managing the Group since its establishment. The Directors believe that it is beneficial to the business operations and management of the Group that Dr. Xu continues to serve as both the chairman of the Board and the chief executive officer of the Company.

The Company regularly reviews its compliance with corporate governance codes and the Board believes that save as disclosed above, the Company was in compliance with the applicable code provisions of the Corporate Governance Code for the year ended December 31, 2024.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules. Specific enquiries have been made to all Directors and the Directors have confirmed that they have complied with the Model Code during the Reporting Period.

The Company's relevant employees, who are likely to be in possession of unpublished price-sensitive information ("**Inside Information**") of the Company, have also been subject to the Model Code. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company during the Reporting Period.

The Company has also established a policy on Inside Information to comply with its obligations under the SFO and the Listing Rules. In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify Directors and relevant employees in advance.

BOARD OF DIRECTORS

The Board currently comprises two executive Directors, one non-executive Director and three independent non-executive Directors.

The composition of the Board during the year ended December 31, 2024 is as follows

Executive Directors:

Dr. XU Ting (徐霆) (*Chairman of the Board and Chief Executive Officer*)

Ms. LIU Yang (劉陽)

Non-executive Director:

Mr. CHO Man (左敏) (*appointed on October 22, 2024*)

Independent Non-executive Directors:

Dr. GUO Zijian (郭子建)

Mr. WEI Kevin Cheng (蔚成)

Mr. WU Dong (吳冬)

The biographical details of the Directors are set out in the section headed “Profiles of Directors and Senior Management” on pages 38 to 43 of this annual report.

Save that Dr. Xu and Ms. Liu are spouses, none of the members of the Board is related (including financial, business, family or other material/relevant relations) to one another.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Company does not have separate chairman of the Board and chief executive officer, and Dr. Xu, the executive Director currently performs these two roles. The Board believes that vesting the roles of both chairman of the Board and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

BOARD MEETINGS

Code provision C.5.1 of the Corporate Governance Code stipulates that board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communication.

Attendance record of Directors

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

| Number of meeting(s) attended/number of meeting(s) held for the year ended December 31, 2024 | | | | | | Annual |
|---|-------|--------------------|---------------------------|-------------------------|-----------------------|--------------------|
| Name of Director | Board | Audit Committee | Remuneration Committee | Nomination Committee | Strategy Committee | General Meeting |
| <i>Executive Directors:</i> | | | | | | |
| Dr. XU Ting | 4/4 | N/A | N/A | 2/2 | 1/1 | 1/1 |
| Ms. LIU Yang | 4/4 | N/A | 2/2 | N/A | 1/1 | 1/1 |
| <i>Non-executive Director:</i> | | | | | | |
| Mr. CHO Man ^(Note) | 1/1 | N/A | N/A | N/A | 0/0 | 0/0 |
| <i>Independent Non-executive Directors:</i> | | | | | | |
| Dr. GUO Zijian | 4/4 | 3/3 | N/A | 2/2 | 1/1 | 1/1 |
| Mr. WEI Kevin Cheng | 4/4 | 3/3 | 2/2 | N/A | N/A | 1/1 |
| Mr. WU Dong | 4/4 | 3/3 | 2/2 | 2/2 | N/A | 1/1 |

Note: The Director's attendance refers to the number of meetings held during his tenure. Mr. CHO Man was appointed as a non-executive Director and a member of the Strategy Committee with effect from October 22, 2024. Please refer to the Company's announcement dated October 22, 2024 for details.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

The Board has received from each of the independent non-executive Directors a written annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers each of them to be independent.

Save for Dr. GUO Zijian, each of the independent non-executive Directors signed a letter of appointment with the Company for a term of three years with effect from November 24, 2022. Dr. GUO Zijian signed a letter of appointment with the Company for a term of three years with effect from August 27, 2024. Independent non-executive Directors are required to inform the Company if there is any change that may affect his independence.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, identifying and recommending individuals suitably qualified to become Board members, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and succession planning for Directors and assessing the independence of independent non-executive Directors.

Code Provision B.2 of the Corporate Governance Code stipulates that all directors should be subject to re-election at regular intervals. Code Provision B.2.2 of the Corporate Governance Code further states that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Each of the Directors, is appointed for a term of three years and is subject to retirement by rotation once every three years.

Pursuant to Article 84(1) of the Articles of Association, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office and be eligible for re-election at each annual general meeting, provided that every Director is subject to retirement by rotation at least once every three years. In addition, according to Article 83(3) of the Articles of Association, any new Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting and be subject to re-election.

Accordingly, Dr. XU Ting, Mr. CHO Man and Mr. WEI Kevin Cheng shall retire at the AGM and, being eligible, will offer themselves for re-election pursuant to Article 83(3) and 84(1) of the Articles of Association.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for making all major decisions of the Company including the approval and monitoring of all major policies of the Group and overall strategies, internal control and risk management systems, notifiable and connected transactions, nomination of the Directors and joint company secretaries, and other significant financial and operational matters.

All of the Directors have full and timely access to all relevant information as well as the advice and services of the joint company secretaries, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each Director is entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

The day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions are periodically reviewed. Approval must be obtained from the Board before any significant transaction is entered into.

BOARD COMMITTEES

The Board has established four committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy Committee for overseeing particular aspects of the Company's affairs. Each of these committees is established with defined written terms of reference. The terms of reference of the Board committees are available for viewing on the websites of the Company and the Stock Exchange.

Audit Committee

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company has established the Audit Committee and has formulated its written terms of reference, which have from time to time been modified, in accordance with the prevailing provisions of the Corporate Governance Code.

The Audit Committee comprises three independent non-executive Directors, namely Mr. WEI Kevin Cheng, Dr. GUO Zijian and Mr. WU Dong. Mr. WEI Kevin Cheng, being the chairman of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules. The principal duties of the Audit Committee include, among others, the review and supervision of the Group's financial information; review of the Group's financial information; review of the relationship with the external auditor of the Company; and performance of the corporate governance functions delegated by the Board.

During the Reporting Period, the Group's annual results and annual report for the year ended December 31, 2023 and interim results and interim report for the six months ended June 30, 2024 have been reviewed by the Audit Committee and the annual results have also been audited by the independent auditor of the Company, Messrs. Deloitte Touche Tohmatsu. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company during the Reporting Period.

The Audit Committee held three meetings during the Reporting Period.

Remuneration Committee

We have established a remuneration committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration Committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management, to engage in assessing performance of executive directors, to review and approve the compensation payable to executive directors and senior management in accordance with service contracts, and to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules. The Remuneration Committee comprises one executive Director and two independent non-executive Directors, namely Mr. WU Dong, Ms. Liu and Mr. WEI Kevin Cheng. Mr. WU Dong is the chairman of the committee.

The Remuneration Committee has reviewed policy and structure for the remuneration of the Directors and senior management of the Company and remuneration proposal of the Directors and senior management of the Company during the Reporting Period.

The Remuneration Committee held two meetings during the Reporting Period.

No material matters relating to share schemes were reviewed and/or approved by the Remuneration Committee during the year ended December 31, 2024.

Nomination Committee

We have established a nomination committee in compliance with the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to our Board regarding the appointment of Directors and Board succession. The Nomination Committee comprises one executive Director and two independent non-executive Directors, namely Dr. Xu, Dr. GUO Zijian and Mr. WU Dong. Dr. Xu is the chairman of the committee.

The Nomination Committee has reviewed the structure, size and composition of the Board, assessed the independence of the independent non-executive Directors, recommended the re-appointment of the Directors standing for re-election at the annual general meeting of the Company and reviewed the board diversity policy and nomination policy of the Company during the Reporting Period.

The Nomination Committee held two meetings during the Reporting Period.

The nomination policy was approved and adopted by the Board on November 24, 2019 for evaluating and selecting any candidate for directorship. The Nomination Committee would consider the following criteria, including, among other things, character and integrity, qualifications (cultural and educational background, professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy (as defined below)), any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and diversity, and willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s).

The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship with a ranking of the candidates (if applicable) by order of preference based on the needs of the Company and reference check of each candidate.

Strategy Committee

We have established a Strategy Committee. The primary duties of the Strategy Committee are to review and advise on our mid to long term strategic positioning and development plans and to monitor the implementations of our development plans. The Strategy Committee comprises two executive Directors, one non-executive Director and one independent non-executive Director, namely Ms. Liu, Dr. Xu, Mr. CHO Man and Dr. GUO Zijian. Ms. Liu is the chairwoman of the committee.

The Strategy Committee has reviewed the Company's medium-term and long-term strategic goals and development plans of the business goal of the Company during the Reporting Period.

The Strategy Committee held one meeting during the Reporting Period.

DIVERSITY POLICY

Board Diversity

The composition and diversity of the Board were considered by adopting the Company's board diversity policy (the "**Board Diversity Policy**") including the necessary balance of skills and experience appropriate for the requirements of the business development of the Company and for effective leadership. The Board Diversity Policy has been reviewed by the Board on an annual basis. All the executive and non-executive Directors possess extensive and diversified experience in management and broad industrial experience. The three independent non-executive Directors possess professional knowledge and broad and extensive experience in finance, accountancy, business advisory and management, respectively. A summary of the Board Diversity Policy is set out below:

1. *Purpose*

The Board Diversity Policy aims to set out the approach to achieve diversity of the Board and enable the Board to comply with the Corporate Governance Code.

2. *Board Diversity Policy Statement*

The Company considers increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from several aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

3. *Measurable Objectives*

In reviewing the structure, size, composition and diversity of the Board, the Nomination Committee has considered the measurable objectives as set out in the Board Diversity Policy. Our Board has a balanced mix of knowledge and skills, including knowledge and experience in the areas of biotechnology and business management. They obtained degrees in various majors including biochemistry, medicine, management, engineering, finance, accounting and business administration. Furthermore, our Board has a wide range of age, ranging from 52 years old to 63 years old. Currently, the Board has one female Director, Ms. Liu, as our executive Director. The Nomination Committee is of the view that the diversity level of the Board is appropriate in terms of knowledge, experience and skills of the Directors. The Nomination Committee will continue to observe the Board Diversity Policy and consider potential candidates against the objective criteria set out in the Board Diversity Policy in order to achieve increasing diversity at the Board level. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Board will review the Board Diversity Policy on a regular basis to ensure its continued effectiveness. The Company has also taken and will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to the Board and senior management levels. While we recognize that gender diversity at the Board level can be further improved, the Company will keep an eye on female candidates who have extensive work experience in the biotechnology industry, especially candidates who are familiar with commercialization and general business operations of public companies, to be the potential successor to the Board. The Company targets to maintain at least the current level of female representation on the Board with the ultimate goal of approaching gender parity. The Company will (i) make appointments based on merits with reference to Board diversity as a whole; (ii) consider the possibility of nominating female management staff who has the necessary skills and experience to our Board; (iii) provide career development opportunities and more resources in training female staff with the aim of promoting them to the senior management or our Board; and (iv) endeavor to ensure there is gender diversity when recruiting staff at a mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board in the next few years. The Board believes that such merit-based appointments will best enable the Company to serve its Shareholders and other stakeholders going forward. The Board will give adequate consideration to the Board Diversity Policy when it identifies suitably qualified candidates to become members of the Board.

Diversity at Work Force

We strive to provide a platform with equal opportunities for all our employees as we value the experience and knowledge of our senior staff as well as the passion and adaptability of the younger staff. To build a healthy talent pipeline in preparing for the Group's continuous business expansion, we emphasize the importance for our new hires to be selected through robust, fair and transparent recruitment process, based on their merits and their potential. We also believe that unreasonable dismissal under any circumstances is unacceptable and is prohibited at the Group. The causes of dismissal are included but not limiting to, in our employee handbook which stipulated detail list of major offences which we regard as legitimate reason for dismissal.

Our employment (including senior management) profile as at December 31, 2024 is as follows:

| Workforce as at December 31, 2024 | No. of Headcount | Percentage of Total Headcount |
|--|-----------------------------|--|
| By Gender | | |
| Male | 189 | 45% |
| Female | 231 | 55% |
| By Age Group | | |
| 18 – 30 years old | 109 | 26% |
| 31 – 50 years old | 301 | 72% |
| over 50 years old | 10 | 2% |

Our Company is committed to providing all the job applicants and staff with equal opportunities for employment, without tolerance of any discrimination over gender, age, ethnicity, nationality and disability. The Group recruits workforce in strict compliance with local laws and regulations. Moreover, we emphasize the protection of females' rights and interests as part of our management principle and also provide more comfortable and flexible employment arrangements and holiday benefits for our female staff. We expect that the diversity at workforce will reach a more balanced level in 2025.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for determining corporate governance policy of the Company performing the functions set out in code provisions A.2.1 of the Corporate Governance Code. Such duties have been delegated to the Audit Committee.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the Corporate Governance Code, the Company's code of conduct applicable to its employees and Directors, and disclosure in its Corporate Governance Report during the Reporting Period.

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

BOARD INDEPENDENCE

The Board established mechanisms to ensure independent views and input are available to the Board, including, among others, (i) independent non-executive Directors are encouraged to actively participate in the Board meetings; (ii) the number of independent non-executive Directors must comply with the requirement under the Listing Rules; (iii) sufficient resources shall be provided to the Board if it thinks necessary to seek independent professional advice from Independent Third Parties; and (iv) the independent non-executive Directors shall devote sufficient time to discharge their duties as a Director.

The Board will review the implementation and effectiveness of such mechanisms on an annual basis, which have been reviewed and considered effective by the Board for the year ended December 31, 2024.

DIVIDEND POLICY

The Company has adopted a dividend policy in accordance with the Corporate Governance Code. The Company does not have any pre-determined dividend payout ratio and intends to retain most, if not all, of available funds and any future earnings to operate and expand the business of the Company. Dividends may only be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the Directors determine is no longer needed. All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend or bonuses unclaimed after a period of six years from the date of declaration shall be forfeited and shall revert to the Company.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

The Directors keep abreast of the responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

The Directors are continually provided with information relating to the developments in the legal and regulatory regime and the business and market environments to facilitate the execution of their responsibilities. Continuing briefings and professional development for the Directors were arranged by the Company and its professional advisors.

For the year ended December 31, 2024, Dr. Xu, Ms. Liu, Mr. CHO Man, Dr. GUO Zijian, Mr. WEI Kevin Cheng and Mr. WU Dong participated in a training session conducted by our legal advisor as to Hong Kong law, on connected transactions, corporate governance, continuing obligations of listed companies and its directors and updated rules and regulations of the Stock Exchange, including the amendments to Chapter 17 of the Listing Rules.

Mr. CHO Man, who was appointed as a non-executive Director on October 22, 2024, obtained the legal advice referred to in Rule 3.09D of the Listing Rules on the same day from the legal advisor of the Company and Mr. CHO Man has confirmed his understanding of his obligations as a Director.

AUDITOR'S RESPONSIBILITY AND REMUNERATION

The Company appointed Deloitte as the external auditor for the year ended December 31, 2024. A statement by Messrs. Deloitte Touche Tohmatsu about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report on pages 99 to 103.

Details of the fees paid/payable in respect of the audit and non-audit services provided by Messrs. Deloitte Touche Tohmatsu for the year ended December 31, 2024 are set out in the table below:

| Services rendered for the Company | Fees paid and payable (RMB'000) |
|--|--|
| Audit service | |
| Annual audit services | 1,767 |
| <i>Sub-total</i> | 1,767 |
| Non-audit service | |
| Tax advising services | 39 |
| <i>Sub-total</i> | 39 |
| Total | 1,806 |

RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives and establishing and maintaining appropriate and effective risk management and internal control systems. The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Board has delegated the Audit Committee with the responsibility to oversee the risk management and internal control systems of the Group on an on-going basis and to review the effectiveness of the systems annually. The review covers all material controls, including financial, operational and compliance controls.

The Group has also established a set of internal control procedures and system and adopted corporate governance practices to facilitate the effectiveness operation of our business. The Group has adopted an information disclosure policy which sets out comprehensive guidelines in respect of handling and dissemination of inside information.

The Company is committed to excellence and continual improvement and will continue to encourage innovation while maintaining a low-risk profile. Employees are encouraged to adopt a positive approach to risk management, which further strengthens the risk-aware culture (as opposed to risk-adverse culture) of the Group. Our employee handbook which is accessible to all employees covers policies and procedures related to compensation and dismissal, recruitment and promotion, working hours, rest periods, diversity, antidiscrimination, whistleblowing, benefits and welfare, training and development, anti-corruption and code of conduct. The Company has established (i) in confidence and anonymity, a whistleblowing policy and system for employees and our business partners to address their concerns, which will be reviewed on a regular basis, and suspected cases (if any) will be reported to the Audit Committee and (ii) policies and systems that promote and support anti-corruption laws and regulations that assist the employees in recognizing circumstances which may lead to or give the appearance of being involved in corruption or unethical business conduct, so as to avoid such conduct which is clearly prohibited, and to promptly seek guidance if necessary. Risk management is incorporated into the strategic and operational processes at all levels within the Group in order to minimize the impact of risk. Opportunities and risks are identified and are proactively assessed and monitored by employees on an on-going basis.

The Group has established an internal audit function to carry out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems. Relevant personnel have been designated to be responsible for identifying and monitoring the Group's risks and internal control issues and reports directly to the Board of any findings and follow-up actions. Each member of the Group is required to adhere strictly to the Group's internal control procedures and report to the internal audit team of any risks or internal control measures.

The risk management and internal control systems as well as the effectiveness of the internal audit function for the Group was reviewed by the internal consultant of the Company prior to the Company's listing on the Main Board of the Stock Exchange and has been reviewed by the Audit Committee and the internal auditor for the Reporting Period. No significant deficiency was located and no material issue was noted or discussed, which required management's attention. The Board is of the view that the risk management and internal control systems for the Reporting Period are effective and adequate.

Whistleblowing Policy

The Board has adopted a whistleblowing policy (the “**Whistleblowing Policy**”). The purpose of the Whistleblowing Policy is to (i) foster a culture of compliance, ethical behavior and better corporate governance across the Group; and (ii) promote the importance of ethical behavior and encourages the reporting of misconduct, unlawful and unethical behavior.

The nature, status and the results of the complaints received under the Whistleblowing Policy are reported to the Audit Committee. No incident of fraud or misconduct that have material effect on the Group’s financial statements or overall operations during the Reporting Period has been discovered. The Whistleblowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness.

Anti-corruption Policy

The Board has adopted an anti-corruption policy (the “**Anti-corruption Policy**”). The Group is committed to achieve the highest standards of integrity and ethical behavior in conducting business. The Anti-corruption Policy forms an integral part of the Group’s corporate governance framework. The Anti-corruption Policy sets out the specific behavioral guidelines that the Group’s personnel and business partners must follow to combat corruption. It demonstrates the Group’s commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its local and foreign operations. In line with this commitment and to ensure transparency in the Group’s practices, the Anti-corruption Policy has been prepared as a guide to all employees of the Group and third parties dealing with the Group.

The Anti-corruption Policy is reviewed and updated periodically to align with the applicable laws and regulations as well as the best practice.

JOINT COMPANY SECRETARIES

Ms. CHENG Qiulan, the joint company secretary of the Company, is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company has also engaged Ms. CHAN Lok Yee, a senior manager of the corporate secretarial services department of Vistra Corporate Services (HK) Limited, as the joint company secretary to assist Ms. CHENG Qiulan in discharging the duties of a company secretary of the Company for an initial period of three years from October 22, 2024 with waiver granted by the Stock Exchange to the Company from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules regarding Ms. CHENG Qiulan’s appointment as a joint company secretary of the Company. Her primary contact person at the Company is Ms. CHENG Qiulan, the joint company secretary of the Company.

For the year ended December 31, 2024, Ms. CHENG Qiulan and Ms. CHAN Lok Yee complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of the relevant professional training during the Reporting Period.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meetings by Shareholders

Pursuant to Article 58 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company for the transaction of any business specified in such requisition.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves may convene the general meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Putting Forward Proposals at General Meetings

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (as amended from time to time) or the Articles of Association. However, Shareholders who wish to put forward proposals at general meetings may achieve so by means of convening an extraordinary general meeting following the procedures set out in paragraph above.

As regards the procedures for Shareholders to propose a person for election as a Director, they are available on the Company's website at <http://www.alphamabonc.com/>.

Putting Forward Enquiries to the Board and Contact Details

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

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong by post with attention to Ms. CHAN Lok Yee/Ms. CHENG Qiulan, the joint company secretaries or email to ir@alphamabonc.com, for the attention of the joint company secretaries.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

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

The Company adopted the shareholders communication policy, which set out the framework the Company has put in place to promote effective communication with Shareholders so as to enable them to engage actively with the Company and exercised their rights as Shareholders in an informed manner.

To promote effective communication, the Company maintains a website at <http://www.alphamabonc.com/>, where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

Having considered the multiple channels of communication and participation, including but not limited to presenting the annual and interim results through online and face-to-face meetings (as the case may be) to communicate with Shareholders, investors and analysts, and providing contact information on the Company's website for effective communication between Shareholders and the Company, the Board is satisfied that the shareholders communication policy provided effective channels by which Shareholders can communicate and raise concern with the Company and is effective.

CHANGES IN CONSTITUTIONAL DOCUMENTS

There is no other change in constitutional documents of the Company for the year ended December 31, 2024 and up to the date of this annual report.

GOING CONCERN

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to the Shareholders through the optimization of the debt and equity balance.

There are no material uncertainties relating to events or conditions that cast significant doubt upon the Company's liability to continue as a going concern.

The Board of our Company is pleased to present this report of Directors together with the consolidated financial statements of our Group for the year ended December 31, 2024.

BOARD OF DIRECTORS

The Board currently comprises two executive Directors, one non-executive Director and three independent non-executive Directors.

The Directors during the year ended December 31, 2024 and up to the date of this annual report were:

Executive Directors:

Dr. XU Ting (徐霆) (*Chairman of the Board and Chief Executive Officer*)

Ms. LIU Yang (劉陽)

Non-executive Director:

Mr. CHO Man (左敏) (*appointed on October 22, 2024*)

Independent Non-executive Directors:

Dr. GUO Zijian (郭子建)

Mr. WEI Kevin Cheng (蔚成)

Mr. WU Dong (吳冬)

GENERAL INFORMATION

Our Company was incorporated in the Cayman Islands on March 28, 2018 as an exempted limited liability company under the laws of the Cayman Islands. Our Company's Shares were listed on the Main Board of the Stock Exchange on December 12, 2019.

PRINCIPAL ACTIVITIES

We are a leading biopharmaceutical company in China with a fully integrated proprietary technology platform in ADCs, bispecific antibodies and multifunctional protein engineering. We deliver world-class innovative therapeutic biologics to treat patients globally by applying our unique drug discovery and development capabilities. We believe our unique drug discovery and development capabilities are demonstrated by our strong R&D track record and supported by our proprietary technologies, platforms and expertise.

RESULTS

The results of our Group for the year ended December 31, 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 104 of this annual report.

BUSINESS REVIEW

A fair review of the business of our Group as required by Schedule 5 to the Companies Ordinance, including an analysis of our Group's financial performance and an indication of likely future developments in our Group's business is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. These discussions form part of this Directors' report. Events affecting our Company that have occurred since the end of the financial year is set out in the section headed "Important Events After the Reporting Period" in this annual report. The discussion of our Company's key relationships with its employees, suppliers and others that have a significant impact on our Company is set out in the section headed "Key Relationships with Stakeholders" in this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

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

- we may be unable to obtain regulatory approval for our drug candidates;
- clinical drug development involves a lengthy and expensive process with uncertain outcomes, and we may be unable to commercialize our drug candidates on a timely basis;
- 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 ultimately be unable to complete, the development and commercialization of our drug candidates;
- we may not be able to identify, discover or develop new drug candidates;
- we have incurred significant net losses since inception and expect to continue to incur losses, and may never achieve or maintain profitability;
- we may need to obtain substantial additional financing to fund our operations;
- we may not be successful in developing, enhancing or adapting to new technologies and methodologies;
- we have very limited experience in commercializing drug candidates;
- we may not be able to obtain sufficient patent protection for our drug candidates; and

- we have collaborated with third parties in the development of drug candidates and combination therapies and may seek collaboration opportunities and strategic alliances in the future.

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

It is our corporate and social responsibility in promoting a sustainable and environmental-friendly environment. We strive to minimize our environmental impact and to build our corporation in a sustainable way.

We are subject to environmental protection and occupational health and safety laws and regulations in China. In 2024, we complied with the relevant environmental and occupational health and safety laws and regulations in China and we did not have any incidents or complaints, which had a material and adverse effect on our business, financial condition or results of operations. The 2024 Environmental, Social and Governance Report of our Company is published on the websites of the Stock Exchange and our Company at the same date as the publication of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, we have complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of our Group. For the year ended December 31, 2024, there was no material breach of, or non-compliance with, applicable laws and regulations by our Group.

EMPLOYEE AND REMUNERATION POLICIES

As of December 31, 2024, we had 420 employees (2023: 435 employees).

The number of employees employed by our Group varies from time to time depending on need. The remuneration package of our employees includes salary and bonus, which are generally determined by their qualifications, industry experience, position and performance. Our Company makes contributions to social insurance and housing provident funds as required by the PRC laws and regulations.

Our Company also has adopted the Pre-IPO Share Option Plans, the Post-IPO Share Option Scheme and Post-IPO Restricted Share Award Scheme to provide incentives for certain employees. Please refer to the sections headed “Pre-IPO Share Option Plans”, “Post-IPO Share Option Scheme” and “Post-IPO Restricted Share Award Scheme” in this annual report for further details.

The total remuneration cost incurred by our Group for the year ended December 31, 2024 was RMB175.9 million, as compared to RMB189.3 million for the year ended December 31, 2023.

For the year ended December 31, 2024, we did not experience any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations, or any difficulty in recruiting employees.

MAJOR SUPPLIERS

For the year ended December 31, 2024, our major suppliers primarily consisted of raw materials suppliers, third-party service providers for our clinical trials and pre-clinical studies, machinery and equipment suppliers, as well as construction service providers for our new facilities. We have maintained stable business relationships with our major suppliers for approximately six years. For the procurement of machinery and equipment and construction services related to our new facilities, we generally settle payments pursuant to a payment schedule. For raw material procurement, our Company purchased directly from raw material suppliers on a demand-based basis through long-term contracts during the Reporting Period. In addition, in line with industry practice, we also engaged Independent Third Party contract research organizations to provide certain services in our pre-clinical studies and clinical trials during the Reporting Period. These services primarily include performing laboratory tests and statistical analyses, conducting data collection and subject monitoring in our clinical trials, and carrying out certain studies based on our study design, which are time and labor intensive.

For the year ended December 31, 2024, purchases from our Group's five largest suppliers amounted to RMB78.3 million (2023: RMB58.1 million), accounting for approximately 25.9% (2023: 17.5%) of the Group's total purchase amount in the same year. Our Group's largest supplier for the year ended December 31, 2024 amounted to RMB27.0 million (2023: RMB15.3 million), accounting for approximately 8.9% (2023: 4.6%) of the Group's total purchase amount for the same year. Suzhou Alphamab is one of our five largest suppliers for the year ended December 31, 2024, mainly providing site and equipment leasing services to our Company for the production of KN035 (Envafolimab Injectable). As of the Latest Practicable Date, Dr. Xu is interested in, directly and indirectly, an aggregate of 53.55% of the equity interests in Suzhou Alphamab. Dr. Xu and his spouse, Ms. Liu, are both executive Directors of our Company.

Save as disclosed above, none of the Directors, their respective close associates, or any Shareholder of our Company who, to the knowledge of the Directors, owns more than 5% of our Company's issued capital, has any interest in any of our Group's five largest suppliers.

For the year ended December 31, 2024, our Group did not experience any significant disputes with its suppliers.

MAJOR CUSTOMERS

For the year ended December 31, 2024, we mainly generated revenue from (i) sales of pharmaceutical products and royalty income; (ii) license fee income; (iii) provision of goods and consumables for R&D projects; and (iv) service income. We have maintained stable business relationships with our major customers.

For the year ended December 31, 2024, sales to our Group's five largest customers amounted to RMB633.1 million (2023: RMB217.7 million), accounting for approximately 98.9% (2023: 99.5%) of our Group's total revenue in the same year. Our Group's largest customer for the year ended December 31, 2024 amounted to RMB389.6 million (2023: RMB195.9 million), accounting for approximately 60.9% (2023: 89.5%) of our Group's total revenue for the same year.

None of the Directors, their respective close associates, or any Shareholder of our Company who, to the knowledge of the Directors, owns more than 5% of our Company's issued capital, has any interest in any of our Group's five largest customers.

For the year ended December 31, 2024, our Group did not experience any significant disputes with our customers.

KEY RELATIONSHIP WITH STAKEHOLDERS

We recognize that various stakeholders including suppliers, employees, Shareholders and other business associates are key to our Group's success. Our Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationship with them.

Relationship with Our Employees

We endeavor to cultivate talented and loyal employees by treating our employees with dignity, respect and fairness. We conduct new employee training, as well as professional and compliance training programs for employees. We enter into employment contracts with our employees to cover matters such as wages, benefits and grounds for termination. The remuneration package of our employees usually includes salary, bonus and share option incentives, which are generally determined by their qualifications, industry experience, position and performance. We make contributions to social insurance and housing provident funds as required by the PRC laws and regulations.

Relationship with Shareholders

We recognize the importance of protecting the interests of the Shareholders and of having effective communication with them. We believe communication with the Shareholders is a two-way process and have thrived to ensure the quality and effectiveness of information disclosure, maintain regular dialogue with the Shareholders and listen carefully to the views and feedback from the Shareholders. This has been done through general meetings, corporate communications, annual reports and results announcements.

FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of our Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 204 of this annual report. This summary does not form part of the audited consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

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

SUBSIDIARIES

Particulars of our Company's subsidiaries are set out in Note 40 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of our Company and our Group for the year ended December 31, 2024 are set out in Note 15 to the consolidated financial statements.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of our Company for the year ended December 31, 2024 and details of the Shares issued for the year ended December 31, 2024 are set out in Note 27 to the consolidated financial statements.

DONATION

For the year ended December 31, 2024, we did not make any charitable donations (2023: nil).

DEBENTURE ISSUED

We did not issue any debenture for the year ended December 31, 2024.

EQUITY-LINKED AGREEMENTS

Save for the Pre-IPO Share Option Plan, the Post-IPO Share Option Scheme and the Post-IPO Restricted Share Award Scheme as set out in this annual report, no equity-linked agreements were entered into by our Group, or existed for the year ended December 31, 2024.

DIVIDENDS

The Board did not recommend the distribution of a final dividend for the year ended December 31, 2024 (2023: Nil).

PERMITTED INDEMNITY

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

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

DISTRIBUTABLE RESERVES

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

As of December 31, 2024, our Company did not retain any profits under IFRSs as reserves available for distribution to our equity Shareholders.

Details of movements in the reserves of our Group and our Company during the year ended December 31, 2024 are set out in the consolidated statement of changes in equity on pages 107 to 108 and in Note 39 to the consolidated financial statements, respectively.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of our Group as at December 31, 2024 are set out in the section headed “Management Discussion and Analysis” in this annual report and Note 26 to the consolidated financial statements.

CONVERTIBLE BONDS

As of the Latest Practicable Date, our Company has not issued any convertible bonds.

LOAN AGREEMENT WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Company has not entered into any loan agreement which contains covenants requiring specific performance of the Controlling Shareholders.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with our Company, pursuant to which each of them agrees to act as an executive Director, subject to the provisions of retirement and rotation of directors under the Articles of Association, until terminated in accordance with the terms and conditions of the service contract or the letter of appointment or by either party giving to the other not less than three months' prior notice in writing.

The non-executive Director and independent non-executive Directors have each signed a letter of appointment with our Company and have been appointed for a term of three years, subject to the provisions of retirement and rotation of directors under the Articles of Association. The appointment may be terminated by either party giving to the other not less than three months' prior notice in writing.

None of the Directors has an unexpired service contract which is not determinable by our Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the Note 12 to the consolidated financial statements, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which our Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended December 31, 2024.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Each of our Controlling Shareholders has undertaken to us in the Non-Competition Undertaking that, during the period of the Non-competition Undertaking, it/he shall not, and shall procure its/his close associates (other than members of our Group) not to directly or indirectly be involved in or undertake any business (other than our business) that directly or indirectly competes, or may compete, with any business engaged by any member of our Group, or hold interest in any companies or business that compete directly or indirectly with the business currently or from time to time engaged in by our Group. For further details, please refer to the section headed "Relationship with Controlling Shareholders – Non-competition Undertaking" of the Prospectus.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in the Prospectus and save for their respective interests in our Group, none of the Directors and the Controlling Shareholders was interested in any business which competes or is likely to compete with the businesses of our Group for the year ended December 31, 2024.

We have received annual written confirmations from the Controlling Shareholders, consisting of Dr. Xu and Rubymab, of the compliance with the provisions of the Non-competition Undertaking by such Controlling Shareholders and their close associates.

The independent non-executive Directors have reviewed the compliance with the Non-competition Undertaking during the year ended December 31, 2024 based on the information and confirmation provided by or obtained from the Controlling Shareholders, and were satisfied that our Controlling Shareholders have duly complied with the Non-competition Undertaking.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of our Company was entered into or existed for the year ended December 31, 2024.

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

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

Long Positions in the Shares of our Company

| Name of Directors/ Chief Executive | Capacity/Nature of interest | Number of Shares | Approximate percentage of shareholding interest ⁽³⁾ |
|---|--------------------------------------|--------------------------------|---|
| Dr. Xu <i>(Executive Director and Chief Executive Officer)</i> | Beneficiary of a trust | 314,000,000 ⁽¹⁾ (L) | 32.54% |
| | Beneficial owner | 4,552,950 (L) | 0.47% |
| Ms. Liu <i>(Executive Director)</i> | Founder of a discretionary trust | 314,000,000 ⁽¹⁾ (L) | 32.54% |
| | Interest in a controlled corporation | | |
| | Interest of spouse | 4,552,950 ⁽²⁾ (L) | 0.47% |

Notes:

(1) These Shares are directly held by Rubymab, which is wholly owned by South Dakota Trust as the trustee of New Xu's Family Trust, of which Ms. Liu acts as the settlor and protector, and Dr. Xu acts as the investment advisor for the benefit of Ms. Liu's family members, including among others, Dr. Xu.

(2) Ms. Liu is the spouse of Dr. Xu, and therefore is deemed to be interested in the Shares held by Dr. Xu under the SFO.

(3) The calculation is based on the total number of 964,923,807 Shares in issue (including Treasury Shares) as of December 31, 2024.

(L) – Long position.

Long Positions in the Underlying Shares of our Company

| Name of Directors/ Chief Executive | Capacity/Nature of interest | Number of Shares | Approximate percentage of shareholding interest ⁽²⁾ |
|--|--|--|---|
| Dr. Xu (Executive Director and Chief Executive Officer) | Beneficial owner Interest of spouse | 16,743,500 (L) 2,240,000 ⁽¹⁾ (L) | 1.73% 0.23% |
| Ms. Liu (Executive Director) | Beneficial owner Interest of spouse | 2,240,000 (L) 16,743,500 ⁽¹⁾ (L) | 0.23% 1.73% |
| Mr. CHO Man (Non-executive Director) | Interest of spouse | 1,040,000 (L) | 0.11% |
| Mr. WEI Kevin Cheng (Independent non-executive Director) | Beneficial owner | 60,000 (L) | 0.00% |
| Mr. WU Dong (Independent non-executive Director) | Beneficial owner | 60,000 (L) | 0.00% |

Notes:

(1) Dr. Xu and Ms. Liu are spouses, and therefore are deemed to be interested in the underlying Shares in respect of the share options granted under the Pre-IPO Share Option Plans held by each other under the SFO.

(2) The calculation is based on the total number of 964,923,807 Shares in issue (including Treasury Shares) as of December 31, 2024.

(L) – Long position.

Save as disclosed above, as of December 31, 2024, none of the Directors or chief executives of our Company or their associates had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of our Company or any of its associated corporations.

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

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

| Name of Substantial Shareholders | Nature of interest | Number of Shares | Approximate percentage of shareholding interest ⁽⁴⁾ |
|----------------------------------|--------------------------------------|--------------------------------|--|
| Rubymab | Beneficial owner | 314,000,000 ⁽¹⁾ (L) | 32.54% |
| South Dakota Trust | Trustee | 314,000,000 ⁽¹⁾ (L) | 32.54% |
| Mr. ZHANG Xitian | Interest in a controlled corporation | 85,750,000 ⁽²⁾ (L) | 8.88% |
| Sky Diamond | Beneficial owner | 85,750,000 ⁽²⁾ (L) | 8.88% |
| Mr. XUE Chuanxiao | Interest in a controlled corporation | 85,750,000 ⁽³⁾ (L) | 8.88% |
| Pearlmed | Beneficial owner | 85,750,000 ⁽³⁾ (L) | 8.88% |

Notes:

- (1) The entire share capital of Rubymab is wholly owned by South Dakota Trust as the trustee of New Xu's Family Trust, of which Ms. Liu acts as the settlor and protector, and Dr. Xu acts as the investment advisor for the benefit of Ms. Liu's family members, including among others, Dr. Xu.
- (2) Sky Diamond is wholly owned by Mr. ZHANG Xitian as of the Latest Practicable Date. Therefore, Mr. ZHANG is deemed to be interested in the Shares in which Sky Diamond is interested under the SFO.
- (3) Pearlmed is wholly owned by Mr. XUE Chuanxiao as of the Latest Practicable Date. Therefore, Mr. XUE is deemed to be interested in the Shares in which Pearlmed is interested under the SFO.
- (4) The calculation is based on the total number of 964,923,807 Shares in issue (including Treasury Shares) as of December 31, 2024.

(L) – Long position.

Save as disclosed above, as at December 31, 2024, no person, other than the Directors or chief executives of our Company whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares and Debentures of Our Company or Any of its Associated Corporations" above, had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

PRE-IPO SHARE OPTION PLANS

Our Company has adopted two pre-IPO share options plans, namely the Pre-IPO Share Option Plan I and the Pre-IPO Share Option Plan II. The terms of both plans are not subject to the provisions of Chapter 17 of the Listing Rules.

Further details of the Pre-IPO Share Option Plans are set out in the Prospectus and Note 30 to the consolidated financial statements.

A summary of the principal terms of the Pre-IPO Share Option Plans is set out below:

1. Pre-IPO Share Option Plan I (the "Plan I")

(a) Purpose

The plan has been established to advance the interests of our Company by providing for the grant to the participants (the "**Plan I Participants**") of the options (the "**Plan I Options**").

(b) Administration

The Administrator of the Plan I (the "**Plan I Administrator**") shall be the Board, except that the Board may delegate its authority under the Plan I to a committee of the Board (or one or more members of the Board), in which case references herein to the Board will refer to such committee (or members of the Board).

(c) Eligible Participant

The Plan I Administrator of the Plan I will select Plan I Participants from among employees and directors of, and consultants and advisors to, our Company and any corporation or other entity that stands in relationship to our Company that would result in our Company consolidating the financial results of such corporation or other entity under the accounting standards and policies adopted by our Company (the "**Affiliates**") to participate in the Plan I.

(d) Maximum Number of Shares Available for Issue under the Plan I

A maximum of 44,837,690 Shares of our Company with par value of US\$0.000002 each may be delivered in satisfaction of the Plan I Options under the Plan I. Shares delivered under the Plan I will be fully paid upon exercise of the Plan I Option. No fractional Shares will be delivered under the Plan I.

As at December 31, 2024, the aggregate number of underlying Shares pursuant to the outstanding options granted under the Pre-IPO Share Option Plan I is 21,405,655 Shares, representing approximately 2.23% of the total issued Shares (excluding Treasury Shares) as at December 31, 2024 and approximately 2.23% of the total issued Shares (excluding Treasury Shares) as of the Latest Practicable Date. Details of the Pre-IPO Share Option Plan I are set out in Note 30 to the consolidated financial statements.

(e) Period within Which the Option may be Exercised under the Plan I

The Plan I Administrator will determine the terms of the grant of all Plan I Options, subject to the limitations provided herein. By accepting (or, under such rules as the Plan I Administrator may prescribe, being deemed to have accepted) the grant of a Plan I Option, the Plan I Participant shall be deemed to have agreed to the terms of the written agreement entered into by our Company and the Plan I Participant in respect of the grant of a Plan I Option under the Plan I (the “**Plan I Grant Agreement**”) with respect to the Plan I Option and the Plan I. In order to assure the viability of Plan I Options granted to the Plan I Participants employed in various jurisdictions, the Plan I Administrator may provide for such special terms as it may consider necessary or appropriate to accommodate differences in the Plan I applicable laws, tax policy, or custom applicable in the jurisdiction in which each of the Plan I Participants resides or is employed.

Unless the Plan I Administrator expressly provides otherwise, no Plan I Option will be deemed to have been exercised until the Plan I Administrator approves such exercise and receives a notice of exercise (in form acceptable to the Plan I Administrator), which may be an electronic notice, signed (including electronic signature in form acceptable to the Plan I Administrator) by the appropriate person and accompanied by any payment required under the Plan I Option. A Plan I Option exercised by any person other than the Plan I Participant will not be deemed to have been exercised until the Plan I Administrator approves such exercise and has received such evidence as it may require that the person exercising the Plan I Option has the right to do so. The vested Plan I Options may be exercised by the Plan I Participant, taking into account the stipulations laid down in his or her individual Plan I Grant Agreement.

(f) Vesting Period of Options Granted under the Plan I

The Plan I Administrator may determine the time or times at which a Plan I Option will vest or become exercisable and the terms on which a Plan I Option will remain exercisable.

(g) Acceptance of the Option

If a participant intends to accept the grant of Plan I Options under the Plan I, he/she is required to sign the Plan I Grant Agreement, which set outs the amount payable, if any, on acceptance of the Plan I Options.

(h) Basis of Determining of the Exercise Price

The exercise price of each Plan I Option will be solely determined by the Plan I Administrator provided that the exercise price shall not be lower than the par value of the Shares underlying such Plan I Option. Plan I Options, once granted, may be repriced only in accordance with the applicable requirements of the Plan I.

(i) Life of the Plan I

The Plan I is terminated on the Listing Date and therefore it has no remaining life. No Plan I Options may be granted after the termination of the Plan I but each Plan I Option outstanding as at such termination shall continue to be administered in accordance with the Plan I and the relevant Plan I Grant Agreement.

2. Pre-IPO Share Option Plan II (the “**Plan II**”)

(a) Purpose

The plan has been established to advance the interests of our Company by providing for the grant to the participants (the “**Plan II Participants**”) of the options (the “**Plan II Options**”).

(b) Administration

The Administrator of the Plan II (the “**Plan II Administrator**”) shall be the Board, except that the Board may delegate its authority under the Plan II to a committee of the Board (or one or more members of the Board), in which case references herein to the Board will refer to such committee (or members of the Board).

(c) Eligible Participants

The Plan II Administrator of the Plan II will select Plan II Participants from among employees and directors of, and consultants and advisors to, our Company and its Affiliates to participate in the Plan II.

(d) Maximum Number of Shares Available for Issue under the Plan II

A maximum of 28,148,110 ordinary shares of our Company with par value of US\$0.000002 each may be delivered in satisfaction of the Plan II Options under the Plan II. Shares delivered under the Plan II will be fully paid upon exercise of the Plan II Option. No fractional Shares will be delivered under the Plan II.

As at December 31, 2024, the aggregate number of underlying Shares pursuant to the outstanding options granted under the Pre-IPO Share Option Plan II is 4,956,585 Shares, representing approximately 0.52% of the total issued Shares (excluding Treasury Shares) as at December 31, 2024 and approximately 0.52% of the total issued Shares (excluding Treasury Shares) as of the Latest Practicable Date. Details of the Pre-IPO Share Option Plan II are set out in Note 30 to the consolidated financial statements.

(e) Period within Which the Option may be Exercised under the Plan II

The Plan II Administrator will determine the terms of the grant of all Plan II Options, subject to the limitations provided herein. By accepting (or, under such rules as the Plan II Administrator may prescribe, being deemed to have accepted) the grant of a Plan II Option, the Plan II Participant shall be deemed to have agreed to the terms of the written agreement entered into by our Company and the Plan II Participant in respect of the grant of a Plan II Option under the Plan II (the “**Plan II Grant Agreement**”) with respect to the Plan II Option and the Plan II. In order to assure the viability of Plan II Options granted to the Plan II Participants employed in various jurisdictions, the Plan II Administrator may provide for such special terms as it may consider necessary or appropriate to accommodate differences in the Plan II applicable laws, tax policy, or custom applicable in the jurisdiction in which each of the Plan II Participants resides or is employed.

Unless the Plan II Administrator expressly provides otherwise, no Plan II Option will be deemed to have been exercised until the Plan II Administrator approves such exercise and receives a notice of exercise (in form acceptable to the Plan II Administrator), which may be an electronic notice, signed (including electronic signature in form acceptable to the Plan II Administrator) by the appropriate person and accompanied by any payment required under the Plan II Option. A Plan II Option exercised by any person other than the Plan II Participant will not be deemed to have been exercised until the Plan II Administrator approves such exercise and has received such evidence as it may require that the person exercising the Plan II Option has the right to do so. The vested Plan II Options may be exercised by the Plan II Participant, taking into account the stipulations laid down in his or her individual Plan II Grant Agreement.

(f) Vesting Period of Options Granted under the Plan II

The Plan II Administrator may determine the time or times at which a Plan II Option will vest or become exercisable and the terms on which a Plan II Option will remain exercisable.

(g) Acceptance of the Option

If a participant intends to accept the grant of Plan II Options under the Plan II, he/she is required to sign the Plan II Grant Agreement, which set outs the amount payable, if any, on acceptance of the Plan II Options.

(h) Basis of Determining of the Exercise Price

The exercise price of each Plan II Option will be determined by the Plan II Administrator except that in the certain circumstances, approval from both Directors appointed by PAG Growth, or Advantech II and Advantech I (the “**Series A Directors**”) by their affirmative vote at a meeting of the Board or by separate written consent signed by each Series A Director must be obtained. The exercise price of Plan II Options granted under Plan II shall not be lower than the par value of the Shares underlying such Plan II Option. Plan II Options, once granted, may be repriced only in accordance with the applicable requirements of the Plan II.

(i) Life of the Pre-IPO Share Option Plan II

The Plan II is terminated on the Listing Date and therefore it has no remaining life. No Plan II Options may be granted after the termination of the Plan II but, each Plan II Option outstanding as at such termination shall continue to be administered in accordance with the Plan II and the relevant Plan II Grant Agreement.

3. Outstanding Share Options

The table below shows details of the outstanding share options granted to all grantees under the Pre-IPO Share Option Plans as of December 31, 2024. For further details on the movement of the options during the Reporting Period, please see Note 30 to the consolidated financial statements.

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

| Name of category of grantee | Date of grant | Option period ⁽¹⁾ | Exercise price (US\$) | Number of Shares underlying options outstanding as of January 1, 2024 | Number of options exercised during the Reporting Period | Number of options cancelled during the Reporting Period | Number of options lapsed during the Reporting Period | Number of Shares underlying options outstanding as of December 31, 2024 |
|------------------------------------|---|---------------------------------|--------------------------|---|---|---|--|---|
| Directors | | | | | | | | |
| Dr. Xu | Between June 30, 2019 to November 8, 2019 | 10 years from the date of grant | Between 0.0142 to 0.4898 | Plan I: 12,508,830 Plan II: 4,234,670 | Plan I: – Plan II: – | Plan I: – Plan II: – | Plan I: – Plan II: – | Plan I: 12,508,830 Plan II: 4,234,670 |
| | | | | | | | | |
| Ms. Liu | October 10, 2018 | 10 years from the date of grant | 0.0142 | Plan I: 2,240,000 | Plan I: – | Plan I: – | Plan I: – | Plan I: 2,240,000 |
| Other Grantees in Aggregate | | | | | | | | |
| | Between October 10, 2018 to November 13, 2019 | 10 years from the date of grant | Between 0.0142 to 0.4898 | Plan I: 6,872,080 Plan II: 1,012,725 | Plan I: – Plan II: 80,000 ⁽²⁾ | Plan I: 215,255 Plan II: 210,810 | Plan I: – Plan II: – | Plan I: 6,656,825 Plan II: 721,915 |
| Total | | | | 26,868,305 | 80,000 | 426,065 | – | 26,362,240 |

Notes:

(1) The vesting period of options granted under the Pre-IPO Share Option Plans are time-based and milestone-based, which may be determined by the Plan I Administrator or the Plan II Administrator (as the case may be).

(2) The weighted average closing price per Share immediately before the date on which the options were exercised during the Reporting Period was approximately HK\$4.81.

POST-IPO SHARE OPTION SCHEME

The Post-IPO Share Option Scheme was adopted by our Company on May 25, 2020 and amended on June 12, 2024. A summary of the principal terms of the Post-IPO Share Option Scheme is set out below:

(a) *Purpose*

The purpose of the Post-IPO Share Option Scheme is to provide incentive or reward to eligible persons (**"Post-IPO Option Scheme Participants"**) for their contribution to, and continuing efforts to promote the interests of, our Group, and to incentivize them to remain with our Group, as well as for such other purposes as the Board may approve from time to time.

(b) *Eligible Participants*

The Post-IPO Option Scheme Participants include: (a) any employee (whether full-time or part-time) of our Company or any of its subsidiaries; (b) any director (including executive, non-executive and independent non-executive directors) of our Group; and (c) any member of the scientific advisory board of our Company. The basis of eligibility of any of the above classes of Post-IPO Option Scheme Participants to the grant of any options shall be determined by the Board from time to time on the basis of their contribution to the development and growth of our Group.

(c) *Maximum Number of Shares Available for Issue under the Post-IPO Share Option Scheme*

The Shares which may be issued in respect of all options and awards to be granted under the Post-IPO Share Option Scheme and other share schemes of our Company (including options or awards have been cancelled but excluding those lapsed in accordance with the terms of the respective share schemes) shall not exceed 10% of the number of Shares in issue (excluding Treasury Shares) on the date on which amendment to the Post-IPO Share Option Scheme is duly approved and adopted by the Shareholders of our Company, namely 96,492,380 Shares comprising 95,433,772 Shares to be issued and 1,058,608 Shares issued and granted but lapsed under the original Post-IPO Restricted Share Award Scheme which are held by the trust without specific grantee.

As of the Latest Practicable Date, 95,933,772 Shares are available for issue under the Post-IPO Share Option Scheme, representing 9.97% of the issued Shares (excluding Treasury Shares) of our Company as at December 31, 2024 and approximately 9.97% of the issued Shares (excluding Treasury Shares) of our Company as of the Latest Practicable Date.

(d) Maximum Entitlement of Each Eligible Person

The aggregate number of Shares issued and to be issued in respect of all options and awards granted to a Post-IPO Option Scheme Participant (excluding any options and awards lapsed in accordance with the terms of the relevant scheme) shall not exceed 1% of the total number of the issued Shares (excluding Treasury Shares) for any 12-month period, unless (a) a grant to that effect has been separately approved by the Shareholders in general meeting, with such Post-IPO Option Scheme Participant and his/her close associates (or associates if the Post-IPO Option Scheme Participant is a connected person) abstaining from voting; (b) our Company must send a circular to the Shareholders containing such relevant information as required by the Listing Rules in relation to any such proposed grant to such Post-IPO Option Scheme Participant; and (c) the terms of the options and the number of options to be granted to such Post-IPO Option Scheme Participant must be fixed before the Shareholders' approval.

(e) Period within Which the Option may be Exercised under the Post-IPO Share Option Scheme

Each offer of an option (the "**Offer**") shall be in writing made to a Post-IPO Option Scheme Participant by letter in such form as the Board may from time to time determine at its discretion (the "**Offer Letter**"). The Offer Letter shall state, among others, the period during which the option may be exercised (the "**Option Period**"), which period is to be determined and notified by the Board but shall expire in any event not later than the last day of the 10-year period after the date of grant of the option.

(f) Vesting Period of Options Granted under the Post-IPO Share Option Scheme

The Board may in respect of each option and subject to all applicable laws, rules and regulations determine such performance targets or other criteria or conditions for vesting of options in its sole and absolute discretion. Any such performance targets, criteria or conditions shall be set out in the Offer Letter. For the avoidance of doubt, an option shall not be subject to any performance targets, criteria or conditions if none are set out in the relevant Offer Letter. No general requirements for any performance target has to be achieved before the vesting of the options unless under specific circumstances as otherwise determined by the Board.

The Board has the sole discretion to determine the vesting schedule and vesting conditions for any options to any grantee, which may also be adjusted and re-determined by the Board from time to time provided that the vesting period for the options shall not be less than 12 months unless under specific circumstances as otherwise determined by the Board, including but not limited to such specific circumstances as permitted under applicable guidance and the Listing Rules.

(g) Acceptance of the Option

The Board shall specify in the Offer Letter a date by which the grantee must accept the Offer or be deemed to have declined it, being a date no later than 14 days after (i) the date on which the Option is offered, or (ii) the date on which the conditions for the Offer are satisfied, if any, whichever is earlier.

(h) Basis of Determining the Subscription Price

The price at which each Share subject to an option may be subscribed for on the exercise of that option shall be a price solely determined by the Board and notified to a Post-IPO Option Scheme Participant and shall be at least the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a business day; (b) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and (c) the nominal value of the Shares.

(i) Life of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years commencing on May 25, 2020, being the date on which it is adopted by ordinary resolution of the Shareholders in general meeting, after which period no further Options shall be granted. Subject to the above, in all other respects, in particular, in respect of Options remaining outstanding on the expiry of the 10-year period referred to in this paragraph, the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect. The remaining life the Post-IPO Share Option Scheme, as of the date of this annual report, is approximately five years and one month.

Further details of the Post-IPO Share Option Scheme are set out in the circulars of our Company dated April 22, 2020 and May 21, 2024.

During the Reporting Period, 1,650,000 options were granted; and among the total options, 580,000 options were lapsed and no option was cancelled under the Post-IPO Share Option Scheme during the Reporting Period.

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

| Name of category of grantee | Date of grant | Option period* | Exercise price (HK\$) | Number of Shares underlying options outstanding as of January 1, 2024 | Number of options granted during the Reporting Period | Number of options exercised during the Reporting Period | Number of options cancelled during the Reporting Period | Number of options lapsed during the Reporting Period | Number of Shares underlying options outstanding as of December 31, 2024 |
|--|---------------------------------|---------------------------------|-----------------------|---|---|---|---|--|---|
| | | | | | | | | | |
| Directors | | | | | | | | | |
| WU Dong | April 23, 2021 ⁽²⁾ | 10 years from the date of grant | 13.00 | 60,000 | – | – | – | – | 60,000 |
| WEI Kevin Cheng | April 23, 2021 ⁽²⁾ | 10 years from the date of grant | 13.00 | 60,000 | – | – | – | – | 60,000 |
| Other Grantees in Aggregate | | | | | | | | | |
| Employees of the Company and its subsidiaries ⁽¹⁾ | April 23, 2021 ⁽²⁾ | 10 years from the date of grant | 13.00 | 30,000 | – | – | – | – | 30,000 |
| | October 25, 2021 ⁽³⁾ | 10 years from the date of grant | 18.06 | 600,000 | – | – | – | 180,000 | 420,000 |
| | April 25, 2022 ⁽⁴⁾ | 10 years from the date of grant | 6.94 | 500,000 | – | – | – | – | 500,000 |
| | October 24, 2022 ⁽⁵⁾ | 10 years from the date of grant | 6.214 | 174,000 | – | – | – | – | 174,000 |

| Name of category of grantee | Date of grant | Option period* | Exercise price (HK\$) | Number of Shares underlying options outstanding as of January 1, 2024 | Number of options granted during the Reporting Period | Number of options exercised during the Reporting Period | Number of options cancelled during the Reporting Period | Number of options lapsed during the Reporting Period | Number of Shares underlying options outstanding as of December 31, 2024 |
|-----------------------------------|------------------------------------|---------------------------------------|-----------------------------|--|--|--|--|---|--|
| | October 24, 2023 ⁽⁶⁾ | 10 years from the date of grant | 10.480 | 500,000 | – | – | – | 400,000 | 100,000 |
| | April 23, 2024 ⁽⁷⁾ | 10 years from the date of grant | 4.350 | – | 1,180,000 | – | – | – | 1,180,000 |
| | October 23, 2024 ⁽⁸⁾ | 10 years from the date of grant | 3.86 | – | 470,000 | – | – | – | 470,000 |
| Total | | | | 1,924,000 | 1,650,000 | – | – | 580,000 | 2,994,000 |

Notes:

- (1) None of them is a Director, chief executive or Substantial Shareholder of our Company, nor a connected person or an associate (as defined under the Rule 14A.06 of the Listing Rules) of any of them, nor a service provider of our Company.
- (2) Subject to all vesting conditions having been satisfied in accordance with the rules governing the Post-IPO Share Option Scheme, the options shall vest in the following manner: (a) 1,451,000 options on April 23, 2022; (b) 1,451,000 options on April 23, 2023; (c) 1,451,000 options on April 23, 2024; (d) 1,852,000 options on April 23, 2025; (e) 1,400,000 options on April 23, 2026; and (f) 1,400,000 options on April 23, 2027.
- (3) Subject to all vesting conditions having been satisfied in accordance with the rules governing the Post-IPO Share Option Scheme, the options shall vest in the following manner: (a) 120,000 options on October 25, 2022; (b) 120,000 options on October 25, 2023; (c) 120,000 options on October 25, 2024; and (d) 240,000 options on October 25, 2025.
- (4) Subject to all vesting conditions having been satisfied in accordance with the rules governing the Post-IPO Share Option Scheme, the options shall vest in the following manner: (a) 400,000 options on April 25, 2023; (b) 400,000 options on April 25, 2024; (c) 400,000 options on April 25, 2025; and (d) 800,000 options on April 25, 2026.
- (5) Subject to all vesting conditions having been satisfied in accordance with the rules governing the Post-IPO Share Option Scheme, the options shall vest in the following manner: (a) 44,000 options on October 24, 2023; (b) 44,000 options on October 24, 2024; (c) 44,000 options on October 24, 2025; and (d) 88,000 options on October 24, 2026.

- (6) Subject to all vesting conditions having been satisfied in accordance with the rules governing the Post-IPO Share Option Scheme, the options shall vest in the following manner: (a) 100,000 options on October 24, 2024; (b) 100,000 options on October 24, 2025; (c) 100,000 options on October 24, 2026; and (d) 200,000 options on October 24, 2027.
- (7) Subject to all vesting conditions having been satisfied in accordance with the rules governing the Post-IPO Share Option Scheme, the options shall vest in the following manner: (a) 236,000 Options on April 23, 2025; (b) 236,000 Options on April 23, 2026; (c) 236,000 Options on April 23, 2027; and (d) 472,000 Options on April 23, 2028.

Our Group has in place a performance review mechanism for its employees to comprehensively evaluate their performance and contribution to our Group; and if the grantee fails to achieve the performance target(s) as stipulated in the offer letter in the performance review immediately prior to a vesting date as listed above, the options corresponding to such vesting date shall be automatically lapsed.

The closing price of the Shares immediately before the date on which the options were granted was HK\$4.17.

- (8) Subject to all vesting conditions having been satisfied in accordance with the rules governing the Post-IPO Share Option Scheme, the options shall vest in the following manner: (a) 94,000 Options on October 23, 2025; (b) 94,000 Options on October 23, 2026; (c) 94,000 Options on October 23, 2027; and (d) 188,000 Options on October 23, 2028.

Our Group has in place a performance review mechanism for its employees to comprehensively evaluate their performance and contribution to our Group; and if the grantee fails to achieve the performance target(s) as stipulated in the offer letter in the performance review immediately prior to a vesting date as listed above, the options corresponding to such vesting date shall be automatically lapsed.

The closing price of the Shares immediately before the date on which the options were granted was HK\$3.74.

The total number of options available for grant under the Post-IPO Share Option Scheme at the beginning and the end of the Reporting Period was 44,733,269 and 96,108,455, respectively.

The details of fair value of options granted under the Post-IPO Share Option Scheme at the date of grant and the accounting standard and policy adopted are set out in Note 30 to the condensed consolidated financial statements.

No option under the Post-IPO Share Option Scheme was exercised during the Reporting Period.

The number of Shares that may be issued in respect of options granted under the Post-IPO Share Option Scheme during the Reporting Period divided by the weighted average number of the issued Shares (excluding Treasury Shares) for the Reporting Period was approximately 0.22%.

POST-IPO RESTRICTED SHARE AWARD SCHEME

The Post-IPO Restricted Share Award Scheme was adopted by our Company on March 23, 2021 and amended on June 12, 2024. A summary of the principal terms of the Post-IPO Restricted Share Award Scheme is set out below:

(a) *Purpose*

The purpose of the Post-IPO Restricted Share Award Scheme is to provide selected participants (**"Post-IPO RSA Participants"**) with an opportunity to acquire a proprietary interest in our Company, to encourage and retain such individuals to work with our Group, to provide them with additional incentives to achieve performance goals, to attract suitable personnel for further development of our Group, and to motivate the Post-IPO RSA Participants to maximize the value of our Company for the benefits of the Post-IPO RSA Participants and our Company.

(b) *Administration*

The Post-IPO Restricted Share Award Scheme shall be subject to the administration of the Board, a sub-committee of the Board (the **"Administration Committee"**) and a trustee appointed by our Company (the **"Trustee"**) for administration of the Post-IPO Restricted Share Award Scheme. The Trustee shall hold the trust fund in accordance with the Post-IPO Restricted Share Award Scheme and the terms of the trust deed. The Board may delegate the authority to administer the Post-IPO Restricted Share Award Scheme to the Administration Committee or appoint one or more persons, entities or contractors (including without limitation the Trustee) to assist in the administration of the Post-IPO Restricted Share Award Scheme and delegate such powers and/or functions relating to the administration of the Post-IPO Restricted Share Award Scheme as the Board thinks fit. The Board may also, in its absolute discretion, appoint any Trustee to assist with the administration and vesting of the Award Shares (as defined as below) granted pursuant to the Post-IPO Restricted Share Award Scheme.

Subject to complying with the Listing Rules, the Administration Committee may, in its sole and absolute discretion, at any time instruct the Trustee to make purchases on the Stock Exchange. Once purchased, the Trustee shall hold the Shares so purchased in accordance with the Post-IPO Restricted Share Award Scheme and the provisions of the trust deed and, as instructed by the Administration Committee, transfer the relevant vested Award Shares to the nominee account or pay to the Post-IPO RSA Participant in cash the amount of equivalent value of such Award Shares after deducting certain fees and expenses in accordance with Post-IPO Restricted Share Award Scheme.

(c) *Eligible Participants*

The Post-IPO RSA Participants include any individual being a chief executive, a director (including executive and non-executive director), employee, officer, agent or consultant of our Company or any of our subsidiaries.

(d) *Maximum Number of Shares to be Awarded under the Post-IPO Restricted Share Award Scheme ("Award Shares")*

The Shares which may be issued in respect of all options and awards to be granted under the Post-IPO Restricted Share Award Scheme and other share schemes of our Company (including options or awards have been cancelled but excluding those lapsed in accordance with the terms of the respective share schemes) shall not exceed 10% of the number of Shares in issue (excluding Treasury Shares) on the date on which amendment to the Post-IPO Restricted Share Award Scheme is duly approved and adopted by the Shareholders of our Company, namely 96,492,380 Shares comprising 95,433,772 Shares to be issued and 1,058,608 Shares issued and granted but lapsed under the original Post-IPO Restricted Share Award Scheme which are held by the trust without specific grantee.

As of the Latest Practicable Date, 95,933,772 Shares are available for issue under the Post-IPO Restricted Share Award Scheme, representing 9.97% of the issued Shares (excluding Treasury Shares) of our Company as at December 31, 2024 and approximately 9.97% of the issued Shares (excluding Treasury Shares) of our Company as of the Latest Practicable Date.

(e) *Maximum Entitlement of Each Post-IPO RSA Participant*

The aggregate number of Shares issued and to be issued in respect of all options and awards granted to a Post-IPO RSA Participant (excluding any options and awards lapsed in accordance with the terms of the relevant scheme) shall not exceed 1% of the total number of the issued Shares (excluding Treasury Shares) for any 12-month period, unless (a) a grant to that effect has been separately approved by the Shareholders in general meeting, with such Post-IPO RSA Participant and his/her close associates (or associates if the Post-IPO RSA Participant is a connected person) abstaining from voting; (b) our Company must send a circular to the Shareholders containing such relevant information as required by the Listing Rules in relation to any such proposed grant to such Post-IPO RSA Participant; and (c) the terms of the Award and the number of Award Shares to be granted to such Post-IPO RSA Participant must be fixed before the Shareholders' approval.

(f) *Vesting Period of Award Shares Granted under the Post-IPO Share Award Scheme*

Any Award Share granted to a Post-IPO RSA Participant shall vest in accordance with the vesting conditions as set out in the Grant Letter (as defined below). The Administration Committee shall have the sole and absolute discretion in determining whether the Award Shares shall be satisfied by Shares or cash of the equivalent value of such Award Shares at the vesting date. Upon receipt of the vesting notice, the Post-IPO RSA Participant is required to return to our Company a reply slip at least five business days before the vesting date. If the Administration Committee specifies in the vesting notice that actual Award Shares will be transferred to the nominee account upon vesting, the Post-IPO RSA Participant shall complete the payment of the purchase price (if any) within the specified period set out in the vesting notice. If the Post-IPO RSA Participant fails to (i) return the reply slip at the stipulated time above to our Company, or (ii) complete the payment of the purchase price in accordance with the requirements set out in the vesting notice, unless otherwise determined by the Administration Committee, the grant of the Award Shares shall automatically lapse.

Except other circumstances as specified by the Board in its sole and absolute discretion, the Award Shares shall not vest in the event of any failure of Post-IPO RSA Participants to pass the specified performance review or any failure of Post-IPO RSA Participants to remain as eligible participants (other than by reason of death or retirement) prior to the vesting date.

(g) *Acceptance of the Award*

After the Administration Committee has determined a selected participant, the number of the Award Shares to be granted, the purchase price (if any) and other terms and conditions of the Grant, it shall notify the Trustee and the selected participant on the grant date in writing (which may also be made through the designated online portal facilities) (the “**Grant Letter**”). Upon receipt of the Grant Letter, the selected participant is required to confirm his/her acceptance of the Grant within 5 business days after the grant date.

(h) *Basis of Determining the Purchase Price*

In determining the purchase price (if any) to be paid by the selected participants for each Award Share, the Administration Committee shall take into consideration any matter which the Administration Committee considers relevant.

(i) *Life of the Post-IPO Share Award Scheme*

The Post-IPO Restricted Share Award Scheme shall be valid and effective for a period of 10 years commencing on March 23, 2021, being the date on which it is adopted by the Board, and can be terminated or extended by a resolution of the Board.

The remaining life the Post-IPO Restricted Share Award Scheme, as of the date of this annual report, is approximately five years and 11 months.

During the Reporting Period, 510,000 award shares ("**Award Shares**") were granted pursuant to the Post-IPO Restricted Share Award Scheme, which were made out of the Shares managed by the Trustee as part of the trust fund pursuant to the Post-IPO Restricted Share Award Scheme. No new Shares will be issued by our Company to satisfy the above grant of Award Shares.

Details of Award Shares granted to all grantees under the Post-IPO Restricted Share Award Scheme, during the Reporting Period are as follows:

| Grantee | Grant Date | Number of Shares underlying the Post-IPO Restricted Share Award Scheme during the Reporting Period | | | | | Outstanding as of December 31, 2024 |
|---|----------------------------------|--|---------|------------------------|-----------|---------|--|
| | | Outstanding as of January 1, 2024 | Granted | Vested | Cancelled | Lapsed | |
| Employees of the Company ⁽¹⁾ | November 25, 2021 ⁽²⁾ | 183,112 | – | – | – | 183,112 | – |
| | January 27, 2022 ⁽³⁾ | 432,000 | – | 144,000 | – | – | 288,000 |
| | May 20, 2022 ⁽⁴⁾ | 392,000 | – | 88,000 | – | 76,000 | 228,000 |
| | October 24, 2022 ⁽⁵⁾ | 43,956 | – | 10,989 | – | – | 32,967 |
| | April 23, 2024 ⁽⁶⁾ | – | 130,000 | – | – | – | 130,000 |
| | October 23, 2024 ⁽⁷⁾ | – | 380,000 | – | – | – | 380,000 |
| Total | | 1,051,068 | 510,000 | 242,989 ⁽⁸⁾ | – | 259,112 | 1,058,967 |

Notes:

- (1) None of them is a Director, chief executive or Substantial Shareholder of our Company, nor a connected person or an associate (as defined under the Rule 14A.06 of the Listing Rules) of any of them. Such grants of Award Shares were made before the amendments to the Listing Rules as to share scheme taking effect on January 1, 2023. As such, the requirements in relation to the service provider submit under Rule 17.02(2) of the Listing Rules are not applicable.
- (2) Subject to all vesting conditions having been satisfied in accordance with the rules governing the Post-IPO Restricted Share Award Scheme, the Award Shares shall vest in the following manner: (a) as to 20% of the Award Shares on April 23, 2022; (b) as to 20% of the Award Shares on April 23, 2023; (c) as to 20% of the Award Shares on April 23, 2024; and (d) as to 40% of the Award Shares on April 23, 2025.
- (3) Subject to all vesting conditions having been satisfied in accordance with the rules governing the Post-IPO Restricted Share Award Scheme, the Award Shares shall vest in the following manner: (a) as to 20% of the Award Shares on October 23, 2022; (b) as to 20% of the Award Shares on October 23, 2023; (c) as to 20% of the Award Shares on October 23, 2024; and (d) as to 40% of the Award Shares on October 23, 2025.
- (4) Subject to all vesting conditions having been satisfied in accordance with the rules governing the Post-IPO Restricted Share Award Scheme, the Award Shares shall vest in the following manner: (a) as to 20% of the Award Shares on April 25, 2023; (b) as to 20% of the Award Shares on April 25, 2024; (c) as to 20% of the Award Shares on April 25, 2025; and (d) as to 40% of the Award Shares on April 25, 2026.
- (5) Subject to all vesting conditions having been satisfied in accordance with the rules governing the Post-IPO Restricted Share Award Scheme, the Award Shares shall vest in the following manner: (a) as to 20% of the Award Shares on October 24, 2023; (b) as to 20% of the Award Shares on October 24, 2024; (c) as to 20% of the Award Shares on October 24, 2025; and (d) as to 40% of the Award Shares on October 24, 2026.
- (6) Subject to all vesting conditions having been satisfied in accordance with the rules governing the Post-IPO Restricted Share Award Scheme, the Award Shares shall vest in the following manner: (a) 26,000 Award Shares on April 23, 2025; (b) 26,000 Award Shares on April 23, 2026; (c) 26,000 Award Shares on April 23, 2027; and (d) 52,000 Award Shares on April 23, 2028.

Our Group has in place a performance review mechanism for its employees to comprehensively evaluate their performance and contribution to our Group; and if the grantee fails to achieve the performance target(s) as stipulated in the offer letter in the performance review immediately prior to a vesting date as listed above, the Award Shares corresponding to such vesting date shall be automatically lapsed.

The closing price of the Shares immediately before the date on which the Award Shares were granted was HK\$4.17.

- (7) Subject to all vesting conditions having been satisfied in accordance with the rules governing the Post-IPO Restricted Share Award Scheme, the Award Shares shall vest in the following manner: (a) 76,000 Award Shares on October 23, 2025; (b) 76,000 Award Shares on October 23, 2026; (c) 76,000 Award Shares on October 23, 2027; and (d) 152,000 Award Shares on October 23, 2028.

Our Group has in place a performance review mechanism for its employees to comprehensively evaluate their performance and contribution to our Group; and if the grantee fails to achieve the performance target(s) as stipulated in the offer letter in the performance review immediately prior to a vesting date as listed above, the Award Shares corresponding to such vesting date shall be automatically lapsed.

The closing price of the Shares immediately before the date on which the options were granted was HK\$3.74.

- (8) The weighted average closing market price per Share immediately before the date on which the Award Shares were vested was HK\$3.99.

The total number of Award Shares available for grant under the Post-IPO Share Award Scheme at the beginning and the end of the Reporting Period was 11,887,359 and 96,108,455, respectively.

The details of fair value of award shares granted under the Post-IPO Restricted Share Award Scheme at the date of grant and the accounting standard and policy adopted are set out in Note 30 to the condensed consolidated financial statements.

The number of Shares that may be issued in respect of options and awards granted under all schemes of our Company during the Reporting Period (i.e. 510,000 Shares) divided by the weighted average number of the issued Shares (excluding Treasury Shares) for the same period was approximately 0.05%.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time for the year ended December 31, 2024 was our 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, our 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 our Company or any other body corporate, or had exercised any such right.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

In compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code, our Company has established the Remuneration Committee to formulate remuneration policies. The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Remuneration Committee. The Directors and the senior management personnel are eligible participants of the Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Restricted Share Award Scheme.

Details of the remuneration of the Directors, senior management and the five highest paid individuals are set out in Note 12 and Note 13, respectively to the consolidated financial statements.

The remuneration of the members of senior management by band for the year ended December 31, 2024 is set out below:

| | No. of person |
|--------------------------|---------------|
| Remuneration bands (RMB) | |
| 3,000,001-7,000,000 | 2 |
| 2,500,000-3,000,000 | 1 |
| Total | 3 |

In addition to emoluments shown above, the members of senior management were granted share options in respect of their service to our Group. As the members of senior management are our executive Directors, further details of their remuneration are set out in Note 12 to the consolidated financial statements.

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

For the year ended December 31, 2024, our Directors were granted discretionary bonuses of a total sum of RMB0.5 million excluding the special bonus set out in Note 12 to the consolidated financial statements. Save as disclosed above, none of the Directors were paid discretionary bonuses for the year ended December 31, 2024.

CONNECTED TRANSACTIONS

Among the related party transactions disclosed in Note 37 to the consolidated financial statements, the following transactions constitute connected transactions for our Company under Rule 14A.23 of the Listing Rules and are required to be disclosed in this annual report in accordance with Rule 14A.71 of the Listing Rules. Please see below the information required to be disclosed in compliance with Chapter 14A of the Listing Rules.

We have entered into certain connected transactions with Suzhou Alphamab. As of the Latest Practicable Date, Dr. Xu, the chairman, executive director, chief executive officer and a Controlling Shareholder of our Company, is interested in, directly and indirectly, an aggregate of 53.55% of the equity interests in Suzhou Alphamab. Pursuant to Chapter 14A of the Listing Rules, Suzhou Alphamab is an associate of Dr. Xu and therefore a connected person of our Company.

Master Technical Service Agreement

Our Group entered into a master technical service agreement (the “**Master Technical Service Agreement**”) with Suzhou Alphamab with effect from June 6, 2019, pursuant to which, we will provide biologics manufacturing services to Suzhou Alphamab upon request during the term of the agreement (the “**Manufacturing Services**”). The Manufacturing Services include (i) manufacturing of biological drug substances in compliance with GMP and (ii) packaging of sterile drug products. The Master Technical Service Agreement has an initial term commencing from the date of the Master Technical Service Agreement till December 31, 2021 and may be renewed as the parties may mutually agree, subject to the compliance with the requirements under Chapter 14A of the Listing Rules and other applicable laws and regulations. The Master Technical Service Agreement was renewed by the same parties on January 14, 2022 and on April 2, 2024, respectively, pursuant to which Jiangsu Alphamab agreed to provide the Manufacturing Services to Suzhou Alphamab.

Our principal operating subsidiary Jiangsu Alphamab had been a subsidiary of Suzhou Alphamab prior to the Reorganization and therefore we are very familiar with its needs and requirements. It is complementary and beneficial for both of Suzhou Alphamab and us to enter into the Master Technical Service Agreement to allow the flexibility for us to provide the Manufacturing Services to Suzhou Alphamab when needed for Suzhou Alphamab's manufacturing operations. Under the Master Technical Service Agreement, we are entitled to refuse to provide or delay the provision of the Manufacturing Services to Suzhou Alphamab if we consider that we do not have adequate manufacturing capacity to perform the requested services. Such arrangement enables us to fully utilize our production capacity as well as generate income for our Group. Our Directors are of the view that providing Manufacturing Services to Suzhou Alphamab as contemplated under the Master Technical Services Agreement will be beneficial to our Group. Please refer to our Company's announcements dated January 14, 2022 and April 2, 2024 for details.

The annual caps for the transactions under the Master Technical Service Agreement for the year ended December 31, 2024 and the year ending December 31, 2025 are RMB10,500,000 and RMB10,000,000, respectively. The aggregate transaction amount incurred in accordance with the Master Technical Service Agreement for the year ended December 31, 2024 was RMB3,571,000.

Lease Agreement

On December 2, 2019, our Group entered into a property and equipment lease agreement (the “**Lease Agreement**”) with Suzhou Alphamab, pursuant to which Suzhou Alphamab agreed to lease certain premises (the “**Lease Premises**”) to our Company. The Lease Agreement has an initial term commencing from the date of the Lease Agreement till December 31, 2021 and may be renewed as the parties may mutually agree, subject to the compliance with the requirements under Chapter 14A of the Listing Rules and other applicable laws and regulations. The Lease Agreement was renewed by the same parties on January 1, 2022, pursuant to which Suzhou Alphamab agreed to lease the Leased Premises to Jiangsu Alphamab, commencing on January 1, 2022 till March 31, 2024. On March 28, 2024, a supplemental lease agreement in relation to the Leased Premises with Suzhou Alphamab (as lessor) was entered into by the same parties for an extended term commencing from April 1, 2024 to August 31, 2024. On August 28, 2024, the parties entered into a supplemental lease agreement for a further extended term commencing from September 1, 2024 to December 31, 2024. Please refer to our Company’s announcements dated January 3, 2022, March 28, 2024 and August 28, 2024 for details.

The rental fee for the Lease Agreement is RMB838,900 per month (inclusive of decoration and maintenance fee). The aggregated rental fee incurred in accordance with the Lease Agreement for the year ended December 31, 2024 was approximately RMB10.1 million.

In line with the industry practice, our Company engages contract research organizations and other related suppliers to provide certain services in our pre-clinical research and clinical trials. Jiangsu Alphamab was a subsidiary of Suzhou Alphamab prior to the reorganization as disclosed in the Prospectus and therefore, it is very familiar with our Company’s needs and requirements. Suzhou Alphamab has extensive experience and industry-leading capabilities in process optimization services related to the Technology Development Agreements. Considering the quality of relevant technology development services provided by Suzhou Alphamab, its quotation for the transactions is more competitive than the other independent third-party suppliers. Our Company believes that this cooperation will help optimize the existing production process of relevant products and reduce the production costs. Our Company believes that the implementation of these agreements will have a positive impact on the R&D, manufacturing and commercialization of our Company’s relevant products. Our Directors are of the view that Suzhou Alphamab’s provision of technology development service as contemplated under the Technology Development Agreements will be beneficial to our Group.

Save as disclosed above, none of the other related party transactions set out in Note 37 of the consolidated financial statements constitute connected transactions or continuing connected transactions that are required to be disclosed under Chapter 14A of the Listing Rules.

The above continuing connected transactions have followed the policies and guidelines when determining the price and terms of the transactions conducted for the year ended December 31, 2024.

The auditor of our Group has reviewed the continuing connected transactions referred to above and confirmed to the Board that the continuing connected transactions: (i) have received the approval of the Board; (ii) were in accordance with the pricing policies of our Group; (iii) were entered into in accordance with the relevant agreement governing the transactions; and (iv) have not exceeded the caps.

The independent non-executive Directors have reviewed and confirmed that the continuing connected transactions referred to above have been entered into, and will be carried out, (i) in the ordinary and usual course of business of our Group; (ii) on normal commercial terms or better to us; and (iii) are according to the agreement governing them on terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Our Company has designated a team of senior management from business operation, legal, risk control and finance departments and Board office to monitor the continuing connected transactions and ensure that the continuing connected transactions with the abovementioned connected persons are on arm's length basis and that the annual caps are not exceeded. Such team of senior management continuously traces and regularly monitors the progress of the continuing connected transactions and reports to management of our Company. They review the continuing connected transactions with the finance department to ensure that annual caps are not exceeded. They will also communicate with the Audit Committee, management and the Board, monthly or as needed, to report the progress of the continuing connected transactions, and request for approval of new changes of existing transaction terms. The heads of different departments of our Company will be informed on a periodic basis in relation to the terms and pricing policies of the continuing connected transactions as well. The Audit Committee has also assigned the independent internal audit team the task to ensure that our Company's internal control measures in respect of the continuing connected transactions remain effective and complete. With these measures, the independent non-executive Directors could therefore assess and give the confirmations in the preceding paragraph.

Save as disclosed above, for the year ended December 31, 2024, we have not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the Rules 14A.49 and 14A.71 of the Listing Rules.

CONTRACT OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" above, no contract of significance was entered into between our Company, or one of its subsidiary companies, and any of its Controlling Shareholders or subsidiaries for the year ended December 31, 2024.

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

On August 15, 2024, the Board resolved to repurchase the Shares of our Company in the open market from time to time up to HK\$50.0 million in value, pursuant to the general mandate (the "**Share Repurchase Mandate**") granted to the Directors, approved by the Shareholders at the annual general meeting held on June 12, 2024. Please refer to our Company's announcement dated August 15, 2024 for further details. During the Reporting Period, our Company had repurchased 2,952,000 Shares under the Share Repurchase Mandate as Treasury Shares. The Board considered that the share repurchases demonstrated our Company's confidence in our own business outlook and prospects and would, ultimately, benefit our Company and create value for our Shareholders. Further details of the repurchases are set out below:

| Month | Number of Shares repurchased | Highest purchase price per Share (HK\$) | Lowest purchase price per Share (HK\$) | Aggregate consideration paid (HK\$) |
|----------------|------------------------------------|---|--|--|
| August 2024 | 662,000 | 2.60 | 2.48 | 1,690,310 |
| September 2024 | 360,000 | 2.55 | 2.48 | 908,520 |
| October 2024 | 1,330,000 | 3.95 | 3.74 | 5,137,390 |
| November 2024 | 600,000 | 3.80 | 3.78 | 2,275,590 |
| Total | 2,952,000 | | | 10,011,810 |

Save as disclosed above, neither our Company nor any of its subsidiaries purchased, sold or redeemed any listed securities (including sale of Treasury Shares) of our Company during the Reporting Period.

MATERIAL LITIGATION

Our Company was not involved in any material litigation or arbitration for 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.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

Our Company's Shares were listed on the Stock Exchange on December 12, 2019. The net proceeds from the Global Offering amounted to approximately HK\$2,042.5 million. As of December 31, 2024, all of the net proceeds of the Global Offering had been utilized as follows:

| | Allocation of net proceeds | | Proceeds from the Global | | Proceeds from the Global | | Amounts not yet utilized | |
|---|---------------------------------|-------------------|--------------------------|---------------|------------------------------|---------------|--------------------------|------------|
| | from the Global Offering in the | | Offering utilized as of | | Offering utilized during the | | as of December 31, 2024 | |
| | proportion disclosed | in the Prospectus | December 31, 2024 | | Reporting Period | | | |
| | HK\$ million | Percentage | HK\$ million | Percentage | HK\$ million | Percentage | HK\$ million | Percentage |
| Key drug development programs | | | | | | | | |
| the R&D and commercialization of KN046 | | | | | | | | |
| • the ongoing and planned clinical trials of, and preparation of registration filings for KN046 | 817.0 | 40.0% | 817.0 | 40.0% | 140.7 | 43.3% | - | - |
| • the launch and, subject to regulatory approval, commercialization of KN046 | 204.3 | 10.0% | 204.3 | 10.0% | 35.2 | 10.8% | - | - |
| Subtotal | 1,021.3 | 50.0% | 1,021.3 | 50.0% | 175.9 | 54.1% | - | - |
| the R&D and commercialization of KN026 | | | | | | | | |
| • the ongoing and planned clinical trials of, and preparation of registration filings for KN026 | 326.8 | 16.0% | 326.8 | 16.0% | 119.3 | 36.7% | - | - |
| • the launch and, subject to regulatory approval, commercialization of KN026 | 81.7 | 4.0% | 81.7 | 4.0% | 29.8 | 9.2% | - | - |
| Subtotal | 408.5 | 20.0% | 408.5 | 20.0% | 149.1 | 45.9% | - | - |
| the R&D of KN019 | 102.1 | 5.0% | 102.1 | 5.0% | - | - | - | - |
| Subtotal | 1,531.9 | 75.0% | 1,531.9 | 75.0% | 325.0 | 100.0% | - | - |
| The construction of our new manufacturing and R&D facilities in Suzhou | 306.4 | 15.0% | 306.4 | 15.0% | - | - | - | - |
| The early-stage pipeline and our working capital and general corporate purposes | 204.3 | 10.0% | 204.3 | 10.0% | - | - | - | - |
| Total | 2,042.5 | 100.0% | 2,042.5 | 100.0% | 325.0 | 100.0% | - | - |

The net proceeds have been applied in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus and there was no change in the intended use of net proceeds as previously disclosed in the Prospectus.

USE OF NET PROCEEDS FROM THE TOP-UP PLACING

In February 2023, our Company entered into a placing and subscription agreement with Rubymab, the top-up vendor, and Jefferies Hong Kong Limited, the placing agent, for the placing of 25,000,000 Shares (aggregate nominal value: US\$50) at a price of HK\$15.22 per placing Share (net price per placing Share: HK\$15.05) to not less than six professional, institutional and/or individual investors (the “**Top-Up Placing**”), and upon completion of the Top-up Placing, we received total net proceeds of approximately HK\$376.2 million, net of all applicable costs and expenses including commissions, professional fees and out-of-pocket expenses. The market price of the Shares of our Company on February 3, 2023 (being the date on which the terms of the issue or sale were fixed) was HK\$16.14. For details, please refer to our Company’s announcements dated February 3, 2023 and February 9, 2023 (the “**Placing Announcements**”). As of December 31, 2024, approximately HK\$50.9 million of the net proceeds of the Top-up Placing had been utilized as follows:

| | Allocation of net proceeds | | | | | | | |
|---|--|------------|---|------------|---|------------|---|------------|
| | from the Top-up Placing in the proportion disclosed in the Placing Announcements | | Proceeds from the Top-up Placing utilized as of December 31, 2024 | | Proceeds from the Top-up Placing utilized during the Reporting Period | | Amounts not yet utilized as of December 31, 2024 | |
| | HK\$ million | Percentage | HK\$ million | Percentage | HK\$ million | Percentage | HK\$ million | Percentage |
| the R&D and commercialization | | | | | | | | |
| • the launch several registered clinical trials of JSKN003 | 301.0 | 80.0% | 30.4 | 59.7% | – | – | 270.6 | 83.2% |
| • the clinical development of JSKN016 | 37.6 | 10.0% | 8.4 | 16.5% | – | – | 29.2 | 9.0% |
| Subtotal | 338.6 | 90.0% | 38.8 | 76.2% | – | – | 299.8 | 92.2% |
| Company's general corporate purposes | 37.6 | 10.0% | 12.1 | 23.8% | 11.5 | 100.0% | 25.5 | 7.8% |
| Total | 376.2 | 100.0% | 50.9 | 100.0% | 11.5 | 100.0% | 325.3 | 100.0% |

The Directors consider that the Top-up Placing is beneficial to continuously developing our pipeline of candidate ADCs whilst broadening our shareholder base, and could also provide an opportunity to further strengthen our financial position and provide additional working capital to us.

The net proceeds of the Top-up Placing were used and expected to be used according to the intentions previously disclosed in the Placing Announcements and there was no change in the use of proceeds. Our Company expects to utilize the balance of net proceeds of the Top-up Placing by the end of 2025. The expected timeline for utilizing the net proceeds from the Top-up Placing is based on the best estimation of future progress of regulatory approvals and market conditions made by our Company and subject to changes in accordance with relevant clinical development, our actual business operations and markets conditions.

PUBLIC FLOAT

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

AUDITOR

The consolidated financial statements of our Group have been audited by Messrs. Deloitte Touche Tohmatsu, who will retire and, being eligible, offer themselves for re-appointment at the AGM.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the section headed “Management Discussion and Analysis – Business Review – Events after the Reporting Period” no important events affecting our Company occurred since the Reporting Period and up to the date of this annual report.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Our Group did not hold any material investments during the year ended December 31, 2024. In order to meet the increasing research demands and the international operational needs, our Company is considering to construct and develop a new research and operational center in Shanghai. Currently, our Company has no concrete plan. Save as disclosed in this annual report, we do not have other plans for material investments and capital assets.

CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

The register of members of our Company will be closed from Monday, June 9, 2025 to Thursday, June 12, 2025, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at the AGM to be held on Thursday, June 12, 2025. In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's 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 before 4:30 p.m. on Friday, June 6, 2025.

By order of the Board

Dr. XU Ting

Chairman and Chief Executive Officer

Hong Kong, March 25, 2025

Independent Auditor's Report

TO THE SHAREHOLDERS OF ALPHAMAB ONCOLOGY

康寧傑瑞生物製藥

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Alphamab Oncology (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 104 to 203, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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.

Key audit matter

Cut-off of outsourcing service fees

We identified the cut-off of outsourcing service fees as a key audit matter due to its significance and the estimation involved in recording the outsourcing service fees paid and payable to contract research organisations ("CROs"), contract manufacturing organisations ("CMOs"), clinical research coordinators ("CRCs") and clinical trial sites ("CTs", mainly being hospitals) (collectively referred to as the "Outsourced Service Providers") in the appropriate financial reporting period.

During the year ended December 31, 2024, the Group incurred research and development ("R&D") expenses of approximately RMB404 million, out of which approximately RMB109 million or 27% were attributable to the outsourcing service fees as set out in Note 33 to the consolidated financial statements. Outsourcing service fees of approximately RMB86 million were accrued as at December 31, 2024 as set out in Note 22 to the consolidated financial statements. These Outsourced Service Providers provided supports to the Group's various R&D activities in the pharmaceutical and biotechnology industries in the form of R&D or manufacturing services. While these services are typically performed across the financial reporting periods, the recording of outsourcing service fees to the appropriate financial reporting period and the corresponding accruals as at reporting date based on the progress of the R&D projects involves estimation by the management.

How our audit addressed the key audit matter

Our procedures performed on the cut-off of outsourcing service fees included:

- Obtaining an understanding of key management controls in relation to the accrual of the outsourcing service fees;
- For the outsourcing service fees paid and payable to CTs, testing the accrual of related cost, on a sample basis, by checking to the patient enrolment listing, the progress of outsourcing services provided by CTs that reported by the representatives of the relevant CRCs, the costs per patient in the agreements and with reference to the completion status of the clinical trial progress;
- For the outsourcing service fees paid and payable to CROs, CMOs and CRCs, test of details, on a sample basis, have been performed by
 - (1) testing the accrual of related cost, by checking their respective contract terms and/or milestones to the relevant agreements and the progress reported by the representatives of the relevant CROs, CMOs and CRCs; and
 - (2) sending confirmation to confirm the progress of the outsourcing services provided, for the year ended December 31, 2024;
- Evaluating the adequacy of the outsourcing service fees accrual on selected samples by comparing the subsequent milestone billings received from the Outsourced Service Providers with the accrued outsourcing service fees at the year end.

OTHER INFORMATION

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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 HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine 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 the independent auditor's report is Joseph Wing Ming Chan.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

March 25, 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2024

| | NOTES | 2024 RMB'000 | 2023 RMB'000 |
|--|-------|-----------------|-----------------|
| Revenue | 5 | 640,083 | 218,774 |
| Cost of sales | | (60,316) | (55,237) |
| Gross profit | | 579,767 | 163,537 |
| Other income | 6 | 62,023 | 91,817 |
| Other gains and losses | 7 | 13,235 | 33,094 |
| Research and development expenses | 33 | (404,152) | (407,524) |
| Administrative expenses | | (74,607) | (79,338) |
| Finance costs | 8 | (9,924) | (12,179) |
| Profit (loss) before taxation | | 166,342 | (210,593) |
| Income tax expense | 9 | – | – |
| Profit (loss) for the year | 10 | 166,342 | (210,593) |
| Other comprehensive expense for the year | | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange loss arising on translation of a foreign operation | | (48) | (794) |
| Total comprehensive income (expense) for the year | | 166,294 | (211,387) |
| Earnings (loss) per share in RMB | 14 | | |
| – Basic | | 0.17 | (0.22) |
| – Diluted | | 0.17 | (0.22) |

Consolidated Statement of Financial Position

As at December 31, 2024

| | NOTES | 2024 RMB'000 | 2023 RMB'000 |
|--|-------|-----------------|-----------------|
| Non-current assets | | | |
| Property, plant and equipment | 15 | 499,994 | 550,052 |
| Right-of-use assets | 16 | 24,017 | 26,901 |
| Deposits paid for acquisition of property, plant and equipment | | 4,574 | 579 |
| Other receivables, deposits and prepayments | 19 | 1,821 | 1,051 |
| | | 530,406 | 578,583 |
| Current assets | | | |
| Inventories | 17 | 81,809 | 78,747 |
| Trade receivables | 18 | 16,519 | 7,131 |
| Other receivables, deposits and prepayments | 19 | 37,769 | 65,416 |
| Amount due from a related party | 20 | 3,785 | – |
| Time deposits with original maturity over three months | 21 | 459,345 | 321,248 |
| Cash and cash equivalents | 21 | 1,112,122 | 1,085,988 |
| | | 1,711,349 | 1,558,530 |
| Current liabilities | | | |
| Trade and other payables | 22 | 180,788 | 175,098 |
| Amount due to a related company | 23 | 3,068 | 4,379 |
| Lease liabilities – current portion | 24 | 2,444 | 5,498 |
| Contract liabilities – current portion | 25 | 15,480 | 3,879 |
| Bank borrowings – current portion | 26 | 52,264 | 75,000 |
| Deferred income | 29 | – | 2,984 |
| | | 254,044 | 266,838 |
| Net current assets | | 1,457,305 | 1,291,692 |
| Total assets less current liabilities | | 1,987,711 | 1,870,275 |

Consolidated Statement of Financial Position

As at December 31, 2024

| | NOTES | 2024 RMB'000 | 2023 RMB'000 |
|--|-------|-----------------|-----------------|
| Non-current liabilities | | | |
| Lease liabilities – non-current portion | 24 | 1,271 | 1,582 |
| Contract liabilities – non-current portion | 25 | 24,574 | 21,581 |
| Bank borrowings – non-current portion | 26 | 129,982 | 175,000 |
| | | 155,827 | 198,163 |
| Net assets | | 1,831,884 | 1,672,112 |
| Capital and reserves | | | |
| Share capital | 27 | 13 | 13 |
| Treasury shares | 28 | (9,188) | – |
| Reserves | | 1,841,059 | 1,672,099 |
| Total equity | | 1,831,884 | 1,672,112 |

The consolidated financial statements on pages 104 to 203 were approved and authorised for issue by the Board of Directors on March 25, 2025 and are signed on its behalf by:

XU TING
DIRECTOR

LIU YANG
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended December 31, 2024

| | Attributable to owners of the Company | | | | | | | |
|---|---------------------------------------|-----------------------------|-------------------------------|------------------------------------|-----------------------------------|-------------------------------|----------------------------------|-----------|
| | Share-based | | | | | | | Total |
| | Share capital RMB'000 | Share premium RMB'000 | Treasury shares RMB'000 | Other reserve (Note) RMB'000 | Translation reserve RMB'000 | payment reserve RMB'000 | Accumulated losses RMB'000 | |
| At January 1, 2023 | 13 | 3,725,875 | – | (120,708) | 48 | 84,807 | (2,132,363) | 1,557,672 |
| Loss for the year | – | – | – | – | – | – | (210,593) | (210,593) |
| Other comprehensive expense for the year | – | – | – | – | (794) | – | – | (794) |
| Total comprehensive expense for the year | – | – | – | – | (794) | – | (210,593) | (211,387) |
| Issue of ordinary shares | – | 329,208 | – | – | – | – | – | 329,208 |
| Transaction costs attributable to issue of shares | – | (3,748) | – | – | – | – | – | (3,748) |
| Exercise of share options | – | 800 | – | – | – | (581) | – | 219 |
| Vesting of restricted shares | – | 2,956 | – | – | – | (2,956) | – | – |
| Recognition of equity-settled share-based payment expenses | – | – | – | – | – | 5,720 | – | 5,720 |
| Settlement of share options | – | (2,397) | – | – | – | (3,175) | – | (5,572) |
| At December 31, 2023 | 13 | 4,052,694 | – | (120,708) | (746) | 83,815 | (2,342,956) | 1,672,112 |

Consolidated Statement of Changes in Equity

For the year ended December 31, 2024

| | Attributable to owners of the Company | | | | | | | |
|--|---------------------------------------|--------------------------|---------------------------|---------------------------------|--------------------------------|----------------------------|-------------------------------|-----------|
| | Share-based | | | | | | | Total |
| | Share capital RMB'000 | Share premium RMB'000 | Treasury share RMB'000 | Other reserve (Note) RMB'000 | Translation reserve RMB'000 | payment reserve RMB'000 | Accumulated losses RMB'000 | |
| Profit for the year | - | - | - | - | - | - | 166,342 | 166,342 |
| Other comprehensive expense for the year | - | - | - | - | (48) | - | - | (48) |
| Total comprehensive income for the year | - | - | - | - | (48) | - | 166,342 | 166,294 |
| Exercise of share options | - | 615 | - | - | - | (476) | - | 139 |
| Vesting of restricted shares | - | 1,792 | - | - | - | (1,792) | - | - |
| Recognition of equity-settled share-based payment expenses | - | - | - | - | - | 2,527 | - | 2,527 |
| Repurchase of shares (Note 28) | - | - | (9,188) | - | - | - | - | (9,188) |
| At December 31, 2024 | 13 | 4,055,101 | (9,188) | (120,708) | (794) | 84,074 | (2,176,614) | 1,831,884 |

Note: The other reserve comprises:

- (i) the accumulated losses derived from the oncology business ("Oncology Business") of Suzhou Alphamab Co., Ltd. (蘇州康寧傑瑞生物科技有限公司) ("Suzhou Alphamab"), a company controlled by Dr. Xu Ting ("Dr. Xu") who is in turn the controlling shareholder of the Company, prior to its transfer to the Company and its subsidiaries (collectively referred to as the "Group") of Oncology Business on April 18, 2018 and during the transition period of this business transfer up to the end of May 2019, as such accumulated losses legally belong to Suzhou Alphamab which is not a member of the Group;
- (ii) the net contribution for the Oncology Business by Suzhou Alphamab on the funding used in the Oncology Business, which was provided by Suzhou Alphamab prior to and during the transition period after the transfer of Oncology Business; and
- (iii) the net equity impact resulting from a group reorganisation of the entities comprising the Group that was completed on September 25, 2018.

Consolidated Statement of Cash Flows

For the year ended December 31, 2024

| | 2024 RMB'000 | 2023 RMB'000 |
|--|-----------------|-----------------|
| OPERATING ACTIVITIES | | |
| Profit (loss) before taxation | 166,342 | (210,593) |
| Adjustments for: | | |
| Depreciation of right-of-use assets | 12,682 | 13,334 |
| Depreciation of property, plant and equipment | 64,349 | 55,784 |
| Exchange gains, net | (4,612) | (20,755) |
| Finance costs | 9,924 | 12,179 |
| Interest income | (49,255) | (74,042) |
| Share-based payment expenses | 2,527 | 5,720 |
| Losses on settlement of share options | — | 9,661 |
| Government grants income from deferred income | (2,984) | (2,232) |
| Loss on disposal of property, plant and equipment | 245 | 96 |
| Operating cash flows before movements in working capital | 199,218 | (210,848) |
| Increase in inventories | (3,062) | (14,111) |
| (Increase) decrease in trade receivables | (9,388) | 8,359 |
| Decrease in other receivables, deposits and prepayments | 8,241 | 15,683 |
| Increase in amount from a related company | (3,785) | — |
| Increase in trade and other payables | 8,564 | 1,260 |
| Decrease in amount due to a related company | (1,311) | (136) |
| Increase (decrease) in contract liabilities | 13,859 | (3,046) |
| NET CASH FROM (USED IN) OPERATING ACTIVITIES | 212,336 | (202,839) |
| INVESTING ACTIVITIES | | |
| Placement of time deposits with original maturity over three months | (786,497) | (638,716) |
| Purchase of property, plant and equipment | (21,773) | (36,184) |
| Proceeds on disposal of property, plant and equipment | 220 | — |
| Advances to executive management | (58,100) | — |
| Repayment of the advances from executive management | 58,100 | — |
| Proceeds from redemption of time deposits with original maturity over three months | 647,157 | 565,864 |
| Interest received | 67,965 | 57,599 |
| Proceeds from disposal of financial assets at fair value through profit or loss ("FVTPL") | — | 33,330 |
| NET CASH USED IN INVESTING ACTIVITIES | (92,928) | (18,107) |

Consolidated Statement of Cash Flows

For the year ended December 31, 2024

| | 2024 RMB'000 | 2023 RMB'000 |
|--|-----------------|-----------------|
| FINANCING ACTIVITIES | | |
| Proceeds on issue of ordinary shares by the Company | – | 329,208 |
| Transaction costs attributable to issue of shares | – | (3,748) |
| New bank borrowings raised | 127,246 | 465,000 |
| Repayment of lease liabilities | (12,930) | (12,892) |
| Interest paid | (9,227) | (11,322) |
| Repayment of bank borrowings | (195,000) | (540,000) |
| Exercising of share options | 139 | 219 |
| Partial payment on settlement of share options | – | (8,393) |
| Payments on repurchase of shares | (9,188) | – |
| NET CASH (USED IN) FROM FINANCING ACTIVITIES | (98,960) | 218,072 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 20,448 | (2,874) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 1,085,988 | 1,069,189 |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES | 5,686 | 19,673 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 1,112,122 | 1,085,988 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

1. GENERAL

Alphamab Oncology (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on March 28, 2018 under the Companies Law of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since December 12, 2019. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company is an investment holding company. The Group is principally engaged in research and development (“R&D”), manufacturing and commercialisation of biologics of oncology. The principal activities of its subsidiaries are set out in Note 40.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board (the “IASB”) for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2024 for the preparation of the consolidated financial statements:

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

New and amendments to IFRSs that are mandatorily effective for the current year (Continued)

Amendments to IFRSs in issue but not yet effective

The Group has not early applied the following amendments to IFRSs that have been issued but are not yet effective:

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

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

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

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

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

The directors of the Company anticipate that the application of all of the above amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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

3.1 Basis of preparation of consolidated financial statements

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

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

3.2 Material accounting policy information

Basis of consolidation

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

3.2 Material accounting policy information (Continued)

Basis of consolidation (Continued)

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

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

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

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Note 4, 5 and 25.

Leases

Definition of a lease

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

For contracts entered into or modified on or after the date of initial application of IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

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

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

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

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases (i.e. the rental of vehicles) that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets (such as small items of office furniture). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low-value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

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

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

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

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

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

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

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

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

3.2 Material accounting policy information (Continued)

Foreign currencies

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

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

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

Borrowing costs

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

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

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

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

3.2 Material accounting policy information (Continued)

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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

Employee benefits

Pension obligations

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the schemes. Payments to such retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

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

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

3.2 Material accounting policy information (Continued)

Share-based payments

Equity-settled share-based payment transactions

Shares/Share options granted to employees

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

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

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

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium.

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

3.2 Material accounting policy information (Continued)

Share-based payments (Continued)

Equity-settled share-based payment transactions (Continued)

Shares/Share options granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

Modification to the terms and conditions of the share-based payment arrangements

When the terms and conditions of an equity-settled share-based payment arrangement are modified, the Group recognises, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes the modified vesting conditions into consideration over the remaining vesting period.

The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

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

3.2 Material accounting policy information (Continued)

Taxation

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

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Taxation (Continued)

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

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

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

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

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

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

3.2 Material accounting policy information (Continued)

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

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

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

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

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

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

3.2 Material accounting policy information (Continued)

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

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

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

Research and development expenditure

Expenditure on research activities, including mainly the outsourcing service fees, research and development staff costs and raw material costs, is recognised as an expense in the period in which it is incurred.

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

3.2 Material accounting policy information (Continued)

Research and development expenditure (Continued)

An internally generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets of the Group that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of the reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, amount due from a related party, time deposits with original maturity over three months and cash and cash equivalents) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually.

For all other financial instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(iii) Credit-impaired financial assets (Continued)

- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risk of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL (Continued)

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting carrying amount, with the exception of trade and other receivables the corresponding adjustment is recognised through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets measured at amortised cost that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item (Note 7) as part of the foreign exchange gains, net.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, amount due to a related company and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in the consolidated financial statements.

Development costs

Development costs incurred on the Group's drug candidates are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are expensed when incurred.

The directors of the Company assessed the progress of each of the R&D projects and determine whether the criteria are met for capitalisation. During the years ended December 31, 2024 and 2023, all the related development costs are expensed when incurred.

Key sources of estimation uncertainty

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

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Provision of ECL for trade receivables

Trade receivables with significant balances are assessed for ECL individually. In addition, for trade receivables which are individually insignificant or when the Group does not have reasonable and supportable information that is available without undue cost or effort to measure lifetime ECL on individual basis, collective assessment is adopted. The management of the Group estimates the amount of lifetime ECL of trade receivables based on collective assessment through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, ageing and/or past due status of respective trade receivables. Estimated loss rates are based on default rates over the expected life of the debtors and are adjusted for forward-looking information.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 32.

Accrual of outsourcing service fees

The Group relies on the support provided by the contract research organisations ("CROs"), contract manufacturing organisations ("CMOs"), clinical research coordinators ("CRCs") and clinical trial sites ("CTSs", mainly being hospitals) (collectively referred to as the "Outsourced Service Providers") to conduct, supervise, and monitor the Group's ongoing clinical trials. Determining the amounts of outsourcing service fees incurred up to the end of each reporting period requires the management of the Group to estimate and measure the progress of receiving outsourcing services under the contracts with Outsourced Service Providers using inputs such as number of patient enrolments, time elapsed, milestone achieved and etc.

As at December 31, 2024, the carrying amount of the accrued outsourcing service fees amounted to RMB85,566,000 (2023: RMB85,601,000) has been recognised in the consolidated statement of financial position and disclosed in Note 22.

Useful lives of property, plant and equipment

The directors of the Company determine the estimated useful lives and the depreciation method in determining the related depreciation charges for its property, plant and equipment. This estimate is reference to the useful lives of property, plant and equipment of similar nature and functions in the industry. The directors of the Company will increase the depreciation charge where useful lives are expected to be shorter than expected. As at December 31, 2024, the carrying amount of property, plant and equipment was RMB499,994,000 (2023: RMB550,052,000) as disclosed in Note 15.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Recognition of revenue arising from collaboration agreements

The Group entered into collaboration agreements under which the Group entitles an exclusive right to manufacture and supply product to customer for their further commercialisation to ultimate customers (detailed in Note 5 (ii)). Non-refundable upfront license fee payment is recorded under contract liabilities and recognised as revenue over time upon the customer receives and consumes the benefits during the commercialisation stage. During the year ended 31 December 2024, license fee income of RMB1,876,000 (2023: RMB873,000) was recognised based on the direct measurements of the value of drug product transferred to the customer to date relative to the value of the budgeted manufacture order from the customer. Management revises its estimate on the budgeted sales from time to time based on changes in facts and circumstances.

5. REVENUE AND SEGMENT INFORMATION

Revenue

The Group derives its revenue from contracts with customers in relation to the transfer of goods and services over time and at a point in time, as follows:

| | 2024 RMB'000 | 2023 RMB'000 |
|--|-----------------|-----------------|
| Time of revenue recognition | | |
| <i>A point in time</i> | | |
| Sales of pharmaceutical products and royalty income | 159,457 | 195,551 |
| License fee income | 464,240 | 7,202 |
| Provision of goods/consumables for research and development projects | 10,302 | 14,722 |
| Service income | 4,208 | 426 |
| | 638,207 | 217,901 |
| <i>Overtime</i> | | |
| License fee income | 1,876 | 873 |
| | 640,083 | 218,774 |

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information

For the purposes of resources allocation and performance assessment, the executive directors of the Company, being the chief operating decision makers, review the consolidated results and financial position when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment and no further analysis of this single segment is presented.

Geographical information

Substantially all of the Group's non-current assets are substantially located in the People's Republic of China ("PRC"), substantially all of the Group's revenue from continuing operations from external customers is substantially based on the PRC, accordingly, no analysis of the operations of its external customers' geographical segment is presented.

(i) *Disaggregation of revenue from contracts with customers*

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

| | 2024 RMB'000 | 2023 RMB'000 |
|----------------------|-----------------|-----------------|
| Customer A (Note i) | 159,457 | 195,864 |
| Customer B (Note ii) | 389,552 | 9,375 |

Notes:

- (i) The revenue represents sales of pharmaceutical products and royalty income amounted to RMB159,457,000 (2023: RMB195,551,000) and service income amounted to Nil (2023: RMB313,000) for the year ended December 31, 2024.
- (ii) The revenue represents license fee income amounted to RMB383,965,000 (2023: RMB7,202,000) and provision of goods/consumables for R&D projects amounted to RMB5,587,000 (2023: RMB2,173,000) for the year ended December 31, 2024.

5. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information (Continued)

(ii) *Performance obligations for contracts with customers and revenue recognition policies*

(a) *License fee income:*

A point in time

The Group provides licence of its patented intellectual property (“IP”) to customers. Licence fee income is recognised at a point in time when the Group has transferred the license to the customers and the customers have the practical ability to use the license.

Over time

The Group entered into collaboration agreements under which the Group was entitled an exclusive right to manufacture and supply product to customer for their further commercialisation to ultimate customers. Upfront fee received are recorded under contract liabilities. The Group transfers the contract liabilities to license fee income over time on a systematic basis that is consistent with the customer receives and consumes the benefits.

For contracts that contain variable consideration in relation to milestone payment and sales-based royalty from license agreement, the Group estimates the amount of consideration to which it will be entitled using the most likely amount, which best predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Notwithstanding the above criteria, the Group shall recognise revenue for a sales-based royalty promised in exchange for a licence of IP only when (or as) the later of the following events occurs:

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

5. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information (Continued)

(ii) *Performance obligations for contracts with customers and revenue recognition policies (Continued)*

(b) *Sales of pharmaceutical products and Royalty income:*

For the sale of pharmaceutical products, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customer's specific location. Following the delivery, the customer bears the risks of obsolescence and loss in relation to the goods. Under the Group's standard contract terms, the customer can request return or refund of the goods only if the goods delivered do not meet required quality standards. Full prepayments are normally required before any goods delivery.

For sales-based royalty promised in exchange of license of IP, the fees are agreed in the contract based on a specified formula and invoiced on quarterly basis with a normal credit term of 30 days.

(c) *Provision of goods/consumables for R&D projects:*

For the provision of goods/consumables for R&D project, revenue is recognised when control of the goods has transferred, being when the goods have been delivered and acknowledged by the customer.

(d) *Service income:*

The Group provides R&D services and other services ("Services"), revenue is recognised at a point in time for the Services delivered to the customers by the Group, since the terms of the relevant sales contracts do not create an enforceable right to payment for the Group. The normal credit term is 45-60 days (2023: 30 days) upon issuance of invoices.

6. OTHER INCOME

| | 2024 RMB'000 | 2023 RMB'000 |
|---------------------------------|-----------------|-----------------|
| Interest income | 49,255 | 74,042 |
| Government grants income (Note) | 12,768 | 17,775 |
| | 62,023 | 91,817 |

Note: Government grants income mainly includes subsidies from the PRC local government in support of oncology drug development. Out of which RMB2,984,000 (2023: RMB2,232,000) is released from deferred income upon compliance with the attached conditions and RMB9,784,000 (2023: RMB15,543,000) is received unconditionally from the government.

7. OTHER GAINS AND LOSSES

| | 2024 RMB'000 | 2023 RMB'000 |
|---------------------|-----------------|-----------------|
| Exchange gains, net | 13,446 | 33,189 |
| Others | (211) | (95) |
| | 13,235 | 33,094 |

8. FINANCE COSTS

| | 2024 RMB'000 | 2023 RMB'000 |
|-----------------------|-----------------|-----------------|
| Interest expenses on: | | |
| Bank borrowings | 8,310 | 10,650 |
| Contract liabilities | 736 | 984 |
| Lease liabilities | 878 | 545 |
| | 9,924 | 12,179 |

9. INCOME TAX EXPENSE

The Company is exempted from taxation under the laws of the Cayman Islands.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC entities is 25% (2023: 25%). In addition, Jiangsu Alphamab has been accredited as a “High and New Technology Enterprise” (“HNTE”) by the Science and Technology Bureau of Jiangsu Province and relevant authorities on October 18, 2022 for a term of three years from 2022 to 2024, and has been registered with the local tax authorities for enjoying the reduced 15% EIT rate. The qualification as a High and New Technology Enterprise will be subject to review by the relevant tax authorities in the PRC for every three years. In addition, pursuant to Caishui 2018 circular No. 76, for entity accredited as a HNTE, the unused tax losses incurred in the previous five years can be carried forward for a maximum of ten years.

9. INCOME TAX EXPENSE (Continued)

Under the Treasury Law Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2017 of Australia, corporate entities who qualify as a small business entity are eligible for a lower corporate tax rate at 26%. Alphamab Australia is qualified as a small business entity and is subject to a corporate tax rate of 26% (2023: 26%).

Under the two-tiered profits tax rates regime in Hong Kong, the first Hong Kong Dollars ("HK\$") 2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the US Tax Cuts and Jobs Act, the US corporate income tax is charged at a rate of 21%.

No provision for income taxation has been made as the Company and its subsidiaries either had no assessable profit or incurred tax losses in all relevant places of operation for both years.

The income tax for the year can be reconciled to the profit (loss) before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

| | 2024 RMB'000 | 2023 RMB'000 |
|---|-----------------|-----------------|
| Profit (loss) before taxation | 166,342 | (210,593) |
| Tax at the PRC EIT rate of 25% (2023: 25%) | 41,586 | (52,648) |
| Tax effect of income not taxable for tax purpose | (12,634) | (25,919) |
| Tax effect of expenses not deductible for tax purpose | 8,021 | 8,872 |
| Tax effect of deductible temporary differences not recognised | 3,855 | — |
| Utilisation of deductible temporary differences previously not recognised | — | (459) |
| Tax effect of tax losses not recognised | 28,823 | 98,157 |
| Income tax at concessionary rate | 16,671 | 63,429 |
| Effect of super deduction for R&D expenses | (86,322) | (91,432) |
| Income tax for the year | — | — |

9. INCOME TAX EXPENSE (Continued)

The Group had unused tax losses of RMB3,489,077,000 (2023: RMB3,315,566,000) available for offset against future profits as at December 31, 2024. Included in unused tax losses as at December 31, 2024 and 2023 is a consideration paid of RMB132,180,000 for the transfer of the Oncology Business which can be offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. As December 31, 2024 and 2023, the unrecognised tax losses will be carried forward and expire in years as follows:

| | 2024 RMB'000 | 2023 RMB'000 |
|------|------------------|-----------------|
| 2027 | 4,647 | 4,647 |
| 2028 | 240,375 | 240,375 |
| 2029 | 259,446 | 259,446 |
| 2030 | 523,661 | 523,661 |
| 2031 | 786,564 | 786,564 |
| 2032 | 855,862 | 855,862 |
| 2033 | 645,011 | 645,011 |
| 2034 | 173,511 | — |
| | 3,489,077 | 3,315,566 |

At the end of the reporting period, the Group has deductible temporary differences of RMB39,948,000 (2023: RMB26,330,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

10. PROFIT (LOSS) FOR THE YEAR

| | 2024 RMB'000 | 2023 RMB'000 |
|--|-----------------|-----------------|
| Profit (loss) for the year has been arrived at after charging (crediting): | | |
| Directors' remuneration (Note 12) | 13,380 | 11,836 |
| Other staff costs: | | |
| Salaries and other allowances | 119,788 | 126,464 |
| Performance related bonus | 13,263 | 18,147 |
| Retirement benefits scheme contributions | 29,203 | 28,067 |
| Share-based payment expenses | 233 | 4,796 |
| Total staff costs | 175,867 | 189,310 |
| Capitalised in inventories | (6,977) | (5,780) |
| | 168,890 | 183,530 |
| Auditor's remuneration | 1,767 | 1,877 |
| Depreciation of property, plant and equipment | 64,349 | 55,784 |
| Depreciation of right-of-use assets | 12,682 | 13,334 |
| Cost of inventories recognised as an expense | 73,273 | 55,478 |

11. DIVIDENDS

No dividend was paid or proposed for the shareholders of the Company during the year ended December 31, 2024 (2023: Nil), nor has any dividend been proposed since the end of the reporting period.

12. DIRECTORS AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to the directors and chief executive of the Company are as follows:

(a) Executive and non-executive directors

Year ended December 31, 2024

| | Directors' fees RMB'000 | Salaries and other allowances RMB'000 | Discretionary bonuses RMB'000 | Retirement benefits scheme contributions RMB'000 | Total RMB'000 |
|------------------------------|----------------------------|--|----------------------------------|---|------------------|
| Executive directors: | | | | | |
| Dr. Xu (note i) | – | 6,605 | 259 | 122 | 6,986 |
| Ms. Liu Yang | – | 2,588 | 262 | 122 | 2,972 |
| Non-executive directors: | | | | | |
| Mr. CHO Man | 59 | – | – | – | 59 |
| Mr. Xu, Zhan Kevin (note ii) | – | – | – | – | – |

12. DIRECTORS AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

The emoluments paid or payable to the directors and chief executive of the Company are as follows:
(Continued)

(a) Executive and non-executive directors (Continued)

Year ended December 31, 2023

| | Directors' fees | Salaries and other allowances | Discretionary bonuses | Retirement benefits scheme contributions | Total |
|------------------------------|-----------------|-------------------------------|-----------------------|--|---------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Executive directors: | | | | | |
| Dr. Xu (note i) | – | 6,548 | 214 | 115 | 6,877 |
| Ms. Liu Yang | – | 2,559 | 290 | 124 | 2,973 |
| Non-executive director: | | | | | |
| Mr. Xu, Zhan Kevin (note ii) | – | – | – | – | – |

In addition to the emoluments shown above, Dr. Xu and Ms. Liu Yang were granted share options in respect of their service to the Group.

During the year ended December 31, 2024, RMB2,210,000 (2023: RMB812,000) was recognised as share-based payment expense in the consolidated statement of profit or loss and other comprehensive income for their granted share options. Details of the share-based payment are set out in Note 30.

Notes:

- (i) Dr. Xu is the chairman, chief executive and an executive director of the Company.
- (ii) No emoluments were paid or payable to Mr. Xu Zhan Kevin for their services as non-executive directors of the Company for both years.
- (iii) None of the directors nor the chief executive of the Company waived or agreed to waive any emoluments during both years.
- (iv) During both years, no emoluments were paid by the Group to any of the directors nor the chief executive of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.
- (v) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group. The discretionary bonuses were determined with reference to their duties, responsibilities and performance.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

12. DIRECTORS AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

The emoluments paid or payable to the directors and chief executive of the Company are as follows:
(Continued)

(b) Independent non-executive directors

Year ended December 31, 2024

| | Directors' fees | Salaries and other allowances | Discretionary bonuses | Retirement benefits scheme contributions | Share-based payment expenses | Total |
|--------------------------------------|-----------------|-------------------------------|-----------------------|--|------------------------------|---------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Independent non-executive directors: | | | | | | |
| Dr. Guo Zijian | 378 | – | – | – | – | 378 |
| Mr. Wei Kevin Cheng | 345 | – | – | – | 42 | 387 |
| Mr. Wu Dong | 346 | – | – | – | 42 | 388 |

Year ended December 31, 2023

| | Directors' fees | Salaries and other allowances | Discretionary bonuses | Retirement benefits scheme contributions | Share-based payment expenses | Total |
|--------------------------------------|-----------------|-------------------------------|-----------------------|--|------------------------------|---------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Independent non-executive directors: | | | | | | |
| Dr. Guo Zijian | 378 | – | – | – | – | 378 |
| Mr. Wei Kevin Cheng | 340 | – | – | – | 56 | 396 |
| Mr. Wu Dong | 344 | – | – | – | 56 | 400 |

13. EMPLOYEES' EMOLUMENTS

For the year ended December 31, 2024, the five highest paid individuals of the Group included two (2023: two) executive directors, and their emoluments are set out in Note 12(a) above.

Details of the emoluments of the remaining three (2023: three) individuals are as follows:

| | 2024 RMB'000 | 2023 RMB'000 |
|--|-----------------|-----------------|
| Salaries and other allowances | 6,695 | 4,066 |
| Discretionary bonuses | 1,204 | 594 |
| Retirement benefits scheme contributions | 392 | 279 |
| Share-based payment expenses | 1,314 | 1,344 |
| | 9,605 | 6,283 |

Their emoluments were within the following bands:

| | 2024 No. of employees | 2023 No. of employees |
|--------------------------------|-----------------------------|-----------------------------|
| HK\$1,000,001 to HK\$1,500,000 | — | 1 |
| HK\$2,500,001 to HK\$3,000,000 | 2 | 2 |
| HK\$5,000,001 to HK\$5,500,000 | 1 | — |

No emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for both years.

14. EARNINGS (LOSS) PER SHARE

The calculations of the basic and diluted earnings (loss) per share are based on the following data:

| | 2024 RMB'000 | 2023 RMB'000 |
|--|-----------------|-----------------|
| Earnings (Loss): | | |
| Earnings (loss) for the year attributable to owners of the Company for the purposes of calculating basic and diluted earnings (loss) per share | 166,342 | (210,593) |
| Number of shares ('000): | | |
| Weighted average number of shares for the purposes of basic earnings (loss) per share | 962,263 | 959,899 |
| Effect of dilutive potential ordinary shares: | | |
| Restricted shares under share award scheme | 1,059 | — |
| Equity-settled share option scheme | 20,864 | — |
| Weighted average number of shares for the purposes of diluted earnings (loss) per share | 984,186 | 959,899 |

The weighted average number of shares for the year shown above has been arrived after deducting treasury shares as set out in Note 28.

The calculation of basic and diluted loss per share for the years ended December 31, 2023, has not considered, where appropriate, the share options awarded under the pre-IPO share option scheme as disclosed in Note 30(a), the share options awarded under the post-IPO share option scheme as disclosed in Note 30(b), and the restricted shares that have not yet been vested (Note 27 & Note 30(c)) as their inclusion would be anti-dilutive.

15. PROPERTY, PLANT AND EQUIPMENT

| | Buildings RMB'000 | Plant and machinery RMB'000 | Leasehold improvements RMB'000 | Furniture and other equipment RMB'000 | Construction in progress ("CIP") RMB'000 | Total RMB'000 |
|-------------------------|----------------------|-----------------------------------|--------------------------------------|--|---|------------------|
| COST | | | | | | |
| As at January 1, 2023 | 285,284 | 204,529 | 6,746 | 81,773 | 90,827 | 669,159 |
| Additions | – | – | – | – | 26,924 | 26,924 |
| Transfer | 18,221 | 91,694 | – | 6,942 | (116,857) | – |
| Disposal | – | (122) | (491) | – | – | (613) |
| As at December 31, 2023 | 303,505 | 296,101 | 6,255 | 88,715 | 894 | 695,470 |
| Additions | – | – | – | 101 | 14,655 | 14,756 |
| Transfer | – | 4,104 | – | 4,034 | (8,138) | – |
| Disposal | – | (485) | – | (260) | – | (745) |
| Reclassification | (5,308) | – | – | 5,308 | – | – |
| As at December 31, 2024 | 298,197 | 299,720 | 6,255 | 97,898 | 7,411 | 709,481 |
| DEPRECIATION | | | | | | |
| As at January 1, 2023 | 34,472 | 27,043 | 1,289 | 27,347 | – | 90,151 |
| Provided for the year | 13,618 | 23,913 | 1,514 | 16,739 | – | 55,784 |
| Disposal | – | (26) | (491) | – | – | (517) |
| As at December 31, 2023 | 48,090 | 50,930 | 2,312 | 44,086 | – | 145,418 |
| Provided for the year | 14,884 | 28,090 | 3,943 | 17,432 | – | 64,349 |
| Disposal | – | (97) | – | (183) | – | (280) |
| Reclassification | (336) | – | – | 336 | – | – |
| As at December 31, 2024 | 62,638 | 78,923 | 6,255 | 61,671 | – | 209,487 |
| CARRYING VALUES | | | | | | |
| As at December 31, 2024 | 235,559 | 220,797 | – | 36,227 | 7,411 | 499,994 |
| As at December 31, 2023 | 255,415 | 245,171 | 3,943 | 44,629 | 894 | 550,052 |

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment other than CIP are depreciated over their estimated useful lives, using straight-line method after taking into account the residual values, at the following rates per annum or over the following period:

| | |
|-------------------------------|---|
| Buildings | 4.75% |
| Plant and machinery | 9.50% |
| Leasehold improvements | Over the shorter of the term of the relevant lease or 20% |
| Furniture and other equipment | 19% to 31.67% |

Details of the pledged property, plant and equipment are set out in Note 36.

16. RIGHT-OF-USE ASSETS

| | Land use rights RMB'000 | Property, plant and equipment RMB'000 | Total RMB'000 |
|--------------------------------------|-------------------------------|--|------------------|
| As at January 1, 2023 | | | |
| Carrying amounts | 21,185 | 19,550 | 40,735 |
| As at December 31, 2023 | | | |
| Carrying amounts | 20,691 | 6,210 | 26,901 |
| As at December 31, 2024 | | | |
| Carrying amounts | 20,196 | 3,821 | 24,017 |
| For the year ended December 31, 2023 | | | |
| Depreciation charge | 494 | 12,840 | 13,334 |
| For the year ended December 31, 2024 | | | |
| Depreciation charge | 495 | 12,187 | 12,682 |

16. RIGHT-OF-USE ASSETS (Continued)

| | 2024 RMB'000 | 2023 RMB'000 |
|--|-----------------|-----------------|
| Expense relating to short-term leases | 369 | 102 |
| Expense relating to leases of low-value assets, excluding short-term leases of low-value assets | 133 | 123 |
| Total cash outflow for leases (Note) | 14,310 | 13,662 |
| Additions to right-of-use assets | 9,798 | 4,580 |

Note: The total cash outflows for leases amounted to RMB14,310,000 (2023: RMB13,662,000) (including short-term leases) for the year ended December 31, 2024, out of which RMB10,906,000 (2023: RMB10,067,000) was paid to Suzhou Alphasab.

The Group leased various property, plant and equipment to operate its R&D activities. The lease term is 3 years for both years. The lease agreements did not contain any contingent rent nor any extension or purchase option for the Group as a lessee. The lease agreements also 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.

Included in property, plant and equipment of the right-of-use assets are i) offices of RMB3,821,000 (2023: RMB3,813,000) and ii) plant and equipment of Nil (2023: RMB2,397,000). In addition, lease liabilities of RMB9,565,000 (2023: RMB4,580,000) are recognised with related right-of-use assets of RMB9,798,000 (2023: RMB4,580,000) during the year ended December 31, 2024.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately as the payments made can be allocated reliably.

As at December 31, 2023 and 2024, all right-of-use assets are located in the PRC.

Details of pledged land use rights in support of the Group's general banking facilities are set out in Note 36.

17. INVENTORIES

| | 2024 RMB'000 | 2023 RMB'000 |
|-------------------------------------|-----------------|-----------------|
| Raw materials and other consumables | 41,662 | 45,079 |
| Work in progress | 34,204 | 25,998 |
| Finished goods | 5,943 | 7,670 |
| | 81,809 | 78,747 |

18. TRADE RECEIVABLES

| | 2024 RMB'000 | 2023 RMB'000 |
|---|-----------------|-----------------|
| Trade receivables with contracts with customers | 16,519 | 7,131 |

As at January 1, 2023, trade receivables from contracts with customers amounted to RMB15,490,000.

The following is an ageing analysis of trade receivables, mainly representing the royalty fee, presented based on the date when the Group obtains the unconditional rights for payment at the end of the reporting period.

| | 2024 RMB'000 | 2023 RMB'000 |
|-------------|-----------------|-----------------|
| 0 – 60 days | 16,519 | 7,131 |

As at December 31, 2024, none of the Group's trade receivables are past due as at the reporting date.

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | 2024 RMB'000 | 2023 RMB'000 |
|--|-----------------|-----------------|
| Deposits | 827 | 1,047 |
| Interest receivables | 5,079 | 23,694 |
| Prepayments | 26,347 | 33,871 |
| Other receivables | 788 | 416 |
| Value-added tax recoverable | 6,549 | 7,439 |
| Total | 39,590 | 66,467 |
| Presented as non-current assets (Note) | 1,821 | 1,051 |
| Presented as current assets | 37,769 | 65,416 |
| | 39,590 | 66,467 |

Note: The balance mainly represents a portion of value-added tax recoverable that is not expected to be recoverable within the next 12 months from the reporting date and is therefore presented as non-current assets.

20. AMOUNT DUE FROM A RELATED PARTY

| | 2024 RMB'000 | 2023 RMB'000 |
|-----------------|-----------------|-----------------|
| Suzhou Alphamab | 3,785 | — |

The balance is unsecured and interest-free. The Group normally offers 45 days credit term for the trades with Suzhou Alphamab.

21. TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS/ CASH AND CASH EQUIVALENTS

| | 2024 RMB'000 | 2023 RMB'000 |
|--|-----------------|-----------------|
| Cash at banks and on hand | 502,122 | 176,912 |
| Time deposits with original maturity less than three months (Note) | 610,000 | 909,076 |
| Cash and cash equivalents | 1,112,122 | 1,085,988 |
| Time deposits with original maturity over three months (Note) | 459,345 | 321,248 |
| | 1,571,467 | 1,407,236 |

Note: The time deposits were placed with licensed commercial banks in the PRC. The time deposits confer the Group rights of early redemption at amortised cost before the maturity date. The time deposits carry interest at fixed rates ranging from 1.60% to 4.45% per annum as at December 31, 2024 (2023: 1.00% to 6.10% per annum) and the full amount of which will be matured within the next 12 months from the reporting date.

Bank balances carry interest at prevailing market interest rates ranging from 0.00% to 2.00% per annum as at December 31, 2024 (2023: 0.01% to 2.50% per annum).

The Group's cash and cash equivalents and time deposits with original maturity over three months that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

| | 2024 RMB'000 | 2023 RMB'000 |
|--------------------------------|-----------------|-----------------|
| United States Dollars ("US\$") | 444,589 | 720,614 |
| HK\$ | 140 | 137 |

22. TRADE AND OTHER PAYABLES

| | 2024 RMB'000 | 2023 RMB'000 |
|---|-----------------|-----------------|
| Trade payables | 39,222 | 27,163 |
| Accrued expenses | | |
| – Outsourcing service fees | 85,566 | 85,601 |
| – Staff costs | 25,897 | 26,157 |
| – Interest payable | 148 | 187 |
| – Others | 7,320 | 7,943 |
| | 118,931 | 119,888 |
| Payables for acquisition of property, plant and equipment | 10,918 | 13,704 |
| Other payables | 11,717 | 14,343 |
| Total | 180,788 | 175,098 |

The average credit period of trade payables ranged from 30 to 60 days.

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

| | 2024 RMB'000 | 2023 RMB'000 |
|-------------|-----------------|-----------------|
| 0 – 90 days | 39,222 | 27,163 |

23. AMOUNT DUE TO A RELATED COMPANY

The following is an aging analysis of the trade payable to Suzhou Alphamab:

| | 2024 RMB'000 | 2023 RMB'000 |
|--------------|-----------------|-----------------|
| 0 – 90 days | 3,068 | – |
| Over 90 days | – | 4,379 |

The balance is unsecured, interest-free and has no fixed repayment terms.

24. LEASE LIABILITIES

| | 2024 RMB'000 | 2023 RMB'000 |
|--|-----------------|-----------------|
| Lease liabilities payables | | |
| Within one year | 2,444 | 5,498 |
| More than one year, but not exceeding two years | 896 | 1,582 |
| More than two years but not exceeding five years | 375 | – |
| | 3,715 | 7,080 |
| Less: | | |
| Amounts show under current liabilities | 2,444 | 5,498 |
| Amounts show under non-current liabilities | 1,271 | 1,582 |

The lease liabilities were measured at the present value of the lease payments that are not yet paid at a weighted average discount rate of 3.68% (2023: 3.69%) per annum.

25. CONTRACT LIABILITIES

| | 2024 RMB'000 | 2023 RMB'000 |
|---|-----------------|-----------------|
| Amounts received in advance for provision of goods/consumables for research and development/co-development and commercialisation of drug candidates | 40,054 | 25,460 |
| Analyzed for reporting purposes as: | | |
| Current (Note ii) | 15,480 | 3,879 |
| Non-current (Note iii) | 24,574 | 21,581 |
| | 40,054 | 25,460 |

Notes:

- (i) As at January 1, 2023, contract liabilities amounted to RMB27,522,000.
- (ii) The directors of the Company expected the performance obligation of the related contracts will be fully satisfied within twelve months from the end of the reporting period. Therefore, the amounts were classified as current liabilities.
- (iii) The directors of the Company expected the performance obligation of the related contracts will not be fully satisfied within twelve months from the end of the reporting period. Therefore, the amounts were classified as non-current liabilities. The discount rates applied for the contract liabilities during the year ranged from 2.67% to 4.35% (2023: 3.70% to 4.35%).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

26. BANK BORROWINGS

| | 2024 RMB'000 | 2023 RMB'000 |
|---|-----------------|-----------------|
| Secured bank borrowings – variable-rate | 182,246 | 200,000 |
| Unsecured bank borrowings – variable-rate | – | 50,000 |
| | 182,246 | 250,000 |

Carrying amounts of bank borrowings are repayable based on repayment schedules as follows:

| | 2024 RMB'000 | 2023 RMB'000 |
|---|-----------------|-----------------|
| Within one year | 52,264 | 75,000 |
| More than one year, but not exceeding two years | 52,264 | 50,000 |
| More than two years, but not exceeding five years | 77,718 | 125,000 |
| | 182,246 | 250,000 |
| Less: | | |
| Amounts shown under current liabilities | 52,264 | 75,000 |
| Amounts shown under non-current liabilities | 129,982 | 175,000 |

26. BANK BORROWINGS (Continued)

The effective interest rates per annum on the Group's bank borrowings are as follows:

| | 2024 | 2023 |
|-------------------------------|------------|------------|
| Effective interest rate: | | |
| Variable-rate bank borrowings | 2.54-2.67% | 2.70-2.87% |

Details of pledge of assets in support of the secured bank borrowings are disclosed in Note 36.

27. SHARE CAPITAL

| | Notes | Number of shares | Par value per share | Amount US\$'000 |
|---|-------|---------------------|------------------------|--------------------|
| Authorised: | | | | |
| As at January 1, 2022, December 31, 2022 and December 31, 2023 | | 25,100,000,000 | US\$0.000002 | 50 |
| Issued and fully paid: | | | | |
| As at January 1, 2023 | | 939,716,387 | US\$0.000002 | 2 |
| Issuance of ordinary shares | (a) | 25,000,000 | US\$0.000002 | —* |
| Exercise of share options | (b) | 127,420 | US\$0.000002 | —* |
| As at December 31, 2023 | | 964,843,807 | US\$0.000002 | 2 |
| Exercise of share options | (c) | 80,000 | US\$0.000002 | —* |
| Shares repurchased (Note 28) | | (2,952,000) | US\$0.000002 | —* |
| As at December 31, 2024 | | 961,971,807 | US\$0.000002 | 2 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

27. SHARE CAPITAL (Continued)

| | RMB'000 |
|--|---------|
| Shown in the consolidated statement of financial position: | |
| As at December 31, 2023 | 13 |
| As at December 31, 2024 | 13 |

* less than US\$1,000

Notes:

- (a) On February 9, 2023, 25,000,000 ordinary shares of the Company were allotted and issued at a price of HK\$15.22 per share for a gross proceed of approximately HK\$380,500,000 (equivalent to RMB329,208,000) upon the placing of existing shares and top-up subscription of new shares.
- (b) During the year ended December 31, 2023, share option holders exercised their rights to subscribe for 38,670 ordinary shares, 72,750 ordinary shares and 16,000 ordinary shares in the Company at US\$0.01, US\$0.25 and HK\$6.21 per share, respectively.
- (c) During the year ended December 31, 2024, share option holders exercised their rights to subscribe for 80,000 ordinary shares in the Company at US\$0.25 per share.

28. TREASURY SHARES

During the year ended December 31, 2024, the Company repurchased its own ordinary shares through The Stock Exchange of Hong Kong Limited as follows:

| Month of repurchase | No. of ordinary shares | Price per share | | Aggregate consideration paid RMB'000 |
|---------------------|------------------------|-----------------|-------------|--------------------------------------|
| | | Highest HK\$ | Lowest HK\$ | |
| August 2024 | 662,000 | 2.60 | 2.48 | 1,543 |
| September 2024 | 360,000 | 2.55 | 2.48 | 829 |
| October 2024 | 1,330,000 | 3.95 | 3.74 | 4,714 |
| November 2024 | 600,000 | 3.80 | 3.78 | 2,102 |
| | 2,952,000 | | | 9,188 |

29. DEFERRED INCOME

| | 2024 RMB'000 | 2023 RMB'000 |
|----------------------------------|-----------------|-----------------|
| Income related government grants | — | 2,984 |

Movements of government grants:

| | Total RMB'000 |
|-----------------------------|------------------|
| As at January 1, 2023 | 5,216 |
| Amortised to profit or loss | (2,232) |
| As at January 1, 2024 | 2,984 |
| Amortised to profit or loss | (2,984) |
| As at December 31, 2024 | — |

30. SHARE-BASED PAYMENT TRANSACTIONS

(a) Equity-settled pre-IPO share option scheme of the Company:

- (i) Pursuant to a written resolution of the shareholders of the Company dated October 16, 2018, a pre-IPO share option scheme (the “Pre-IPO Share Option Scheme I”) of the Company was approved and adopted. The Pre-IPO Share Option Scheme I was established to recognise and motivate the contribution of the eligible persons and to provide incentives and help the Group in retaining its existing employees, including any full time or part time employee (including any executive and non-executive director or proposed executive director and non-executive director) of the Group (the “Employees”), and to recruit additional employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Group. Under the Pre-IPO Share Option Scheme I, the board of directors of the Company may grant options to the eligible persons to subscribe for shares in the Company.

The granted options under the Pre-IPO Share Option Scheme I have a contractual option term of ten years. Options granted must be taken up within 10 years from the date of grant, upon payment US\$0.071 per option at the time of exercise (equivalent to HK\$0.554 per option). No consideration is payable on the grant of an option. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The options may not be exercised until they vest. Once vested, the vested portion of the options may be exercised in whole or in part, at any time.

30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Equity-settled pre-IPO share option scheme of the Company: (Continued)

(i) (Continued)

The following table discloses movements of the Company's share options held by the directors and employees of the Group under the Pre-IPO Share Option Scheme I during the years ended December 31, 2024 and 2023:

| | Date of grant | Vesting proportion | Vesting period | Exercisable period | Exercise price | |
|-------------------|---------------------|--------------------|-------------------------|-------------------------|----------------|---------------------------------------|
| | | | | | per share | Before/after Share Subdivision (Note) |
| | | | | | US\$/US\$ | US\$/US\$ |
| Time-based | | | | | | |
| Option 1 | Executive director: | | | | | |
| | Ms. Liu Yang | | | | | |
| | 10.10.2018 | 25% | 10.10.2018 – 10.10.2019 | 10.10.2019 – 10.10.2028 | | 0.071/0.0142 |
| | | 25% | 10.10.2018 – 10.10.2020 | 10.10.2020 – 10.10.2028 | | 0.071/0.0142 |
| | | 25% | 10.10.2018 – 10.10.2021 | 10.10.2021 – 10.10.2028 | | 0.071/0.0142 |
| | | 25% | 10.10.2018 – 10.10.2022 | 10.10.2022 – 10.10.2028 | | 0.071/0.0142 |
| Option 2 | Employees: | | | | | |
| | Management | | | | | |
| | 10.10.2018 | 40% | 10.10.2018 – 10.10.2019 | 10.10.2019 – 10.10.2028 | | 0.071/0.0142 |
| | | 30% | 10.10.2018 – 10.10.2020 | 10.10.2020 – 10.10.2028 | | 0.071/0.0142 |
| | | 15% | 10.10.2018 – 10.10.2021 | 10.10.2021 – 10.10.2028 | | 0.071/0.0142 |
| | | 15% | 10.10.2018 – 10.10.2022 | 10.10.2022 – 10.10.2028 | | 0.071/0.0142 |
| Option 3 | Executive director: | | | | | |
| | Dr. Xu | | | | | |
| | 06.30.2019 | 25% | 06.30.2019 – 10.10.2019 | 10.10.2019 – 06.30.2029 | | 0.071/0.0142 |
| | | 25% | 06.30.2019 – 10.10.2020 | 10.10.2020 – 06.30.2029 | | 0.071/0.0142 |
| | | 25% | 06.30.2019 – 10.10.2021 | 10.10.2021 – 06.30.2029 | | 0.071/0.0142 |
| | | 25% | 06.30.2019 – 10.10.2022 | 10.10.2022 – 06.30.2029 | | 0.071/0.0142 |

Note: On November 24, 2019, pursuant to a resolution of the shareholders of the Company, it was approved that a share subdivision pursuant to which each issued and unissued share capital was split into five shares of the corresponding class with par value of US\$0.000002 each (the "Share Subdivision"). This applies to Pre-IPO Share Option Scheme I & Pre-IPO Share Option Scheme II in Note 30(a).

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30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Equity-settled pre-IPO share option scheme of the Company: (Continued)

(i) (Continued)

The following table discloses movements of the Company's share options held by the directors and employees of the Group under the Pre-IPO Share Option Scheme I during the years ended December 31, 2024 and 2023: (Continued)

| | | Date of grant | Vesting proportion | Vesting period | Exercisable period | Exercise price per share Before/after Share Subdivision US\$US\$ |
|----------|--------------------------|---------------|--------------------|-------------------------|-------------------------|--|
| Option 4 | Employees: Management | 06.30.2019 | 25% | 06.30.2019 – 10.10.2019 | 10.10.2019 – 06.30.2029 | 0.071/0.0142 |
| | | | 25% | 06.30.2019 – 10.10.2020 | 10.10.2020 – 06.30.2029 | 0.071/0.0142 |
| | | | 25% | 06.30.2019 – 10.10.2021 | 10.10.2021 – 06.30.2029 | 0.071/0.0142 |
| | | | 25% | 06.30.2019 – 10.10.2022 | 10.10.2022 – 06.30.2029 | 0.071/0.0142 |
| Option 5 | Employees: Management | 06.30.2019 | 25% | 06.30.2019 – 10.10.2020 | 10.10.2020 – 06.30.2029 | 0.071/0.0142 |
| | | | 25% | 06.30.2019 – 10.10.2021 | 10.10.2021 – 06.30.2029 | 0.071/0.0142 |
| | | | 25% | 06.30.2019 – 10.10.2022 | 10.10.2022 – 06.30.2029 | 0.071/0.0142 |
| | | | 25% | 06.30.2019 – 10.10.2023 | 10.10.2023 – 06.30.2029 | 0.071/0.0142 |
| Option 6 | Employees: Others | 11.08.2019 | 25% | 11.08.2019 – 11.08.2020 | 11.08.2020 – 11.08.2029 | 0.071/0.0142 |
| | | | 25% | 11.08.2019 – 11.08.2021 | 11.08.2021 – 11.08.2029 | 0.071/0.0142 |
| | | | 25% | 11.08.2019 – 11.08.2022 | 11.08.2022 – 11.08.2029 | 0.071/0.0142 |
| | | | 25% | 11.08.2019 – 11.08.2023 | 11.08.2023 – 11.08.2029 | 0.071/0.0142 |

(a) Equity-settled pre-IPO share option scheme of the Company: (Continued)

The following table discloses movements of the Company's share options held by the directors and employees of the Group under the Pre-IPO Share Option Scheme I during the years ended December 31, 2024 and 2023: (Continued)

| | | | | | | |
|-----------|-------------------------------|------------|-----|-------------------------|-------------------------|--------------|
| Option 10 | Executive director: Dr. Xu | 06.30.2019 | 25% | 06.30.2019 – 12.12.2019 | 12.12.2019 – 06.30.2029 | 0.071/0.0142 |
| | | | 25% | 06.30.2019 – 09.30.2021 | 09.30.2021 – 06.30.2029 | 0.071/0.0142 |
| | | | 25% | 06.30.2019 – 12.30.2025 | 12.30.2025 – 06.30.2029 | 0.071/0.0142 |
| | | | 15% | 06.30.2019 – 10.30.2025 | 10.30.2025 – 06.30.2029 | 0.071/0.0142 |
| | | | 10% | 06.30.2019 – 06.30.2026 | 06.30.2026 – 06.30.2029 | 0.071/0.0142 |
| Option 11 | Employees: Management | 06.30.2019 | 50% | 06.30.2019 – 12.12.2019 | 12.12.2019 – 06.30.2029 | 0.071/0.0142 |
| | | | 50% | 06.30.2019 – 10.31.2021 | 10.31.2021 – 06.30.2029 | 0.071/0.0142 |
| Option 12 | Employees: Management | 06.30.2019 | 40% | 06.30.2019 – 12.12.2019 | 12.12.2019 – 06.30.2029 | 0.071/0.0142 |
| | | | 15% | 06.30.2019 – 09.30.2021 | 09.30.2021 – 06.30.2029 | 0.071/0.0142 |
| | | | 15% | 06.30.2019 – 12.12.2021 | 12.12.2021 – 06.30.2029 | 0.071/0.0142 |
| | | | 15% | 06.30.2019 – 12.12.2023 | 12.12.2023 – 06.30.2029 | 0.071/0.0142 |
| | | | 15% | 06.30.2019 – 10.30.2025 | 10.30.2025 – 06.30.2029 | 0.071/0.0142 |

(a) Equity-settled pre-IPO share option scheme of the Company: (Continued)

The following table discloses movements of the Company's share options held by the directors and employees of the Group under the Pre-IPO Share Option Scheme I during the years ended December 31, 2024 and 2023: (Continued)

| | | Date of grant | Vesting proportion | Vesting period | Exercisable period | Exercise price per share Before/after Share Subdivision US\$/US\$ |
|-----------|-------------------------------|---------------|---------------------------------|---|---|--|
| Option 15 | Employees: Others | 06.30.2019 | 15% 15% 35% 25% 10% | 06.30.2019 – 12.12.2019 06.30.2019 – 09.30.2021 06.30.2019 – 12.30.2025 06.30.2019 – 10.30.2025 06.30.2019 – 06.30.2026 | 12.12.2019 – 06.30.2029 09.30.2021 – 06.30.2029 12.30.2025 – 06.30.2029 10.30.2025 – 06.30.2029 06.30.2026 – 06.30.2029 | 0.071/0.0142 0.071/0.0142 0.071/0.0142 0.071/0.0142 0.071/0.0142 |
| Option 16 | Employees: Others | 06.30.2019 | 25% 25% 25% 15% 10% | 06.30.2019 – 12.12.2019 06.30.2019 – 09.30.2021 06.30.2019 – 12.30.2025 06.30.2019 – 10.30.2025 06.30.2019 – 06.30.2026 | 12.12.2019 – 06.30.2029 09.30.2021 – 06.30.2029 12.30.2025 – 06.30.2029 10.30.2025 – 06.30.2029 06.30.2026 – 06.30.2029 | 0.071/0.0142 0.071/0.0142 0.071/0.0142 0.071/0.0142 0.071/0.0142 |
| Option 17 | Executive director: Dr. Xu | 11.08.2019 | 100% | 11.08.2019 -12.12.2019 | 12.12.2019 – 11.08.2029 | 0.071/0.0142 |

30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)**(a) Equity-settled pre-IPO share option scheme of the Company: (Continued)****(i) (Continued)**

The following table discloses movements of the Company's share options held by the directors and employees of the Group under the Pre-IPO Share Option Scheme I during the years ended December 31, 2024 and 2023: (Continued)

| | Number of share options | | | | | | | | |
|----------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | Outstanding | | | | | | | | |
| | at | | | | | | | | |
| | Outstanding at 01.01.2023 | Forfeited during the year | Cancelled during the year | Exercised during the year | 12.31.2023 and 01.01.2024 | Forfeited during the year | Cancelled during the year | Exercised during the year | Outstanding at 12.31.2024 |
| Time-based | | | | | | | | | |
| Option 1 | 1,120,000 | – | – | – | 1,120,000 | – | – | – | 1,120,000 |
| Option 2 | 16,500 | – | – | (16,500) | – | – | – | – | – |
| Option 3 | 5,254,415 | – | – | – | 5,254,415 | – | – | – | 5,254,415 |
| Option 4 | 2,901,180 | – | – | – | 2,901,180 | – | – | – | 2,901,180 |
| Option 5 | 93,600 | – | – | (19,630) | 73,970 | – | – | – | 73,970 |
| Option 6 | 45,000 | (45,000) | – | – | – | – | – | – | – |
| Time-based sub-total | 9,430,695 | (45,000) | – | (36,130) | 9,349,565 | – | – | – | 9,349,565 |

30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Equity-settled pre-IPO share option scheme of the Company: (Continued)

(i) (Continued)

The following table discloses movements of the Company's share options held by the directors and employees of the Group under the Pre-IPO Share Option Scheme I during the years ended December 31, 2024 and 2023: (Continued)

| | Number of share options | | | | | | | | |
|------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | Outstanding | | | | | | | | |
| | at | | | | | | | | |
| | Outstanding at 01.01.2023 | Forfeited during the year | Cancelled during the year | Exercised during the year | 12.31.2023 and 01.01.2024 | Forfeited during the year | Cancelled during the year | Exercised during the year | Outstanding at 12.31.2024 |
| Milestone-based (note) | | | | | | | | | |
| Option 7 | 271,500 | (6,750) | – | (2,500) | 262,250 | (14,750) | – | – | 247,500 |
| Option 8 | 1,120,000 | – | – | – | 1,120,000 | – | – | – | 1,120,000 |
| Option 9 | 312,500 | – | – | – | 312,500 | – | – | – | 312,500 |
| Option 10 | 5,254,415 | – | – | – | 5,254,415 | – | – | – | 5,254,415 |
| Option 11 | 1,401,175 | – | – | – | 1,401,175 | – | – | – | 1,401,175 |
| Option 12 | 1,500,000 | – | – | – | 1,500,000 | – | – | – | 1,500,000 |
| Option 13 | 140,545 | – | – | – | 140,545 | (140,545) | – | – | – |
| Option 14 | 55,000 | – | – | (40) | 54,960 | (54,960) | – | – | – |
| Option 15 | 98,000 | – | – | – | 98,000 | – | – | – | 98,000 |
| Option 16 | 171,250 | (43,750) | – | – | 127,500 | (5,000) | – | – | 122,500 |

30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)**(a) Equity-settled pre-IPO share option scheme of the Company: (Continued)****(i) (Continued)**

The following table discloses movements of the Company's share options held by the directors and employees of the Group under the Pre-IPO Share Option Scheme I during the years ended December 31, 2024 and 2023: (Continued)

| | Number of share options | | | | | | | |
|---------------------------|-------------------------|-----------|-----------|-----------|-------------|-----------|-----------|------------|
| | Outstanding | | | | Outstanding | | | |
| | at | Forfeited | Cancelled | Exercised | at | Forfeited | Cancelled | Exercised |
| | 01.01.2023 | during | during | during | 12.31.2023 | during | during | during |
| | | the year | the year | the year | and | the year | the year | the year |
| | | | | | 01.01.2024 | | | |
| | | | | | | | | at |
| | | | | | | | | 12.31.2024 |
| Option 17 | 2,000,000 | - | - | - | 2,000,000 | - | - | - |
| Milestone-based | | | | | | | | |
| sub-total | 12,324,385 | (50,500) | - | (2,540) | 12,271,345 | (215,255) | - | - |
| Total | 21,755,080 | (95,500) | - | (38,670) | 21,620,910 | (215,255) | - | - |
| Exercisable at the end of | | | | | | | | |
| the year | 16,822,015 | | | | 16,447,210 | | | 16,447,210 |
| Weighted average exercise | | | | | | | | |
| price per share (US\$) | 0.0142 | 0.0142 | N/A | 0.0142 | 0.0142 | 0.0142 | N/A | N/A |

Note: The share options outstanding at 31 December 2024 had a weighted average remaining contractual life of 4.45 years (2023: 5.45 years).

No share options were exercised during the year (In respect of the share options exercised during 2023, the weighted average share price at the dates of exercise was US\$1.003, equivalent to HK\$7.833).

Milestone-based pre-IPO share options are granted conditionally upon the achievement of a specified performance target including but not limited to, completion of the Listing, marketing authorisation of various drug candidates or achievement of sales targets by a specific time and the expected vesting periods are estimated by the directors of the Company based on the most likely outcome of the performance conditions.

On March 29, 2019, the board of directors of the Company passed a resolution to change certain performance targets and the estimated dates of the most likely outcome of performance conditions in relation to certain milestone-based share options granted under the Pre-IPO Share Option Scheme I which were not beneficial to the employees. Thus, the amount to be recognised for services received from the employee continues to be measured based on the original vesting conditions.

30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Equity-settled pre-IPO share option scheme of the Company: (Continued)

(i) (Continued)

Fair values of the Pre-IPO Share Option Scheme I

These fair values were calculated using the binomial model. The inputs into the model were as follows:

| | Date of grant | | |
|--|---------------|----------------|---------------|
| | 10.10.2018 | 06.30.2019 | 11.08.2019 |
| Ordinary share price as at date of grant | US\$2.195 | US\$2.437 | US\$5.379 |
| Exercise price | US\$0.071 | US\$0.071 | US\$0.071 |
| Expected volatility | 38.8% | 32.2% | 32.1% |
| Expected life | 10 years | 10 years | 10 years |
| Risk-free rate | 3.17% | 2.05% | 1.95% |
| Expected dividend yield | 0% | 0% | 0% |
| Total grant date fair value | US\$9,719,000 | US\$14,572,000 | US\$4,109,000 |

The expected volatility measured at the standard deviation was based on the historical data of the daily share price movement of comparable companies. The fair value of an option varies with different variables of certain subjective assumptions.

The Group recognised total expense of approximately RMB1,883,000 for the year ended December 31, 2024 (2023: RMB403,000) in relation to the share options granted by the Company under the Pre-IPO Share Option Scheme I.

- (ii) Pursuant to a written resolution of the shareholders of the Company dated March 29, 2019, another pre-IPO share option scheme (the “Pre-IPO Share Option Scheme II”) of the Company was approved and adopted on April 9, 2019. The Pre-IPO Share Option Scheme II was established to recognise and motivate the contribution of the eligible persons and to provide incentives and help the Group in retaining its Employees, and to recruit additional employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Group. Under the Pre-IPO Share Option Scheme II, the board of directors of the Company may grant options to the eligible persons to subscribe for shares in the Company.

The granted options had a contractual option term of ten years. Options granted must be taken up within ten years from the date of grant, upon payment of either US\$1.225 or US\$2.449 per option (equivalent to HK\$9.555 or HK\$19.102 per option). No consideration was payable on the grant of an option. The Group had no legal or constructive obligations to repurchase or settle the options in cash. The options might not be exercised until they vest. Once vested, the vested portion of the options might be exercised in whole or in part, at any time.

30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Equity-settled pre-IPO share option scheme of the Company: (Continued)

(ii) (Continued)

The following table discloses movements of the Company's share options held by the directors and employees of the Group under the Pre-IPO Share Option Scheme II during the year:

| | | | | | | Exercise price per share |
|-------------------|---------------------|------------|-----|-------------------------|-------------------------|-----------------------------------|
| | | | | | | Before/after Share Subdivision |
| | | | | | | US\$/US\$ |
| Time-based | | | | | | |
| Option 18 | Executive director: | | | | | |
| | Dr. Xu | 06.30.2019 | 25% | 06.30.2019 – 06.30.2020 | 06.30.2020 – 06.30.2029 | 2.449/0.4898 |
| | | | 25% | 06.30.2019 – 06.30.2021 | 06.30.2021 – 06.30.2029 | 2.449/0.4898 |
| | | | 25% | 06.30.2019 – 06.30.2022 | 06.30.2022 – 06.30.2029 | 2.449/0.4898 |
| | | | 25% | 06.30.2019 – 06.30.2023 | 06.30.2023 – 06.30.2029 | 2.449/0.4898 |
| Option 19 | Employees: | | | | | |
| | Management | 06.30.2019 | 25% | 06.30.2019 – 06.30.2020 | 06.30.2020 – 06.30.2029 | 2.449/0.4898 |
| | | | 25% | 06.30.2019 – 06.30.2021 | 06.30.2021 – 06.30.2029 | 2.449/0.4898 |
| | | | 25% | 06.30.2019 – 06.30.2022 | 06.30.2022 – 06.30.2029 | 2.449/0.4898 |
| | | | 25% | 06.30.2019 – 06.30.2023 | 06.30.2023 – 06.30.2029 | 2.449/0.4898 |
| Option 20 | Employees: | | | | | |
| | Management | 11.13.2019 | 25% | 11.13.2019 – 11.08.2020 | 11.08.2020 – 11.08.2029 | 1.225/0.2245 |
| | | | 25% | 11.13.2019 – 11.08.2021 | 11.08.2021 – 11.08.2029 | 1.225/0.2245 |
| | | | 25% | 11.13.2019 – 11.08.2022 | 11.08.2022 – 11.08.2029 | 1.225/0.2245 |
| | | | 25% | 11.13.2019 – 11.08.2023 | 11.08.2023 – 11.08.2029 | 1.225/0.2245 |

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For the year ended December 31, 2024

30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Equity-settled pre-IPO share option scheme of the Company: (Continued)

(ii) (Continued)

The following table discloses movements of the Company's share options held by the directors and employees of the Group under the Pre-IPO Share Option Scheme II during the year: (Continued)

| | | | | | | Exercise price per share |
|-------------------------------|-------------------------------|-----------------------|-------------------------|-------------------------|--|--|
| | | | | | | Before/after Share Subdivision US\$/US\$ |
| | Date of grant | Vesting proportion | Vesting period | Exercisable period | | |
| Option 21 | Employees: Others | 25% | 11.08.2019 – 11.08.2020 | 11.08.2020 – 11.08.2029 | | 2.449/0.4898 |
| | | | | | | 2.449/0.4898 |
| | | | | | | 2.449/0.4898 |
| | | | | | | 2.449/0.4898 |
| | | 25% | 11.08.2019 – 11.08.2023 | 11.08.2023 – 11.08.2029 | | 2.449/0.4898 |
| | | | | | | 2.449/0.4898 |
| | | | | | | 2.449/0.4898 |
| | | | | | | 2.449/0.4898 |
| Milestone-based (Note) | | | | | | |
| Option 22 | Executive director Dr. Xu. | 25% | 06.30.2019 – 12.12.2019 | 12.12.2019 – 06.30.2029 | | 2.449/0.4898 |
| | | | | | | 2.449/0.4898 |
| | | | | | | 2.449/0.4898 |
| | | | | | | 2.449/0.4898 |
| | | 25% | 06.30.2019 – 09.30.2021 | 09.30.2021 – 06.30.2029 | | 2.449/0.4898 |
| | | | | | | 2.449/0.4898 |
| | | | | | | 2.449/0.4898 |
| | | | | | | 2.449/0.4898 |
| | | 25% | 06.30.2019 – 12.30.2025 | 12.30.2025 – 06.30.2029 | | 2.449/0.4898 |
| | | | | | | 2.449/0.4898 |
| | | | | | | 2.449/0.4898 |
| | | | | | | 2.449/0.4898 |
| | | 15% | 06.30.2019 – 10.30.2025 | 10.30.2025 – 06.30.2029 | | 2.449/0.4898 |
| | | | | | | 2.449/0.4898 |
| | | | | | | 2.449/0.4898 |
| | | | | | | 2.449/0.4898 |
| | | 10% | 06.30.2019 – 06.30.2026 | 06.30.2026 – 06.30.2029 | | 2.449/0.4898 |
| | | | | | | 2.449/0.4898 |
| | | | | | | 2.449/0.4898 |
| | | | | | | 2.449/0.4898 |

30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Equity-settled pre-IPO share option scheme of the Company: (Continued)

(ii) (Continued)

The following table discloses movements of the Company's share options held by the directors and employees of the Group under the Pre-IPO Share Option Scheme II during the year: (Continued)

| | Number of share options | | | | | | | | Outstanding at 12.31.2024 |
|----------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | Outstanding at 01.01.2023 | Forfeited during the year | Cancelled during the year | Exercised during the year | Outstanding at 01.01.2024 | Forfeited during the year | Cancelled during the year | Exercised during the year | |
| Time-based | | | | | | | | | |
| Option 18 | 2,117,335 | - | - | - | 2,117,335 | - | - | - | 2,117,335 |
| Option 19 | 110,950 | - | - | - | 110,950 | - | - | - | 110,950 |
| Option 20 | 234,000 | - | - | (44,000) | 190,000 | - | - | (80,000) | 110,000 |
| Option 21 | 57,500 | - | - | (28,750) | 28,750 | - | - | - | 28,750 |
| Time-based sub-total | 2,519,785 | - | - | (72,750) | 2,447,035 | - | - | (80,000) | 2,367,035 |
| Option 22 | 2,117,335 | - | - | - | 2,117,335 | - | - | - | 2,117,335 |
| Option 23 | 423,465 | - | - | - | 423,465 | - | - | - | 423,465 |
| Option 24 | 210,810 | - | - | - | 210,810 | (210,810) | - | - | - |

30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)**(a) Equity-settled pre-IPO share option scheme of the Company: (Continued)****(ii) (Continued)**

The following table discloses movements of the Company's share options held by the directors and employees of the Group under the Pre-IPO Share Option Scheme II during the year: (Continued)

| | Number of share options | | | | | | | | |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | Outstanding at 01.01.2023 | Forfeited during the year | Cancelled during the year | Exercised during the year | Outstanding at 01.01.2024 | Forfeited during the year | Cancelled during the year | Exercised during the year | Outstanding at 12.31.2024 |
| Option 25 | 56,250 | (7,500) | – | – | 48,750 | – | – | – | 48,750 |
| Milestone-based sub-total | 2,807,860 | (7,500) | – | – | 2,800,360 | (210,810) | – | – | 2,589,550 |
| Total | 5,327,645 | (7,500) | – | (72,750) | 5,247,395 | (210,810) | – | (80,000) | 4,956,585 |
| Exercisable at the end of the year | 3,328,360 | | | | 3,929,170 | | | | 3,859,170 |
| Weighted average exercise price per share (US\$) | 0.4590 | 0.2450 | N/A | 0.2450 | 0.4623 | 0.2450 | N/A | 0.2450 | 0.4751 |

Note: The share options outstanding at 31 December 2024 had a weighted average remaining contractual life of 4.51 years (2023: 5.52 years).

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise was US\$0.61, equivalent to HK\$4.76(2023: US\$1.04, equivalent to HK\$8.13).

Milestone-based pre-IPO share options are granted conditionally upon the achievement of a specified performance target including but not limited to, completion of the Listing, marketing authorisation of various drug candidates, achievement of sales targets, or increase in the Company's market capitalisation after the Listing by a specific time and the expected vesting periods are estimated by the directors of the Company based on the most likely outcome of the performance conditions.

30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Equity-settled pre-IPO share option scheme of the Company: (Continued)

(ii) (Continued)

Fair value of the Pre-IPO Share Option Scheme II

These fair values were calculated using the binomial model. The inputs into the model were as follows:

| | Date of grant | |
|--|------------------------|------------------------|
| | 11.08.2019 | |
| | & | |
| | 06.30.2019 | 11.13.2019 |
| Ordinary share price as at date of grant | US\$2.437 | US\$5.379 |
| Exercise price | US\$1.225 or US\$2.449 | US\$1.225 or US\$2.449 |
| Expected volatility | 32.2% | 32.1% |
| Expected life | 10 years | 10 years |
| Risk-free rate | 2.05% | 1.95% |
| Expected dividend yield | 0% | 0% |
| Total grant date fair value | US\$2,212,000 | US\$1,816,000 |

The expected volatility measured at the standard deviation was based on the historical data of the daily share price movement of comparable companies. The fair value of an option varied with different variables of certain subjective assumptions.

The Group recognised total expense of approximately RMB3,000 for the year ended December 31, 2024 (2023: RMB518,000) in relation to the share options granted by the Company under the Pre-IPO Share Option Scheme II.

30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) Equity-settled post-IPO share option scheme of the Company:

Pursuant to a shareholders' resolution of the Company dated May 25, 2020, a post-IPO share option scheme (the "Post-IPO Share Option Scheme I") of the Company was approved and adopted. The Post-IPO Share Option Scheme I was established to provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Group, and to incentivise them to remain with the Group, as well as for such other purposes as the board of directors of the Company may approve from time to time. Under the Post-IPO Share Option Scheme I, the board of directors of the Company may grant options to the eligible persons to subscribe for shares in the Company.

The granted options have a contractual option term of ten years. Options granted must be taken up within ten years from the date of grant, upon payment of HK\$13.00, HK\$18.06, HK\$6.94, HK\$6.214, HK\$16.064, HK\$10.48, HK\$4.35 or HK\$3.86 per option. No consideration is payable on the grant of an option. The Group has no legal or constructive obligations to repurchase or settle the options in cash. The options may not be exercised until they vest. Once vested, the vested portion of the options may be exercised in whole or in part, at any time.

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30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) Equity-settled post-IPO share option scheme of the Company: (Continued)

The following table discloses movements of the Company's share options held by the directors and employees of the Group under the post-IPO Share Option Scheme I during the year:

| | | Date of grant | Vesting proportion | Vesting period | Exercisable period | Exercise price per share after Share Subdivision HK\$ |
|--------------------------------|------------|------------------|-----------------------|-------------------------|-------------------------|--|
| Time-based Option 26 | Employees: | | | | | |
| | Management | 04.23.2021 | 20% | 04.23.2021 – 04.23.2022 | 04.23.2022 – 04.23.2031 | 13.00 |
| | | | 20% | 04.23.2021 – 04.23.2023 | 04.23.2023 – 04.23.2031 | 13.00 |
| | | | 20% | 04.23.2021 – 04.23.2024 | 04.23.2024 – 04.23.2031 | 13.00 |
| | | | 40% | 04.23.2021 – 04.23.2025 | 04.23.2025 – 04.23.2031 | 13.00 |
| Option 27 | Employees: | | | | | |
| | Others | 10.25.2021 | 20% | 10.25.2021 – 10.25.2022 | 10.25.2022 – 10.25.2031 | 18.06 |
| | | | 20% | 10.25.2021 – 10.25.2023 | 10.25.2023 – 10.25.2031 | 18.06 |
| | | | 20% | 10.25.2021 – 10.25.2024 | 10.25.2024 – 10.25.2031 | 18.06 |
| | | | 40% | 10.25.2021 – 10.25.2025 | 10.25.2025 – 10.25.2031 | 18.06 |
| Option 28 | Employees: | | | | | |
| | Management | 04.25.2022 | 20% | 04.25.2022 – 04.25.2023 | 04.25.2023 – 04.25.2032 | 6.94 |
| | | | 20% | 04.25.2022 – 04.25.2024 | 04.25.2024 – 04.25.2032 | 6.94 |
| | | | 20% | 04.25.2022 – 04.25.2025 | 04.25.2025 – 04.25.2032 | 6.94 |
| | | | 40% | 04.25.2022 – 04.25.2026 | 04.25.2026 – 04.25.2032 | 6.94 |

30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) Equity-settled post-IPO share option scheme of the Company: (Continued)

The following table discloses movements of the Company's share options held by the directors and employees of the Group under the post-IPO Share Option Scheme I during the year: (Continued)

| | | Date of grant | Vesting proportion | Vesting period | Exercisable period | Exercise price per share after Share Subdivision HK\$ |
|-----------|--------------------------|------------------|-----------------------|-------------------------|-------------------------|--|
| Option 29 | Employees: Others | 10.24.2022 | 20% | 10.24.2022 – 10.24.2023 | 10.24.2023 – 10.24.2032 | 6.214 |
| | | | 20% | 10.24.2022 – 10.24.2024 | 10.24.2024 – 10.24.2032 | 6.214 |
| | | | 20% | 10.24.2022 – 10.24.2025 | 10.24.2025 – 10.24.2032 | 6.214 |
| | | | 40% | 10.24.2022 – 10.24.2026 | 10.24.2026 – 10.24.2032 | 6.214 |
| Option 30 | Employees: Management | 04.24.2023 | 20% | 04.24.2023 – 04.24.2024 | 04.24.2024 – 04.24.2033 | 16.064 |
| | | | 20% | 04.24.2023 – 04.24.2025 | 04.24.2025 – 04.24.2033 | 16.064 |
| | | | 20% | 04.24.2023 – 04.24.2026 | 04.24.2026 – 04.24.2033 | 16.064 |
| | | | 40% | 04.24.2023 – 04.24.2027 | 04.24.2027 – 04.24.2033 | 16.064 |
| Option 31 | Employees: Others | 10.24.2023 | 20% | 10.24.2023 – 10.24.2024 | 10.24.2024 – 10.24.2033 | 10.48 |
| | | | 20% | 10.24.2023 – 10.24.2025 | 10.24.2025 – 10.24.2033 | 10.48 |
| | | | 20% | 10.24.2023 – 10.24.2026 | 10.24.2026 – 10.24.2033 | 10.48 |
| | | | 40% | 10.24.2023 – 10.24.2027 | 10.24.2027 – 10.24.2033 | 10.48 |

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30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) Equity-settled post-IPO share option scheme of the Company: (Continued)

The following table discloses movements of the Company's share options held by the directors and employees of the Group under the post-IPO Share Option Scheme I during the year: (Continued)

| | | Date of grant | Vesting proportion | Vesting period | Exercisable period | Exercise price per share after Share Subdivision | HK\$ |
|-----------|--------------------------|------------------|-----------------------|-------------------------|-------------------------|--|------|
| Option 32 | Employees: Management | 04.23.2024 | 20% | 04.23.2024 – 04.23.2025 | 04.23.2025 – 04.23.2034 | | 4.35 |
| | | | 20% | 04.23.2024 – 04.23.2026 | 04.23.2026 – 04.23.2034 | | 4.35 |
| | | | 20% | 04.23.2024 – 04.23.2027 | 04.23.2027 – 04.23.2034 | | 4.35 |
| | | | 40% | 04.23.2024 – 04.23.2028 | 04.23.2028 – 04.23.2034 | | 4.35 |
| Option 33 | Employees: Others | 10.23.2024 | 20% | 10.23.2024 – 10.23.2025 | 10.23.2025 – 10.23.2034 | | 3.86 |
| | | | 20% | 10.23.2024 – 10.23.2026 | 10.23.2026 – 10.23.2034 | | 3.86 |
| | | | 20% | 10.23.2024 – 10.23.2027 | 10.23.2027 – 10.23.2034 | | 3.86 |
| | | | 40% | 10.23.2024 – 10.23.2028 | 10.23.2028 – 10.23.2034 | | 3.86 |

30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)**(b) Equity-settled post-IPO share option scheme of the Company: (Continued)**

The following table discloses movements of the Company's share options held by the directors and employees of the Group under the post-IPO Share Option Scheme I during the year: (Continued)

| | Number of share options | | | | | | | | | | |
|--|---------------------------------|-------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|-------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | Outstanding at 01.01.2023 | Granted during the year | Forfeited during the year | Cancelled during the year | Exercised during the year | Outstanding at 12.31.2023 | Granted during the year | Forfeited during the year | Cancelled during the year | Exercised during the year | Outstanding at 12.31.2024 |
| Time-based | | | | | | | | | | | |
| Option 26 | 150,000 | - | - | - | - | 150,000 | - | - | - | - | 150,000 |
| Option 27 | 600,000 | - | - | - | - | 600,000 | - | (180,000) | - | - | 420,000 |
| Option 28 | 500,000 | - | - | - | - | 500,000 | - | - | - | - | 500,000 |
| Option 29 | 220,000 | - | (30,000) | - | (16,000) | 174,000 | - | - | - | - | 174,000 |
| Option 30 | - | 850,000 | (850,000) | - | - | - | - | - | - | - | - |
| Option 31 | - | 500,000 | - | - | - | 500,000 | - | (400,000) | - | - | 100,000 |
| Option 32 | - | - | - | - | - | - | 1,180,000 | - | - | - | 1,180,000 |
| Option 33 | - | - | - | - | - | - | 470,000 | - | - | - | 470,000 |
| Total | 1,470,000 | 1,350,000 | (880,000) | - | (16,000) | 1,924,000 | 1,650,000 | (580,000) | - | - | 2,994,000 |
| Exercisable at the end of the year | 150,000 | | | | | 422,000 | | | | | 602,000 |
| Weighted average exercise price per share (HK\$) | 14.00 | 15.75 | 10.07 | N/A | 6.94 | 11.80 | 4.21 | 12.83 | N/A | N/A | 7.38 |

Note: The share options outstanding at 31 December 2024 had a weighted average remaining contractual life of 8.54 years (2023: 8.60 years).

30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) Equity-settled post-IPO share option scheme of the Company: (Continued)

Fair value of the Post-IPO Share Option Scheme I

These fair values were calculated using the binomial model. The inputs into the model were as follows:

| | Ordinary share price as at date of grant | Exercise price | Expected volatility | Expected life | Risk-free rate | Expected dividend yield | Total grant date fair value |
|----------------------|--|-------------------|------------------------|---------------|-------------------|-------------------------------|-----------------------------------|
| Date of grant | | | | | | | |
| 04.23.2021 | HK\$24.45 | HK\$13.00 | 34.00% | 10 years | 1.23% | 0% | HK\$47,609,966 |
| 10.25.2021 | HK\$18.06 | HK\$18.06 | 33.20% | 10 years | 1.50% | 0% | HK\$3,569,944 |
| 04.25.2022 | HK\$6.41 | HK\$6.94 | 32.60% | 10 years | 2.78% | 0% | HK\$4,566,124 |
| 10.24.2022 | HK\$5.69 | HK\$6.214 | 33.00% | 10 years | 4.16% | 0% | HK\$444,091 |
| 04.24.2023 | HK\$16.064 | HK\$16.064 | 32.70% | 10 years | 3.11% | 0% | HK\$5,273,033 |
| 10.24.2023 | HK\$10.480 | HK\$10.480 | 32.10% | 10 years | 4.32% | 0% | HK\$2,051,356 |
| 04.23.2024 | HK\$4.35 | HK\$4.35 | 31.50% | 10 years | 3.92% | 0% | HK\$2,048,689 |
| 10.23.2024 | HK\$3.80 | HK\$3.86 | 31.30% | 10 years | 3.20% | 0% | HK\$698,252 |

The expected volatility measured at the standard deviation was based on the historical data of the daily share price movement of comparable companies. The fair value of an option varied with different variables of certain subjective assumptions.

The Group recognised a share-based payment expense approximately RMB711,000 for the year ended December 31, 2024 (2023: recognised a net reversal of share-based payment expense approximately RMB1,423,000) in relation to the share options granted by the Company under the Posts-IPO Share Option Scheme I.

30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(c) **Restricted share award scheme of the Company:**

On March 23, 2021, the board of directors approved a restricted share award scheme, with the purpose of motivating the employees to maximise the value of the Company for the benefits of both the employees and the Company, with a view to achieving the objectives of increasing the value of the Company and aligning the interests of the employees directly with the shareholders of the Company through ownership of shares.

On 25 November 2021, the Company granted a total of 1,113,400 shares at RMB1.00 consideration per each of 12 employees of the Group. On January 21, May 20 and October 24, 2022, the Company granted a total of 2,054,902 shares at RMB1.00 consideration per each of the 15 employees and 4 external scientific consultants of the Group and On April 23 and October 23, the Company granted a total of 510,000 shares at RMB1.00 consideration per each of 4 employees of the Group subject to the accomplishment of certain non-market performance conditions respectively. These restricted shares were issued and allotted to Alphamab OEH LTD, a company incorporated in the British Virgin Islands and held by the trustee, TMF Trust (HK) Limited (the "Trustee"), under the terms of the trust in relation to the restricted share award scheme and will be indirectly held by the Trustee on trust for the benefit of the beneficiaries of the trust. Employees will be entitled to these shares by the Trustee once they meet certain vesting conditions agreed in the grant letters and the vesting period begins. The consideration of RMB1.00 per employee will be paid when the restricted shares are accepted by the employees and vested.

The restricted shares for the employees of the Group shall initially be unvested, but for external scientific consultants, the restricted shares shall initially be vested. For the shares granted in January 27, 2022, 20% of the restricted shares shall be vested in 2022, 20% shall be vest in 2023, 20% shall be vested in 2024 while another 40% shall be vested in 2025; for shares granted in May 20, 2022, 20% of the restricted shares shall be vested in 2023, 20% shall be vested in 2024, 20% shall be vested in 2025 while another 40% shall be vested in 2026; for shares granted in October 24, 2022, 87.1% of the restricted shares shall be vested in 2022, 2.6% shall be vested in 2023, 2.6% shall be vested in 2024, 2.6% shall be vested in 2025 while another 5.1% shall be vested in 2026; for the shares granted in 2024, 20% of the restricted shares shall be vested in 2025, 20% shall be vest in 2026, 20% shall be vested in 2027 while another 40% shall be vested in 2028, subject to the performance condition to be fulfilled. No eligible employee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the award shares under this scheme. The award shares shall not vest under any of the following circumstance: (i) in the event of any failure of Employees to remain as participants; (ii) in the event of any failure of employees to pass the specified performance review; and (iii) other circumstances as specified by the Board in its sole and absolute discretion.

30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(c) Restricted share award scheme of the Company: (Continued)

The following table summarised the Group's unvested restricted shares movement:

| | Restricted share award scheme | |
|----------------------------------|---|--|
| | Number of unvested restricted shares | Weighted average grant date fair value per share HK\$ |
| Unvested as at January 1, 2024 | 1,051,068 | 8.81 |
| Granted | 510,000 | 3.94 |
| Forfeited | (259,112) | 16.32 |
| Vested | (242,989) | 8.88 |
| Unvested as at December 31, 2024 | 1,058,967 | 6.40 |

The aforesaid arrangement has been accounted for as share-based payment transactions. Accordingly, the Group measured the fair value of the unvested restricted shares as of the grant dates and is recognising the amount as compensation expense over the vesting period for each separately vesting portion of the unvested restricted shares. The total expense reversed in the consolidated statement of profit or loss and other comprehensive income for restricted shares granted to employees of the Group and directors of the Company are RMB70,000 (2023: recognised expense of RMB3,376,000) for the year ended December 31, 2024.

The fair value of the Company's restricted shares was determined using the closing price of each share as stated in the daily quotation sheet issued by the Stock Exchange on the grant date.

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes amount due from a related party, amount due to a related company, lease liabilities and bank borrowings as disclosed in Notes 20, 23, 24 and 26, respectively, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, accumulated losses and various reserves.

The directors of the Company regularly review the capital structure from time to time. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts and redemption of existing debts.

32. FINANCIAL INSTRUMENTS

32a. Categories of financial instruments

| | 2024 RMB'000 | 2023 RMB'000 |
|------------------------------|-----------------|-----------------|
| Financial assets | | |
| Amortised cost | 1,598,465 | 1,439,524 |
| Financial liabilities | | |
| Amortised cost | 245,058 | 301,082 |

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit and counterparty risk and liquidity risk. The Group's financial risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance by actively managing debt level and cash flow in order to maintain a strong financial position and minimising refinancing and liquidity risks by attaining healthy debt repayment capacity, appropriate maturity profile and availability of banking facilities. The Group adheres to a policy of financial prudence and did not use any derivative financial instruments during both years.

32. FINANCIAL INSTRUMENTS (Continued)

32b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, cash and cash equivalents, time deposits with original maturity over three months, amount due from a related party, trade and other payables, amount due to a related company and bank borrowings.

Details of the financial instruments are disclosed in respective notes. The directors of the Company manage and monitor the below risks exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Certain bank deposits and trade and other payables are denominated in currencies other than the functional currency of the relevant group entities, which expose the Group to foreign currency risk.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the year are as follows:

| | Assets | | Liabilities | |
|------|-----------------|-----------------|-----------------|-----------------|
| | 2024 RMB'000 | 2023 RMB'000 | 2024 RMB'000 | 2023 RMB'000 |
| US\$ | 444,589 | 720,614 | (670) | — |
| HK\$ | 140 | 137 | (352) | — |
| EUR | — | — | (48) | — |
| | 444,729 | 720,751 | (1,070) | — |

32. FINANCIAL INSTRUMENTS (Continued)**32b. Financial risk management objectives and policies (Continued)*****Market risk (Continued)******Currency risk (Continued)*****Sensitivity analysis**

The Group is exposed to the fluctuation of foreign exchange rate of US\$ and HK\$. The following table details the Group's sensitivity to a 10% increase and decrease in US\$, HK\$ and EUR against RMB. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 10% change in US\$, HK\$ and EUR. A positive number below indicates a decrease in profit (loss) for the year where US\$/HK\$/EUR strengthens 10% against RMB. For a 10% weakening of US\$/HK\$/EUR against RMB, there would be an equal and opposite impact on the profit (loss) for the year.

| | HK\$ | | US\$ | | EUR | |
|------------------------------------|---------|---------|---------|---------|---------|---------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Impact on profit/loss for the year | (21) | 14 | 44,392 | 72,061 | (5) | – |

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the relevant year.

32. FINANCIAL INSTRUMENTS (Continued)

32b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to time deposits with original maturity over three months and lease liabilities as disclosed in Notes 21 and 24, respectively. The Group is also exposed to cash flow interest rate risk in relation to variable-rate cash and cash equivalents and variable-rate bank borrowings as disclosed in Notes 21 and 26, respectively. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and benchmark borrowing rate arising from its borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risk for bank balances/deposits and borrowings, the analysis is prepared assuming the amount of bank balances/deposits and borrowings outstanding at the end of the year were outstanding for the whole year. A 50-basis point increase or decrease representing management's assessment of the reasonably possible change in interest rate is used.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended December 31, 2024, would increase/decrease by RMB1,599,000 (2023: RMB365,000).

Credit and counterparty risk

Credit and counterparty risk refers to the risk that a counterparty will default on its contractual obligations resulting financial losses to the Group.

In order to minimise the credit risk, the directors of the Company review the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

32. FINANCIAL INSTRUMENTS (Continued)**32b. Financial risk management objectives and policies (Continued)*****Credit and counterparty risk (Continued)***

The Group's internal credit risk grading assessment comprises the following categories:

| Categories | Description | Trade receivables | Other financial assets |
|------------|--|---------------------------------------|---------------------------------------|
| Low risk | The counterparty has a low risk of default and does not have any past due amounts | Lifetime ECL – not credit-impaired | 12m ECL |
| Watch list | Debtor frequently repays after due dates but usually settle in full | Lifetime ECL – not credit-impaired | 12m ECL |
| Doubtful | There have been significant increase in credit risk since initial recognition through information developed internally or external resources | Lifetime ECL – not credit-impaired | Lifetime ECL – not credit-impaired |
| Loss | There is evidence indicating the asset is credit-impaired | Lifetime ECL – credit-impaired | Lifetime ECL – credit-impaired |
| Write-off | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery | Amount is written off | Amount is written off |

32. FINANCIAL INSTRUMENTS (Continued)

32b. Financial risk management objectives and policies (Continued)

Credit and counterparty risk (Continued)

Trade receivables arising from contracts with customers

As at December 31, 2024, the Group has concentration of credit risk as 78.0% (2023: 98.3%) of the total trade receivables was due from the Group's largest customer. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Other monitoring procedures are in place to ensure that follow-up action is taken to recover the debts.

In addition, the Group performed impairment assessment under ECL model on these trade receivables (including amount due from a related party) on individually basis. Since the balances were from a counterparty which has low risk of default and usually settled within credit period, together with forward-looking information available at the end of the reporting period, the directors of the Company are in the opinion that the exposure to credit risk for these balances is assessed within lifetime ECL (not-credit impaired) and the ECL for the trade receivables from this customer is insignificant.

Other receivables

For the purpose of impairment assessment for other receivables, the loss allowance is measured at an amount equal to 12m ECL. In determining the ECL for these financial assets, the directors of the Company have taken into account the financial positions of the counterparties in estimating the probability of default of each of the other receivables occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. For the purposes of internal credit risk management, the Group uses repayment history or other relevant information to assess whether credit risk has increased significantly. As at December 31, 2024, other receivables with gross carrying amounts of RMB6,694,000 (2023: RMB25,157,000) are not past due and the internal credit rating of these balances are considered as low risk. Therefore, no 12m ECL was made for other receivables.

32. FINANCIAL INSTRUMENTS (Continued)

32b. Financial risk management objectives and policies (Continued)

Credit and counterparty risk (Continued)

Cash and cash equivalents and time deposits with original maturity over three months

A significant portion of the Group's bank balances/deposits are placed with a few state-owned banks in the PRC with gross carrying amounts of RMB1,571,467,000 (2023: RMB1,407,236,000) as at December 31, 2024. The credit risks on bank balances/deposits are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than the credit risks mentioned above, the Group does not have any other significant concentration of credit risk.

No 12m ECL has been provided during the years ended December 31, 2023 and 2024 as the estimated loss rates were considered to be insignificant.

Liquidity risk

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the year.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

32. FINANCIAL INSTRUMENTS (Continued)

32b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity and interest risk table

| | Weighted average interest rate % | On demand or less than 1 month RMB'000 | 1 to 3 months RMB'000 | 3 months to 1 year RMB'000 | 1 to 5 years RMB'000 | Total undiscounted cash flows RMB'000 | Carrying amount RMB'000 |
|---|---|---|-----------------------------|----------------------------------|----------------------------|--|-------------------------------|
| December 31, 2024 | | | | | | | |
| Trade and other payables | N/A | 59,744 | – | – | – | 59,744 | 59,744 |
| Amount due to a related company | N/A | 3,068 | – | – | – | 3,068 | 3,068 |
| Bank borrowings – variable rate (Note) | 2.66 | 405 | 26,883 | 26,999 | 132,648 | 186,935 | 182,246 |
| | | 63,217 | 26,883 | 26,999 | 132,648 | 249,747 | 245,058 |
| Lease liabilities | 3.68 | 219 | 437 | 1,882 | 1,307 | 3,845 | 3,715 |
| December 31, 2023 | | | | | | | |
| Trade and other payables | N/A | 46,703 | – | – | – | 46,703 | 46,703 |
| Amount due to a related company | N/A | 4,379 | – | – | – | 4,379 | 4,379 |
| Bank borrowings – variable rate (Note) | 2.84 | 591 | 1,182 | 77,517 | 192,424 | 271,714 | 250,000 |
| | | 51,673 | 1,182 | 77,517 | 192,424 | 322,796 | 301,082 |
| Lease liabilities | 3.69 | 1,120 | 2,239 | 2,339 | 1,609 | 7,307 | 7,080 |

Note: The amounts included above for variable interest rate instruments of non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the year.

33. RESEARCH AND DEVELOPMENT EXPENSES

| | 2024 | 2023 |
|---|----------------|---------|
| | RMB'000 | RMB'000 |
| Outsourcing service fees | 109,051 | 136,990 |
| Staff costs | 132,510 | 129,831 |
| Raw material costs | 73,273 | 55,478 |
| Office rental costs, utilities, and depreciation and amortisation | 70,612 | 66,400 |
| Others | 18,706 | 18,825 |
| | 404,152 | 407,524 |

34. CAPITAL COMMITMENTS

| | 2024 | 2023 |
|---|----------------|---------|
| | RMB'000 | RMB'000 |
| Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements | 20,589 | 2,073 |

35. RETIREMENT BENEFITS PLAN

The employees of the Group are mainly the members of the state-managed retirement benefits schemes operated by the PRC government. The Group is required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

The total cost charged to profit or loss of RMB29,447,000(2023: RMB28,306,000) represents contributions paid or payable to the above schemes by the Group for the years ended December 31, 2024.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

36. PLEDGE OF ASSETS

At the end of the reporting period, the carrying amounts of the assets pledged by the Group to banks in order to secure the bank borrowings and general banking facilities granted by banks to the Group are as follows:

| | 2024 RMB'000 | 2023 RMB'000 |
|---|-----------------|-----------------|
| Land use rights included in right-of-use assets | 20,196 | 20,691 |
| Buildings | 235,559 | 255,415 |

37. RELATED PARTY DISCLOSURES

(i) Transactions and balances

The Group has the following balances and transactions with related party:

| Related party | Relationship | Nature of transactions and balances | 2024 RMB'000 | 2023 RMB'000 |
|-----------------|-----------------|---------------------------------------|-----------------|-----------------|
| Suzhou Alphamab | Related company | Utilities expenses | 3,071 | 3,234 |
| | | Interest expenses – lease liabilities | 739 | 350 |
| | | Purchase of raw materials | 267 | 256 |
| | | Sample selling income | (204) | (64) |
| | | Technical service expense | 4,974 | – |
| | | Technical service income | (3,571) | – |
| | | Assets resale income | (74) | – |
| | | Lease liabilities | – | 3,325 |
| | | Amount due from Suzhou Alphamab | 3,785 | – |
| | | Amount due to Suzhou Alphamab | (3,068) | (4,379) |

37. RELATED PARTY DISCLOSURES (Continued)**(ii) Compensation of key management personnel**

The remuneration of directors of the Company and other members of key management were as follows:

| | 2024 RMB'000 | 2023 RMB'000 |
|--------------------------|-------------------------------|-----------------|
| Short-term benefits | 22,034 | 18,662 |
| Post-employment benefits | 828 | 673 |
| Share-based payments | 3,957 | 1,739 |
| | 26,819 | 21,074 |

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

| | Bank borrowings RMB'000 | Lease liabilities RMB'000 | Accrued interest expense (Note 22) RMB'000 | Total RMB'000 |
|---------------------------------------|--|--|---|--------------------------|
| At January 1, 2023 | 325,000 | 20,392 | 314 | 345,706 |
| Financing cash flows | (75,000) | (13,437) | (10,777) | (99,214) |
| Non-cash changes | | | | |
| New leases entered | – | 4,580 | – | 4,580 |
| Interest expenses recognised (Note 8) | – | 545 | 10,650 | 11,195 |
| Termination of a lease | – | (5,000) | – | (5,000) |
| At December 31, 2023 | 250,000 | 7,080 | 187 | 257,267 |
| Financing cash flows | (67,754) | (13,808) | (8,349) | (89,911) |
| Non-cash changes | | | | |
| New leases entered | – | 9,565 | – | 9,565 |
| Interest expenses recognised (Note 8) | – | 878 | 8,310 | 9,188 |
| At December 31, 2024 | 182,246 | 3,715 | 148 | 186,109 |

39. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

| | 2024 RMB'000 | 2023 RMB'000 |
|---|------------------|-----------------|
| Non-current assets | | |
| Equipment | — | 3 |
| Investments in subsidiaries | 2,032,632 | 1,516,580 |
| Amounts due from subsidiaries | 1,368,529 | 1,424,592 |
| | 3,401,161 | 2,941,175 |
| Current assets | | |
| Other receivables, deposits and prepayments | 681 | 18,648 |
| Time deposits with original maturity over three months | 3,594 | 14,165 |
| Cash and cash equivalents | 330,559 | 678,334 |
| | 334,834 | 711,147 |
| Current liability | | |
| Other payables | 3,824 | 3,027 |
| Net current assets | 331,010 | 708,120 |
| Total assets less current liability | 3,732,171 | 3,649,295 |
| Net assets | 3,732,171 | 3,649,295 |
| Capital and reserves | | |
| Share capital | 13 | 13 |
| Treasury shares | (9,188) | — |
| Reserves | 3,741,346 | 3,649,282 |
| Total equity attributable to owners of the Company | 3,732,171 | 3,649,295 |

39. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (Continued)

The movements of the reserves of the Company are as follows:

| | Share premium RMB'000 | Share-based payment reserve RMB'000 | Accumulated losses RMB'000 | Total RMB'000 |
|--|-----------------------------|--|----------------------------------|------------------|
| As at January 1, 2023 | 3,725,875 | 84,637 | (624,498) | 3,186,014 |
| Profit and total comprehensive income for the year | – | – | 137,441 | 137,441 |
| Issue of ordinary shares | 329,208 | – | – | 329,208 |
| Transaction costs attributable to issuance of shares | (3,748) | – | – | (3,748) |
| Vesting of restricted shares | 2,956 | (2,956) | – | – |
| Exercise of share options | 800 | (581) | – | 219 |
| Recognition of equity-settled share-based payment expense | – | 5,720 | – | 5,720 |
| Settlement of share options | (2,397) | (3,175) | – | (5,572) |
| As at December 31, 2023 | 4,052,694 | 83,645 | (487,057) | 3,649,282 |
| Profit and total comprehensive income for the year | – | – | 89,398 | 89,398 |
| Vesting of restricted shares | 1,792 | (1,792) | – | – |
| Exercise of share options | 615 | (476) | – | 139 |
| Recognition of equity-settled share-based payment expense | – | 2,527 | – | 2,527 |
| As at December 31, 2024 | 4,055,101 | 83,904 | (397,659) | 3,741,346 |

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

General information of subsidiaries

The Company has direct and indirect equity interests in the following subsidiaries:

| Name of subsidiaries | Place of incorporation/ operation and date of incorporation/ establishment | Issued and fully paid share capital/ registered capital | Equity interest attributable to the Company | | Principal activities |
|-----------------------------------|---|---|---|------|--|
| | | | 2024 | 2023 | |
| Directly held: | | | | | |
| Alphamab Oncology (BVI) Ltd. | The BVI/April 19, 2018 | Issued capital of US\$1 and paid-in capital of US\$1 | 100% | 100% | Investment holding |
| Indirectly held: | | | | | |
| Alphamab Oncology (HK) Limited | Hong Kong/ May 11, 2018 | Issued capital of HK\$1 and paid-in capital of HK\$1 | 100% | 100% | Investment holding |
| Jiangsu Alphamab [#] | The PRC/ July 14, 2015 | Registered and paid-in capital of US\$243,666,888 | 100% | 100% | R&D manufacturing and commercialisation of Biologics of oncology |
| Alphamab Australia [#] | Australia/ November 20, 2016 | Registered capital and paid-in capital of Australian Dollar 1,000,100 | 100% | 100% | R&D of drugs |
| Alphamab USA [#] | United States of America/ January 12, 2021 | Registered capital of US\$10 and paid-in capital of nil | 100% | 100% | R&D of drugs |
| Alphamab SH [#] | The PRC/ January 12, 2021 | Registered capital of US\$2,999,985 and paid-in capital of US\$2,999,985 | 100% | 100% | R&D of drugs |

Jiangsu Alphamab refers to Jiangsu Alphamab Biopharmaceuticals Co., Ltd. 江蘇康寧傑瑞生物製藥有限公司, which is a wholly foreign owned enterprise established in the PRC.

Alphamab Australia refers to Alphamab (Australia) Co Pty Ltd, which is a wholly foreign owned enterprise established in Australia.

Alphamab USA refers to Alphamab Oncology USA Inc, which is a wholly foreign owned enterprise established in the USA.

Alphamab SH refers to Alphamab Biopharmaceuticals Co., Ltd. 康寧傑瑞生物製藥有限公司, which is a wholly foreign owned enterprise established in the PRC.

Financial Summary

| | 2020 RMB'000 | 2021 RMB'000 | 2022 RMB'000 | 2023 RMB'000 | 2024 RMB'000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Results | | | | | |
| Profit (Loss) before taxation | (427,766) | (412,417) | (325,722) | (210,593) | 166,342 |
| Income tax expense | — | — | — | — | — |
| Profit (Loss) for the year | (427,766) | (412,417) | (325,722) | (210,593) | 166,342 |
| Profit (Loss) for the year attributable to: | | | | | |
| Owners of our Company | (427,766) | (412,417) | (325,722) | (210,593) | 166,342 |
| Non-controlling interests | — | — | — | — | — |
| | (427,766) | (412,417) | (325,722) | (210,593) | 166,342 |
| Assets and liabilities | | | | | |
| Total assets | 2,639,522 | 2,705,091 | 2,117,531 | 2,137,113 | 2,241,755 |
| Total liabilities | (366,438) | (834,802) | (559,859) | (465,001) | 409,871 |
| Total equity (deficit) | 2,273,084 | 1,870,289 | 1,557,672 | 1,672,112 | 1,831,884 |
| Equity (equity deficiency) attributable to owners of our Company | 2,273,084 | 1,870,289 | 1,557,672 | 1,672,112 | 1,831,884 |
| Non-controlling interests | — | — | — | — | — |
| | 2,273,084 | 1,870,289 | 1,557,672 | 1,672,112 | 1,831,884 |