康诺亚
Keymed Biosciences

Keymed Biosciences Inc.
康諾亞生物醫藥科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2162)

2024
ANNUAL REPORT

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Definitions

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings.

"AGM"	the 2024 annual general meeting of the Company to be held on June 26, 2025
"Articles of Association"	the sixth amended and restated Memorandum and Articles of Association of the Company, as amended, supplemented or otherwise modified from time to time
"Audit Committee"	the audit committee of the Board
"BLA"	biologics license application
"Board of Directors" or "Board"	the board of Directors
"CDE"	Center for Drug Evaluation of the NMPA
"CG Code"	the "Corporate Governance Code" as contained in Appendix C1 to the Listing Rules
"cGMP" or "Current Good Manufacturing Practice"	cGMP refers to the Current Good Manufacturing Practice regulations enforced by the FDA. cGMPs provide for systems that assure proper design, monitoring, and control of manufacturing processes and facilities. Adherence to the cGMP regulations assures the identity, strength, quality, and purity of drug products by requiring that manufacturers of medications adequately control manufacturing operations. This includes establishing strong quality management systems, obtaining appropriate quality raw materials, establishing robust operating procedures, detecting and investigating product quality deviations, and maintaining reliable testing laboratories
"Chengdu Keymed"	Keymed Biosciences (Chengdu) Co., Ltd. (康諾亞生物醫藥科技(成都)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of our Company
"China" or "PRC"	the People's Republic of China, which, for the purpose of this annual report and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Company", "the Company" or "our Company"	Keymed Biosciences Inc. (formerly known as 2Health Biosciences, Inc.), an exempted company with limited liability incorporated in the Cayman Islands on April 23, 2018
"Core Product"	CM310, the designated "core product" as defined under Chapter 18A of the Listing Rules
"CRO(s)"	contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis

Definitions

"CSPC"	CSPC Pharmaceutical Group Limited, a company listed on the Stock Exchange (stock code: 1093), and its affiliates
"Director(s)"	the director(s) of the Company or any one of them
"Dr. Chen"	Dr. Bo CHEN, the chairman of our Board, an executive Director and the chief executive officer of our Company
"EASI"	the Eczema Area and Severity Index is a validated scoring system that grades the physical signs of AD. An area score of 0-6 is assigned for each body region (total of four), depending on the percentage of AD-affected skin in that area: 0 (none), 1 (1% to 9%), 2 (10% to 29%), 3 (30% to 49%), 4 (50% to 69%), 5 (70% to 89%), or 6 (90% to 100%). The composite score, on a scale from 0 to 72, determines the severity of the signs of AD and the extent to which a patient is affected. EASI-75 indicates ≥75% improvement from baseline, EASI-90 indicates ≥90% improvement from baseline
"FDA"	the Food and Drug Administration of the United States
"FVTPL"	fair value through profit and loss
"Global Offering"	the global offering of the Shares, details of which are set forth in the Prospectus
"Group", "our Group", "our", "we", or "us"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"iBridge HK"	iBridge HK Holdings limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of our Company
"IFRSs"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IGA"	Investigator's Global Assessment scale, a five-point scale that provides a global clinical assessment of AD severity ranging from 0 to 4, where 0 indicates clear, 2 is mild, 3 is moderate and 4 indicates severe AD

Definitions

"Independent Third Party" or "Independent Third Parties"	a person or entity who is not a connected person of the Company under the Listing Rules
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or the U.S.
"InnoCare"	Beijing InnoCare Pharma Tech Co., Ltd. (北京諾誠健華醫藥科技有限公司), a limited liability company incorporated under the laws of the PRC on December 13, 2013, a subsidiary of InnoCare Pharma Limited (Stock Code: 9969), and an Independent Third Party
"IPO"	the initial public offering of the Shares on the Main Board of the Stock Exchange on July 8, 2021
"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
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 to the Listing Rules
"NDA"	new drug application
"NMPA"	the National Medical Product Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"Prospectus"	the prospectus of the Company dated June 25, 2021
"R&D"	research and development
"Reporting Period"	the year ended December 31, 2024
"RMB"	Renminbi, the lawful currency of the PRC
"RSU(s)"	restricted share unit(s), being a conditional right when an award under the 2021 RSU Scheme or 2022 RSU Scheme vests whereby the grantee shall be entitled to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of vesting
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time

Definitions

"Share(s)"	ordinary share(s) with nominal value of US$0.0001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$"	United States dollars, the lawful currency of the U.S.
"2021 RSU Scheme"	the restricted share unit scheme adopted by the Board on April 5, 2021
"2022 RSU Scheme"	the restricted share unit scheme adopted by the Board on January 21, 2022
"%"	per cent

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Bo CHEN
Dr. Changyu WANG
Dr. Gang XU

Non-executive Directors

Mr. Qi CHEN
Dr. Min Chuan WANG
Mr. Yilun LIU

Independent non-executive Directors

Prof. Xiao-Fan WANG
Prof. Yang KE
Mr. Cheuk Kin Stephen LAW

AUDIT COMMITTEE

Mr. Cheuk Kin Stephen LAW (*Chairperson*)
Mr. Qi CHEN
Prof. Yang KE

REMUNERATION COMMITTEE

Prof. Xiao-Fan WANG *(Chairperson)*
Dr. Changyu WANG
Prof. Yang KE

NOMINATION COMMITTEE

Dr. Bo CHEN *(Chairperson)*
Prof. Xiao-Fan WANG
Prof. Yang KE *(appointed on March 24, 2025)*
Mr. Cheuk Kin Stephen LAW
(ceased to be a member on March 24, 2025)

JOINT COMPANY SECRETARIES

Mr. Yanrong ZHANG
Ms. Vivien Pak Yu TAM

AUTHORISED REPRESENTATIVES

(for the purpose of the Listing Rules)
Dr. Bo CHEN
Dr. Changyu WANG

AUDITOR

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

REGISTERED OFFICE

Floor 4, Willow House, Cricket Square
Grand Cayman KYI-9010
Cayman Islands

CORPORATE HEADQUARTERS

Building D2, No. 18 BioTown Middle Road
Chengdu Tianfu International BioTown
Sichuan, 610219
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre,
No. 248 Queen's Road East, Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Campbells Corporate Services Limited
Floor 4, Willow House, Cricket Square
Grand Cayman KY1-9010
Cayman Islands

Corporate Information

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKS

China Minsheng Bank
China Merchants Bank

COMPANY WEBSITE

www.keymedbio.com

STOCK CODE

2162

LISTING DATE

July 8, 2021

Chairman's Statement

Dear Investors,

First and foremost, on behalf of Keymed, I would like to express our heartfelt gratitude for your trust and support over the years.

2024 is a milestone year in Keymed's developmental history, marking it the first year of the official commercialization of our first product, Kangyueda (康悦達) (Stapokibart). This year, we achieved remarkable results in the domestic market and made significant progress in our internationalization efforts.

Kangyueda (Stapokibart), the culmination of eight years of research and development, received approval for its first indication – moderate-to-severe atopic dermatitis in adults – in September 2024, ushering in a new era of EASI-90 for atopic dermatitis treatment. In December 2024, it received market approval for its indication – chronic rhinosinusitis with nasal polyps, addressing a critical gap in the domestic rhinology biologics market and was included in the "Chinese Guidelines for Diagnosis and Treatment of Chronic Rhinosinusitis (2024)". In February 2025, Kangyueda received market approval for the treatment of seasonal allergic rhinitis, making it the world's first IL-4Rα antibody for allergic rhinitis. Its Phase III clinical trial results were published in *Nature Medicine*, a top international journal.

With specialized academic promotion, differentiated indication strategies, and excellent clinical outcomes, Kangyueda has rapidly earned a solid reputation among doctors and patients, while continuously unlocking its commercialization potentials. Sales revenue for the year 2024 amounted to approximately RMB43 million. As of the first quarter of 2025, the commercialization team has grown to over 300 members, expanding to cover more than 1,100 hospitals across over 220 cities, and has secured market access in several leading hospitals. Through our increasingly mature commercialization system and large-scale antibody production capacity, we can compete in the market at a lower cost, further expanding the accessibility and penetration of our drugs.

In 2024, we made significant strides in our internationalization process. Through the innovative NewCo model, we have established strategic cooperations with several internationally renowned funds to jointly advance overseas clinical trials of multiple product pipelines. In July 2024, we established Belenos in collaboration with OrbiMed for entering into a licensing agreement covering CM512 and CM536. Currently, patient enrollment for the overseas clinical trials of CM512 is ongoing in moderate-to-severe asthma. In November 2024, we entered into a licensing agreement with Ouro Medicines for CM336, which has recently completed a financing of US$120 million led by institutions such as TPG. In early 2025, we co-founded Timberlyne with institutions such as Bain Capital, Abingworth, and Venrock, reaching a licensing agreement for CM313 and completing a US$180 million Series A financing round. Concurrently, we co-founded Prolium with InnoCare and RTW, reaching a licensing agreement for CM355. The four overseas ventures of NewCo not only demonstrate Keymed's research and development capabilities on an international scale but also reflect the strong endorsement of our innovative platform by global capital.

In 2024, Keymed's innovative achievements were featured in top international journals and academic conferences, with nearly 10 papers published. We are advancing our research initiatives in multiple areas, including type II inflammation, B cell depletion, tumor therapy, and neurodegenerative diseases, and will continue to move more innovative molecules into clinical trials, spanning various drug formats, including small nucleic acid drugs, antibody drug conjugates (ADCs), monoclonal antibodies, and multi-specific antibodies, aiming to address more unmet clinical needs.

Chairman's Statement

Furthermore, we will continue to expand and enhance the capabilities of our technology platforms to establish a cornerstone for pipeline R&D in the next decade. Keymed embraces the vision of "focus on innovation and concentrate on R&D", and is committed to providing patients with more world-competitive, high-quality, and affordable innovative therapies. We believe that through continuous investment in research and development and efficient operational execution, Keymed will create greater value for patients, society, and Shareholders.

Thank you for the trust, supervision, and support from our investors, which enables Keymed to grow continuously. We are also delighted that the Company's strong R&D capabilities, development strategies, and operational efficiency have been widely recognized by the capital market. Those who persevere often achieve their goals. Keymed will continue to be driven by innovation, patients centered, and value oriented. We look forward to working hand in hand with all investors to create an even more brilliant future!

Thank you!

Yours faithfully,
Dr. Bo CHEN
Chairman and Chief Executive Officer

Financial Highlights

	2024	2023	Changes	Year-on-year changes
	RMB'000	*RMB'000*	*RMB'000*	*%*
Revenue	**428,124**	354,095	74,029	21%
Cost of sales	**(12,200)**	(36,878)	24,678	(67%)
Gross profit	**415,924**	317,217	98,707	31%
Research and development expenses	**(735,192)**	(596,282)	(138,910)	23%
Loss for the year	**(514,907)**	(357,785)	(157,122)	44%
Adjusted loss for the year (as illustrated under "**Non-IFRSs Measures**")	**(480,561)**	(317,706)	(162,855)	51%

	December 31, 2024	December 31, 2023	Changes	Year-on-year changes
	RMB'000	*RMB'000*	*RMB'000*	*%*
Cash and cash equivalents, time deposits, and bank wealth management products	**2,155,612**	2,719,186	(563,574)	(21%)

Non-IFRSs Measures:

Adjusted loss for the year represents the loss for the year excluding the effect of the share-based payment expenses, amounted to RMB34,346,000 (2023: RMB40,079,000). The term adjusted loss for the year is not defined under IFRSs. The use of this non-IFRSs measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRSs. Our presentation of this adjusted figure may not be comparable to similarly titled measures presented by other companies. However, we believe that this non-IFRSs measure reflects our core operating results by eliminating potential impacts of items that our management do not consider to be indicative of our core operating performance, and thus, facilitate comparisons of core operating performance from period to period and company to company to the extent applicable.

Business Highlights

During the Reporting Period, we have rapidly proceeded with the R&D of our products and made the following milestones and progress with respect to our pipeline under development and business operation:

- **The progress of core pipeline products:**

  Kangyueda (康悦達), Stapokibart (CM310) (IL-4Rα antibody)

  As of the date of this report, three new drug applications of Stapokibart for the treatment of moderate-to-severe atopic dermatitis (AD) in adults, chronic rhinosinusitis with nasal polyps (CRSwNP) and seasonal allergic rhinitis have been approved by the NMPA. During the Reporting Period, the gross revenue for sales of Stapokibart amounted to approximately RMB43 million and net sales amount was approximately RMB36 million after deducting distributor discounts and price reduction subsidies.

  In June 2024, the long-term efficacy and safety data from the Phase III clinical trial of Stapokibart injection for the treatment of moderate-to-severe AD were presented by way of oral presentation at the European Academy of Allergy and Clinical Immunology (EAACI) Congress 2024. In October 2024, the full text of the 52-week efficacy and safety data of the Phase III clinical study was published in the *Allergy*, the top international journal in allergy and immunology field. The clinical results indicated that at week 52, the rates of achieving EASI-75 for the Stapokibart group and the placebo-to-Stapokibart group were 92.5% and 88.7%, respectively; the EASI-90 response rates were 77.1% and 65.6%, respectively; the rates of achieving an IGA score of 0 or 1 point with a reduction of ≥2 points from baseline were 67.3% and 64.2%, respectively; the rates of achieving a reduction of ≥4 points from baseline in the weekly average of daily PP-NRS score were 67.3% and 60.5%, respectively. Long-term treatment with Stapokibart can consistently improve dermatitis symptoms and quality of life in subjects with moderate-to-severe AD. During the maintenance period, only one subject (0.9%) experienced a relapse. Based on the results of the Phase III clinical trial, in September 2024, the new drug application of Stapokibart injection for the treatment of moderate-to-severe atopic dermatitis in adults was approved by the NMPA.

  In 2024, we advanced and completed the 52-week treatment and safety follow-up of the Phase III clinical study of Stapokibart injection in the treatment of chronic rhinosinusitis with nasal polyps (CRSwNP). The study results showed that the data from the Phase III clinical trial was positive. Compared to the placebo, Stapokibart significantly reduced nasal polyps (nasal polyps score (NPS) improvement of 2.3 from baseline) and alleviated nasal congestion (nasal congestion score (NCS) improvement of 0.7 from baseline) after 24 weeks. The differences were highly statistically significant ($P<0.0001$). Additionally, it effectively relieved rhinosinusitis, restored sense of smell, improved nasal symptoms, and enhanced quality of life. In June 2024, the new drug application of Stapokibart injection for the treatment of chronic rhinosinusitis with nasal polyps was accepted by the NMPA and granted priority review. In December 2024, the new drug application of Stapokibart injection for the treatment of chronic rhinosinusitis with nasal polyps was approved by the NMPA.

Business Highlights

In 2024, we advanced and completed the data unblinding and statistical analysis for the Phase III clinical study of Stapokibart injection for the treatment of seasonal allergic rhinitis (SAR). The study findings demonstrated that during the pollen season, in comparison with the standard treatment group, which consisted of nasal spray hormones combined with antihistamine drugs, the administration of Stapokibart for two weeks effectively controlled the typical nasal allergic symptoms of patients, including runny nose, nasal congestion, nasal itching, and sneezing. The least-squares mean (LSMean) of the inter-group difference was -1.3, and its 95% confidence interval (CI) was also -1.3, indicating a highly significant statistical difference (P=0.0008). This difference far exceeded the minimal clinically important difference (MCID) of 0.23, clearly demonstrating substantial clinical benefits. Moreover, Stapokibart could effectively alleviate ocular allergic symptoms such as eye itching or burning, eye tearing or watering, and eye redness. It comprehensively enhanced the quality of life of patients and exhibited excellent safety. In April 2024, the new drug application of Stapokibart injection for the treatment of seasonal allergic rhinitis was accepted by the NMPA. In February 2025, the new drug application of Stapokibart injection for the treatment of seasonal allergic rhinitis was approved by the NMPA.

In February 2024, we launched a randomized, double-blinded, placebo-controlled Phase III clinical study to evaluate the efficacy and safety of Stapokibart injection in adolescent subjects with moderate-to-severe AD. As of the end of the Reporting Period, the patient enrollment for this clinical study has been completed. Additionally, in May 2024, we initiated a randomized, double-blinded, placebo-controlled Phase III clinical study to evaluate the efficacy and safety of Stapokibart injection in subjects with prurigo nodularis. As of the date of this report, the patient enrollment for this clinical study is in progress.

CMG901/AZD0901 (Claudin 18.2 antibody drug conjugate)

In February 2023, AstraZeneca AB (AZ) was granted an exclusive global license for research, development, registration, manufacturing, and commercialization of CMG901 (AZD0901). As of the date of this report, AZ has conducted multiple clinical studies regarding CMG901 (AZD0901) for treatments of advanced solid tumors, of which the indications including gastric cancer, pancreatic cancer and biliary tract cancer.

In June 2024, the data from the Phase I clinical study of CMG901 (AZD0901) for the treatment of advanced gastric/gastroesophageal junction (G/GEJ) cancer were presented by way of oral presentation at the American Society of Clinical Oncology (ASCO) Annual Meeting 2024. On January 6, 2025, the data from the Phase I clinical study were released on The Lancet Oncology, the international authoritative oncology journal. The clinical data indicated that the median progression free survival (mPFS) for all 93 patients with Claudin 18.2-high expressing G/GEJ cancer was 4.8 months, and the median overall survival (mOS) was 11.8 months.

Business Highlights

CM313 (CD38 antibody)

In 2024, we initiated and advanced a multi-center, open-label Phase I/II clinical study to assess the safety, tolerability, pharmacokinetics, pharmacodynamics, and preliminary efficacy of CM313 (subcutaneous formulation (SC)) injection as a monotherapy and in combination with other anti-tumor therapies in patients with RRMM.

In addition, given the observed outstanding clearance effect of CM313 on plasma cells in multiple myeloma (MM), we believe that CM313 has the potential to become an innovative treatment option for various autoimmune diseases. We completed a randomized, double-blinded, placebo-controlled, dose-escalation, multiple-dose Phase Ib/IIa clinical study in July 2024 to evaluate the safety, tolerability, pharmacokinetics, pharmacodynamics, immunogenicity and preliminary efficacy of CM313 injection in subjects with systemic lupus erythematosus (SLE). We plan to initiate a Phase II clinical study in the first half of 2025.

In 2024, we initiated and advanced a randomized, double-blinded, placebo-controlled Phase II clinical study to evaluate the safety, tolerability, pharmacokinetics, pharmacodynamics, immunogenicity, and preliminary efficacy of CM313 (SC) injection in subjects with primary immune thrombocytopenia. The first patient was enrolled and dosed in November 2024. As of the date of this report, patient enrollment is ongoing for this study. In June 2024, a research paper titled "A Novel Anti-CD38 Monoclonal Antibody for Treating Immune Thrombocytopenia" was published in *The New England Journal of Medicine*. 95.5% of patients achieved a platelet count of $\geq 50 \times 10^9$/L within 8 weeks upon the first acceptance of CM313 infusion, and the durable platelet count response rate (defined as a platelet count of $\geq 50 \times 10^9$/L observed six or more times among the final eight platelet counts) was 63.6%.

Additionally, we initiated a randomized, double-blinded, placebo-controlled Phase II clinical study to evaluate the safety and efficacy of CM313 (SC) injection in subjects with IgA nephropathy in early 2025. As of the date of this report, preparations for patient enrollment are underway for this study.

In January 2025, Chengdu Keymed entered into an exclusive out-license agreement with Timberlyne Therapeutics, Inc. The license agreement granted Timberlyne the exclusive right to develop, manufacture and commercialize CM313 globally (excluding Mainland China, Hong Kong, Macau and Taiwan). In return, the Group should receive an upfront and near-term payment of US$30 million and equity interest of Timberlyne, being its largest shareholder. The Group might also receive additional payments up to US$337.5 million subject to achievement of certain sales and development milestones. The Group was also entitled to receive tiered royalties on net sales from the Timberlyne.

Business Highlights

CM512 (TSLP x IL-13 bispecific antibody)

As of the date of this report, we have initiated a randomized, double-blinded, single/multiple dose-escalation, placebo-controlled Phase I clinical study to evaluate the safety, tolerability, pharmacokinetics, pharmacokinetics and immunogenicity of CM512 in healthy subjects and patients with moderate-to-severe atopic dermatitis, with enrollment of the first subject completed in September 2024.

In July 2024, Chengdu Keymed entered into a license agreement with Belenos Biosciences, Inc. The license agreement granted Belenos the exclusive rights to develop, manufacture, and commercialize the Group's drug candidates CM512 and CM536 globally (excluding the Greater China region). In return, Chengdu Keymed should receive an upfront and near-term payment of US$15 million, and iBridge HK should receive approximately 30.01% of the equity interest in Belenos as consideration. Subject to achievement of certain development, regulatory and commercial milestones, Chengdu Keymed might also receive additional payments up to US$170 million. As of the date of this report, Belenos is planning to initiate a Phase I clinical trial evaluating CM512 for the treatment of asthma.

CM336 (BCMA x CD3 bispecific antibody)

In 2024, we continuously proceeded with a multi-center, open-label Phase I/II clinical study to assess CM336 injection for the treatment of patients with relapsed or refractory multiple myeloma. As of the date of this report, the product is currently in the dose-expansion phase of Phase I/II clinical study.

In November 2024, Chengdu Keymed and Platina Medicines Ltd (PML) entered into an exclusive license agreement. The license agreement granted PML the exclusive right to develop, manufacture and commercialize CM336 globally excluding Mainland China, Hong Kong, Macau and Taiwan. In return, the Group should receive an upfront and near-term payment of US$16 million and a minority equity interest in Ouro Medicines, LLC (Ouro Medicines) as part of the consideration. Ouro Medicines is the parent company of PML and owns 100% of the equity interest in PML. The Group might also receive additional payments up to US$610 million subject to achievement of certain clinical, regulatory and commercial milestones and was also entitled to receive tiered royalties on net sales of CM336 and related products from PML.

In December 2024, the latest data of the Phase I/II clinical study of CM336 for relapsed or refractory multiple myeloma (RRMM) was presented as a poster at the 66th American Society of Hematology (ASH) Annual Meeting. As of October 30, 2024, a total of 68 patients were enrolled in this study (25 in the dose-escalation phase and 43 in the dose-expansion phase). The safety assessment demonstrated that CM336 had a manageable safety and tolerability profile. Patients received CM336 at dose level up to 160 mg, and the maximum tolerated dose was not reached. The most common adverse events were cytokine release syndrome (CRS), decrease of lymphocyte count, and anaemia. Most events of CRS were grade 1, and only 7% (5/68) of patients experienced grade 2 CRS. No immune effector cell-associated neurotoxicity syndrome occurred. In the dose-escalation phase, with a median follow-up of 12.1 months, 52% (12/23) of patients achieved stringent complete response (sCR) or complete response (CR). In dose-escalation and expansion phases, with a median follow-up of 3.1 months, the overall response rates (ORR) were 67% (16/24) and 76% (19/25) for the 3/20/80 mg and 3/20/80/160 mg dose groups, respectively. Several patients have not achieved the best overall response. Among the 19 patients evaluable for minimal residual disease (MRD), MRD negativity rate was 95% (18/19), and the median time to MRD-negative response was 2.1 months.

Business Highlights

CM383 (Aβ protofibrils antibody)

As of the date of this report, all subject visits were completed for the Phase Ia clinical study of the safety, tolerability, pharmacokinetics, pharmacodynamics and immunogenicity of single dose-escalation administration of CM383 in healthy subjects; the enrollment of the first subject in a randomized, double-blinded, placebo-controlled Phase Ib clinical study to evaluate the safety, tolerability, pharmacokinetics, pharmacodynamics and immunogenicity of multiple dose-escalation administration of CM383 in patients with mild cognitive impairment due to Alzheimer's Disease and mild Alzheimer's Disease has been completed in November 2024.

- **The progress of other pipeline products:**

CM518D1 (CDH17 ADC)

As of the end of the Reporting Period, we have submitted IND application to NMPA, and planned to conduct a multi-center, open-label Phase I/II clinical trial to evaluate CM518D1 for the treatment of patients with advanced solid tumors.

CM326 (TSLP antibody)

In March 2024, we completed a randomized, double-blind, placebo-controlled, dose-escalation Phase Ib/IIa clinical study to assess the safety, tolerability, pharmacokinetics, pharmacodynamics, immunogenicity, and preliminary efficacy of CM326 injection administered subcutaneously multiple times in subjects with chronic rhinosinusitis with nasal polyps (CRSwNP). This study provided initial validation for the safety and efficacy of CM326 in the population with CRSwNP.

Following this, in May 2024, we initiated a randomized, double-blinded, placebo-parallel Phase II clinical study to evaluate the efficacy and safety of the CM326 recombinant humanized monoclonal antibody injection in patients with CRSwNP, aiming to identify the optimal dose.

JMT-Bio, a wholly-owned subsidiary of CSPC, held the exclusive rights to develop and commercialize CM326 in China (excluding Hong Kong, Macau, and Taiwan) for the treatment of moderate-to-severe asthma, COPD, and other respiratory diseases. In November 2024, taking into account the termination of the CM310 license granted to JMT-Bio, the Group agreed to expand the scope of the license granted to JMT-Bio to all indications. As of the date of this report, a Phase II clinical study of CM326 for the treatment of moderate-to-severe asthma, led by CSPC, has completed the enrollment of all subjects and is currently in the follow-up phase.

Business Highlights

CM355/ICP-B02 (CD20 x CD3 bispecific antibody)

As of the date of this report, we are conducting a Phase I/II clinical trial in China to assess the safety, tolerability, pharmacokinetics, and preliminary anti-tumor activity of CM355 in relapsed/refractory non-Hodgkin's lymphoma (NHL). Dose escalation of the intravenous infusion formulation (IV) was completed and the subcutaneous formulation (SC) is being evaluated. Our preliminary data of both IV and SC formulations have shown good efficacy of CM355 in patients with follicular lymphoma (FL) and diffuse large B-cell lymphoma (DLBCL).

In January 2025, Chengdu Keymed, InnoCare and Beijing Tiannuojiancheng Pharma Tech Co., Ltd. (北京天諾健成醫藥科技有限公司) have entered into an exclusive out-license agreement with Prolium Biosciences, Inc. for the development and commercialization of CM355. Under the terms of the license agreement, Prolium would have the exclusive right to develop, register, manufacture, and commercialize CM355 globally in non-oncology indications and in oncology indications outside of Asia.

CM350 (GPC3 x CD3 bispecific antibody)

We continuously proceeded with a Phase I/II clinical study in 2024 to assess the safety, tolerability, pharmacokinetics, and preliminary efficacy of CM350 in patients with advanced solid tumors. As of the date of this report, the product is currently in the dose-escalation phase of Phase I/II clinical study.

CM369/ICP-B05 (CCR8 antibody)

As of the date of this report, we are conducting a Phase I trial to evaluate the safety, tolerability, pharmacokinetic characteristics, and efficacy of CM369 in subjects with advanced solid tumors and relapsed/refractory NHL. Dose escalation of CM369 has been escalated up to 450 mg in subjects with solid tumor and 600 mg in subjects with NHL. CM369 was well tolerated with no dose-limiting toxicities (DLTs) nor ≥grade 3 treatment-related adverse events (TRAEs) observed. The preliminary results demonstrated a favorable pharmacokinetics profile with sufficient exposure for target coverage and regulatory T-cell depletion.

CM380 (GPRC5D × CD3 bispecific antibody)

Preclinical studies indicated that CM380 had favorable antitumor effects and was well tolerated. As of the date of this report, we are planning to conduct a multi-center, open-label Phase I/II clinical study for evaluation of CM380 in treatment of patients with relapsed or refractory multiple myeloma.

- **Rapid expansion of workforce and production facilities**

As of December 31, 2024, we had 1,258 full-time employees in total, including over 240 employees engaging in commercialization and nearly 400 employees engaging in drug discovery and clinical operations. We will continue to recruit talents to meet the growing needs of commercialization, research and development, clinical, production and operation of the Company.

As of the date of this report, the production capacity of our production base has reached 20,500 litres in total, and all the designs thereof are in compliance with the requirements of cGMP of the NMPA and FDA.

Management Discussion and Analysis

OVERVIEW

We are a biotechnology company focused on the in-house discovery and development of innovative biological therapies in the autoimmune and oncology therapeutic areas. We have multiple clinical-stage/commercialization-stage drug candidates, each of them being a leading contender within its respective competitive landscape. As of the date of this report, we have one product at commercialization stage and 12 drug candidates at clinical research and development/IND stage.

To accelerate the efficiency of our research and development, we have established a fully-integrated platform encompassing all of the key functions in the biologic drug development. These include target validation, lead molecule discovery and optimization, preclinical evaluation, process development, translational research, clinical development and manufacturing. This integrated platform has enabled us to rapidly and cost-effectively identify, build, expand and advance our diversified pipeline of innovative and differentiated antibody-based therapies, including monoclonal antibodies, bispecific antibodies, antibody drug conjugates (ADCs) and small nucleic acid drugs.

Product Pipeline

Our proprietary product pipelines integrate cutting-edge scientific discoveries and reflect our market insight. To complement our in-house R&D efforts, we also collaborate with third parties on the development and commercialization of our drug candidates through joint ventures or out-licensing arrangements.

The following chart illustrates our pipeline launched and under development and summarizes the development status of our clinical-stage drug candidates and selected IND-enabling stage drug candidates as of the end of the Reporting Period and up to the date of this report:

Research areas	Drug Candidate	Target	Modality	Focused Indications	Pre-clinical / IND / Ph-I / Ph-II / Ph-III / NDA / Launched	Partner	Keymed Rights
Autoimmune and Chronic Diseases	Stapokibart CM310 ★	IL-4Rα	mAb	Moderate-to-severe AD--adults	BTD granted by CDE / Priority Review / NDA approval on Sept.10, 2024		Global
				Moderate-to-severe AD--children & adolescents			
				CRSwNP	Priority Review / NDA approval on Dec. 23, 2024		
				SAR	NDA approval on Feb. 7, 2025		
				Prurigo nodularis			
				Respiratory related indications			
	CM512	TSLPxIL-13	Bispecific	Moderate-to-severe AD		Beleno̲s	Greater China
				Asthma			
				COPD			
	CM313	CD38	mAb	SLE		TIMBERLYNE THERAPEUTICS	Greater China
				ITP			
				IgAN			
	CM383	Aβ protofibrils	mAb	Alzheimer's Disease			Global
	CM326	TSLP	mAb	CRSwNP, asthma, etc.		CSPC 石药集团	Global ex mainland China
Oncology	CM6901 ★	Claudin 18.2	ADC	Gastric and other solid tumors	FTD & ODD granted by FDA / BTD granted by CDE / Global phase III clinical	AstraZeneca	
	CM518D1	CDH17	ADC	Solid tumors			Global
	CM313	CD38	mAb	RRMM, lymphoma and other hematological malignancies		TIMBERLYNE THERAPEUTICS	Greater China
	CM355	CD20xCD3	Bispecific	Lymphoma		Prolium INNOCARE	Asia
	CM336	BCMAxCD3	Bispecific	RRMM		DURO MEDICINES	Greater China
	CM350	GPC3xCD3	Bispecific	Solid tumors			Global
	CM380	GPRC5DxCD3	Bispecific	RRMM			
	CM369	CCR8	mAb	Tumors		INNOCARE	

Abbreviations: AD = atopic dermatitis; ADC = antibody drug conjugate; AR = allergic rhinitis; CRS = chronic rhinosinusitis; CRSwNP = chronic rhinosinusitis with nasal polyps; COPD = chronic obstructive pulmonary disease; GEJ = gastroesophageal junction; ITP = primary immune thrombocytopenia; mAb = monoclonal antibody; MM = multiple myeloma; Ph = Phase; RRMM = relapsed or refractory multiple myeloma; SAR = seasonal allergic rhinitis; IgAN = IgA nephropathy

Management Discussion and Analysis

BUSINESS REVIEW

- **Kangyueda (康悦達), Stapokibart (CM310) (IL-4Rα antibody)**

  Stapokibart (CM310), our core product as defined under Chapter 18A of the Listing Rules, is a humanized and highly potent antibody against interleukin-4 receptor α-subunit (IL-4Rα). It is the first domestically-developed IL-4Rα antibody that received IND approval from the NMPA. By targeting IL-4Rα, Stapokibart (CM310) can lead to dual-blockade of interleukin-4 (IL-4) and interleukin-13 (IL-13) signaling. IL-4 and IL-13 are two critical cytokines for initiating type II inflammation.

  As of the date of this report, the new drug applications of Stapokibart for the treatment of moderate-to-severe atopic dermatitis (AD) in adults, chronic rhinosinusitis with nasal polyps (CRSwNP) and seasonal allergic rhinitis have been approved by the NMPA. During the Reporting Period, the gross revenue for sales of Stapokibart amounted to approximately RMB43 million and net sales amount was approximately RMB36 million after deducting distributor discounts and price reduction subsidies. In addition, Stapokibart has the potential to treat various type II immunological diseases in adults, adolescents and children, including but not limited to, allergic rhinitis, prurigo nodularis, moderate-to-severe asthma, and chronic obstructive pulmonary disease (COPD). The product demonstrated favorable safety profile and encouraging efficacy in various clinical studies.

  In June 2024, the long-term efficacy and safety data from the Phase III clinical trial of Stapokibart injection for the treatment of moderate-to-severe AD were presented by way of oral presentation at the European Academy of Allergy and Clinical Immunology (EAACI) Congress 2024. This clinical trial is a multi-center, randomized, double-blinded, placebo-controlled Phase III clinical trial designed to evaluate the efficacy and safety of Stapokibart in subjects with moderate-to-severe atopic dermatitis, as well as to observe its pharmacokinetics characteristics, PD effects, and immunogenicity. A total of 500 adult subjects with moderate-to-severe AD were randomly assigned in a 1:1 ratio to receive either 300 mg of Stapokibart (initial dose: 600 mg) or a placebo, administered every two weeks for 16 weeks (double-blind treatment period). Following this, all subjects received 300 mg of Stapokibart (placebo-to-Stapokibart initial dose: 600 mg), administered every two weeks for 36 weeks (maintenance treatment period). Combination of topical treatments for AD was allowed during the maintenance treatment period.

  The two primary endpoints of this trial were met by achieving the rate of standards of at least 75% improvement from baseline in the Eczema Area and Severity Index (EASI-75) and an Investigator Global Assessment (IGA) score of 0 or 1 point with a reduction of ≥2 points from baseline at week 16. Other efficacy indicators included the EASI score, IGA score, and the Peak Pruritus Numerical Rating Scale (PP-NRS), among others. A total of 476 subjects entered the maintenance treatment period, with 238 subjects in each group. At week 52, the rates of achieving EASI-75 for the Stapokibart group and the placebo-to-Stapokibart group were 92.5% and 88.7%, respectively; the EASI-90 response rates were 77.1% and 65.6%, respectively; the rates of achieving an IGA score of 0 or 1 point with a reduction of ≥2 points from baseline were 67.3% and 64.2%, respectively; the rates of achieving a reduction of ≥4 points from baseline in the weekly average of daily PP-NRS score were 67.3% and 60.5%, respectively. Long-term treatment with Stapokibart can consistently improve dermatitis symptoms and quality of life in subjects with moderate-to-severe AD. During the maintenance period, only one subject (0.9%) experienced a relapse. In terms of safety, Stapokibart was safe and well-tolerated after 52 weeks of administration, with safety profiles consistent with those observed at week 16 and no new safety signals identified. Based on the results of the Phase III clinical trial, in September 2024, the new drug application of Stapokibart injection for the treatment of moderate-to-severe atopic dermatitis in adults was approved by the NMPA. In October 2024, the full text of the 52-week efficacy and safety data of the Phase III clinical study was published in the *Allergy*, the top international journal in allergy and immunology field.

Management Discussion and Analysis

In 2024, we advanced and completed the 52-week treatment and safety follow-up of the Phase III clinical study of Stapokibart injection in the treatment of chronic rhinosinusitis with nasal polyps (CRSwNP). The study results showed that the data from the Phase III clinical trial was positive. Compared to the placebo, Stapokibart significantly reduced nasal polyps (nasal polyps score (NPS) improvement of 2.3 from baseline) and alleviated nasal congestion (nasal congestion score (NCS) improvement of 0.7 from baseline) after 24 weeks. The differences were highly statistically significant ($P<0.0001$). Additionally, it effectively relieved rhinosinusitis, restored sense of smell, improved nasal symptoms, and enhanced quality of life. In June 2024, the new drug application of Stapokibart injection for the treatment of chronic rhinosinusitis with nasal polyps was accepted by the NMPA and granted priority review. In December 2024, the new drug application of Stapokibart injection for the treatment of chronic rhinosinusitis with nasal polyps was approved by the NMPA.

In 2024, we completed the data unblinding and statistical analysis for the Phase III clinical study of Stapokibart injection for the treatment of seasonal allergic rhinitis (SAR), with clinical data meeting the primary endpoints. This clinical trial is a multi-center, randomized, double-blind, placebo-parallel Phase III study aimed at confirming the efficacy and safety of Stapokibart injection in adult patients with SAR who have inadequate control with nasal glucocorticoids or other treatments. In this Phase III clinical study conducted during the pollen season, and 108 subjects were enrolled. Stratified by study center, subjects were randomly assigned in a 1:1 ratio to receive 600 mg of Stapokibart (initial dose) + 300 mg or placebo, administered every two weeks for a total of two doses. Safety was observed for 8 weeks. The primary endpoint of the study was the average change from baseline in the daily retrospective nasal symptoms score (rTNSS) over the 2-week treatment period. The study findings demonstrated that during the pollen season, in comparison with the standard treatment group, which consisted of nasal spray hormones combined with antihistamine drugs, the administration of Stapokibart for two weeks effectively controlled the typical nasal allergic symptoms of patients, including runny nose, nasal congestion, nasal itching, and sneezing. The least-squares mean (LSMean) of the inter-group difference was -1.3, and its 95% confidence interval (CI) was also -1.3, indicating a highly significant statistical difference ($P=0.0008$). This difference far exceeded the minimal clinically important difference (MCID) of 0.23, clearly demonstrating substantial clinical benefits. Moreover, Stapokibart could effectively alleviate ocular allergic symptoms such as eye itching or burning, eye tearing or watering, and eye redness. It comprehensively enhanced the quality of life of patients and exhibited excellent safety. In April 2024, the new drug application of Stapokibart injection for the treatment of seasonal allergic rhinitis was accepted by the NMPA. In February 2025, the new drug application of Stapokibart injection for the treatment of seasonal allergic rhinitis was approved by the NMPA.

In February 2024, we launched a randomized, double-blinded, placebo-controlled Phase III clinical study to evaluate the efficacy and safety of Stapokibart injection in adolescent subjects with moderate-to-severe AD. As of the end of the Reporting Period, the patient enrollment for this clinical study has been completed. Additionally, in May 2024, we initiated a randomized, double-blinded, placebo-controlled Phase III clinical study to evaluate the efficacy and safety of Stapokibart injection in subjects with prurigo nodularis. As of the date of this report, the patient enrollment for this clinical study is in progress.

In March 2021, JMT-Bio, a wholly-owned subsidiary of CSPC, was granted the exclusive license to develop and commercialize CM310 for the treatment of moderate-to-severe asthma, chronic obstructive pulmonary disease (COPD) and other respiratory diseases in China (excluding Hong Kong, Macau, and Taiwan). In November 2024, taking into account the expansion of the scope of license to develop and commercialize CM326 granted to JMT-Bio, the Group and JMT-Bio agreed to terminate the license of CM310 granted to JMT-Bio.

Management Discussion and Analysis

- **CMG901/AZD0901 (Claudin 18.2 antibody drug conjugate)**

  CMG901 (AZD0901) is a Claudin 18.2-targeting ADC comprising of a Claudin 18.2-specific antibody, a cleavable linker and a toxic payload, monomethyl auristatin E (MMAE). It is the first Claudin 18.2 ADC to have received IND approval in China and the U.S. Previously, CMG901 (AZD0901) was granted the Fast Track Designation and the Orphan Drug Designation by the FDA for the treatment of relapsed/refractory gastric cancer and GEJ adenocarcinoma, and was granted breakthrough therapy designation by the CDE for the treatment of Claudin 18.2-positive advanced gastric cancer that has failed or cannot be tolerated by first-line treatment or above.

  In February 2023, AstraZeneca AB ("**AZ**") was granted an exclusive global license for research, development, registration, manufacturing, and commercialization of CMG901 (AZD0901). As of the date of this report, AZ has conducted multiple clinical studies regarding CMG901 (AZD0901) for treatments of advanced solid tumors, of which the indications including gastric cancer, pancreatic cancer and biliary tract cancer.

  In June 2024, the data from the Phase I clinical study of CMG901 (AZD0901) for the treatment of advanced gastric/gastroesophageal junction (G/GEJ) cancer were presented by way of oral presentation at the American Society of Clinical Oncology (ASCO) Annual Meeting 2024. On January 6, 2025, the data from the Phase I clinical study were released on *The Lancet Oncology*, the international authoritative oncology journal. The study results indicated that as of February 24, 2024, totally 113 patients with G/GEJ cancer received CMG901 (AZD0901) at doses of 2.2 mg/kg, 2.6 mg/kg, and 3.0 mg/kg (n=44, 50, and 19, respectively). The median line of prior therapy of subjects was two. 74% of subjects previously received anti-PD-1/PD-L1 therapy. Among 89 evaluable patients with Claudin 18.2-high expressing (defined as Claudin 18.2 staining intensity ≥2+ in ≥20% of tumor cells) G/GEJ cancer in three cohorts, confirmed objective response rate (ORR) was 35%. In the 2.2 mg/kg dose group, the confirmed ORR was 48%. The median progression free survival (mPFS) for all 93 patients with Claudin 18.2-high expressing G/GEJ cancer was 4.8 months, and the median overall survival (mOS) was 11.8 months. In terms of safety, the incidence of drug-related grade ≥3 treatment-emergent adverse events (TEAEs) was 55%, the incidence of drug-related serious adverse events was 32%, and 8% of subjects had discontinued treatment due to drug-related adverse events. Overall, CMG901 had an excellent efficacy and manageable safety and tolerability profile for advanced gastric cancer.

Management Discussion and Analysis

- **CM313 (CD38 antibody)**

  CM313 is a humanized monoclonal antibody that targets CD38. It can induce target cell apoptosis through antibody-dependent cell-mediated cytotoxicity (ADCC), complement-dependent cytotoxicity (CDC), and antibody-dependent cell-mediated phagocytosis (ADCP), as well as under Fc cross-linking conditions. We believe that CM313 has the potential to become an innovative treatment option for relapsed or refractory multiple myeloma (RRMM) and other hematological malignancies, and it may also bring new breakthroughs in the field of autoimmune disease treatment. In 2024, we initiated and advanced a multi-center, open-label Phase I/II clinical study to assess the safety, tolerability, pharmacokinetics, pharmacodynamics, and preliminary efficacy of CM313 (subcutaneous formulation) injection as a monotherapy and in combination with other anti-tumor therapies in patients with RRMM.

  In addition, given the observed outstanding clearance effect of CM313 on plasma cells in multiple myeloma (MM), we believe that CM313 has the potential to become an innovative treatment option for various autoimmune diseases. We completed a randomized, double-blinded, placebo-controlled, dose-escalation, multiple-dose Phase Ib/IIa clinical study in July 2024 to evaluate the safety, tolerability, pharmacokinetics, pharmacodynamics, immunogenicity and preliminary efficacy of CM313 injection in subjects with SLE. We plan to initiate a Phase II clinical study in the first half of 2025.

  In June 2024, a research paper titled "A Novel Anti-CD38 Monoclonal Antibody for Treating Immune Thrombocytopenia" was published in *The New England Journal of Medicine*. This is an investigator-initiated, single-arm, open-label, exploratory clinical study to evaluate the safety and preliminary efficacy of CM313 in adult patients with primary immune thrombocytopenia. A total of 22 patients were enrolled in the study, with 21 patients completing both the 8 doses and 16-week follow-up periods, while one patient dropped out after the first infusion. In terms of efficacy, results showed that 95.5% of patients (21/22) achieved a platelet count of $\geq 50 \times 10^9$/L within 8 weeks upon the first acceptance of CM313 infusion, with a median cumulative duration for a platelet count of $\geq 50 \times 10^9$/L of 23 weeks (interquartile range: 17-24). The median time to first platelet count of $\geq 50 \times 10^9$/L was 1 week (range: 1-3), and the median time to first platelet count of $\geq 30 \times 10^9$/L with a ≥2-fold increase from baseline was 1 week. Additionally, the durable platelet count response rate (defined as a platelet count of $\geq 50 \times 10^9$/L observed six or more times among the final eight platelet counts) was 63.6% (14/22). Throughout the entire study, overall response (complete or partial response) was observed in 21 patients, with 20 patients achieving complete response. The proportion of patients with bleeding decreased from 68.2% (15/22) at baseline to 4.8% (1/21) at week 8. Most patients discontinued concomitant medications due to the restoration of platelet counts to normal or safe levels upon CM313 treatment.

  In 2024, we initiated a randomized, double-blinded, placebo-controlled Phase II clinical study to evaluate the safety, tolerability, pharmacokinetics, pharmacodynamics, immunogenicity, and preliminary efficacy of CM313 (subcutaneous formulation (SC)) injection in subjects with primary immune thrombocytopenia. The first patient was enrolled and dosed in November 2024. As of the date of this report, patient enrollment is ongoing for this study. Additionally, we initiated a randomized, double-blinded, placebo-controlled Phase II clinical study to evaluate the safety and efficacy of CM313 (SC) injection in subjects with IgA nephropathy in early 2025. As of the date of this report, preparations for patient enrollment are underway for this study.

Management Discussion and Analysis

In January 2025, Chengdu Keymed entered into an exclusive out-license agreement with Timberlyne Therapeutics, Inc. ("**Timberlyne**"). The license agreement granted Timberlyne the exclusive right to develop, manufacture and commercialize CM313 globally (excluding Mainland China, Hong Kong, Macau and Taiwan). Subject to terms and conditions of the license agreement, the Timberlyne was granted an exclusive license for the development, manufacturing and commercialization of CM313 in the licensed region. In return, the Group should receive an upfront and near-term payment of US$30 million and equity interest of Timberlyne, being its largest shareholder. The Group might also receive additional payments up to US$337.5 million subject to achievement of certain sales and development milestones. The Group was also entitled to receive tiered royalties on net sales from the target company. Timberlyne is a corporation with limited liability incorporated in June 2024 in Delaware, the United States. Concurrent with the license agreement, the Timberlyne has entered into a financing agreement of US$180 million under which an equity financing would be completed in accordance with the terms and conditions. After completion of the foregoing transactions, Timberlyne was owned as to 25.79% by the Group which became its largest shareholder. Timberlyne's other substantial shareholders are Bain Capital and Venrock Healthcare Capital, each of whom is an institutional investor and a third party independent of the Company and its connected persons.

- **CM512 (TSLP x IL-13 bispecific antibody)**

CM512 is a recombinant anti-thymic stromal lymphopoietin (TSLP) and anti-interleukin-13 (IL-13) bispecific antibody, targeting TSLP and IL-13 at the same time. Mechanism of action and *in vitro* drug efficacy studies have shown that CM512 has high affinity for TSLP and IL-13, blocking the binding of TSLP to thymic stromal lymphopoietin receptor (TSLPR), and the binding of IL-13/IL-13Rα1 complex to IL-4Rα receptors, and synergistically inhibits the downstream signaling pathways and effector cell activation induced by TSLP and IL-13. *In vivo* efficacy tests have shown that CM512 can effectively inhibit allergic inflammatory responses. In addition, CM512 is characterized by low immunogenicity and long half-life, which is expected to achieve better therapeutic efficacy in the clinical setting and further improve patient compliance.

As of the date of this report, we have initiated a randomized, double-blinded, single/multiple dose-escalation, placebo-controlled Phase I clinical study to evaluate the safety, tolerability, pharmacokinetics, pharmacodynamics and immunogenicity of CM512 in healthy subjects and patients with moderate-to-severe atopic dermatitis, with enrollment of the first subject completed in September 2024.

In July 2024, Chengdu Keymed entered into a license agreement with Belenos Biosciences, Inc. ("**Belenos**"). The license agreement granted Belenos the exclusive rights to develop, manufacture, and commercialize the Group's drug candidates CM512 and CM536 globally (excluding the Greater China region). In return, Chengdu Keymed should receive an upfront and near-term payment of US$15 million, and iBridge HK should receive approximately 30.01% of the equity interest in Belenos as consideration. Subject to achievement of certain development, regulatory and commercial milestones, Chengdu Keymed might also receive additional payments up to US$170 million. Chengdu Keymed was also entitled to receive tiered royalties from Belenos on net sales during a specified time period beginning after the first commercial sales of CM512 and CM536. Except as otherwise agreed, Belenos would be responsible for bearing the costs of all development, regulatory and commercialization activities of CM512 and CM536 in the licensed region. In connection with the license agreement, Belenos and Chengdu Keymed would enter into a supply agreement under which Belenos would have the right to source supply of CM512 and CM536 from Chengdu Keymed or its contract manufacturer in the quantities necessary to conduct any clinical trials. As of the date of this report, Belenos is preparing to initiate a Phase I clinical trial to evaluate CM512 for the treatment of asthma.

- **CM336 (BCMA x CD3 bispecific antibody)**

  CM336 is a BCMA x CD3 bispecific antibody that can simultaneously target and identify and specifically bind both BCMA on the surface of target cells and the CD3 receptors on the surface of T cells to recruit immune T cells to the vicinity of the target cells, thereby inducing T-cell dependent cellular cytotoxicity (TDCC) to eliminate the target cells. In 2024, we continuously proceeded with a multi-center, open-label Phase I/II clinical study to assess CM336 injection for the treatment of patients with relapsed or refractory multiple myeloma. As of the date of this report, the product is currently in the dose-expansion phase of Phase I/II clinical study.

  In November 2024, Chengdu Keymed and Platina Medicines Ltd ("**PML**") entered into an exclusive license agreement. The license agreement granted PML the exclusive right to develop, manufacture and commercialize CM336 globally excluding Mainland China, Hong Kong, Macau and Taiwan. In return, the Group should receive an upfront and near-term payment of US$16 million and a minority equity interest in Ouro Medicines, LLC ("**Ouro Medicines**") as part of the consideration. Ouro Medicines is the parent company of PML and owns 100% of the equity interest in PML. The Group might also receive additional payments up to US$610 million subject to achievement of certain clinical, regulatory and commercial milestones and was also entitled to receive tiered royalties on net sales of CM336 and related products from PML. The Group was obliged to provide assistance to facilitate technology and knowledge transfer. Except as otherwise agreed, PML would be responsible for bearing all costs for activities associated with the development of CM336 in the licensed region. In connection with the license agreement, PML and the Group would enter into a clinical supply agreement under which PML would source clinical supply of CM336 drug from the Group.

  In December 2024, the latest data of the Phase I/II clinical study of CM336 for relapsed or refractory multiple myeloma (RRMM) was presented as a poster at the 66th American Society of Hematology (ASH) Annual Meeting. As of October 30, 2024, a total of 68 patients were enrolled in this study (25 in the dose-escalation phase and 43 in the dose-expansion phase). All patients were treated with proteasome inhibitors, immunomodulators, and anti-CD38 monoclonal antibodies. The median line of prior therapy was four. The safety assessment demonstrated that CM336 had a manageable safety and tolerability profile. Patients received CM336 at dose level up to 160 mg, and the maximum tolerated dose was not reached. The most common adverse events were cytokine release syndrome (CRS), decrease of lymphocyte count, and anaemia. Most events of CRS were grade 1, and only 7% (5/68) of patients experienced grade 2 CRS. No immune effector cell-associated neurotoxicity syndrome occurred. In the dose-escalation phase, with a median follow-up of 12.1 months, 52% (12/23) of patients achieved stringent complete response (sCR) or complete response (CR). In dose-escalation and expansion phases, with a median follow-up of 3.1 months, the overall response rates (ORR) were 67% (16/24) and 76% (19/25) for the 3/20/80 mg and 3/20/80/160 mg dose groups, respectively. Several patients have not achieved the best overall response. Among the 19 patients evaluable for minimal residual disease (MRD), MRD negativity rate was 95% (18/19), and the median time to MRD-negative response was 2.1 months. CM336 showed a favorable safety and tolerability profile and demonstrated definite efficacy in patients with relapsed or refractory multiple myeloma.

  Furthermore, based on the clinical effects observed in multiple myeloma indication, we believe that CM336 could represent a promising new therapeutic option for autoimmune diseases by eliminating plasma cells that secrete pathogenic antibodies.

Management Discussion and Analysis

- **CM383 (Aβ protofibrils antibody)**

  CM383 is a humanized monoclonal antibody for the treatment of early Alzheimer's Disease. The amyloid cascade hypothesis postulates that excessive β-amyloid protein (Aβ) in the brain is a trigger of Alzheimer's Disease. In addition, Aβ protofibrils are considered to be more toxic which are associated with the Alzheimer's Disease progression in the patients. CM383 selectively binds to soluble Aβ protofibrils and plaque. On one hand, CM383 reduces the deposition of Aβ. On the other hand, CM383 promotes the clearance of Aβ plaque.

  Preclinical studies indicated that CM383 demonstrated a favorable safety profile. As of the date of this report, all subject visits were completed for the Phase Ia clinical study of the safety, tolerability, pharmacokinetics, pharmacodynamics and immunogenicity of single dose-escalation administration of CM383 in healthy subjects in late 2024; the enrollment of the first subject in a randomized, double-blinded, placebo-controlled Phase Ib clinical study to evaluate the safety, tolerability, pharmacokinetics, pharmacodynamics and immunogenicity of multiple dose-escalation administration of CM383 in patients with mild cognitive impairment due to Alzheimer's Disease and mild Alzheimer's Disease has been completed in November 2024.

- **CM518D1 (CDH17 ADC)**

  CM518D1 is an innovative antibody drug conjugate (ADC) drug independently developed based on an ADC discovery platform that is formed by a novel sequence of recombinant humanized anti-cadherin 17 (CDH17) monoclonal antibody coupled with a novel linker-drug, to be administered by intravenous infusion for advanced solid tumors without standard treatment or with standard treatment failure. CDH17 is highly expressed in various solid tumors such as colorectal cancer, gastric cancer and pancreatic cancer. CM518D1 achieves tumor cell killing by targeting CDH17, which has the potential advantages of good anti-tumor efficacy and large safety window.

  We have submitted IND application to NMPA, and planned to conduct a multi-center, open-label Phase I/II clinical trial to evaluate CM518D1 for the treatment of patients with advanced solid tumors.

- **CM326 (TSLP antibody)**

  CM326 is a recombinant humanized monoclonal antibody targeting anti-thymic stromal lymphopoietin (TSLP). TSLP plays a critical role as an upstream cytokine mediating multiple inflammatory pathways. CM326 can effectively inhibit TSLP-induced proliferation of immune cells and inflammatory factor release, and is expected to be a new option for the treatment of chronic obstructive pulmonary disease (COPD), moderate-to-severe asthma and chronic rhinosinusitis with nasal polyps.

  In March 2024, we completed a randomized, double-blind, placebo-controlled, dose-escalation Phase Ib/IIa clinical study to assess the safety, tolerability, pharmacokinetics, pharmacodynamics, immunogenicity, and preliminary efficacy of CM326 injection administered subcutaneously multiple times in subjects with chronic rhinosinusitis with nasal polyps (CRSwNP). This study provided initial validation for the safety and efficacy of CM326 in the population with CRSwNP. Following this, in May 2024, we initiated a randomized, double-blinded, placebo-parallel Phase II clinical study to evaluate the efficacy and safety of the CM326 recombinant humanized monoclonal antibody injection in patients with CRSwNP, aiming to identify the optimal dose.

  In November 2021, JMT-Bio, a wholly-owned subsidiary of CSPC, was granted the exclusive rights to develop and commercialize CM326 in China (excluding Hong Kong, Macau, and Taiwan) for the treatment of moderate-to-severe asthma, COPD, and other respiratory diseases. In November 2024, taking into account the termination of the CM310 license granted to JMT-Bio, the Group agreed to expand the scope of the license granted to JMT-Bio (including expanding the scope to all indications and granting manufacturing rights). Other key terms of the CM326 license (such as milestone payments and territorial restrictions) remain unchanged. As of the date of this report, a Phase II clinical study for the treatment of moderate-to-severe asthma, led by CSPC, has completed enrollment of all subjects and is currently in the follow-up phase.

Management Discussion and Analysis

- **CM355/ICP-B02 (CD20 x CD3 bispecific antibody)**

  CM355 is a CD20 x CD3 bispecific antibody co-developed by us and InnoCare. CM355 is designed to bind both CD20 on tumor cells and CD3 on T-cells, redirecting and activating T-cells to eliminate tumor cells through T-cell-dependent cellular cytotoxicity (TDCC). This bispecific antibody has demonstrated strong potential in both oncology and non-oncology fields.

  As of the date of this report, we are conducting a Phase I/II clinical trial in China to assess the safety, tolerability, pharmacokinetics, and preliminary anti-tumor activity of CM355 in relapsed/refractory non-Hodgkin's lymphoma (NHL). Dose escalation of the intravenous infusion formulation (IV) was completed and the subcutaneous formulation (SC) is being evaluated. Our preliminary data of both IV and SC formulations have shown good efficacy of CM355 in patients with follicular lymphoma (FL) and diffuse large B-cell lymphoma (DLBCL).

  Given the critical role of B cells in various severe autoimmune diseases, CM355 may find broader applications in the treatment of severe autoimmune diseases.

  In January 2025, Chengdu Keymed, InnoCare and Beijing Tiannuojiancheng Pharma Tech Co., Ltd. (北京天諾健成醫藥科技有限公司) ("**Tiannuo Pharma**") have entered into an exclusive out-license agreement with Prolium Biosciences, Inc. ("**Prolium**") for the development and commercialization of CM355. Under the terms of the license agreement, Prolium would have the exclusive right to develop, register, manufacture, and commercialize CM355 globally in non-oncology indications and in oncology indications outside of Asia. Prolium, a company incorporated in Delaware, the United States, on August 21, 2024, is founded and backed by RTW Investments. Payment under the license agreement would be shared equally between Chengdu Keymed and InnoCare. Chengdu Keymed and InnoCare would collectively be entitled to receive an upfront and near-term payment of US$17.5 million, additional payments up to US$502.5 million and tiered royalties on net sales from Prolium based on their respective 50% interest in the Tiannuo Pharma. The payments were subject to achievement of certain commercial, clinical development and regulatory milestones. The Group and the InnoCare Pharma Limited (諾誠健華醫藥有限公司)'s group were also receiving a minority equity stake in Prolium.

- **CM350 (GPC3 x CD3 bispecific antibody)**

  CM350 is a GPC3 x CD3 bispecific antibody for the treatment of solid tumors, especially for hepatocellular carcinoma (HCC). CM350 can simultaneously bind GPC3-positive tumor cells and T cells, thereby activating T cells to eliminate tumor cells.

  We continuously proceeded with a Phase I/II clinical study in 2024 to assess the safety, tolerability, pharmacokinetics, and preliminary efficacy of CM350 in patients with advanced solid tumors. As of the date of this report, the product is currently in the dose-escalation phase of Phase I/II clinical study.

- **CM369/ICP-B05 (CCR8 antibody)**

  CM369 is an anti-C-C motif chemokine receptor 8 (CCR8) monoclonal antibody, a potential first-in-class drug co-developed by the Company and InnoCare as a monotherapy or in combination with other therapies for the treatment of various cancers. Research has found that CM369, as a chemokine receptor highly expressed specifically on tumor-infiltrating regulatory T cells (Treg), binds to CCR8 positive Tregs and eradicates immunosuppressive Tregs through antibody-dependent cell-mediated cytotoxicity (ADCC) to augment the anti-tumor immunity in tumor microenvironment (TME) while preserving peripheral homeostasis. CM369 has the potential to deliver optimal tumor-targeted Treg depletion and be more specific in anti-tumor activity than other immunotherapies and enhance our strength in the field of solid tumors by synergizing with our existing pipelines.

  As of the date of this report, we are conducting a Phase I trial to evaluate the safety, tolerability, pharmacokinetic characteristics, and efficacy of CM369 in subjects with advanced solid tumors and relapsed/refractory NHL. Dose escalation of CM369 has been escalated up to 450 mg in subjects with solid tumor and 600 mg in subjects with NHL. CM369 was well tolerated with no dose-limiting toxicities (DLTs) nor ≥grade 3 treatment-related adverse events (TRAEs) observed. The preliminary results demonstrated a favorable pharmacokinetics profile with sufficient exposure for target coverage and regulatory T-cell depletion. As of January 6, 2025, at least 12 patients received at least one lesion assessment. 4/12 patients (33.3%) achieved partial response (PR) in main lesions. The 6-month PFS rate was 82.5% (95% CI: 46.1%-95.3%). Among the five patients ongoing, CR8+ levels exceeded 10%, and four (80%) achieved PR. We will explore the combination of CM369 with other immunotherapies in various tumors indications after collecting the safety data of monotherapy.

- **CM380 (GPRC5D × CD3 bispecific antibody)**

  CM380 is a GPRC5D x CD3 bispecific antibody that can simultaneously target and identify and specifically bind to GPRC5D on the surface of multiple myeloma cells and the CD3 receptor on T cells. It recruits immune T cells to the vicinity of target cells, inducing T-cell dependent cellular cytotoxicity (TDCC) to eliminate myeloma cells.

  Preclinical studies indicated that CM380 had favorable antitumor effects and was well tolerated. As of the date of this report, we are planning to conduct a multi-center, open-label Phase I/II clinical study for evaluation of CM380 in treatment of patients with relapsed or refractory multiple myeloma.

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules: The Company may not be able to ultimately develop and market CM310, CMG901, CM313, CM512, CM336, CM383, CM518D1, CM326, CM355, CM350, CM369, CM380 or any other product candidates successfully. As of the date of this report, no material adverse changes had occurred with respect to the regulatory approvals we had received in relation to our drug candidates.

Management Discussion and Analysis

OUR R&D AND MANUFACTURING

Leveraging the expertise of our clinical development team, we are able to efficiently design and execute clinical trials and demonstrate the advantages of our innovative drugs through outstanding clinical results. Our clinical development team achieves this goal through well-designed trial protocols and excellent trial execution. The team coordinates clinical development strategies and trial protocols for our drug candidates, and manages the trial implementation with the assistance of reputable CROs in a cost-effective manner. Our medical and translational research staff identify and validate biomarkers, direct patient selection, and analyze clinical data to guide clinical studies and preclinical evaluations. As our clinical-stage drug candidates are each among the first three domestically-developed for its target or in its class to have obtained IND approval in China and/or the U.S., we have attracted many first-tier hospitals and leading principal investigators (PIs) to join our clinical trials.

To ensure production and supply of high-quality and affordable antibody drugs, we have always been committed to enhancing our in-house manufacturing capabilities. We have internally developed high-expressing cell lines to ensure high yield and low costs for our antibody manufacturing. As of the end of the Reporting Period, our production capacity of the production base in Chengdu has reached 20,500 litres in total, and all the designs are in compliance with the requirements of cGMP of the NMPA and FDA.

R&D PLATFORMS

We have built fully-integrated platforms to enable our in-depth R&D in the areas of immunology and oncology. These platforms are integrated seamlessly to support key drug development functionalities, including antibody screening, functional evaluation, *in vivo* preclinical studies and biomarker identification. We have the expertise and capability to independently complete the entire drug development process from drug discovery to preclinical research to clinical development and to NDA/BLA application. Our core platforms are as follows:

- **Novel T Cell Engager (nTCE) Platform**

  Our nTCE platform enables us to develop bispecific T cell engagers that are potent and highly tumor specific. In recent years, T cell engaging bispecific antibodies have attracted particular interest as a promising class of immunotherapies for the treatment of non-immunogenic tumors and may also become a potential novel treatment option for autoimmune diseases. Our technology is designed to overcome these limitations by maximizing T cell-mediated cell killing effects with minimal cytokine release syndrome, and high stability and productivity.

  Leveraging the nTCE platform, we are developing multiple T cell engaging bispecific antibodies, including CM336, CM355, CM350 and CM380, which have entered/will enter the clinical stage as of the date of this report. In preclinical studies, the above drug candidates have demonstrated encouraging T cell-mediated cell killing effects with low possibility of cytokine release syndrome.

- **Innovative Antibody Discovery Platform**

  Our innovative antibody discovery platform is a versatile platform for the discovery and evaluation of antibody drugs. This platform includes the following main functionalities: antibody screening, engineering and optimization. With these functions and technologies, we are able to develop antibody-based therapies with new modalities and new mechanisms of action, which potentially increase the efficacy and specificity of the therapies. Based on this platform, we have developed multiple drug candidates with different modalities in our pipeline, including bispecific antibodies, ADCs and fragment crystallisable (Fc)- engineered antibodies. This platform is also empowered by high-throughput automatic antibody screening and discovery techniques, leading to cost-efficient discovery of drug candidates with high affinity, cross-species activity and improved developability.

- **Bio-evaluation Platform**

  Our bio-evaluation platform is responsible for effective assessment of antibody drug candidates. We have developed multiple cell-based assays using primary and engineered reporter cells, which enable us to quickly screen and select highly potent antibodies with desired biological activities. Building on our experience and expertise, we are also able to establish a variety of immunoassays to facilitate our immunology and oncology pipeline development. To further evaluate the efficacies of antibody drugs *in vivo*, we have developed a number of animal models in different species in collaboration with our CROs to support our target validation and lead molecule selection.

- **High-throughput Screening Platform for High Yield Antibody-expressing Cells**

  Leveraging the experience and know-how of our chemistry, manufacturing and controls (CMC) and manufacturing team, we have developed our high-throughput screening platform to identify high-yielding cell lines that have desirable characteristics for further cost-efficient development. With this platform, we have successfully identified the cell lines to produce drug candidates in three months. This allows us to rapidly advance our products to the preclinical and clinical evaluation stages and accelerate the drug development process.

- **Novel Antibody Drug Conjugate (ADC) Platform**

  Our ADC platform has the comprehensive capabilities to develop novel ADCs with diverse combinations of novel payloads with different mechanisms of action, new types of hydrophilic linkers, and various novel antibodies by multi-conjugation techniques, which generates ADCs with full independent intellectual property rights, strong *in vivo* stability, excellent efficacy, and good safety. Based on this platform, in addition to the MMAE payload and linker used in CMG901 (also known as AZD0901), we have successfully developed several new types of payloads of new topoisomerase inhibitors and novel linkers. A series of new ADCs with the above payloads and linkers showed good *in vivo* stability, strong efficacy and good safety, and are currently in the research or the pre-clinical development stage. In addition, we have also developed novel synthetic methods, which could effectively reduce the manufacturing cost of ADCs and potentially benefit more patients.

Management Discussion and Analysis

FUTURE DEVELOPMENT

We will continue to rapidly advance both ongoing and planned clinical programs for our pipeline products both in China and globally, including in the U.S., and prepare for the commercialization of our late-stage pipeline products. In the meantime, to expedite the commercialization of our drug candidates and maximize the commercial value, we will actively explore value-accretive strategic partnerships such as co-development, collaboration, and licensing both in China and globally.

In anticipation of increased production demands for our drug candidates, we plan to further expand our cGMP-compliant manufacturing capacity to improve the cost-effectiveness of our production. We are very pleased to see that the rapid progress we achieved so far and the detailed development plan ahead of us are consistent with our Company's vision. We will continue to dedicate ourselves to developing, manufacturing and commercializing innovative biological therapies for patients worldwide.

Financial Review

	2024 ***RMB'000***	2023 *RMB'000*
Revenue	**428,124**	354,095
Cost of sales	**(12,200)**	(36,878)
GROSS PROFIT	**415,924**	317,217
Other income and gains	**141,154**	123,249
Research and development expenses	**(735,192)**	(596,282)
Administrative expenses	**(187,933)**	(177,006)
Selling and distribution expenses	**(110,897)**	–
Other expenses	**(7,987)**	(1,359)
Finance costs	**(18,460)**	(17,259)
Share of loss of a joint venture	**(5,256)**	(4,748)
LOSS BEFORE TAX	**(508,647)**	(356,188)
Income tax expense	**(6,260)**	(1,597)
LOSS FOR THE YEAR	**(514,907)**	(357,785)
Attributable to:		
Owners of the parent	**(515,241)**	(359,357)
Non-controlling interests	**334**	1,572
	(514,907)	(357,785)

Management Discussion and Analysis

1. Revenue and Cost of Sales

During the Reporting Period, the Group's revenue consisted of collaboration revenue and sales of Stapokibart. The collaboration revenue amounted to RMB392 million. The gross revenue for sales of Stapokibart amounted to RMB43 million. After deducing the dealer discount and price reduction subsidies, the net sales amount was RMB36 million. Cost of sales consisted of manufacture costs of Stapokibart and costs incurred under the out-licensing collaboration arrangements.

2. Other Income and Gains

During the Reporting Period, the Group's other income and gains primarily consisted of interest income of RMB88 million, gain on exchange difference of RMB18 million and government grants income of RMB32 million.

3. R&D Expenses

During the Reporting Period, the Group's R&D expenses primarily consisted of (i) expenses incurred in connection with pre-clinical and clinical studies, including third-party contracting costs with respect to the engagement of CROs, clinical trial sites and other service providers in connection with our R&D activities; (ii) staff costs for our R&D employees; (iii) expenses for procuring raw materials and consumables used in the R&D of our drug candidates; and (iv) depreciation and amortization of property, plant and equipment and other intangible assets related to R&D activities. For year ended December 31, 2024, the R&D expenses of the Group increased by RMB139 million to RMB735 million, from RMB596 million for the year ended December 31, 2023. The increase was primarily attributable to increased staff costs, number of clinical trials and raw materials used in the R&D activities.

4. Administrative Expenses

During the Reporting Period, the Group's administrative expenses primarily consisted of (i) staff costs for our administrative employees; (ii) depreciation and amortization of property, plant and equipment and other intangible assets related to administrative activities; (iii) professional services fees paid to legal counsel, agents, auditor, and other professional service providers; and (iv) travelling expenses. For the year ended December 31, 2024, the administrative expenses of the Group increased by RMB11 million to RMB188 million, from RMB177 million for the year ended December 31, 2023.

5. Selling and Distribution Expenses

During the Reporting Period, the Group's selling and distribution expenses primarily consisted of (i) staff costs for our commercialization function; (ii) expenditure for marketing and promotion activities; and (iii) travelling expenses. As Stapokibart was approved by the NMPA in September 2024, there was no such expenses for the year ended December 31, 2023.

6. Finance Costs

During the Reporting Period, the Group's finance costs primarily consisted of interest on lease liabilities of RMB1 million and interest expense on bank borrowings of RMB17 million.

Management Discussion and Analysis

7. Income Tax Expense

During the Reporting Period, the income tax expense mainly consisted of withholding tax on milestone payment from AstraZeneca.

8. Selected Data from Consolidated Statement of Financial Position

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Total current assets	**2,466,026**	2,939,531
Total non-current assets	**1,300,540**	943,391
Total assets	**3,766,566**	3,882,922
Total current liabilities	**747,726**	314,180
Total non-current liabilities	**543,628**	581,929
Total liabilities	**1,291,354**	896,109
Net current assets	**1,718,300**	2,625,351

9. Liquidity and Capital Resources

As at December 31, 2024, our time deposits, cash and cash equivalents and bank wealth management products decreased by RMB563 million to RMB2,156 million from RMB2,719 million as at December 31, 2023. The decrease was primarily attributable to cash used in our daily business operation, netted off upfront payments received under the out-licensing arrangements.

As at December 31, 2024, the current assets of the Group were RMB2,466 million, including cash and cash equivalents of RMB418 million, time deposits of RMB1,737 million, inventories of RMB112 million, trade receivables of RMB63 million and other current assets of RMB136 million. As at December 31, 2024, the current liabilities of the Group were RMB748 million, including trade payables of RMB26 million, other payables and accruals of RMB236 million, interest-bearing bank borrowings of RMB472 million, lease liabilities of RMB12 million and other current liabilities of RMB2 million. As at December 31, 2024, the Group had available unutilized bank loan facilities of RMB277 million.

For the year ended December 31, 2024, our net cash flows used in operating activities increased by RMB486 million to RMB790 million from RMB304 million for the year ended December 31, 2023. The increase was primarily attributable to increased R&D activities and commercialization expenditure for Stapokibart.

For the year ended December 31, 2024, our net cash flows from investing activities decreased by RMB400 million to RMB68 million from RMB468 million for the year ended December 31, 2023. The decrease was primarily attributable to the increase in investment in time deposits and fixed assets during the Reporting Period.

For the year ended December 31, 2024, our net cash flows from financing activities increased by RMB212 million to RMB284 million from RMB72 million for the year ended December 31, 2023. The increase was primarily attributable to increased bank loans borrowed during the Reporting Period.

As part of our treasury management, we invest in certain wealth management products to better utilize excess cash when our cash sufficiently covers our ordinary course of business. We have implemented a series of internal control policies and rules setting forth overall principles as well as detailed approval process of our investment activities. Under our investment policy, we generally limit our purchases to low-risk, short-term products from reputable commercial banks which must not interfere with our daily operation and business prospects.

We manage and evaluate the performance of these investments on a fair value basis in accordance with our risk management and investment strategy. Therefore, these investments in wealth management products were designated as financial assets at FVTPL as of December 31, 2024.

10. Gearing Ratio

The gearing ratio (calculated by total liabilities divided by total assets) of the Group as of December 31, 2024 was 34%, representing an increase of 11 percentage points from the gearing ratio of 23% as at December 31, 2023.

11. Indebtedness

As of December 31, 2024, our interest-bearing bank borrowings amounted to RMB730 million (of which RMB337 million are borrowed at fixed interest rates) and unutilized credit facilities amounted to RMB277 million. The repayment terms of bank borrowings range from one to five years.

12. Significant Investments, Material Acquisitions and Disposals

The Group did not have any other material acquisitions or disposals of subsidiaries, associates and joint ventures for the year ended December 31, 2024. The Group also did not hold any significant investments with a value of over 5% of the Company's total assets for the year ended December 31, 2024. The Group did not have plans for significant investments or capital assets as at the date of the report.

13. Contingent Liabilities

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

14. Capital Commitments

As of December 31, 2024, the Group had capital commitments contracted, but not yet provided, of RMB129 million, which were related to the purchase of property, plant and equipment for the manufacture plant.

15. Pledge of Assets

As of December 31, 2024, the Group pledged machinery equipments of RMB441 million, buildings and land-use right with a total net carrying values of RMB354 million to secure its bank borrowings.

Management Discussion and Analysis

16. Foreign Exchange Exposure

During the Reporting Period, the Group mainly operated in China and a majority of its transactions were settled in Renminbi, the functional currency of the Company's primary subsidiaries. The Group's borrowings are made in Renminbi, while cash and cash equivalents are primarily held in Renminbi, Hong Kong dollars and U.S. dollars. The Group is exposed to foreign currency risk as a result of certain cash and bank balances, time deposits, and financial assets at FVTPL denominated in non-functional currency. Therefore, the fluctuations in the exchange rate of functional currency against non-functional currency could affect the Group's results of operations. 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.

HUMAN RESOURCES

As of December 31, 2024, we had 1,258 full-time employees in total, including seven employees who were employed overseas and the remaining in Mainland China. In strict compliance with the relevant labor laws, we enter into individual employment contracts with our employees covering matters such as terms, wages, bonuses, employee benefits, workplace safety, confidentiality obligations and grounds for termination.

To remain competitive in the labor market, we provide various incentives and benefits to our employees. We invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries and opportunity to participate in share incentive schemes to our employees. We believe our benefits, working environment and development opportunities for our employees have contributed to good employment relations and employee retention.

The Company has adopted the 2021 RSU Scheme on April 5, 2021 (for further details, please refer to our Prospectus) and the 2022 RSU Scheme on January 21, 2022 (for further details, please refer to the Company's announcements dated January 21, 2022 and January 28, 2022). During the Reporting Period, restricted share units underlying 1,215,280 Shares and 0 Shares had been awarded under the 2021 RSU Scheme and 2022 RSU Scheme, respectively.

Directors and Senior Management

DIRECTORS

Executive Directors

Dr. Bo CHEN, aged 51, has been a Director since April 23, 2018 and was re-designated as an executive Director on April 3, 2021 and currently serves as the chairman of our Board and our chief executive officer. Dr. Chen has been serving as the chief executive officer of Chengdu Keymed since December 2016 and its chairman since December 2018. Dr. Chen is primarily responsible for the overall strategic planning, business direction and operational management of our Group.

Dr. Chen has extensive experience in the pharmaceutical industry. Dr. Chen founded Wuhan Huaxin Kangyuan Biopharma Co., Ltd. (武漢華鑫康源生物醫藥有限公司) in June 2011, a biopharmaceutical company focusing on development of monoclonal antibodies drugs. Subsequently, from January 2013 to March 2015, Dr. Chen served as the general manager and an executive director at Shanghai Junshi Biosciences Co., Ltd., ("**Junshi Bioscience**"), a dual listed company in Hong Kong (stock code: 1877) and Shanghai (stock code: 688180) and subsequently served as the chief scientist until December 2016, Dr. Chen remained as a director of Junshi Bioscience until March 2018.

Dr. Chen obtained his bachelor's degree in cell biology from Wuhan University (武漢大學) in the PRC in July 1996. Dr. Chen proceeded to obtain his PhD. in fertility and molecular biology from the Albert Einstein College of Medicine of Yeshiva University in United States in September 2003.

Dr. Changyu WANG, aged 60, has been a Director since March 3, 2021 and was re-designated as an executive Director on April 3, 2021. He is primarily responsible for directing and overseeing overall research and development management. Dr. Wang is the senior vice president of the Company and Chengdu Keymed.

Dr. Wang possesses more than 25 years of experience in research and development of biopharmaceuticals. From April 1998 to March 2001, he was a research scientist at Chiron Corporation. From April 2001 to August 2009, he was a senior scientist at Medarex, Inc., which was formerly listed on NASDAQ until acquisition by Bristol Myers Squibb, a company listed on the New York Stock Exchange (stock code: BMY). From September 2009 to December 2013, he was a senior scientist at Bristol-Myers Squibb. From January 2014 to February 2016, he was a director in cancer immunology at Pfizer Inc., a company listed on the New York Stock Exchange (stock code: PFE). Dr. Wang led the development of the world first PD-1 immune checkpoint inhibitor, Nivolumab, which has been approved for commercialization in 2014.

Dr. Wang obtained his bachelor's degree in microbiology from Wuhan University (武漢大學) in the PRC in July 1983. He obtained his master's degree in virology from the National Vaccine and Serum Institute (北京生物製品研究所) in September 1988. He obtained his PhD. in microbiology and immunology from the University of Colorado Medical Center in the United States in August 1994.

Directors and Senior Management

Dr. Gang XU (徐剛), aged 51, has been a Director since June 21, 2018 and was re-designated as an executive Director on April 3, 2021. Dr. Xu is primarily responsible for directing and overseeing drug discovery and early stage research. Dr. Xu is also the senior vice president of the Company and Chengdu Keymed and the executive director of Chengdu Kangnuoxing Biopharma, Inc. (成都康諾行生物醫藥科技有限公司) ("**Chengdu KNX**").

Dr. Xu possesses more than 18 years of experience in research and development of biopharmaceuticals. From October 2010 to November 2015, he was a senior scientist at the Roche R&D Center (China) Ltd (羅氏研發(中國)有限公司). He was once the general manager of Suzhou Bojuhua Biomedical Technology Co., Ltd. (蘇州博聚華生物醫藥科技有限公司), where he was responsible for pre-clinical research and operations. Dr. Xu has published research papers on immune system recognition, antibody display and bispecific antibodies in internationally renowned academic journals such as Nature Immunology and the Proceedings of the National Academy of Sciences of the USA.

Dr. Xu obtained his bachelor's degree in genetics from Wuhan University (武漢大學) in the PRC in July 1995. He obtained his PhD. in immunology from the Peking Union Medical College (北京協和醫學院) in the PRC in July 2004. He was a post-doctorate fellow in immunology at the University of Maryland School of Medicine in the USA from January 2005 to October 2010.

Non-executive Directors

Mr. Qi CHEN (陳奇), aged 50, has been a Director since June 21, 2018, and was re-designated as a non-executive Director on April 3, 2021. He participates in decision-making in respect of major matters such as corporate and business strategies.

From April 2001 to November 2015, he was a senior software engineer at Motorola Solutions (China) Co., Ltd. Since June 2017, he was an AI architect at Multipoint Life (Chengdu) Technology Co., Ltd. (多點生活(成都)科技有限公司).

Mr. Chen obtained his bachelor's degree in electrical engineering from (浙江大學) in PRC in July 1996.

Dr. Min Chuan WANG (王閩川), aged 46, has been a Director since March 3, 2021, and was re-designated as a non-executive Director on April 3, 2021. He participates in decision-making in respect of major matters such as corporate and business strategies.

Dr. Wang is the founding managing partner of 3H Health Investment (三正健康投資), where he participates in matters related to the establishment and management of the healthcare investment funds and leads its biotech and biopharmaceutical investments.

Dr. Wang also sits on the Stock Exchange's Biotech Advisory Panel (聯交所生物科技諮詢小組) and the HKSAR Innovation and Technology Fund's Enterprise Support Scheme (ESS) Assessment Panel (香港特別行政區政府創新及科技基金企業支援計劃評審委員會).

Dr. Wang received his bachelor's degree from Peking University. He obtained his master's degree and his doctor's degree from Cambridge University in the United Kingdom.

Directors and Senior Management

Mr. Yilun LIU (劉逸倫), aged 39, has been a Director since March 3, 2021, and was re-designated as a non-executive Director on April 3, 2021. He participates in decision-making in respect of major matters such as corporate and business strategies.

Mr. Liu has experience working in the financial industry, including serving as the head of special situation at Anatole Investment Management Limited (晨曦投資管理有限公司). Since April 2018, Mr. Liu has been an executive director at Boyu Capital.

Mr. Liu received his bachelor of science degree in marketing from Fudan University (復旦大學) in the PRC in July 2009. He then obtained his master of business administration degree from Columbia Business School in May 2015.

Independent Non-executive Directors

Prof. Xiao-Fan WANG (王小凡), aged 69, as an independent non-executive Director, is responsible for providing independent advice and judgment to our Board.

Prof. Wang is currently Donald and Elizabeth Cooke Chair Professor of Experimental Oncology and Professor of Pharmacology and Cancer Biology at Duke University School of Medicine. In November 2017, He was elected as a foreign academician of the Chinese Academy of Sciences (中國科學院). Between 2012 and 2013, he served as the president of the Society of Chinese Bioscientist in America. Between 2010 and 2018, he served as a member of the Expert Group of the Major Science Program of the PRC Ministry of Science and Technology (科技部重大科學計劃專家組), and a member of the Overseas Expert Advisory Committee of the Overseas Chinese Affairs Office of the State Council (國務院僑辦海外專家諮詢委員會).

Prof. Wang has published more than 160 papers and have been cited more than 16,000 times. From 1992 to 1998, he was an assistant professor in the Department of Pharmacology and Cancer Biology of Duke University. He became an associate professor in 1998, and was promoted to full professorship in 2003. He was appointed the Donald and Elizabeth Cooke Distinguished Professor in 2009.

Prof. Wang obtained his bachelor of science degree in biochemistry from Wuhan University (武漢大學) in the PRC in 1982. In 1986, he received his Ph.D. from the University of California, Los Angeles, and then worked as a postdoctoral researcher at the Massachusetts Institute of Technology.

Directors and Senior Management

Prof. Yang KE (柯楊), aged 69, as an independent non-executive Director, is responsible for providing independent advice and judgment to our Board.

Prof. Ke is currently the director of Laboratory of Genetics of Peking University Cancer Hospital (北京大學腫瘤醫院) and an international member of the United States National Academy of Medicine. Prof. Ke is also the President of the Peking University Health Science Center Alumni Association (北京大學醫學部校友會) and Vice-president of Cancer Foundation of China (中國癌症基金會).

Prof. Ke's research focus is on the upper gastrointestinal tumors, including the cloning of gastric cancer related genes and the functional study of such genes. Together with her team, she has also established the population-based cohort in esophageal cancer high incidence regions in China, studied the etiology of esophageal cancer, and evaluated the effects and economic efficacy of early screening of the disease. She has published more than 100 papers and had registered patents and been granted awards at national and provincial levels for technological and educational achievements.

Prof. Ke was a member of the 11th and 12th National Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議), an executive Vice-president of Peking University (北京大學) and of the Peking University Health Science Center (北京大學醫學部), a member of the Committee of Academic Degrees of the State Council (國務院學位委員會) and the Chairperson of the Working Committee for Medical and Pharmaceutical of the Chinese Society of Academic Degrees and Graduate Education (中國學位與研究生教育學會醫藥科工作委員會). Since August 2019, Prof. Ke has been an independent non-executive director of Tencent Holdings Limited, a company listed on the Stock Exchange (stock code: 700).

Prof. Ke graduated from Beijing Medical College (北京醫學院) (subsequently known as Beijing Medical University (北京醫科大學) and currently known as Peking University Health Science Center (北京大學醫學部)) in 1982. From 1985 to 1988, Prof. Ke worked at the National Cancer Institute of the National Institutes of Health of the United States as a postdoctoral fellow.

Directors and Senior Management

Mr. Cheuk Kin Stephen LAW (羅卓堅), aged 62, as an independent non-executive Director, is responsible for providing independent advice and judgment to our Board.

Mr. Law is a Justice of the Peace (JP) awarded by the government of Hong Kong, a member of the National Committee of the Chinese People's Political Consultative Conference, Board Member of Hong Kong Cyberport Management Company Limited, Member of the Government's Green Tech Fund Assessment Committee, and Member of the Agricultural Park Advisory Committee. Mr. Law worked at Wheelock and Company Limited (會德豐有限公司), a company formerly listed on the Stock Exchange (stock code: 0020) and The Wharf (Holdings) Limited (九龍倉集團有限公司), a company listed on the Stock Exchange (stock code: 0004) from 1995 to 2000; Morningside Group (晨興創投集團) from 2000 to 2006; and TPG Growth Capital (Asia) Limited from July 2006 to September 2012, where he last served as a managing director. Mr. Law served as (i) the chief financial officer of Guoco Group Limited (國浩集團有限公司), a company listed on the Stock Exchange (stock code: 0053) from October 2012 to June 2013; (ii) the executive director of MTR Corporation Ltd., a company listed on the Stock Exchange (stock code: 0066) from July 2013 to July 2016; (iii) an adjunct professor of the Hong Kong Polytechnic University from 2015 to 2017; (iv) the independent non-executive director of AAG Energy Holdings Limited (亞美能源控股有限公司), a company listed on the Stock Exchange (stock code: 2686) from July 2016 to September 2018 and (v) an independent non-executive director of Stealth BioTherapeutics Inc., a company listed on NASDAQ (ticker symbol: MITO) from June 2018 to July 2019. He has been the managing director of ANS Capital Limited since 2017. From November 2018 to August 2022, he was an independent non-executive director of Bank of Guizhou Co., Ltd. (貴州銀行股份有限公司) (stock code: 6199). Mr. Law has been the independent non-executive directors of the following companies which are listed on the Stock Exchange: (i) China Everbright Limited (中國光大控股有限公司) (stock code: 0165) since May 2018; (ii) Somerley Capital Holdings Limited (新百利融資控股有限公司) (stock code: 8439) since February 2019; (iii) China Galaxy Securities Co., Ltd. (中國銀河證券股份有限公司) (stock code: 6881) since June 2020; (iv) CSPC Pharmaceutical Group Limited (石藥集團有限公司) (stock code: 1093) since March 2021; and (v) XtalPi Holdings Limited (stock code: 2228) since May 2024.

Mr. Law obtained his bachelor's degree majoring in science (civil engineering) from University of Birmingham in the United Kingdom in July 1984 and his MBA degree from University of Hull in the United Kingdom in July 1996. Mr. Law is now a member of the Hong Kong Institute of Certified Public Accountants (HKICPA) and the Institute of Chartered Accountants in England and Wales, vice president of HKICPA, a council member of Hong Kong Business Accountants Association (HKBAA) and an expert accounting consultant appointed by the Ministry of Finance in the PRC. Mr. Law is also a deputy president of The Hong Kong Independent Non-Executive Director Association Limited (HKiNEDA). Mr. Law has accounting qualifications in Hong Kong and the United Kingdom.

Directors and Senior Management

SENIOR MANAGEMENT

For details of senior management who are also our Directors, please refer to "—Directors – Executive Directors" in this section.

Dr. Qian JIA (**賈茜**), aged 59, has been a senior vice president of the Company since March 2018. She has been the senior vice president of Chengdu Keymed and is responsible for development and evaluation of drug candidates, pharmaceutical research and registration matters she is also the general manager of Chengdu KNX, where she is responsible for pilot-scale experiments, the design of production base, and production management.

Dr. Jia had over 33 years of experience in pharmaceutical research. From July 1987 to July 2011, she worked at North China Pharmaceutical Group New Drug Research and Development Co., Ltd. (華北製藥集團新藥研究開發有限責任公司) ("**North China Pharmaceutical Group**"). She last served as its senior vice president, chief scientist, and director of the state key laboratory for antibody drug development. Under her leadership, North China Pharmaceutical Group received the title of "National Laboratory for Antibody Development" from the Ministry of Science and Technology of the PRC. From June 2011 to June 2015, she was the vice general manager of Shanghai Biomax Pharmaceutical Co., Ltd. (上海百邁博製藥有限公司), where she was primarily responsible for quality control. From June 2015 to March 2018, she was the deputy general manager at Shanghai Xiesheng Pharmaceutical Technology Co., Ltd. (上海諧生醫藥科技有限公司). She had been an adjunct professor at Wuhan University (武漢大學) in the PRC.

Dr. Jia obtained her bachelor's degree in virology and molecular biology from Wuhan University in July 1987. She then obtained her master's degree in pharmaceutical analysis from Hebei Medical University (河北醫科大學藥學院) in June 2002. In July 2006, she obtained her PhD. in pathogen molecular biology from the Chinese Center for Disease Control and Prevention (中國疾病控制中心). Dr. Jia was also recognized as a senior engineer (正高級工程師) in pharmaceutical engineering by the Title Reform Leading Group Office of Hebei Province (河北省職稱改革領導小組) in December 2004.

Mr. Yanrong ZHANG (張延榮), aged 37, joined the Group since September 2020 and is currently the chief financial officer of the Company, and is responsible for overall management of financial, fundraising and business development. He is also a vice president of Chengdu Keymed.

From July 2012 to September 2020, he worked at the investment banking department of China International Capital Corporation (中金公司), with his last position as vice president.

Mr. Zhang graduated with a bachelor's degree in business administration from Shandong University (山東大學) in the PRC in July 2009. He then obtained his master's degree from the University of Sheffield in the United Kingdom in January 2011.

JOINT COMPANY SECRETARIES

Mr. Yanrong ZHANG (張延榮) was appointed as a joint company secretary of our Company on April 3, 2021. Mr. Zhang is also the chief financial officer of the Company. For further details, please refer to "– Senior Management" in this section.

Ms. Vivien Pak Yu TAM serves as a manager of SWCS Corporate Services Group (Hong Kong) Limited (方圓企業服務集團(香港)有限公司), a professional services provider specializing in corporate services, and has over nine years of experience in corporate secretarial field. Ms. TAM has been admitted as an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute of the United Kingdom in 2018. Ms. TAM obtained a bachelor's degree in China Studies from Hong Kong Baptist University in 2014 and a master's degree in Professional Accounting and Corporate Governance from City University of Hong Kong in 2017.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Company has adopted the code provisions stated in the Corporate Governance Code contained in Appendix C1 of the Listing Rules. The Company is committed to the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element in the Board, which can effectively exercise independent judgment.

Except for the deviation from code provision C.2.1 of Part 2 of the CG Code, the Group's corporate governance practices are in compliance with the CG Code. Code provision C.2.1 stipulates that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. Dr. Bo CHEN is the chairman of the Board and the chief executive officer. With extensive experience in the pharmaceutical industry and having served in our Company since its establishment, Dr. Bo CHEN is in charge of overall strategic planning, business direction and operational management of our Group. The Board considers that vesting the roles of the chairman of the Board and the chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the Board and our senior management, which comprises experienced and diverse individuals. The Board currently comprises three executive Directors (including Dr. Chen), three non-executive Directors and three independent non-executive Directors, and therefore has a strong independence element in its composition.

Save as disclosed above, in the opinion of the Directors, the Company has complied with the relevant code provisions contained in the CG Code during the Reporting Period.

Code provision F.2.2 of Part 2 of the CG Code provides that the chairman of the Board should attend the annual general meeting and that the chairmen of the audit, remuneration, nomination and any other committees should be invited to attend the annual general meeting. In their absence, the chairman of the board should invite other members of the committee or other duly appointed delegate to attend. Dr. Chen (being the chairman of the Board and the chairman of the nomination committee), Dr. Changyu WANG (being a member of the remuneration committee) and Dr. Gang XU (for the purpose of code provision F.2.2 of the CG Code, as the duly appointed delegate of Mr. Qi CHEN, a member of the audit committee) attended the annual general meeting of the Company held on June 25, 2024.

The Board will continue to review and monitor the practices of the Company with an aim of maintaining a high standard of corporate governance.

THE BOARD OF DIRECTORS

Board composition

As at December 31, 2024, the Board consists of three executive Directors, namely Dr. Bo CHEN, Dr. Changyu WANG and Dr. Gang XU, three non-executive Directors, namely Mr. Qi CHEN, Dr. Min Chuan WANG and Mr. Yilun LIU, and three independent non-executive Directors, namely Prof. Xiao-Fan WANG, Prof. Yang KE, and Mr. Cheuk Kin Stephen LAW. The overall management and supervision of the Company's operation and the function of formulating overall business strategies were vested in the Board. There are no financial, business, family or other material relationships among members of the Board.

Corporate Governance Report

During the year ended December 31, 2024, the Board has at all times met the requirements of Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise. The three independent non-executive Directors represent more than one-third of the Board, complying with the requirement under Rule 3.10A of the Listing Rules whereby independent non-executive directors of a listed issuer must represent at least one-third of the board. The Board believes there is sufficient independence element in the Board to safeguard the interest of Shareholders.

Directors' responsibilities

The Board takes the responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitor the performance of the senior executives. The Directors have to make decisions objectively in the interests of the Company. As at 31 December 2024, the Board comprised nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. Their names and biographical details are set out in the "Directors and senior management" section of this annual report.

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

Delegation by the Board

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

Directors' responsibilities for financial statements

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

Corporate Governance Report

Independent non-executive Directors

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

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

All independent non-executive Directors are appointed for a term of three years.

Confirmation of independence

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

Board diversity policy

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out our objectives and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background and other qualities. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge, skills, perspectives and experience, including overall management and strategic development, business, science, investment, accounting and consulting. They obtained professional and academic qualifications including Ph.D. in pharmaceutical and other areas, as well as accounting qualifications. Furthermore, the Board possesses members spanning a wide range of ages. In term of gender diversity, the Board sets a target of having at least 10% female members and the Company currently has 1 female Director, representing 11.1% of Board members. The Company considers that the gender diversity is achieved in respect of the Board and plans to maintain the female director ratio at current level after taking into account of various factors in its context. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy, and our Board and the nomination committee of our Company will assess the Board composition regularly.

Our nomination committee is responsible for reviewing the diversity of our Board. Our nomination committee will continue to monitor and evaluate the implementation of the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives on an annual basis. We will also continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels.

The Group is committed to upholding and embracing employees with different backgrounds, culture and gender where approximately 57% of our staff (including senior management) were female. We will also continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. For details on the diversity in workforce, please refer to the "Environmental, Social and Governance Report" of this report.

Corporate Governance Report

Appointment, re-election and removal of Directors

Each of the executive Directors, non-executive Directors and independent non-executive Directors has entered into a service contract or a letter of appointment with the Company for a term of three years, subject to renewal after expiry of the then current term. Such term is subject to his/her retirement by rotation and re-election at an annual general meeting of the Company in accordance with the Articles of Association. The Articles of Association provide that the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election at such meeting.

In accordance with the Articles of Association, at each annual general meeting of the Company, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The members of the Company may, at any general meetings convened and held in accordance with the Articles of Association, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything to the contrary in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).

Compensation of Directors and Senior Management

The emoluments of the Directors and Senior Management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Details of Directors and the top five highest paid individuals are set out in notes 9 and 10 to the consolidated financial statements. During the Reporting Period, no emoluments were paid by the Group to any Directors or 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 the year ended December 31, 2024, none of the Directors has waived or agreed to waive any emoluments.

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

Directors' training and professional development

Every newly appointed Director has been given a comprehensive, formal and tailored induction on appointment. Subsequently, the Directors will receive updates on the Listing Rules, legal and other regulatory requirements and the latest development of the Group's business and are encouraged to participate in continuous professional development to develop their knowledge and skills.

During the year ended December 31, 2024, the Directors were regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expense.

Corporate Governance Report

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

Name of Director	Reading training materials relevant to corporate governance and regulations	Attending briefings relevant to the industry, business, directors' duties or other relevant topic
Executive Directors:		
Dr. Bo CHEN	✓	✓
Dr. Changyu WANG	✓	✓
Dr. Gang XU	✓	✓
Non-executive Directors:		
Mr. Qi CHEN	✓	✓
Dr. Min Chuan WANG	✓	✓
Mr. Yilun LIU	✓	✓
Independent Non-executive Directors:		
Prof. Xiao-Fan WANG	✓	✓
Prof. Yang KE	✓	✓
Mr. Cheuk Kin Stephen LAW	✓	✓

Board meetings

Code provision C.5.1 of Part 2 of the CG 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 communications. Apart from regular Board meetings, the Chairman should at least annually hold meeting with the independent non-executive Directors without the presence of other Directors under the code provision C.2.7 of Part 2 of the CG Code.

During the year ended December 31, 2024, four Board meetings were held at which the Board considered and approved interim results announcement, interim report, annual results announcement, annual report and other business affairs of the Group. The Company expects to continue to convene at least four regular meetings in each financial year at approximately quarterly intervals in accordance with code provision C.5.1 of Part 2 of the CG Code.

Corporate Governance Report

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				
Name of Director	**Board**	**AGM**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
Executive Directors:					
Dr. Bo CHEN	4/4	1/1	/	/	1/1
Dr. Changyu WANG	4/4	1/1	/	1/1	/
Dr. Gang XU	4/4	1/1	/	/	/
Non-executive Directors:					
Mr. Qi CHEN	4/4	0/1	2/2	/	/
Dr. Min Chuan WANG	4/4	0/1	/	/	/
Mr. Yilun LIU	4/4	0/1	/	/	/
Independent Non-executive Directors:					
Prof. Xiao-Fan WANG	4/4	0/1	/	1/1	1/1
Prof. Yang KE	4/4	0/1	2/2	1/1	/
Mr. Cheuk Kin Stephen LAW	4/4	0/1	2/2	/	1/1

The Board intends to meet at least four times per year in the future, and the Chairman intends to hold at least one meeting per year with the independent non-executive Directors without the presence of other Directors.

A tentative schedule for regular Board meetings for 2025 will be provided to the Directors at the beginning of the year. At least 14 days' notice for all regular Board meetings will be given to all Directors and all Directors will be given the opportunity to include items or businesses for discussion in the agenda. For all other Board meetings, reasonable notice will be given. Relevant agenda and accompanying Board papers will be sent to all Directors at least three days in advance of every regular Board meeting.

Board Independence

There are established mechanisms that independent views and inputs are available to the Board. The Board currently comprises three independent non-executive Directors and being one-third of the Board, which meets with the independent requirements under the Listing Rules. In assessing suitability of the potential candidates of independent non-executive Directors, the nomination committee will review their qualification, skills, knowledge, independent views and having regard to the nomination policy and the board diversity policy of the Company. Nomination committee also assessed the time commitment devoted by and independence of independent non-executive Directors annually. External independent professional advice is also available to all Directors (including independent non-executive Directors) whenever deemed necessary. During the year ended December 31, 2024, the Board reviewed and considered the implementation of above mechanisms were effective.

Corporate Governance Report

BOARD COMMITTEES

The Board has established three committees with specific written terms of reference to oversee particular aspects of the Group's affairs.

Audit Committee

The Company established the audit committee in compliance with Rules 3.21 to 3.23 of the Listing Rules with written terms of reference in compliance with the Corporate Governance Code set forth in Appendix C1 to the Listing Rules. The primary functions of the audit committee are to assist our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, overseeing the audit process, and performing other duties and responsibilities as assigned by our Board.

The audit committee consists of one non-executive Director, Mr. Qi CHEN, and two independent non-executive Directors, Mr. Cheuk Kin Stephen LAW and Prof. Yang KE, with Mr. Cheuk Kin Stephen LAW as the chairman. Mr. Cheuk Kin Stephen LAW is appropriately qualified under Rules 3.10(2) and 3.21 of the Listing Rules.

For the year ended December 31, 2024, the audit committee convened two meetings. The attendance record of the Directors at meetings of the audit committee is set out in the table on page 46.

During the meeting(s), the audit committee:

- reviewed annual results of the Group ended December 31, 2023 and interim results of the Group for the six-months ended June 30, 2024;
- reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function and risk management and internal control systems and processes);
- met with the external auditors twice; and
- met with the external and internal auditors once without executive Directors present.

Corporate Governance Report

Remuneration Committee

The Company established the remuneration committee in compliance with Rule 3.25 of the Listing Rules with terms of reference in compliance with the CG Code. The primary functions of the remuneration committee include, but not limited to, the following: (i) making recommendations to our Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Board from time to time; and (iv) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules. The Remuneration Committee has adopted the first model described in code provision E.1.2(c) of Part 2 of the CG Code.

The remuneration committee consists of one executive Director, Dr. Changyu WANG, and two independent non-executive Directors, Prof. Xiao-Fan WANG and Prof. Yang KE, with Prof. Xiao-Fan WANG as the chairman.

For the year ended December 31, 2024, the remuneration committee convened one meeting to determine the remuneration packages of executive Directors and senior management of the Company and make recommendations to the Board on the remuneration of non-executive Directors. The attendance record of the Directors at the meeting of the remuneration committee is set out in the table on page 46.

Nomination Committee

The Company established the nomination committee in compliance with Rule 3.27A of the Listing Rules with written terms of reference in compliance with Appendix C1 to the Listing Rules. The primary functions of the nomination committee include, without limitation, reviewing the structure, size and composition of our Board, assessing the independence of independent non-executive Directors and making recommendations to our Board on matters relating to the appointment of Directors. In identifying and selecting suitable candidates for directorships, the nomination committee would consider the candidate's gender, skills, age, professional experience, knowledge, cultural, education background and other qualities. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board. The Company has adopted nomination policy, which is incorporated in the terms of reference of the nomination committee and sets out the selection criteria and nomination procedures for identifying and recommending candidates for appointment or reappointment of Director.

As at December 31, 2024, the nomination committee consists of one executive Director, Dr. Bo CHEN, and two independent non-executive Directors, Prof. Xiao-Fan WANG and Mr. Cheuk Kin Stephen LAW, with Dr. Bo CHEN as the chairman. On March 24, 2025, Mr. Cheuk Kin Stephen LAW ceased to be a member of the nomination committee and Prof. Yang KE was appointed as a member of the nomination committee.

For the year ended December 31, 2024, the nomination committee convened one meeting to review the existing structure, size, composition and diversity of the Board, independence of the independent non-executive Directors, and re-election of the Directors. The attendance record of the Directors at the meeting of the nomination committee is set out in the table on page 46.

Corporate Governance Report

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the guidelines for the Directors' dealings in the securities of the Company since the listing and, upon specific enquiries of all the Directors, each of them has confirmed that he/she complied with all applicable code provisions under the Model Code during the year ended December 31, 2024.

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

REMUNERATION PAYABLE TO MEMBERS OF SENIOR MANAGEMENT

Pursuant to code provision E.1.5 of Part 2 of the Corporate Governance Code, the annual remuneration of members of the senior management (other than Directors) by band for the year ended December 31, 2024 is set out below:

Remuneration band	Number of members of senior management
HK$2,000,001 to HK$2,500,000	1
HK$10,000,001 to HK$10,500,000	1

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties including:

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

The Board had performed the above duties during the year ended December 31, 2024.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness in order to achieve the Company's objectives. The Company adopted a series of internal control policies, measures, and procedures designed to provide reasonable assurance, which including effective standards, efficient operations, reliable financial reporting and compliance with applicable laws and regulations. The internal control system can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives. Below is a summary of the internal control policies, measures, and procedures we have implemented:

- The Company conducted, through an annual audit of the internal controls of each business department, a review on the effectiveness of the risk management and internal control systems for the year ended December 31, 2024 and considered them effective and adequate, with no material changes from the last annual review nor significant control failings or weakness identified. The internal audit included reviewing the management of financial statements, sales and receivables, purchasing and payment, fixed assets and intangible assets, human resource, research and development, nature and extent of significant risks (and the Company's ability to respond to such risks and changes). The audit procedures could be summarized as below, including but not limited to:

    - Interview with responsible personnel;
    - Obtain and review the required documents;
    - Test the design and operating effectiveness of the internal control system

- The Company published the risk management and internal control policies, measures and procedures to ensure that the Company maintained reasonable and effective internal controls and compliance with applicable laws and regulations. Besides, the Company insisted on monitoring the implementation of internal control policies, measures, and procedures, making sure that they were the most updated version based on the current business model.

- The Company implemented the relevant internal control policies, measures and procedures on the site and making quarterly and annual regular inspections about the on-site implementation of such policies, measures, and procedures for each stage of the Company's drug discovery and development process.

- The Company adopted various measures and procedures regarding each aspect of the Company's business operation, such as project management, quality assurance, environmental protection, and occupational health and safety. The Company provided the periodic training for the employees, which was one part of Employee Training Program. The Company also required the staff to carry out business activities in accordance with relevant laws, regulations and Company policies by regularly communicating updates and reminders through emails, staff meetings.

- The Company has developed internal policies that provide general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to prevent unauthorized access and use of inside information.

- The Company has also developed a risk management process to identify, evaluate and manage significant risks and to resolve material internal control defects. Senior management of the Group is responsible for the risk reporting process. Risks identified are documented and mitigation plans are deviced. The risk assessment is reviewed by certain members of the senior management and presented to the audit committee and the Board for their review.

Corporate Governance Report

- The audit committee had the responsibility for monitoring the effectiveness of the risk management and internal control systems. It is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective internal control systems.

AUDITOR'S REMUNERATION

A statement by Ernst & Young about their reporting responsibilities for the financial statements is included in the Independent Auditors' Report on pages 105 to 109.

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

Services rendered for the Company	**Fees paid and payable** *RMB'000*
Audit service	3,008
Non-audit service (tax consulting service)	270

JOINT COMPANY SECRETARIES

Directors have access to the services of the joint company secretary to ensure that the board procedures are followed. The current joint company secretaries of the Company are Mr. Yanrong ZHANG and Ms. Vivien Pak Yu TAM. Ms. Tam is a manager of SWCS Corporate Services Group (Hong Kong) Limited and the main contact person of Ms. Tam in the Company is Mr. Zhang.

In compliance with Rule 3.29 of the Listing Rules, Mr. Zhang and Ms. Tam have undertaken no less than 15 hours of relevant professional training during the year of 2024. The biographies of Mr. Zhang and Ms. Tam are set out in the "Directors and senior management" section of this annual report.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to Article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the written requisition of 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 having the right of voting at general meetings. Such requisition shall be made in writing and deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists. 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) himself (themselves) may do so in the same manner, as nearly as possible, provided that any meeting so convened shall not be held after the expiration of the three months from the date of deposit of the requisition(s), and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Corporate Governance Report

Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the joint company secretary of the Company at the Company's principal place of business in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong. The Company will not normally deal with verbal or anonymous enquiries.

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

To promote effective communication, the Company maintains a website at www.keymedbio.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.

Pursuant to article 12.3 of the Articles of Association, the procedure for shareholders to put forward proposals at a general meeting is the same as the procedure of convening an extraordinary general meeting. For further details, please refer to "Shareholders' Right – Convening an extraordinary general meeting" in this section.

The Board has reviewed the implementation of the shareholders' communication policy of the Company. Taking into account the variety of existing channels for communication and participation, the Company is of the view that its shareholders' communication policy was effective during the year ended December 31, 2024.

CHANGES IN CONSTITUTIONAL DOCUMENTS

The sixth amended and restated Memorandum and Articles of Association of the Company were adopted on June 25, 2024. For the details of amendments made to the Articles of Associate, please refer to the circular of the Company dated April 25, 2024. The sixth amended and restated Memorandum and Articles of Association are available on the websites of the Company and the Stock Exchange.

Environmental, Social and Governance Report

ABOUT THE REPORT

Keymed Biosciences Inc. ("**the Company**", "**Company**" or "**Keymed**") is pleased to release the 2024 Environmental, Social and Governance ("**ESG**") Report ("**ESG Report**" or "**this Report**"), which is designed to reveal the Company's performance of ESG responsibilities in 2024, and to respond to stakeholders regarding their concerns of the ESG issues.

Scope of the Report

Unless otherwise stated, this Report covers the Company and all its subsidiaries. The time frame of this Report is from January 1, 2024 to December 31, 2024 (the "**Reporting Period**").

Preparation Standards of the Report

This Report is prepared according to the Environmental, Social and Governance Reporting Guide ("**ESG Guide**") in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") issued by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and makes climate-related information disclosure with reference to the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**"). This Report has complied with the "mandatory disclosure" and "comply or explain" provisions in the ESG Guide and taken the four reporting principles of materiality, quantitative, balance and consistency as the basis of preparation.

Reporting principles	Application
Materiality	During the Reporting Period, the Company identified the ESG-related materiality issues through the materiality issue evaluation, and reviewed and confirmed the ESG-related materiality issues, so as to primarily respond to and disclose the identified materiality issues. Please refer to the sub-section headed "Materiality Issue Evaluation" for details.
Quantitative	The Company establishes a data statistics mechanism for the measurable key performance indicators specified in the ESG Guide and discloses the calculation results, and specifies the standards, methods and applicable assumptions adopted in this Report.
Balance	This Report reflects objective facts, disclosing both positive and negative indicators.
Consistency	The Company adopts consistent statistical methodologies with the previous ESG report and has made the necessary explanations for any changes in such methodologies.

Environmental, Social and Governance Report

Data Sources and Reliability Statement

All information disclosed in this Report is obtained from the Company's internal documents, statistical reports and related public information. The Company undertakes that this Report contains no false records, misleading statements or material omissions and is willing to bear responsibility for the authenticity, accuracy and completeness of its contents.

Access and Response to this Report

This Report is published in both traditional Chinese and English languages. In the event of any discrepancies in content, the traditional Chinese version shall prevail. This Report is available for viewing and downloading on the HKEXnews website of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (https://www.keymedbio.com).

If you have any opinions regarding this Report or ESG issues, please contact the Company through the following channels:

Address: Building D2, Tianfu International Bio-Town, Shuangliu District, Chengdu
Tel.: +86(0)28 8861 0620
Website: www.keymedbio.com
E-mail: esg@keymedbio.com

ESG MANAGEMENT

Board Statement

The Company attaches great importance to ESG affairs and actively listens to the expectations of capital markets, rating agencies and stakeholders for strengthening ESG management and construction of listed companies. The Board, as the highest decision-making body of the Company, is responsible for formulating the ESG strategies and targets in relation to the Company's business development, regularly considering its implementation, reviewing the progress of the implementation of the ESG related targets, inspecting the results of assessments of materiality issues, identifying ESG-related risks and continuously supervising the implementation of ESG management as well as the matters that may cause significant impacts and risks to the Company. The Board authorizes the ESG Working Group to carry out the Company's ESG related matters, aiming to integrate the concepts of social responsibility and sustainable development into all aspects of the Company's business operation and development, so as to comprehensively enhance the Company's ESG performance.

ESG Governance Structure

In order to implement the concept of sustainable development and to implement the good ESG practice, Keymed continues to improve its ESG governance system. The Company has formulated the *Terms of Reference for the Environmental, Social and Governance Working Group* to clearly define the duties of each level in relation to ESG-related matters, and has set up the ESG Working Group, a dedicated body authorized by the Board to handle ESG-related matters. A tiered management system comprising the Board, ESG Working Group and various departments and subsidiaries and branches was established to perform various levels of management functions on ESG matters, and continuously improve the systematic and professional management standards of ESG of the Company.

Environmental, Social and Governance Report

Board	• Oversee ESG matters of the Company; • Supervise and approve the Company's ESG management approaches and strategies, including the process and outcomes of identifying, assessing, prioritizing, and managing ESG-related significant matters (including risks to the Company's business); • Be responsible for assessing and determining ESG-related risks and opportunities of the Company, and ensure that the Company has established appropriate and effective ESG risk management and internal control systems; • Approve the Company's ESG-related goals and review the progress towards achieving these goals; • Consider significant ESG management matters, including but not limited to considering annual ESG reports.
ESG Working Group	• Report to the Board on ESG management work; • Implement the Company's ESG management strategy, and execute the Company's decisions, opinions, and recommendations regarding ESG; • Propose ESG-related goals and action plans, regularly track progress towards achieving these goals, and provide recommendations and resource support for the actions needed to achieve the goals; • Assist the Company in identifying ESG risks and opportunities, promptly report to the Board on significant trends that may impact the Company's ESG strategy and propose recommendations of responses; • Regularly review the Company's ESG governance structure and the progress of ESG-related work, review ESG-related significant matters, report and provide recommendations to the Board; • Organize and carry out communication with stakeholders, and listen to stakeholders' feedback on ESG work; • Organize the collection of relevant information, conduct research, analysis and provide recommendations on significant and sudden ESG issues for the Company, and prepare annual ESG reports.
Various departments and subsidiaries and branches	• Collect, integrate and deliver ESG information; • Implement the Company's ESG strategies and action plans; • Assist with communication with stakeholders, etc.

ESG governance structure and responsibility distribution of the Company

Environmental, Social and Governance Report

Stakeholder Communication

Keymed is committed to creating sustainable value by working together with all parties and establishing a two-way and regular communication mechanism with its stakeholders to understand the concerns and expectations of all parties about the Company. The Company has adopted efficient communication methods to meet various demands of major stakeholders, including government and regulatory authorities, shareholders and investors, employees, suppliers and other partners, as well as the society and the public and responded to their demands by taking action. The details of communication and response are as follows:

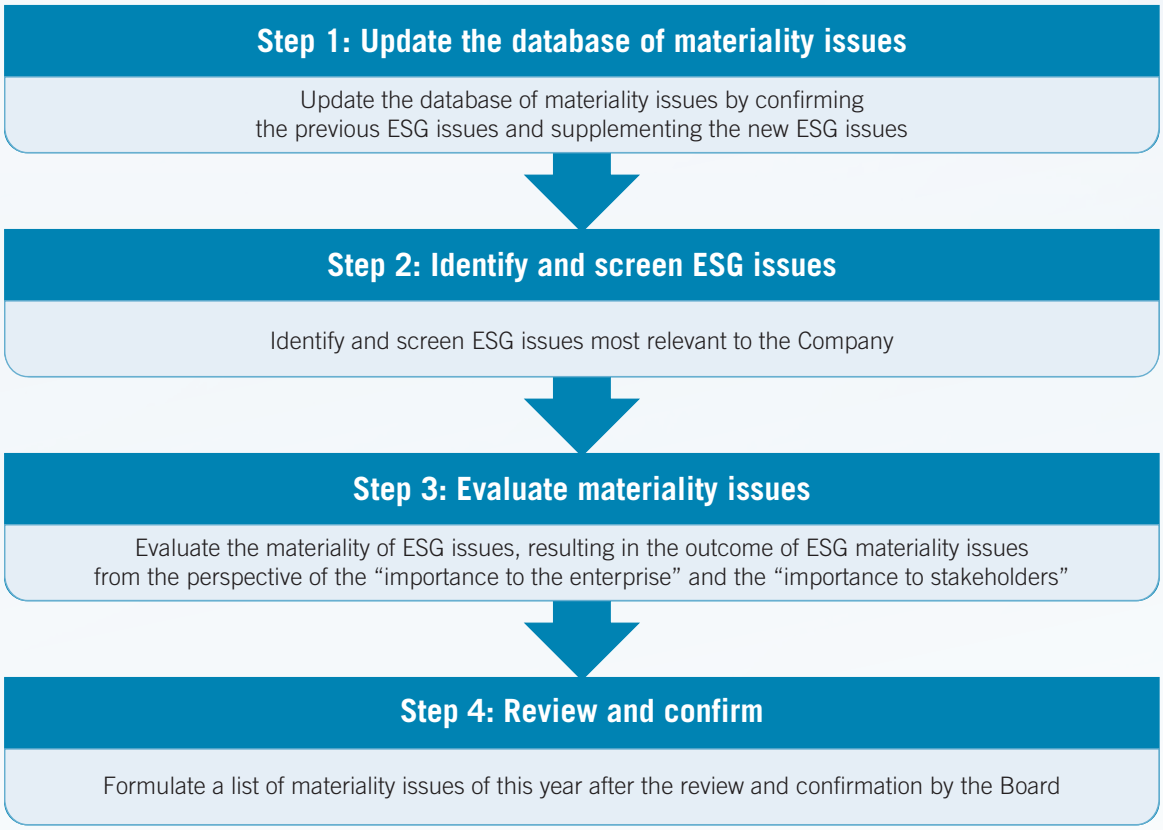
Stakeholders	Concerns and Expectations	Communication Channels	Frequency of Communication	Response of the Company
Government and regulatory authorities	• Compliance operation • Tax compliance • Environmental compliance	• Policy formulation • Meetings and talks • Information delivery • Working conference	• Regularly • Irregularly	• Strict compliance with laws and regulations • Pay tax in accordance with law • Disclose information • Protect environment
Shareholders and investors	• Corporate revenue • Profit of the Company • Corporate governance • R&D and innovation • Information disclosure	• General meeting • Investor conferences and roadshows • Announcements of the Company • Periodic reports	• Annually • Quarterly • Irregularly	• Enhance economic efficiency • Improve corporate governance • Enhance our R&D and innovation capabilities • Strengthen communication • Improve the quality of information disclosure
Employees	• Equal employment and rights & interests of employees • Occupational health and safety • Employee training and development	• Labor unions and team building activities • Periodical communications • Employee conferences • Dialogue with senior management	• Regularly • Irregularly	• Improve the human resources management system to ensure the rights & interests of employees • Implement the occupational health and safety work • Improve training and development system to promote employees' development
Suppliers and other partners	• Integrity and transparency • Cooperation and win-win	• Working meetings • Periodical communications	• Regularly • Irregularly	• Ensure fairness and transparency in the tendering process • Fulfill cooperation and agreements • Enhance anti-corruption and integrity
Society and the public	• Community development • Charity and public welfare • Ecological protection	• Charity and public welfare activities • Visiting activities • Environmental protection	• Irregularly	• Conduct public welfare activities to promote community development • Implement environmental protection measures

Environmental, Social and Governance Report

MATERIALITY ISSUE EVALUATION

In order to review the focus areas of ESG management and to gain an in-depth understanding of the views of stakeholders on the Company's ESG issues, the Company conducted an ESG materiality issue evaluation based on the principle of "materiality".

During the Reporting Period, in accordance with the guidelines and standards, such as the ESG Guide of the Stock Exchange and TCFD, the Company, based on its own development strategy and business characteristics, while comprehensively considering the development trend and focus of the industry, identified, assessed, reviewed and confirmed ESG issues from the perspective of the "importance to the enterprise" and the "importance to stakeholders" and finally determined the materiality issues during the Reporting Period.



Flowchart of Materiality Issue Evaluation

Environmental, Social and Governance Report

After the materiality issue evaluation, the Company has finally determined the following 18 materiality issues. This Report will present the Company's ESG performance during the Reporting Period, based on the following materiality issues and in conjunction with the requirements of the ESG Guide of the Stock Exchange:

Aspect	Issues with High Materiality	Issues with Medium and Low Materiality
Environmental	• Effect and management of the environment and natural resources	• Emissions management • Hazardous waste disposal and management • Climate change response • Utilization and management of energy and resource
Social	• Equal employment and rights & interests of employees • R&D and innovation • Product quality and safety • Information security management • Employee training and development • Intellectual property protection	• Supply chain management • Remuneration and benefits • Community welfare and development • Occupational health and safety
Governance	• Compliance operation • Business ethics and anti-corruption	• Risk management

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TRANSPARENCY AND GOVERNANCE FOR CO-BUILDING THE HIGH GROUND OF GOVERNANCE

Keymed is committed to continuously enhancing its overall corporate governance capabilities, continuously improving its compliance management system and enhancing its compliance risk control capabilities. Keymed also actively enhances anti-corruption and integrity efforts to create a healthy corporate environment, and implements information security and privacy protection work to promote the Company's healthy development.

Compliance Operation

Keymed regards compliance operation as a cornerstone of the sustainable development of the enterprise and continues to improve the compliance management system. The Company strictly complied with various laws and regulations, such as *the Company Law of the People's Republic of China*, *the Securities Law of the People's Republic of China*, established a sound legal risk prevention mechanism and an internal audit system to cope with the various risks that may arise in its daily operations. During the Reporting Period, the Company also formulated the *Keymed Due Diligence Process (《康諾亞合規盡職調查流程》)* and the internal control review and approval system in respect of the risk areas such as supplier access, marketing and medical promotion so as to strengthen risk management and control.

Keymed continues to promote the construction of the compliance system, and has established a more comprehensive pre-operational and post-operational internal supervision system, which has formed the three back lines (i.e. the business departments – compliance and finance department – internal audit department) to implement risk management in their respective positions.

Three back lines of the Company's compliance supervision system

First back line	Various business departments	Identify and assess compliance risks in the course of work through the performance of their responsibilities, and take the heads of departments as the first persons in charge and enter into compliance safety target responsibility letters and performance contracts with them, so as to implement compliance responsibilities at each level
Second back line	Compliance and finance department	Continuously monitor compliance risk and provide professional support and guidance
Third back line	Internal audit department	Conduct independent and objective audit supervision, focus on investigating matters related to corruption, fraud, the implementation of the system and management of the performance of the duties of managers

The Company continued to build a compliance culture, and conducted compliance training for Directors, all employees and business departments, and promoted compliance related regulations and systems through mail pushing, system billboard warning and other ways from time to time, so as to effectively deliver compliance and legal risk prevention awareness to raise the legal risk prevention awareness of all employees.

Environmental, Social and Governance Report

Promoting Anti-corruption and Integrity

Keymed has always insisted on the highest standards of commercial ethics and strictly complied with laws and regulations on the prevention of bribery, extortion, fraud and money laundering, such as the *Criminal Law of the People's Republic of China*, the *Law of the People's Republic of China Against Unfair Competition*, and the *Anti-Money Laundering Law of the People's Republic of China*. The Company has formulated rules and regulations, including the *Anti-fraud Management Measures*, the *Anti-corruption and Anti-bribery Policies*, and the *Fault Liability Regulations*, as well as the corresponding punishment mechanism, and has requested employees to sign the *Anti-embezzlement and Anti-bribery Commitment Letter*, in order to regulate employees' daily conduct and business ethics at work and prevent corruption and other non-compliant behaviors. During the Reporting Period, the Company strengthened the management of the business ethics of employees and formulated the *External Activities and Conduct Compliance Guidelines of Keymed (《康諾亞對外活動和行為合規指引》)* and the *Articles of Association of Compliance Management of Keymed (《康諾亞合規管理章程》)* to regulate the compliance of the employees' external activities. During the Reporting Period, Keymed was not aware of any non-compliance of the Company or its employees in relation to corruption, extortion, fraud and money laundering.

The Company regularly conducts anti-fraud audits. During the Reporting Period, the internal audit department carried out expenses, procurement, inventory and off-office audits, and conducted investigation into possible non-compliance with laws and regulations to identify and correct possible problems in order to improve the risk control of fraud and commercial bribery.

Keymed actively promoted integrity culture and has conducted anti-corruption training and work integrity education training for both Directors and employees. During the Reporting Period, the Company provided several trainings on the rules and regulations of the *Anti-corruption and Anti-commercial Bribery (《反腐敗反商業賄賂》)*, trade secret protection and sales compliance, and organized offline and online examinations after the trainings to ensure that the employees fully understood the training content so as to enhance their anti-corruption awareness.

Keymed has formulated relevant systems, such as the *Anti-fraud Management Measures*, which clarified the scope, channels, and processing procedures of complaints, and has established a safe and smooth reporting channel. The Company also encouraged its employees, customers and suppliers to actively supervise through integrity commitment letters in business contracts, communication with suppliers via email, training at all levels, and displaying reporting channels in places such as construction sites. In addition, the Company implemented measures to protect whistleblowers to keep their identity and relevant information in strict confidence, thereby effectively protecting the personal safety and legal rights of whistleblowers.

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Information Security and Privacy Protection

In strict compliance with relevant laws and regulations of the state and the places where the Company operates on information security and privacy protection, such as the *Law of the People's Republic of China on Protection of Consumer Rights and Interests*, Keymed has worked out a series of systems and regulations on data management and information backup to ensure the safe and stable operation of the Company's networks. The Company has established the Data Protection and Privacy Office, which is responsible for coordinating the Company's privacy compliance matters, promoting communication and training of relevant systems and ensuring that employees fully understand and strictly comply with relevant laws and regulations, thereby protecting the information security and privacy of customers and users.

Keymed is committed to enhancing information security protection and continuously improving the Standard Operating Procedures ("**SOP**") related to information security. The Company has adopted an electronic data collection system to realize information desensitization feedback to protect sensitive data. At the same time, it has classified confidential information and specified the scope, authority and use procedures of information under different categories. In addition, the Company also adopted document encryption system, dual security inspection and inspection measures and adopted the following information safety management measures during the Reporting Period to enhance information security protection:

- New employee's induction commitment: New employees were required to sign office computer use commitment and data integrity employee commitment;
- Information Security Training: The Company provided continuous training on information security and data integrity to all employees, covering the security of employees' passwords, proper use of computers, email and U-drive and phishing telephone or email identification;
- Centralized control of suppliers: Centralized control of services supported by external suppliers was implemented, and network isolation measures were implemented for different information resources to ensure that the suppliers only accessed the necessary information resources with minimal authority.
- Network traffic risk identification mechanism: The Company used the threat detection system to conduct security audit on network traffic and established abnormal traffic analysis and warning mechanism to realize threat control.

Environmental, Social and Governance Report

Keymed has further strengthened its privacy protection system in respect of privacy information collection, information disclosure, personal information protection and cross-border data transmission, and adopted the following measures during the Reporting Period:

Privacy information collection	• We collected privacy information only for limited, clear and lawful purposes and always processed personal information in accordance with applicable laws.
Information disclosure	• Internal information disclosure: Authorization was granted only to employees, agents or contractors who need access to personal information to complete assigned tasks; • External information disclosure: Disclosure was made only as permitted or required by legal procedures, when an agreement or business need arose, or with the consent of individuals.
Personal information protection	• We took security measures appropriate to the different sensitivity of information, including reasonable technical and physical measures, to protect the confidentiality and security of personal information and prevent anticipated threats and unauthorized access to personal information.
Cross-border data transmission	• We completed the *Personal Information Protection Impact Assessment Report (《個人信息保護影響評估報告》)* according to the *Measures for the Security Assessment of Data Cross-border Transfer (Draft for Comments) (《數據出境安全評估辦法(徵求意見稿)》)* issued by the Cyberspace Administration of China to ensure the secure protection of personal information involved in international cooperation projects.

In order to ensure the security of trade secrets and other confidential information, Keymed has specified the scope of confidential information and the protection methods. The Company has entered into confidentiality agreements with its employees and partners to strictly control and manage the use of data in each process, and has undertaken not to share such data with external third parties to prevent the leakage of information and privacy, and has adopted the following privacy protection measures during the Reporting Period:

- Prior consent: The Company undertook to protect the privacy of patients who participate in clinical trials. Before the patients were enrolled in a clinical trial, the relevant personnel would inform the patients of the Company's data privacy and protection policies and measures. The Company would collect relevant clinical data only with the consent of the enrolled patients;
- De-identification: The Company strictly conducted de-identification protection on the patient information by deleting the personal identifiers of the enrolled patients, including name, telephone number, address, ID number and other information that could be used to identify the patients when generating clinical trial data;
- Data storage and access: The Company committed not to disclose patient information to unrelated parties. The personal information of the enrolled patients was kept at the medical institutions which have signed internal control protocols to restrict and monitor access to the data. Confidential patient data was only available to authorized employees.

Environmental, Social and Governance Report

QUALITY AS THE FIRST ELEMENT TO CREATE EXCELLENT PRODUCTS

Keymed always regards quality as the first element and continuously improves its quality and safety management system and marketing management to provide quality products and services. The Company continuously enhances its technological innovation capabilities and has built core proprietary platforms to effectively protect innovative products through the construction of an intellectual property system. At the same time, the Company improves the supplier management system to upgrade the supply chain management to provide patients with high quality and dependable biomedical products.

Product and Service Quality

Keymed adheres to the quality management policy of "Quality First, Continuous Innovation, Pursuit of Excellence", strictly complies with the national laws and regulations such as the *Drug Administration Law of the People's Republic of China*, *Measures for the Administration of Drug Registration*, *Good Manufacturing Practice*, and *Measures for the Supervision and Administration of Pharmaceutical Production*, and has formulated internal standards such as the *Quality Manual* and SOP.

Adhering to the concept of high standard of quality management, Keymed established and effectively operated a quality management system in compliance with the requirements of the *Good Manufacturing Practice* ("**GMP**"), the World Health Organization (WHO) and the *Quality Risk Management guidelines (ICHQ9)* and the *Pharmaceutical Quality System (ICHQ10)* of the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use, and produced marketed drugs that meet drug registration requirements in accordance with validated and approved processes. The Company has clearly defined the quality management workflow and standards at each level in accordance with the quality management system and divided the duties among the persons in charge at each level to better promote the daily product quality management and ensure the effectiveness of the quality management system.

The Company strictly controlled the quality in each segment, and implemented targeted corrective actions and preventive actions (CAPA) for deviations, changes, and other situations during production, thereby achieving full life cycle coverage of products R&D, registration, testing and production. The Company also continued to conduct quality research, conducted random checks on each batch of products, and strictly verified the quality of the products to ensure that they met high quality standards. At the same time, the Company has established a comprehensive set of training management regulations and designated personnel to be responsible for relevant training in quality management to ensure that the team has solid expertise and excellent skills.

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In order to ensure the safety of our products in the course of storage and transportation, Keymed has formulated a series of normative documents, including the *Rules on Administration of the Allocation of Materials and Supplies (《物料和物資調撥管理規程》)*, the *Rules on the Administration of Product Warehousing, Storage and Distribution (《產品入庫、儲存、發放管理規程》)*, etc., to strictly standardize and specify the operation procedures of the storage and distribution of our products and warehouse allocation. The Company also further safeguarded the effective implementation of our management system by conducting training and regular inspections. During the Reporting Period, the Company worked closely with the transportation providers to conduct cold chain transportation verification, covering various tests such as static, vibration, fall and dynamic transportation, and revised the transportation contracts for dangerous chemicals and toxic substances to differentiate the transportation requirements, so as to ensure the product quality and safety throughout the entire transportation process by the selected mode of transportation, which ensured that the customers would not have any worries.

The Company complied with the relevant provisions of the drug regulatory authorities, and formulated the *Product Recall Management Procedures (《產品召回管理程序》)*, the *Nonconformity Management Procedures (《不合格管理程序》)* and other product recall related management methods. For products that involved in quality issues such as product complaints and adverse reactions, the Company took necessary recall measures upon request and recorded and destroyed the products returned due to quality. During the Reporting Period, no products of the Company were required to be recalled for safety and health reasons.

Keymed attaches great importance to the opinions of its customers and has established a standardized complaint management system. The Company has formulated and continuously improved the *Complaint Management Procedure*, specifying detailed rules on the complaint handling process and management mechanism to ensure that complaints from customers are handled in a timely and proper manner. In the event of a product complaint, the Company will immediately conduct an investigation to identify potential product safety hazards, analyze the reasons for the complaint accurately, so as to formulate and implement solutions and remedial measures, and promptly respond to the customer. During the Reporting Period, the Company has not received any complaints regarding its products or services.

R&D and Innovation

Keymed always adheres to scientific and technological innovation to drive rapid and high-quality development of the Company, and continuously improves its technological innovation capabilities and promotes clinical research on multiple innovative products. By continuously improving the R&D system and management model, the Company has built a series of core proprietary platforms such as the Novel T Cell Engager (nTCE) Platform, Innovative Antibody Discovery Platform, Bio-evaluation Platform, High-Throughput Screening Platform for High Yield Antibody-Expressing Cells, and Novel Antibody Drug Conjugate (ADC) Platform, and has been equipped with an industry-leading drug discovery engine, thereby accelerating the original innovation of antibody drug R&D. Based on its leading strength in innovation and R&D and rapidly growing capacity in commercial production, Keymed has quickly grown into a biopharmaceutical company with business that covers the entire industry chain, continuously providing reliable and affordable innovative biopharmaceuticals for patients. As of the end of the Reporting Period, the Company has applied for a total of 132 patents and obtained 19 patent authorizations.

Keymed continues to promote digital and intelligent transformation to empower business departments. The Company has completed the construction of several intelligent systems, including the clinical cloud system for clinical data and project management and the quantitative pharmacological analysis platform for improving pharmacology R&D efficiency. Moreover, the Company continued to operate, optimize and update the Enterprise Resources Planning System (ERP), Laboratory Information Management System (LIMS), Quality Document Management System (DMS), Training Management System (TMS) and OA system, achieving paperless office.

Environmental, Social and Governance Report

Intellectual Property Protection

Keymed always places intellectual property protection at key positions and strictly complies with the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and other laws and regulations. The Company has also developed a series of system-related documents for intellectual property protection, such as the *System for Infringement Prevention*, the *System for R&D Achievement Protection*, and the *System for Management of Scientific and Technological Achievements of R&D Center*, to incorporate intellectual property management into the entire life cycle of research and development and marketing of products, in order to provide comprehensive protection for innovative achievements.

In order to enhance the management of intellectual property, Keymed actively follows up international and domestic latest intellectual property precedents and related cases, and maintains regular and effective communication with intellectual property-related experts to ensure that patent risk assessment and management are supported by comprehensive and professional guidance in emerging popular areas. At the same time, the Company actively provides training on intellectual property to its employees to enhance their awareness of intellectual property protection and risk management, providing strong support to the Company's innovative development.

Marketing and Promotion

Keymed actively conducts responsible marketing, conducts marketing and promotional activities in strict compliance with laws and regulations, such as the *Advertising Law of the People's Republic of China* and the *Drug Administration Law of the People's Republic of China*, and excludes all false publicity, and complies with the *Measures for the Administration of the Insert Sheets and Labels of Drugs* to implement the management of product insert sheets and labels, and ensure that the content of drug insert sheets and labels is scientific, standardized and accurate. Keymed places great emphasis on the control of the scope of compliance dissemination of relevant information, and strictly restricts the audience and use scenarios for the dissemination of medical and scientific information.

Supply Chain Management

Keymed strives to collaborate with suppliers to build a sustainable supply chain and continuously improve the supplier management system. The Company has formulated internal regulations such as the *Procurement Management Regulations* and the *Supplier Management Regulations*, to strictly control supplier selection, access, evaluation and audit. During the Reporting Period, the Company has formulated the *Procedures for Procurement, Filing, Warehousing and Disposal of Precursor Chemicals (《易製毒化學品採購、備案、入庫、核銷規程》)*, and strictly required the suppliers to provide a legal business qualification to ensure that the entire supply chain is in compliance with the *Regulations on the Administration of Precursor Chemicals (《易製毒化學品管理條例》)*, to strengthen the supervision of chemicals. Meanwhile, the Company has improved the supplier contracts to further specify the terms of quality and delivery conditions.

Environmental, Social and Governance Report

In terms of supplier access, Keymed has formulated the supplier access requirements and procedures, formulated detailed access qualification guidelines for reagent chemicals and hazardous chemicals, and reviewed the operation, production-related qualifications, management system and production standards of suppliers. The Company has also incorporated ESG factors such as environmental management qualification certification and quality management system certification into the review system, so as to effectively manage risks such as environmental and social risks of suppliers. In particular, the Company conducted regular on-site inspection of clinical quality to ensure that the key elements were legal and compliant and met the access standards, and reviewed commercial ethics related factors to ensure that the suppliers were free from administrative penalties, administrative litigation and tax evasion. The Company also promoted green procurement, and from procurement of raw materials, cold chain logistics to packaging materials, gave priority to energy conservation and environmental protection products. Subject to factors such as quality and safety, the Company also procured second-hand equipment to respond to the call for recycling economy. In addition, the Company promoted the alternative plan of domestic equipment and consumables and cooperated strategically with local manufacturers to enhance the resilience of the supply chain.

Keymed carried out the supplier evaluation in strict accordance with *Supplier Questionnaire*, *Quality Assurance Agreement*, *Supplier Quality Problem Feedback Form*, and other documents. The Company conducted periodic and systematic evaluation on the supplier's qualifications, technical capabilities, compliance of response to user requirement description, and other indicators, with focus on key elements such as cost, time, quality, and continuity.

In order to implement supplier management, the Company carried out compliance audit on matters such as the quality and safety of products and services, business ethics, labor practices, environment, anti-corruption, information protection, and intellectual property rights. We tracked the supply quality of suppliers, required suppliers whose supply quality has deteriorated to make rectification within the time limit, and disqualified those who did not attach importance to quality and failed to make obvious improvements within the time limit. In order to enhance the security and stability of the supply chain, the Company actively carried out communication and training with its suppliers from time to time to enhance their supply and ESG capabilities.

The Company has been actively creating a transparent, compliant and efficient procurement environment, implementing standardized operating procedures, establishing centralized pricing and coordinating procurement mechanism, and adding commercial ethics and supervision mechanisms to the cooperation contracts to ensure the integrity of the transaction process.

The procurement category of the Company mainly included the third-party contracting services related to preclinical evaluation and clinical trials of candidate drugs, raw materials, consumable materials, machinery and equipment. As of the end of the Reporting Period, the Company had a total of 547 suppliers, all of which were managed and engaged in accordance with the Company's supplier management regulations. The performance data of specific regions are as follows:

Region	Unit	2024	2023
East China	Supplier	242	363
Southwest China	Supplier	160	285
Northern China	Supplier	83	141
Southern China	Supplier	45	60
Central China	Supplier	6	14
Northwest China	Supplier	4	5
Northeast China	Supplier	4	1
Overseas	Supplier	3	17
Total	Supplier	547	886

Environmental, Social and Governance Report

WORKING WITH EMPLOYEES TO CONTRIBUTE TO THE PROSPERITY OF SOCIETY

Upholding the concept of "caring for people", Keymed is committed to creating an equal, diverse, open, transparent and inclusive working environment to strengthen production safety and occupational health and safety efforts, fully protect employees' rights and interests, and providing diversified training and development programs to help employees and the Company develop together. At the same time, Keymed actively fulfils its corporate social responsibility and contributes to society by taking concrete actions.

Equal Employment

Keymed strictly complies with the labor-related laws and regulations such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, and the *Provisions on the Prohibition of Using Child Labor*, and continues to improve the human resources management systems in relation to remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination, other benefits and welfare, and prevention of child and forced labor, such as the *Recruitment Management System*. The Company formally issued and implemented the *Employee Handbook* during the Reporting Period.

Keymed has established a comprehensive recruitment system and strives to broaden the recruitment channels to recruit talents through various channels such as online recruitment, campus recruitment and internal recommendations. At the same time, the Company actively promotes equal employment and maintains an open, fair and impartial recruitment mechanism to strive to eliminate discrimination based on gender, religion, race, and other factors, so as to ensure that every employee of the Company can work in an environment of equality. At Keymed, all employees join the workforce voluntarily, with on boarding procedures conducted in accordance with internal procedures, ensuring legal compliance through verification of employee information. Child labor and any form of forced labor are strictly prohibited. During the employment period, the Company enters into labor contracts with its employees in accordance with the laws and regulations to specify matters such as staff remuneration and benefits, position and grounds for termination of employment.

Keymed provides competitive remuneration packages to its employees, adheres to the principle of equal pay for equal work to provide employees with fair remuneration and also provides short-term and long-term employee incentives. The Company also establishes a welfare system to provide mandated benefits such as social insurance (including pension schemes, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing provident fund contributions, and additional benefits such as performance-based bonuses, various subsidies and festive gifts. The Company has purchased accident insurance for all employees, including interns, and has purchased supplementary medical insurance for all employees in Mainland China. Furthermore, the Company has opened a group-buying channel of commercial medical insurance for families of employees, so as to provide better health protection for employees and their families. The Company also applied for the "Rongpiao Scheme (蓉漂計劃)" of Chengdu in respect of related fee subsidies for excellent talents to motivate the employees.

The Company complies with the *Labor Law of the People's Republic of China* on the eight-hour working hours and has formulated reasonable working and rest time arrangements, and all employees are entitled to paid holidays, statutory holidays, marriage leave, bereavement leave, maternity leave and other leave rights.

The Company complies with international standards, such as the *International Covenants of Human Rights* and the *Universal Declaration of Human Rights*, to improve the rules and standards of employment and establish a mechanism for handling employment violations, and organizes regular self-inspection and check of employment. In the event of non-compliance, the Company will immediately deal with the matter in accordance with the relevant laws and regulations, and carry out investigations and take remedial measures to eliminate the recurrence of the incident.

Environmental, Social and Governance Report

As at the end of the Reporting Period, the Company had a total of 1,258 employees. The performance data were as follows:

Indicators		Unit	2024	2023
Number of employees				
Total workforce		Person	1,258	927
Employees by gender	Male	Person	536	395
	Female	Person	722	532
Employees by age group	30 and below	Person	739	584
	31-40	Person	411	264
	41-50	Person	95	70
	Over 51 (inclusive)	Person	13	9
Employees by management structure	Senior management	Person	65	65
	Intermediate management	Person	212	117
	General staff	Person	981	745
Employees by region	Mainland China	Person	1,251	918
	Overseas	Person	7	9
Employees by employment type	Full-time staff	Person	1,258	897
	Part-time staff	Person	0	30
Employee turnover				
Total employee turnover rate[1]		%	20.10	17.89
Employees turnover by gender	Male	%	9.31	8.06
	Female	%	10.79	9.83
Employees turnover by age group	30 and below	%	10.92	9.92
	31-40	%	7.00	6.56
	41-50	%	2.00	1.33
	Over 51 (inclusive)	%	0.20	0.08
Employees turnover by region	Mainland China	%	20.10	17.89
	Overseas	%	0	0

[1] The percentage was calculated by multiplying the number of employees leaving office/total number of employees * 100 according to the suggestions on data calculation methods in "Appendix 3: Reporting Guidance on Social KPIs" of *How to Prepare an ESG Report* of the Stock Exchange.

Environmental, Social and Governance Report

Employee Care

Keymed actively builds a warmer working environment and further optimizes employee care measures. The Company introduced a transitional dormitory benefit for fresh graduates to provide a half-year accommodation arrangement to facilitate their smooth transition from campus to workplace. The Company also carried out celebration activities on holidays such as Christmas, Women's Day and employees' birthdays to enrich the lives of its employees, and provided them with welfare items such as Chinese New Year visit benefits, long-term service awards and wishes for newlyweds so as to express the recognition for their hard work and blessing. At the same time, the Company provided funeral leave to express our condolences. In addition, the Company provided female employees with gifts on Women's Day and established maternity and infant rooms for lactating women.

Keymed attaches great importance to the physical and mental health of its employees, organizes a wide range of employee activities, and has set up a club including badminton, basketball, swimming and other sports to encourage its employees to actively participate in sports activities so as to promote their physical and mental health. The Company also values the views of its employees, enhances communication with its employees, and strengthens its humanistic care and psychological counseling for employees, aiming to improve general team cohesion.

During the Reporting Period, the Company organized the "Little Scientist (小小科學家)" parent-child exploration experience activity and invited employees and their children to participate in the small class of biomedical medicine in the activity to visit the production environment in order to learn how drugs were packaged and learn about experimental devices and observe cells in the laboratory. By teaching through entertainment, the activity could improve children's scientific literacy and let them understand their parents' work.

"Little Scientist (小小科學家)" parent-child exploration experience activity of Keymed

Environmental, Social and Governance Report

Occupational Health and Safety

Keymed attaches great importance to occupational health and safety of each employee and has strictly abided by the *Law of the People's Republic of China on Work Safety*, the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, the *Provisions on the Supervision and Administration of Occupational Health at Work Sites*, and other laws and regulations. The Company continues to improve the environment, health and safety ("**EHS**") management system, and implements a security responsibility system of all employees through the hierarchical management network to strengthen the main responsibility of enterprise. During the Reporting Period, the Company has successfully obtained the ISO45001 Occupational Health and Safety Management System certification.

Keymed has set up an EHS department with a professional safety management team, which is managed by experts with national registered safety engineer professional qualification. At the same time, the Company has established a safety management committee, which is chaired by the principal officer with the person-in-charge of the relevant departments as committee member. In addition, the Company complies with the concept of the "Three Managements and Three Musts" and safety production standardization requirements to systematically formulate policies and measures on occupational health and safety and strengthens the supervision of their implementation. In order to ensure the soundness and effectiveness of the operation of the system, the Company regularly conducts internal and external reviews of the safety and environmental system, focusing on the compliance of the EHS management system, the integrity of the system and the status of production site management.

Keymed has established a dual prevention mechanism for multi-level safety risk control and hidden danger investigation and governance to improve risk prevention and resolution mechanism. At the same time, the Company has organized all employees to identify safety risks and identified certain safety risks during the Reporting Period. The Company has developed and effectively implemented risk control measures for these risks. In addition to regular internal safety inspections, the Company also invites the law enforcement department to conduct safety hazard inspection to comprehensively prevent potential safety risks. In addition, the Company attaches great importance to the health and safety of workers at the construction site, strictly implements the entrance safety education system for construction personnel, and carries out special emergency drills on common risks such as object strikes and falls from heights.

In respect of the prevention and control of occupational diseases, Keymed has strictly complied with the national occupational health requirements, and implemented the work of individual protection of employees, on-site supervision and sampling, as well as health examination of employees to achieve occupational health closed-loop management. The Company strictly complies with the "simultaneous three" management requirements for the occupational diseases prevention facilities of construction projects, conducts risk assessment on toxic and harmful positions, arranges regular occupational health examinations for employees whose daily work involves exposure to occupational hazard factors, and provides comprehensive occupational health protection facilities. The Company also improves the occupational disease warning labels. In addition, the Company continues to enhance safety production and occupational health education training, incorporates the relevant content into the new employee training plan, and conducts various training programmes including occupational health and safety laws and regulations, first aid knowledge, fire evacuation, traffic safety, special equipment and chemical safety, so as to achieve a safety training coverage rate of 100%.

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In order to enhance its emergency response capability, Keymed continues to improve its emergency plan and preventive measures, and organizes emergency drills to enhance its emergency response capability. At the same time, the Company strictly implements occupational disease and safety accident prevention measures to ensure the physical and mental health and safety of employees.

Fire emergency drill

Emergency drill in confined space

During the Reporting Period, the Company held 13 EHS special meetings, organized nine emergency drills on safety and conducted a number of safety inspections with a rectification rate of 100%. In the past three years, including the Reporting Period, both the number and rate of work-related fatalities in the Company were zero and the loss of working days due to work-related injuries was also zero.

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Training and Development

Keymed always regards the full cycle career development of employees and the construction of talent echelons as the core strategy, and continuously improves employees' professional abilities and overall quality through systematic training system and digital innovation tools. The Company strictly implements the *Training Course Survey and Training SOP*, which forms a closed-loop control from demand research, class matching, disciplinary management to effectiveness assessment. The Company strictly implements pre-class demand survey, in-class discipline control and after-class two-way feedback mechanism through standardized process.

The Company has established a professional talent development plan at different levels based on characteristics of different levels and positions, with a view to enabling employees and enterprise to grow together:

- Sailing Far Training: for new employees. It introduces corporate history, vision, mission and core values to help them adapt to the new environment and team more quickly;
- Dream Sailing Station: for employees recruited on campus. It introduces workplace etiquette and mentality, talent policies, time management and sharing of on-the-job person to improve the professional quality and skills of employees in the workplace and enhance team cooperation and communication skills;
- Leading Manager Training: for leading managers. It introduces role recognition and transformation, time management and stress emotion management to enable managers to acquire more effective leadership skills;
- Technology Forum: for employees of various departments. It provides a free and open communication platform for employees of various departments to discuss technical issues and share experiences;
- Departmental Training and Skill Upgrading Training: for business departments such as commercialization, clinical and operation departments. It conducts relevant training to adapt to the business development of the departments and enhance business capability.

Leading Manager Training

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Technology Forum

In order to adapt to the digital learning trend, Keymed has also introduced a UMU online learning platform, deployed sales, business and fresh graduates in the whole process of management projects, and set up a learning material download center to facilitate employees to learn at any time. As of the end of the Reporting Period, the platform has launched 130 courses covering 1,033 learning sessions, integrates artificial intelligence ("**AI**") intelligent coaching technology to strengthen practical application capabilities and significantly enhance training flexibility and effectiveness.

Environmental, Social and Governance Report

During the Reporting Period, the Company's training performance data were as follows:

Indicators		Unit	2024	2023
Total number of trainees		Person	1,258	927
Percentage of employees trained[2]				
Percentage of employees trained by gender	Male	%	42.61	42.61
	Female	%	57.39	57.39
Percentage of employees trained by management structure	Senior management	%	5.17	7.01
	Intermediate management	%	16.85	12.62
	General staff	%	77.98	80.37
Average training hours[3]				
Average training hours by gender	Male	Hour	77	19
	Female	Hour	80	19
Average training hours by management structure	Senior management	Hour	16	16
	Intermediate management	Hour	64	16
	General staff	Hour	77	20

Community Contributions

Keymed has been adhering to the concept of "Giving Back to Society and Creating Value Together" to integrate enterprise development with social responsibility deeply, and continued to explore sustainable public welfare practice model. The Company actively organized employees to participate in health and public welfare activities and took the initiative to seek all opportunities to help the local community at any cost. In mid-November 2024, in response to the strategy of rural revitalization, Keymed purchased 5,000 kilograms of high-quality Red Fuji apples from farmers in Qixia, Yantai, Shandong Province through targeted procurement. The purchase helped local farmers solve the sale of 10% of their production and supported the development of regional specialty agriculture through practical actions, contributing to the promotion of rural economic prosperity. The Company has also actively participated in various public welfare activities, giving back to society with its endeavors in many aspects, such as health services and poverty alleviation through education.

2 It is calculated according to the suggestions on data calculation methods in "Appendix 3: Reporting Guidance on Social KPIs" of *How to Prepare an ESG Report* of the Stock Exchange, and the formula is number of employees trained by gender and by management structure/total number of trainees.

3 It is calculated according to the suggestions on data calculation methods in "Appendix 3: Reporting Guidance on Social KPIs" of *How to Prepare an ESG Report* of the Stock Exchange, and the formula is training hours of employees by gender and by management structure/total number of employees.

Environmental, Social and Governance Report

PROTECTING THE ECOLOGY, CASTING A GREEN BLUEPRINT TOGETHER

Adhering to the core concept of "Protecting the Environment and Pursuing Sustainable Development", Keymed has been continuously improving environmental protection management, established a sound environmental protection management system, and strictly controlled pollution emissions. The Company has responded to China's strategy of "Double Carbon", implemented energy conservation and emission reduction, and actively coped with climate change, to contribute to the realization of green and sustainable development.

Environmental Impact Management

Keymed has strictly complied with the *Environmental Protection Law of the People's Republic of China*, the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Environment Pollution by Solid Waste* and other relevant laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and nonhazardous waste and reduction of significant impacts on the environment and natural resource. The Company has also continued to improve the environmental management system by formulating environmental management rules such as the *Environmental Management Procedure*, the *EHS Management Manual*, and the *Environmental Protection Responsibility System*. During the Reporting Period, the Company added new documents such as the *Operation Regulations of Sewage Treatment System (《污水處理系統操作規程》)*, the *Environmental Inspection System (《環保巡查制度》)*, the *Waste Management Procedures (《廢棄物管理規程》)*, and the *Operation Management Procedures for Environmental Facilities (《環保設施運行管理規程》)* to improve the management of the entire chain, from pollution prevention and control to the operation and maintenance of the facilities. The Company formulated the *Management System for Legal Disclosure of Environmental Information (《環境信息依法披露管理制度》)* to enhance the transparency and compliance of our environmental work. During the Reporting Period, the Company has successfully obtained the ISO14001 Environmental Management System certification and was accredited as a good environmental reputation unit in Sichuan Province.

Keymed has set up an EHS department with a professional safety and environmental protection management team, under which the nationally certified safety engineers and experts from the Chengdu Occupational Safety and Health Association are responsible for the department co-ordinating, while allocating part-time security and environmental protection personnel within each subsidiary's workshop to form a "headquarters-subsidiary" hierarchical management model to ensure the professionalism and effectiveness of the environmental management work. Through strict implementation of the *EHS Target Assessment Procedures (《EHS 目標考核規程》)*, the Company clearly defined the responsibility for safety and environmental protection at all levels, to realize the allocation of the responsibility to the positions and supervision to the person. The Company has set environmental targets such as zero environmental pollution incidents/time, 100% compliance rate of wastewater, waste gas, and solid waste ("**Three Wastes**") discharge, and 100% compliance rate of hazardous waste treatment. On the one hand, it has continuously improved the investigation of environmental risks and potential hazards; on the other hand, through the implementation of plans and measures for pollution prevention and control, energy saving and emission reduction, and ecological protection, the Company will minimize the negative impacts of its operations on the environment and achieve ecological and environmental protection.

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In order to effectively respond to unexpected environmental incidents, the Company has formulated the *Contingency Plan for Emergency Environmental Incidents (《突發環境事件應急預案》)* and filed a report at the Environmental Protection Bureau. In addition, the Company has also issued the *EHS Accident Management Procedures (《EHS事故管理規程》)*, *EHS Input Security Management Procedures (《EHS投入保障管理規程》)* and *the EHS Risk Identification and Evaluation Management Procedures (《EHS風險辨識、評價管理規程》)* and other documents. The Company has regularly conducted environmental risk assessment, inspected and managed potential environmental risk exposures, and continuously improved the prevention and control measures for unexpected environmental incidents, so as to effectively prevent and deal with environmental emergencies.

Keymed has continued to raise the environmental awareness of its employees, cultivated environmental protection talents, organized regular training sessions on environmental protection topics. The Company has actively participated in environmental protection activities organized by government departments and social organizations, so as to enable its employees to understand more about environmental protection regulations and learn more about environmental protection technologies.

Emission Management

Keymed has strictly abided by the *Law of the People's Republic of China on Prevention and Control of Environment Pollution by Solid Waste*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution* and other relevant laws and regulations. The Company has also formulated sound internal management documents to systematically control Three Wastes discharge in the course of daily production. In the product development process, the Company has continued to adhere to the green production concept and strived to minimize the use of organic reagents, acids, alkalis, and other chemicals, to reduce the emission of pollutants from the source. In addition, the Company has also strictly required engineering contractors to implement environmental protection measures to minimize the environmental impact of construction activities.

In terms of exhaust gas emission management, the Company only discharges volatile organic compounds ("**VOCs**") during the production process, and controls its emission concentration below the limits outlined in the relevant air pollution emission standards. The total emissions of VOCs can be neglected. During the Reporting Period, the Company's exhaust gas emissions were mainly from mobile sources and were managed according to the relevant emission requirements.

In terms of wastewater discharge management, Keymed has established a stringent management and control system, carried out fine-tuning management during the Reporting Period, implemented on-line monitoring, and invited third-party units to carry out environmental monitoring to ensure that wastewater discharge standards have been fully complied with. The Company has a wastewater treatment facility, including a bioactive wastewater inactivation system consisting of a wastewater collection tank and an inactivation tank. The system uses multiple treatment technologies to effectively reduce the content of hazardous substances in wastewater through in-depth treatment with high temperature, high pressure and industrial steam processes. After all wastewater generated from production has been pretreated by the Company's internal wastewater system, it is delivered to the sewage treatment station in the office park for centralized treatment, which will eventually meet the standard for discharge.

In terms of waste management, Keymed has further improved the *Waste Management Procedures (《廢棄物管理規程》)*, refined the waste separation list of various departments, and implemented standardized control over the entire process of the site selection, construction, and use of solid waste prevention and control facilities, as well as waste identification and collection, transfer and storage, and transportation and treatment.

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Adhering to the principle of "minimization, recycling and harmless treatment", and with the goal of reducing waste emissions, the Company implements a waste classification and management system to achieve effective management. For non-hazardous waste, the Company hands over the recyclables to professional organizations for treatment, such as recycling paper, plastics, metals and glass to form new raw materials, while the kitchen wastes and other wastes are handed over to the park or local environmental protection departments for centralized disposal. For hazardous waste, the Company has put in place a comprehensive control system, including the establishment of professional warehouse for hazardous waste, equipped with a cofferdam to block leaks and a device for collecting leaking liquids, complying with the criterion of "protection from wind, rain, seepage and sunlight". In addition, a corresponding record has been established. The Company engages qualified professional units to treat hazardous waste. At the same time, the Company has set up video monitoring systems in its production facilities to perform real-time monitoring of all processes for the generation, storage, transfer and disposal of hazardous waste to ensure compliant disposal.

Resources and Energy Management

Keymed has strictly abided by the *Law of the People's Republic of China on Energy Conservation* and other relevant laws and regulations in the country and the place where the Company operates, established a comprehensive resources and energy management system, and set energy conservation goals and action plans to improve the efficiency of the use of energy and resources.

Adhering to the principle of "energy conservation and environmental friendliness", Keymed regularly analyses the efficiency of energy use, and promptly rectifies the unexpected situation in a timely manner to continuously improve energy efficiency. In addition, Keymed actively adopts energy-saving equipment and technologies, and has successfully applied advanced technologies such as an air-cooled heat pump system and magnetic levitation chillers, and has replaced old and energy-consuming office equipment with energy-saving equipment to realize energy saving and consumption reduction. Furthermore, the Company actively utilizes renewable energy by installing solar water heaters on the rooftops of some newly constructed plants and utilizing solar photovoltaic panels for lighting at construction sites.

Keymed attaches great importance to the efficient use of water resource, gradually establishing water consumption reduction targets, and promoting water-saving measures at all aspects to enhance water resource utilization efficiency. The Company develops a detailed water resource utilization plan each year, regularly records, tracks, and analyses water consumption data, identifies key water-saving processes, and formulates targeted action plans to ensure the achievement of water efficiency goals. During the Reporting Period, Keymed further refined the water metering system, enhanced water quality assessment, attached great importance to the maintenance and repair of water pipes and facilities to effectively prevent leakage, and achieved maximum water and energy savings through the procurement of high-efficiency water dispensers, reverse osmosis (RO) membranes, and the recycling of drainage water into raw water tanks for reuse after the adoption of electrodeionization (EDI). Keymed's production and operations mainly reply on municipal water supply, and therefore the Company does not encounter any issues in sourcing water.

Keymed proactively implements a green operation approach, vigorously promotes the concept of green environmental protection and encourages its employees to work in an eco-friendly manner in the daily operation. The Company guides its staff to save water and electricity on their own initiative through measures such as water conservation publicity, education on water conservation for employees, as well as posting water and electricity conservation reminders throughout the office. Additionally, Keymed has implemented a cloud-based office mode, adopted a centralized office mode, and provided flexible work options for employees on business trips to further promote energy conservation and consumption reduction. The Company centrally adjusts the operating hours and temperature range of air conditioners according to seasonal changes to reduce electricity consumption. Keymed encourages employees to make full use of natural light for the purpose of reducing the use of lighting equipment, and promotes double-sided printing as well as paperless office practices.

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Addressing Climate Change

With the increasing adverse impacts of climate change, such as the increasing frequency of extreme weather events and global warming, enterprises should strengthen their capabilities to cope with climate and climate resilience. In response to the international framework of the *Paris Agreement* and China's strategic goals of "carbon peaking" and "carbon neutrality" ("**dual-carbon**"), Keymed has systematically identified climate risks and opportunities in its operations based on the TCFD recommended framework and formulated corresponding management strategies accordingly, so as to effectively control the risks of climate change and capitalize on the opportunities of transformation, and disclosed the climate information in four dimensions, namely "Governance – Strategy – Risk management – Indicators and objectives".

Climate governance

The Company will incorporate climate issues into the ESG governance structure. The Board is mainly responsible for integrating climate risk into the overall risk management system and implementing supervision, while the ESG Working Group is responsible for identifying and evaluating climate risk and opportunities.

Climate strategy

The Company has deeply analyzed the potential impacts and development opportunities of climate change on enterprises. For the details of specific risks and opportunities and their operational impacts, please see the attached table "Impacts and Responses of Climate Risks and Opportunities".

Climate risk management

Through business value chain analysis and reference to TCFD technical documents, the Company has established a systematic climate risk list and conducted a preliminary financial impact assessment on each risk. For details of the related risk response strategies, please refer to the attached table "Impacts and Responses of Climate Risks and Opportunities".

Climate indicators and objectives

The Group will continue to promote the reduction of greenhouse gas emissions and the enhancement of energy efficiency, and it is expected that phased emission reduction targets will be set in the future when the full capacity has been achieved. For the details of the greenhouse gas emission data during the Reporting Period, please refer to the section headed "Environmental Performance".

During the Reporting Period, climate risk assessment showed that acute physical risks arising from extreme climate events were of high significance and therefore the Company has given priority to taking precautionary measures. Looking ahead, the Company will identify and assess the potential climate-related risks and opportunities faced by the Company's principal business operations using scenario analysis, with reference to the Turquoise Scenario (which is consistent with scenario in the *Paris Agreement* with a global temperature increase of 1.5°C to 2°C by 2100) and the Brown Scenario (GHG scenario with a global temperature increase of 4°C to 5°C by 2100), and deepen its research on impact analysis and response strategies in respect of climate risks, and continuously strengthen our climate resilience.

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Climate change-related risks			
Type	**Climate risks**	**Potential financial impacts**	**Response strategies**
Physical risks	Extreme weather conditions such as typhoons, floods, fires, or heatwaves may result in damage to production facilities, damage or suspension of equipment, or disruption of raw materials supply, etc.	Production disruptions due to damage to facilities and equipment, etc. or disruptions in the supply chain lead to higher operating costs and lower revenues.	Formulating *Flood Control Emergency Plan*, Production Emergency Plan, and other documents; setting up an emergency leadership team and specifying the responsibilities of departments at all levels; strengthening monitoring of extreme weather conditions, acquiring weather information in a timely manner, and establishing communication channels with relevant government departments; carrying out regular operation inspections, checking water drainage systems and electrical instruments, and reinforcing and examining hazards of outdoor facilities; monitoring the risks posed by extreme weather conditions to upstream and downstream enterprises to ensure the security of the supply chain.
Climate change-related opportunities			
Type	**Climate opportunities**	**Potential financial impacts**	**Response strategies**
Energy sources	Usage of low-carbon or renewable energy sources.	Increasing the proportion of low-carbon or renewable energy usage will help reduce energy costs.	Adjusting the energy usage structure to increase the proportion of renewable energies and keeping abreast of the latest national renewable energy policies to explore the feasibility of using low-carbon energies.
Resilience	Energy substitution or diversification	By planning for energy diversity, the Company can enhance resilience to climate change.	Seeking alternative energy sources, such as installing solar water heaters on rooftops, using solar power at construction sites and purchasing green electricity, etc.; and encouraging employees and partners to participate in energy-saving and emission reduction activities.

Impacts and Responses of Climate Risks and Opportunities

Environmental, Social and Governance Report

Environmental Performance[4]

Indicators	Unit	2024	2023
Atmospheric pollutants[5]			
Nitrogen oxides	Kg	358.10	296.79
Sulphur oxides	Kg	0.37	0.33
Carbon monoxide	Kg	203.89	171.79
Particulate matters (PM2.5, PM10)	Kg	8.07	11.88
Wastewater			
Wastewater discharge	Tons	43,441.90	23,735.80
Greenhouse gas[6]			
Scope 1	Tons of carbon dioxide equivalent	68.97	53.37
Scope 2	Tons of carbon dioxide equivalent	15,868.70	9,926.33
Total greenhouse gas emissions	Tons of carbon dioxide equivalent	15,937.67	9,979.70
Greenhouse gas emission intensity	Tons of carbon dioxide equivalent/RMB10,000 (Revenue)	0.37	0.28
Discharge of hazardous wastes[7]			
Total discharge of hazardous wastes	Tons	147.48	6.70
Discharge intensity of hazardous wastes	Tons/RMB10,000 (Revenue)	0.0034	0.00019
Discharge of non-hazardous wastes[8]			
Total discharge of non-hazardous wastes	Tons	349.12	/
Discharge intensity of non-hazardous wastes	Tons/RMB10,000 (Revenue)	0.0082	/

4 As the Company conducted commercialization production during the Reporting Period and was in the trial production stage in 2023, there was a general increase in environmental performance data for 2024.

5 The atmospheric pollutants mainly came from the use of road mobile sources and diesel generators, and the calculation method and emission coefficient of which referred from the *Technical Guide for Compiling the Emission List of Road Mobile Pollution Sources (Trial)*.

6 Greenhouse gas emissions were mainly generated from the use of fossil fuels such as road mobile sources and diesel generators, as well as the use of indirect energy such as electricity and steam. For the calculation method and emission coefficient under Scope 1 of greenhouse gas, please refer to the *Guidelines for Calculation Methods and Reporting of Greenhouse Gas Emission from Land Transport Enterprises (Trial)* issued by the National Development and Reform Commission; for the heat emission coefficient under Scope 2, please refer to the *Guidelines for Calculation Methods and Reporting of Greenhouse Gas Emission from Industrial and Other Industrial Enterprises*; for the electricity emission coefficient, please refer to the *Announcement on Release of 2023 Electricity Carbon Footprint Factor Data (《關於發佈2023年電力碳足跡因子數據的公告》)* issued by the Ministry of Ecology and Environment. In particular, due to the restatement of the 2023 data for purchased electricity and purchased steam, the 2023 data for Scope 2, total emissions and intensity of greenhouse gas were also restated based on the restated data for purchased electricity and purchased steam.

7 Hazardous wastes mainly include laboratory waste liquid, waste culture dish and others (such as waste drugs, expired chemicals, nutrient wastes and etc.).

8 Non-hazardous wastes mainly consist of kitchen wastes and domestic wastes. This indicator was newly collected during the Reporting Period. In the past, data were not available as non-hazardous wastes were managed by the park property department.

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Indicators	Unit	2024	2023
Energy consumption[9]			
Direct energy consumption			
Gasoline	Liter	15,967.94	13,546
Diesel	Liter	12,297.66	8,395
Total direct energy consumption	1,000 kWh	269.83	210.83
Indirect energy consumption			
Purchased electricity	1,000 kWh	19,819.08	14,279.01
Purchased steam	1,000 kWh	9,017.58	4,502.55
Total indirect energy consumption	1,000 kWh	28,836.66	18,781.56
Total energy consumption	1,000 kWh	29,106.49	18,992.39
Energy consumption intensity	1,000 kWh/RMB10,000 (Revenue)	0.68	0.54
Water resources			
Total water consumption	Tons	189,491.00	104,088.00
Total water consumption intensity	Tons/RMB10,000 (Revenue)	4.43	2.94
Papers			
Paper (A3, A4) consumption	Tons	15.58	9.41
Packaging materials			
Total packaging materials[10]	Tons	13.67	1.75
Packaging material intensity	Kg/RMB10,000 (Revenue)	0.32	0.049

9 Calculations were made in accordance with the calculation methods and coefficients set out in "Appendix 2: Reporting Guidance on Environmental KPIs" to "*How to prepare an ESG Report*" released by the Stock Exchange, and the *Guidelines for Calculation Methods and Reporting of Greenhouse Gas Emission from Industrial and Other Industrial Enterprises (Trial)* issued by the National Development and Reform Commission. Among which, the relevant data of energy in 2023 was calculated based on the latest calculation methods and statistical scope during the Reporting Period, including the change of the unit of disclosure of purchased electricity and purchased steam to "1,000 kWh". Therefore, the 2023 data for purchased electricity, purchased steam, total indirect energy consumption, total energy consumption, and energy consumption intensity have been restated, which is based on the data set out in this report.

10 Packaging materials include materials such as cardboard and plastic.

Environmental, Social and Governance Report

THE STOCK EXCHANGE'S *ESG REPORTING GUIDE* CONTENT INDEX

Subject Areas, Aspects, Mandatory Disclosure, General Disclosures, and KPIs		Relevant Chapter or Remarks
Mandatory Disclosure		
Governance Structure	A statement from the Board containing the following elements: (i) a disclosure of the Board's oversight of ESG issues; (ii) the Board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the Board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Board Statement; ESG Governance Structure
Reporting Principles	A description of, or an explanation on, the application of the reporting principles in the preparation of the ESG Report.	About the Report; Stakeholder Communication; Materiality Issue Evaluation
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG Report and describing the process used to identify which entities or operations are included in the ESG Report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About the Report

Environmental, Social and Governance Report

A. Environmental

Aspect A1: Emissions

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and nonhazardous waste.	Environmental Impact Management
KPI A1.1	The types of emissions and respective emissions data.	Environmental Performance
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emission Management
KPI A1.6	Description of how hazardous and nonhazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emission Management

Aspect A2: Use of Resources

General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Resources and Energy Management
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Performance
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Performance
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Resources and Energy Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Resources and Energy Management
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Environmental Performance

Environmental, Social and Governance Report

A. Environmental		
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Environmental Impact Management
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Impact Management
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Addressing Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Addressing Climate Change
B. Social		
Employment and Labor Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Equal Employment; Employee Care
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Equal Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Equal Employment

Environmental, Social and Governance Report

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

Environmental, Social and Governance Report

B. Social		
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how the practices are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Information Security and Privacy Protection; Product and Service Quality; Intellectual Property Protection; Marketing and Promotion
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product and Service Quality
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product and Service Quality
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Protection
KPI B6.4	Description of quality assurance process and recall procedures.	Product and Service Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Information Security and Privacy Protection

Environmental, Social and Governance Report

B. Social		
Operating Practices		
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Promoting Anti-corruption and Integrity
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Promoting Anti-corruption and Integrity
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Promoting Anti-corruption and Integrity
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Promoting Anti-corruption and Integrity
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Contributions
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Contributions
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Contributions

Report of Directors

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in the in-house discovery and development of innovative biological therapies in the autoimmune and oncology therapeutic areas. An analysis of the Group's revenue and operating results for the year ended December 31, 2024 by its principal activities is set out in note 4 to the consolidated financial statements of the Group.

BUSINESS REVIEW

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. These discussions form part of this annual report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Significant Events After the Reporting Period" in this annual report. An account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company is set out in the "Environmental, Social and Governance Report".

PRINCIPAL RISKS AND UNCERTAINTIES

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

- its financial position;
- its ability to obtain additional financing to fund its operations;
- its ability to develop its drug candidates, which are in pre-clinical or clinical development;
- its ability to commercialize the Stapokibart;
- its ability to identify additional drug candidates;
- its success in demonstrating safety and efficacy of its drug candidates to the satisfaction of regulatory authorities or produce positive results in its clinical trials;
- material aspects of the research, development and commercialisation of pharmaceutical products being heavily regulated;
- lengthy, time-consuming and inherently unpredictable regulatory approval processes of the regulatory authorities for its drug candidates;
- competition in the pharmaceutical industry where the Group serves; and
- its ability to obtain and maintain patent protection for its drug candidate.

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.

Report of Directors

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth. An account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company is set out in the "Environmental, Social and Governance Report".

COMPLIANCE WITH LAWS AND REGULATIONS

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

FINANCIAL RESULTS

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

A summary of the Group's results, assets and liabilities for the last four financial years is set out in the section headed "Five Year Financial Summary" of this annual report. This summary does not form part of the audited consolidated financial statements of the Group.

FINAL DIVIDENDS

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

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on June 26, 2025. The notice of the AGM will be despatched to the Shareholders in due course.

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from June 23, 2025 to June 26, 2025, both days inclusive, during which period no transfer of shares will be registered. Shareholders whose names appear on the register of Shareholders of the Company on June 26, 2025 will be entitled to attend and vote at the AGM. All transfer documents of the Company accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on June 22, 2025.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2024, the Group's five largest suppliers accounted for 24.4%, as compared to 33.9% of the Group's total purchases for the year ended December 31, 2023. The Group's single largest supplier accounted for 8.5% of the Group's total purchase for the year ended December 31, 2024, as compared to 9.0% for the year ended December 31, 2023.

During the year ended December 31, 2024, none of the Directors or any of their close associates or any Shareholders (which, to the knowledge of the Directors, own more than 5% of total issued Shares of the Company) had any interest in the Group's five largest suppliers.

Report of Directors

During the year ended December 31, 2024, revenue from the five largest customers accounted for 92% (2023: 100%) of the Group's total revenue and the Group's largest customer, Belenos Biosciences, Inc., for the year ended December 31, 2024 accounted for approximately 47% (2023: AstraZeneca AB accounted for 99.7%) of the Group's total revenue amount for the same year.

During the year ended December 31, 2024, none of the Directors, their respective close associates, or any Shareholder of the Company who, to the knowledge of the Directors, owns more than 5% of the Company's issued Share capital, has any interest in the Group's customers.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 31 to the consolidated financial statements.

RESERVES

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

DISTRIBUTABLE RESERVES

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

DEBENTURES

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

Report of Directors

DIRECTORS

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

Executive Directors

Dr. Bo CHEN
Dr. Changyu WANG
Dr. Gang XU

Non-executive Directors

Mr. Qi CHEN
Dr. Min Chuan WANG
Mr. Yilun LIU

Independent non-executive Directors

Prof. Xiao-Fan WANG
Prof. Yang KE
Mr. Cheuk Kin Stephen LAW

In accordance with Article 16.18 of the Articles of Association, at each annual general meeting 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 by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office. Accordingly, each of Dr. Bo CHEN, Dr. Min Chuan WANG and Mr. Yilun LIU shall retire from office by rotation at the AGM and, being eligible, has offered themselves for re-election as Director at the AGM.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service contract with the Company for a term of three years. Each of the non-executive Directors and independent non-executive Directors has signed a letter of appointment with the Company for a term of three years. The above appointments are always subject to the provisions of retirement and rotation of directors under the Articles of Association.

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

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent during the Reporting Period.

Report of Directors

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Director of the Company or an entity connected with a Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries or fellow subsidiaries was a party during the Reporting Period.

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

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

Long positions in the Shares or underlying Shares of the Company

Name of Director/ Chief executive	Capacity/Nature of Interest	Number of Shares[1]	Approximate Percentage of Shareholding in the Company
			(%)
Dr. Bo CHEN	Interest in controlled corporation[2]	77,751,482(L)	27.79

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Dr. Bo CHEN is interested in approximately 65.36% of the shareholdings of Moonshot Holdings Limited ("**Moonshot**"). Dr. Changyu WANG, Dr. Gang XU and Dr. Qian JIA, through their respective family trust, are interested in 13.31%, 13.31% and 8.02% of the equity interest in Moonshot, respectively.

Save as disclosed above, as at December 31, 2024, to the best knowledge of the Directors or chief executive of the Company, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Report of Directors

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at December 31, 2024, so far as the Directors are aware, the following persons (other than the Directors or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares[1]	Approximate Percentage of Shareholding
			(%)
Moonshot[2]	Beneficial interest	77,751,482(L)	27.79
Boyu Capital Group Holdings Ltd.[3]	Interest in controlled corporation	15,080,479(L)	5.39
XYXY Holdings Ltd.[3]	Interest in controlled corporation	15,080,479(L)	5.39
Xiaomeng TONG[3]	Interest in controlled corporation	15,080,479(L)	5.39

Notes:

(1) The letter "L" denotes the person's long position in the Shares

(2) Dr. Bo CHEN is interested in approximately 65.36% of the shareholdings of Moonshot. Dr. Changyu WANG, Dr. Gang XU and Dr. Qian JIA, through their respective family trust, are interested in 13.31%, 13.31% and 8.02% of the equity interest in Moonshot, respectively.

(3) Boyu Capital Group Holdings Ltd., XYXY Holdings Ltd. and Xiaomeng TONG, by virtue of their interest in controlled corporations, are interested in the 13,623,979 Shares held by Spring Aquila Limited and 1,456,500 Shares held by Boyu Capital Opportunities Master Fund.

Save as disclosed above, as at December 31, 2024, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Report of Directors

RESTRICTED SHARE UNIT SCHEMES

2021 RSU Scheme

The Company has adopted the 2021 RSU Scheme by a board resolution on April 5, 2021. The following is a summary of the principal terms of the 2021 RSU Scheme.

(a) Purpose of the 2021 RSU Scheme

The purposes of this 2021 RSU Scheme is to incentivize eligible participants in the 2021 RSU Scheme (the RSU Participants as defined below) for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

(b) Participants

Subject to the requirements under Chapter 17 of the Listing Rules, persons eligible to receive RSUs under the 2021 RSU Scheme are employees or officers of the Group, including executive, non-executive and independent non-executive directors, any person or entity that provides research, development, consultancy and other technical or operational or administrative support to the Group; and any other persons who, in the sole opinion of the Board, have contributed or will contribute to the Company and/or any of its Subsidiaries (the "**RSU Participant(s)**", for the purpose of this sub-section only).

(c) Awards

An award pursuant to the 2021 RSU Scheme (an "**Award(s)**", for the purpose of this sub-section only) gives a RSU Participant a conditional right when the relevant restricted share unit (an "**RSU(s)**", for the purpose of this sub-section only) vests to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of exercise of the RSU, less any tax, stamp duty and other charges applicable, as determined by our Board in its absolute discretion. Each RSU represents one underlying Share.

(d) Term

Subject to the termination provision of the 2021 RSU Scheme, it shall remain valid and effective until July 7, 2031. The remaining life of the 2021 RSU Scheme is approximately 6 years and 3 months as at the date of this report. Upon the expiry of the 2021 RSU Scheme, no further Awards will be granted, but the provisions of the 2021 RSU Scheme shall in all other respects remain in full force and effect and Awards that are granted during the term of the 2021 RSU Scheme may continue to be exercisable in accordance with their terms of issue.

The Company by ordinary resolution at general meeting or the Board may at any time terminate the operation of the 2021 RSU Scheme and in such event no further Awards will be granted but in all other respects the provisions of the RSU Scheme shall remain in full force and effect in respect of RSU which are granted during the life of the 2021 RSU Scheme and which remain unvested immediately prior to the termination of the operation of the scheme.

(e) Grant and Acceptance of Awards

On and subject to the terms of the 2021 RSU Scheme and the terms and conditions that the Board imposes pursuant thereto, the Board shall be entitled at any time during the life of the 2021 RSU Scheme to make a grant to any RSU Participant, as the Board may in its absolute discretion determine.

Awards may be granted on such terms and conditions (e.g. by linking the vesting of their RSU to the attainment or performance of milestones by any member of the Group, the grantee or any group of RSU Participants) as the Board may determine, provided such terms and conditions shall not be inconsistent with any other terms and conditions of the 2021 RSU Scheme.

A grant shall be made to a RSU Participant in such form as the Board may from time to time determine (the "**Notice of Grant**", for the purpose of this sub-section only) and such grant shall be subject to the terms as specified in the 2021 RSU Scheme. The RSU Participant shall undertake to hold the Award on the terms on which it is granted and be bound by the provisions of the 2021 RSU Scheme. Such Award shall remain open for acceptance by the RSU Participant to whom a grant is made for a period to be determined by the Board, provided that no such grant shall be open for acceptance after July 7, 2031 or after the RSU Scheme has been terminated in accordance with the provisions hereof. To the extent that the Award is not accepted within the period determined by the Board, it will be deemed to have been irrevocably declined and shall immediately lapse.

If the RSU Participant accepts the offer of grant of RSU(s) by signing the Notice of Grant, he is required to sign an acceptance notice and return it to the Company within the period specified and in a manner prescribed in the Notice of Grant. Upon the receipt from the RSU Participant of a duly executed acceptance notice, the RSU(s) is deemed granted to such RSU Participant from the date of the Notice of Grant, and the RSU Participant becomes a grantee (the "**Grantee**", for the purpose of this sub-section only) in the 2021 RSU Scheme. The Notice of Grant sets out that the RSU Participants should undertake that they will not, inter alia, offer, sell or otherwise transfer or dispose of any vested Shares for a period ending on a date which is 365 days after the vesting of any Shares under the 2021 RSU Scheme.

(f) Vesting

The Board has the sole discretion to determine the vesting criteria, conditions and the time for any grant of Award(s) to any Grantee (including, if applicable, a purpose price of shares awarded), which may also be adjusted and re-determined by the Board from time to time. If the vesting conditions are not satisfied or waived by the Board, the RSU shall be cancelled automatically on the date on which such conditions are not satisfied, as determined by the Board in its absolute discretion.

Report of Directors

(g) Restriction on Grant of Awards

The Board may not grant any Awards where (a) the requisite approvals for that grant from any applicable regulatory authorities have not been obtained; (b) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the grant of the Awards or in respect of the 2021 RSU Scheme, unless the Board determines otherwise; (c) where granting the Award would result in a breach by the Company, its subsidiaries or any of the directors of any applicable securities laws, rules or regulations; or (d) where such grant of Award would result in a breach of the limits of the 2021 RSU Scheme. Any Awards granted under the 2021 RSU Scheme and any other share scheme (as defined under the Listing Rules) to a specific participant (excluding any options and awards lapsed in accordance with the terms of such scheme) in a 12-month period up to and including the date of an Award shall not exceed 1% of the total issued Shares of the Company unless such Award is approved by the Shareholders of the Company (with the Participant and his/her close associates (or associates if the participant is a connected person) abstaining from voting).

Further, no grant shall be made to, nor shall any grant be capable of acceptance by, any RSU Participant at a time when the RSU Participant would or might be prohibited from dealing in the Shares by any applicable rules, regulations or laws. In particular, where any Award is proposed to be granted to a director of any members of the Group, it shall not be granted on any day on which the financial results of the Company are published and during the period of:

(a) 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(b) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

Any grant of an Award to any connected person (as defined in the Listing Rules), or any of their respective associates (as defined in the Listing Rules), shall be subject to the prior approval of the independent non-executive directors (excluding the independent non-executive director who is the proposed Grantee of the Awards in question) and shall otherwise be subject to compliance with the requirements of the Listing Rules. Notwithstanding the foregoing, any grant of an Award to a director pursuant to Rule 14A.73(6) of the Listing Rules will be exempted from reporting, announcement and independent Shareholders' approval requirements if the Award forms part of the relevant director's remuneration under his/her service contract.

(h) General and Maximum Limit

The maximum number of Shares which may be granted under the RSU Scheme is 17,976,153, representing approximately 6.43% of the number of issued Shares of the Company as of December 31, 2024. As of January 1, 2024 and December 31, 2024, the total number of Shares available to be awarded under the 2021 RSU Scheme is 9,873,143 Shares and 9,794,745 Shares (representing approximately 3.5% of the issued Shares as at the date of the annual report), respectively. All of the Shares were held by Keymed Talent Success Trust, a trust established for the administration of the 2021 RSU Scheme, through Eagle Hero Management Limited. No new Shares may be allotted pursuant to the 2021 RSU Scheme.

Report of Directors

Set for below are particulars of the Awards granted pursuant to the 2021 RSU Scheme:

			Number of awards					
Participant	Grant Time	Year of grant	Unvested as of January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Unvested as of December 31, 2024
Employees (excluding Directors)[1]	Apr 5, 2021 – Dec 24, 2021[2]	2021	2,113,173	–	1,110,814	51,204	–	951,155
	Jan 4, 2022 – Dec 23, 2022[2]	2022	1,690,781	–	490,027	734,907	–	465,847
	Apr 3, 2023 – Oct 10, 2023[2]	2023	1,338,214	–	320,303	132,002	–	885,909
	Jul 1, 2023[3]	2023	81,554	–	27,185	54,369	–	0
	Jan 4, 2024 – Oct 10, 2024[2][4]	2024	–	1,215,280	–	164,400	–	1,050,880
		Total	5,223,722	1,215,280	1,948,329	1,136,882	–	3,353,791
Including: top five highest paid employees	Apr 5, 2021	2021	453,826	–	226,913	–	–	226,913
	May 26, 2022[2]	2022	47,528	–	15,843	–	–	31,685
	Apr 3, 2023 – Jul 1, 2023[2]	2023	1,076,127	–	269,032	–	–	807,095
	Jan 4, 2024[2][4]	2024	–	608,213	–	–	–	608,213
		Total	1,577,481	608,213	511,788	–	–	1,673,906

Notes:

(1) None of the grantees were Directors, chief executive or substantial Shareholders of the Company, or their respective associates.

(2) The RSUs have vesting terms of 4 years from the grant date. The RSUs shall be vested according to the vesting schedule: 25% of the total number of RSUs shall be vested on the first anniversary of the grant date and the remaining 75% of the total number of RSUs shall be vested in three substantially equal annual instalments, with the first instalment vested on the second anniversary of the grant date, and then on up to the fourth anniversary of the grant date. The RSUs are granted with the purchase price of zero. The weighted average closing price of the awards during the Reporting Period was HK$38.99.

(3) The RSUs have vesting terms of 3 years from the grant date. The RSUs shall be vested according to the vesting schedule: 1/3 of the total number of RSUs shall be vested on the first anniversary of the grant date and the remaining 2/3 of the total number of RSUs shall be vested in two substantially equal annual instalments, with the first instalment vested on the second anniversary of the grant date, and the second instalment vested on the third anniversary of the grant date. The RSUs are granted with the purchase price of zero.

Report of Directors

(4) During the Reporting Period the awards granted included performance target milestone, additional details of the closing price of Shares and fair value of awards at the date of grant per Share are as follows:

Date of Grant	Closing price of Shares immediately before date of grant (HKD)	Fair value of awards at the date of grant per Share (HKD)
Jan 4, 2024	44.4	43.35
Apr 3, 2024	31.45	30.75
Jul 10, 2024	32	31.8
Oct 10, 2024	41.85	42.05

The accounting standard and policy adopted to estimate the fair value of the awards at the date of grant per Share is set out in note 2.4 of the Notes to Financial Statements.

2022 RSU Scheme

The Company has adopted the 2022 RSU Scheme by a board resolution on January 21, 2022. The following is a summary of the principal terms of the 2022 RSU Scheme.

(a) Purpose of the 2022 RSU Scheme

The purposes of the 2022 RSU Scheme are to recognize and motivate the contributions by Participants (as defined below) of the 2022 RSU Scheme and give incentives thereto in order to retain them, as well as to attract suitable personnel for further development of the Group.

(b) Participants

Participants of the 2022 RSU Scheme include employees or officers (including directors) of the Group, including any prospective employees (who receives the Grant as an inducement to join the Group) (collectively, the "**Participant(s)**", for the purpose of this sub-section only).

(c) Awards

The 2022 RSU Scheme is subject to the administration of the 2022 ESOP scheme management committee (the "**Committee**") as appointed by the Board. The Committee may at any time during the term of the 2022 RSU Scheme make an award (the "**Award(s)**", for the purpose of this sub-section only) of conditional rights to either Shares or equivalent value of cash (the "**RSU(s)**", for the purpose of this sub-section only) to any selected Participant at its absolute discretion. An Award shall be made to a Participant by a notice of grant setting out, among other things, the terms and conditions of such Award. Any Award to the Directors or senior management of the Group must first be approved by the Remuneration Committee of the Board. If a Participant accepts the Award, he/she is required to sign the acceptance notice and return it to the Company within the period specified and in a manner prescribed in the notice of grant. Each Participant shall pay RMB1.00 as the award price to accept the Awards granted to such Participant.

(d) Term

The 2022 RSU Scheme shall remain valid and effective until the termination date, which shall be on the earlier of (i) January 20, 2032; or (ii) such date of early termination as determined by the Board or the Committee provided that no further RSUs will be offered after such termination but in all other respects the provisions of the 2022 RSU Scheme shall remain in full force and effect in respect of RSUs which are granted during the life of the 2022 RSU Scheme and which remain unvested immediately prior to the termination of the operation of the 2022 RSU Scheme. The remaining life of the 2022 RSU Scheme is approximately 6 years and 10 months as at the date of this report.

(e) Vesting

The Committee may, from time to time while the RSUs are in force and subject to all applicable laws, determine in its sole discretion such vesting criteria and conditions or periods for the Award to be vested. All of such vesting conditions (including payment of any exercise price) and periods (including the vesting date) shall be set out in the relevant notice of grant issued to each Grantee. The Committee may determine at its sole discretion, the exercise price as may be applicable to each RSU.

For the purposes of vesting of the RSU(s), the Committee may direct and procure the trustee (the "**Trustee**", for the purpose of this sub-section only) of the 2022 RSU Scheme to release from the underlying trust (the "**Trust**", for the purpose of this sub-section only) of the 2022 RSU Scheme the RSU(s) to the Grantee by transferring the number of the RSUs to the Grantee in such manner as determined by it from time to time. The Committee will send a vesting notice to the relevant Grantee and upon receiving such notice, the Grantee must execute certain documents set out in such notice for the purposes of vesting of the RSU(s). The Committee shall thereafter inform the Trustee of the number of the RSU(s) or the amount of cash equivalent being transferred, paid and/or released to the Grantee in the manner as determined by the Committee.

An unvested RSU shall lapse and be cancelled automatically upon certain events, including the termination of the Grantee's employment or service with the Company. The Committee may in its absolute discretion decide that any RSU shall not be cancelled or determined subject to such conditions or limitations as the Committee may decide. In certain circumstances such as when the Grantee's employment or services with the Group is terminated for cause, the Company shall have a right to instruct the Trustee to repurchase the Shares from the Grantee at the higher of (1) the par value of the Shares on the date the RSUs were granted; and (2) the exercise price (if any) paid by the Grantee for vesting of the relevant RSUs.

(f) Restriction on Grant of Awards

A Grant must not be made after inside information has come to the Company's knowledge until such inside information has been announced in accordance with the requirements of the Listing Rules, this include the period of:

(a) sixty (60) days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(b) thirty (30) days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

In the course of administering the 2022 RSU Scheme, the Company and the Committee will also comply with the applicable provisions of the Model Code and applicable rules on insider dealing. No instructions will therefore be given to the Trustee to acquire Shares under the 2022 RSU Scheme at a time when any Director is in possession of unpublished inside information or where dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time ("**Relevant Time**"). As the Trustee will be acquiring the Shares on the instruction of the Committee, the Trustee will also not acquire any Shares during the Relevant Time. The Company and the Committee will administer the scheme such that the (i) Grant of Awards under the 2022 RSU Scheme, (ii) purchase of Shares by the Trustee; and (iii) the Committee giving instruction to the Trustee to purchase Shares for the administration of the 2022 RSU Scheme will be conducted in accordance with the applicable provisions of the Model Code.

Report of Directors

(g) General and Maximum Limit

The Shares in the share pool under the Scheme will be purchased from the secondary market. The aggregated amount of existing Shares to be purchased by the Trustee under the Scheme shall be no more than 5,594,711 Shares, representing approximately 2.0% of the number of total issued Shares of the Company as of December 31, 2024. The Shares acquired for the share pool will be funded out of the Company's internal resources, excluding the proceeds from Global Offering. The maximum number of Shares which may be subject to an Award or Awards to a selected Participant shall not in aggregate exceed 1% of the total issued Shares of the Company as of January 21, 2022 (being 279,735,566 Shares), and shall also be subject to any shareholders approval requirement as required under the Listing Rules. As of December 31, 2024, the total number of Shares available to be awarded under the 2022 RSU Scheme is 5,594,711 Shares (representing approximately 2.0% of the issued Shares as at the date of the annual report). 4,136,000 Shares had been purchased from the market and held by the Trustee as of December 31, 2024. No new Shares may be allotted pursuant to the 2022 RSU Scheme. At no time shall the Trustee be holding more than 10% of the total number of Shares in issue. The Shares held by the Trustee will be regarded as public float unless the Trustee becomes a core connected person of the Company or would otherwise cease to be regarded as member of the public under the Listing Rules. The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust. As of December 31, 2024, no award was granted pursuant to the 2022 RSU Scheme.

SHARE OPTION SCHEME

During the Reporting Period and up to the date of this annual report, the Company did not have any share option scheme which was required to be disclosed.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Reporting Period, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

CHANGES IN DIRECTORS' INFORMATION

Save as disclosed in this annual report, the Company is not aware of any changes in Directors' information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONNECTED TRANSACTIONS

Details on related party transactions for the year ended December 31, 2024 are set out in note 36 to the consolidated financial statements. There was no connected transaction nor continuing connected transaction of the Group which has to be disclosed in accordance with Chapter 14A of the Listing Rules during the Reporting Period.

Report of Directors

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new Shares on a pro rata basis to 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 the Company's securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public at all times during the Reporting Period and as of the date of this annual report.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at December 31, 2024 are set out in note 1 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

Under the Articles of Association, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he may incur or sustain in or about the execution of his duties in his office. The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

EQUITY-LINKED AGREEMENTS

Other than the 2021 RSU Scheme and the 2022 RSU Scheme, no equity-linked agreements that will or may result in the Company issuing shares, or that require the Company to enter into any agreements that will or may result in the Company issuing shares, were entered into by the Company during the year or subsisted at the end of the Reporting Period.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the year ended December 31, 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). The Company did not hold treasury shares as defined under the Listing Rules during the Reporting Period.

SIGNIFICANT LEGAL PROCEEDINGS

During the Reporting Period, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

Report of Directors

RETIREMENT BENEFITS SCHEME

The Group has three employees who are required to participate in the Mandatory Provident Fund Scheme (the "**MPF Scheme**") in Hong Kong in compliance with the Hong Kong Mandatory Provident Fund Schemes Ordinance (Cap. 485). The MPF Scheme is a defined contribution plan administered by an independent corporate trustee. Under the MPF Scheme, each of the Group and the employee are required to make contributions to the MPF Scheme at 5% of the employee's relevant income, subject to a cap of monthly relevant income of HK$30,000.

The Group's contributions under the above-mentioned defined contribution retirement plan are expensed as incurred and no contributions have been forfeited as all contributions to the MPF Scheme vest immediately.

The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. There are no provisions under the scheme whereby forfeited contributions may be used to reduce future contributions. The employees of the PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme.

Details of the pension obligations of the Company are set out in note 2 to the consolidated financial statements in this annual report.

USE OF NET PROCEEDS FROM LISTING

Business objective as stated in the Prospectus	**Planned applications** *RMB million*	**Balance as at December 31, 2023** *RMB million*	**Actual utilisation during the Reporting Period** *RMB million*	**Balance as at December 31, 2024** *RMB million*	**Expected timeline for unutilized amount**
R&D and commercialization of the Company's Core Product and key drug candidates	1,705	934	486	448	By the end of 2025
Preclinical evaluation and clinical development of the Company's other pipeline products	426	35	35	–	–
Payment of lease for the Company's new manufacturing and R&D facilities and procurement of machinery and equipment	426	–	–	–	–
General corporate and working capital purposes	284	66	66	–	–
Total	2,841	1,035	587	448	

Report of Directors

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Licensing out of CM313

In January 2025, the Group and Timberlyne have entered into an exclusive out-license agreement. The license agreement grants Timberlyne the exclusive right to develop, manufacture and commercialise CM313 globally excluding Mainland China, Hong Kong, Macau and Taiwan. CM313 is an in-house developed humanised monoclonal antibody that targets CD38.

In return, the Group shall receive an upfront and near-term payment of US$30 million and equity interest of Timberlyne, being its largest shareholder. The Group may also receive additional payments up to US$337.5 million subject to achievement of certain sales and development milestones. The Group is also entitled to receive tiered royalties on net sales from Timberlyne.

Licensing out of CM355

In January 2025, the Group, InnoCare and Tiannuo Pharma have entered into the agreement with Prolium for the development and commercialisation of CM355, a CD20 × CD3 bispecific antibody. Under the terms of the agreement, Prolium will have the exclusive right to develop, register, manufacture, and commercialise CM355 globally in non-oncology indications and in oncology indications outside of Asia. Payment under the Agreement will be shared equally between the Group and InnoCare.

The Group and InnoCare will collectively be entitled to receive an upfront and near-term payment of US$17.5 million, additional payments up to US$502.5 million and tiered royalties on net sales from Prolium based on their respective 50% interest in CM355. The payments are subject to achievement of certain commercial, clinical development and regulatory milestones. The Group and the InnoCare Pharma Limited (諾誠健華醫藥有限公司)'s group will also receive a minority equity interests in Prolium.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

EMPLOYEES AND REMUNERATION POLICIES

As of December 31, 2024, we had 1,258 full-time employees in total, including 7 employees who are employed overseas and the remaining in China. In strict compliance with the relevant labor laws, we enter into individual employment contracts with our employees covering matters such as terms, wages, bonuses, employee benefits, workplace safety, confidentiality obligations and grounds for termination.

To remain competitive in the labor market, we provide various incentives and benefits to our employees. We invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries and the opportunity to participate in share incentive schemes to our employees. We believe our benefits, working environment and development opportunities for our employees have contributed to good employee relations.

Our Company has adopted the 2021 RSU Scheme on April 5, 2021 and the 2022 RSU Scheme on January 21, 2022. Please refer to "Restricted Share Unit Schemes" in this annual report for further information.

Report of Directors

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and Senior Management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Details of the emoluments of the Directors, and five highest paid individuals during the Reporting Period are set out in notes 9 and 10 to the consolidated financial statements. No Directors have waived or agreed to waive any emoluments during the Reporting Period.

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

AUDIT COMMITTEE

The Board has established the Audit Committee which comprises two independent non-executive Directors and one non-executive Director, namely Mr. Cheuk Kin Stephen LAW, Prof. Yang KE and Mr. Qi CHEN. Mr. Cheuk Kin Stephen LAW serves as the chairman of the Audit Committee, who has the professional qualification and experience in financial matters in compliance with the requirements of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process and internal controls.

The Audit Committee, together with the management and external auditor of the Company, has reviewed the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the consolidated financial statements of the Group for the year ended December 31, 2024) of the Group, and is of the view that the annual results of the Group is prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

AUDITOR

Ernst & Young was appointed as the auditor of the Company during the Reporting Period. The Company did not change its auditors since the listing date.

Ernst & Young shall retire at the AGM and, being eligible, will offer itself for re-appointment as auditor of the Company. A resolution for the re-appointment of Ernst & Young as auditor of the Company will be proposed at the AGM.

On behalf of the Board
Dr. Bo CHEN
Chairman

Hong Kong, March 24, 2025

Independent Auditor's Report

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To the shareholders of KEYMED BIOSCIENCES INC.

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of KEYMED BIOSCIENCES INC. (the "Company") and its subsidiaries (together, the "Group") set out on pages 110 to 181, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
Risk of misstatement of research and development expenses	
The Group incurred significant research and development ("R&D") expenses of RMB735.2 million as disclosed in the consolidated statement of profit or loss for the year ended 31 December 2024, which mainly consisted of staff costs, materials and consumables, and service fees paid to contract research organisations and clinical site management organisations (collectively referred to as "Outsourced Service Providers"). R&D activities with these Outsourced Service Providers are documented in agreements and are typically performed over an extended period. These expenses are charged to profit or loss based on the progress of the R&D projects estimated by management. We identified the measurement of R&D expenses as a key audit matter due to their significant amount and the allocation of these expenses to the appropriate reporting period. The accounting policy and the disclosure for significant accounting judgement and estimate related to R&D expenses have been disclosed in notes 2.4 and 3 to financial statements, respectively.	Our procedures in relation to R&D expenses included the following: We obtained an understanding of and evaluated the key controls over the R&D process; We inquired management about the reasons for periodical fluctuations in R&D expenses and assessed the reasonableness of those fluctuations; We, on a sampling basis, selected R&D activities to i) review the key terms set out in related agreements with Outsourced Service Providers; ii) inquire the R&D personnel and inspect related supporting documents to verify the progress of the R&D projects; and iii) recalculate the allocation of R&D expenses with reference to the progress of the R&D projects.

Independent Auditor's Report

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Company's Annual Report is expected to be made available to us after the date of this auditor's report.

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

Independent Auditor's Report

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

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

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

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

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

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

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

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

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

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

Independent Auditor's Report

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

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

The engagement partner on the audit resulting in this independent auditor's report is Shun Lung Wai.

Certified Public Accountants
Hong Kong
24 March 2025

Consolidated Statement of Profit or Loss

Year ended 31 December 2024

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
Revenue	*5*	**428,124**	354,095
Cost of sales		**(12,200)**	(36,878)
GROSS PROFIT		**415,924**	317,217
Other income and gains	*6*	**141,154**	123,249
Research and development expenses		**(735,192)**	(596,282)
Administrative expenses		**(187,933)**	(177,006)
Selling and distribution expenses		**(110,897)**	–
Other expenses		**(7,987)**	(1,359)
Finance costs	*8*	**(18,460)**	(17,259)
Share of loss of a joint venture		**(5,256)**	(4,748)
LOSS BEFORE TAX	*7*	**(508,647)**	(356,188)
Income tax expense	*11*	**(6,260)**	(1,597)
LOSS FOR THE YEAR		**(514,907)**	(357,785)
Attributable to:			
Owners of the parent		**(515,241)**	(359,357)
Non-controlling interests		**334**	1,572
		(514,907)	(357,785)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	*13*	**(RMB1.97)**	(RMB1.37)

Consolidated Statement of Comprehensive Income

Year ended 31 December 2024

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
LOSS FOR THE YEAR		**(514,907)**	(357,785)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(440)**	(836)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		**1,826**	(962)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**1,386**	(1,798)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(513,521)**	(359,583)
Attributable to:			
Owners of the parent		**(513,660)**	(361,155)
Non-controlling interests		**139**	1,572
		(513,521)	(359,583)

Consolidated Statement of Financial Position

31 December 2024

	Notes	2024 ***RMB'000***	2023 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*14*	**974,365**	803,347
Right-of-use assets	*15*	**73,740**	90,390
Other intangible assets	*16*	**9,748**	1,110
Prepayments, other receivables and other assets	*22*	**32,662**	26,914
Equity investments designated at fair value through other comprehensive income ("FVTOCI")	*18*	**17,634**	15,808
Investment in a joint venture	*17*	**566**	5,822
Financial assets at fair value through profit or loss ("FVTPL")	*23*	**191,825**	–
Total non-current assets		**1,300,540**	943,391
CURRENT ASSETS			
Inventories	*19*	**111,422**	56,354
Trade receivables	*20*	**62,851**	16,091
Contract assets	*21*	**–**	11,000
Prepayments, other receivables and other assets	*22*	**136,141**	135,125
Financial assets at FVTPL	*23*	**235**	174,374
Restricted cash		**–**	1,775
Time deposits	*24*	**1,736,964**	1,693,783
Cash and cash equivalents	*24*	**418,413**	851,029
Total current assets		**2,466,026**	2,939,531
CURRENT LIABILITIES			
Trade payables	*25*	**26,007**	29,488
Other payables and accruals	*26*	**235,406**	219,440
Interest-bearing bank borrowings	*27*	**472,371**	45,825
Contract liabilities	*28*	**1,578**	–
Lease liabilities	*15*	**12,364**	19,427
Total current liabilities		**747,726**	314,180
NET CURRENT ASSETS		**1,718,300**	2,625,351
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,018,840**	3,568,742

Consolidated Statement of Financial Position

31 December 2024

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*27*	**257,188**	331,834
Deferred income	*29*	**274,778**	228,194
Lease liabilities	*15*	**11,315**	21,623
Deferred tax liabilities	*30*	**347**	278
Total non-current liabilities		**543,628**	581,929
NET ASSETS		**2,475,212**	2,986,813
EQUITY			
Equity attributable to owners of the parent			
Share capital	*31*	**174**	169
Treasury shares	*31*	**(3)**	2
Reserves	*33*	**2,474,400**	2,986,140
		2,474,571	2,986,311
Non-controlling interests		**641**	502
TOTAL EQUITY		**2,475,212**	2,986,813

Bo Chen
Director

Changyu Wang
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Attributable to owners of the parent								
	Share capital *RMB'000* (note 31)	Treasury shares *RMB'000* (note 31)	Share premium* *RMB'000*	Share-based payment reserve* *RMB'000* (note 32)	Other reserve* *RMB'000*	Accumulated losses* *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2024	169	2	8,483,743	153,558	(1,797)	(5,649,364)	2,986,311	502	2,986,813
Loss for the year	–	–	–	–	–	(515,241)	(515,241)	334	(514,907)
Other comprehensive income for the year:									
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax (note 18)	–	–	–	–	1,826	–	1,826	–	1,826
Exchange differences on translation of foreign operations	–	–	–	–	(245)	–	(245)	(195)	(440)
Total comprehensive loss for the year	–	–	–	–	1,581	(515,241)	(513,660)	139	(513,521)
Share-based payments (note 32)	–	–	–	34,346	–	–	34,346	–	34,346
Shares repurchased (note 31)	2	(5)	(32,423)	–	–	–	(32,426)	–	(32,426)
Exercise of restricted share units (note 32)	3	–	44,612	(44,615)	–	–	–	–	–
At 31 December 2024	174	(3)	8,495,932	143,289	(216)	(6,164,605)	2,474,571	641	2,475,212

Year ended 31 December 2023

	Attributable to owners of the parent								
	Share capital *RMB'000* (note 31)	Treasury shares *RMB'000* (note 31)	Share premium* *RMB'000*	Share-based payment reserve* *RMB'000* (note 32)	Other reserve* *RMB'000*	Accumulated losses* *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2023	170	1	8,485,153	144,970	1	(5,290,007)	3,340,288	(1,070)	3,339,218
Loss for the year	–	–	–	–	–	(359,357)	(359,357)	1,572	(357,785)
Other comprehensive loss for the year:									
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax (note 18)	–	–	–	–	(962)	–	(962)	–	(962)
Exchange differences on translation of foreign operations	–	–	–	–	(836)	–	(836)	–	(836)
Total comprehensive loss for the year	–	–	–	–	(1,798)	(359,357)	(361,155)	1,572	(359,583)
Share-based payments (note 32)	–	–	–	40,079	–	–	40,079	–	40,079
Shares repurchased (note 31)	(1)	1	(32,901)	–	–	–	(32,901)	–	(32,901)
Exercise of restricted share units	–	–	31,491	(31,491)	–	–	–	–	–
At 31 December 2023	169	2	8,483,743	153,558	(1,797)	(5,649,364)	2,986,311	502	2,986,813

* These reserve accounts comprise the consolidated reserves of RMB2,474,400,000 (31 December 2023: RMB2,986,140,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax	*7*	**(508,647)**	(356,188)
Adjustments for:			
Finance costs	*8*	**18,460**	17,259
Interest income	*6*	**(87,872)**	(84,216)
Interest income on financial assets at FVTPL	*6*	**(457)**	(4,130)
Fair value gain on financial assets at FVTPL	*6*	**(62)**	–
Foreign exchange gains	*6*	**(18,148)**	(11,081)
Depreciation of property plant and equipment	*14*	**75,013**	51,629
Amortisation of other intangible assets	*16*	**1,388**	386
Depreciation of right-of-use assets	*15*	**16,827**	17,146
Disposal of property, plant and equipment	*14*	**–**	71
Equity-settled share-based payments	*32*	**34,346**	40,079
Share of loss of a joint venture	*17*	**5,256**	4,748
Termination of lease	*15*	**–**	383
Impairment losses on financial assets	*7*	**1,080**	–
		(462,816)	(323,914)
Increase in prepayments, other receivables and other assets		**(2,649)**	(46,963)
Increase in inventories		**(55,068)**	(11,859)
Increase in trade receivables		**(46,760)**	(16,091)
Decrease in deferred income		**(2,029)**	(812)
Increase in financial assets at FVTPL		**(191,825)**	–
Decrease/(increase) in contract assets		**11,000**	(11,000)
Increase/(decrease) in trade payables		**(3,481)**	14,575
Increase/(decrease) in other payables and accruals		**(31,393)**	93,763
Income tax paid		**(6,191)**	(1,319)
Increase in contract liabilities		**1,578**	–
Net cash flows used in operating activities		**(789,634)**	(303,620)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**65,211**	84,216
Interest received on financial assets at FVTPL		**4,031**	–
Purchases of property, plant and equipment		**(207,914)**	(327,194)
Purchases of leasehold land		**–**	(51,292)
Receipts of government grants for property, plant and equipment		**48,613**	65,335
Purchases of intangible assets		**(6,583)**	(4,124)
Purchase of an unlisted equity investment		**–**	(6,769)
Purchases of wealth management products		**(200)**	(269,913)
Proceeds from disposal of wealth management products		**170,827**	331,857
Placement of time deposits with maturity dates over three months		**(2,656,533)**	(628,555)
Withdrawal of time deposits with maturity dates over three months		**2,648,309**	1,273,840
Decrease in advances to employees		**172**	2,577
Decrease/(increase) in restricted cash		**1,775**	(1,775)
Net cash flows from investing activities		**67,708**	468,203

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease payments	*15*	**(19,019)**	(18,649)
Repayments to related parties		**–**	(225)
Acquisition of non-controlling interests		**–**	(150,599)
Rental deposits refunded/(paid)		**1,233**	(2,363)
Repurchase of shares		**(32,426)**	(32,901)
New bank loans		**468,788**	360,000
Repayment of bank loans		**(116,533)**	(72,645)
Interest paid		**(18,145)**	(10,487)
Net cash flows from financing activities		**283,898**	72,131
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(438,028)**	236,714
Cash and cash equivalents at beginning of year		**851,029**	604,070
Effect of foreign exchange rate changes, net		**5,412**	10,245
CASH AND CASH EQUIVALENTS AT END OF YEAR	*24*	**418,413**	851,029
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**276,358**	813,493
Time deposits with maturity within three months		**142,055**	37,536
Cash and cash equivalents as stated in the consolidated statement of financial position	*24*	**418,413**	851,029

Notes to Financial Statements

31 December 2024

1. CORPORATE AND GROUP INFORMATION

KEYMED BIOSCIENCES INC. (the "Company") was incorporated in the Cayman Islands ("Cayman") on 23 April 2018 as a limited liability company. The registered office of the Company is located at the offices of 4th Floor, Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands.

The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 8 July 2021.

During the year ended 31 December 2024, the Group was involved in the research & development and commercialisation of pharmaceutical products.

Information about subsidiaries

As at the date of this report, particulars of the Company's principal subsidiaries are as follows:

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
iBridge Holdings Limited	British Virgin Islands ("BVI") 15 April 2016	USD10,000	100%	–	Investment holding
iBridge HK Holdings Limited ("iBridge HK") 一橋香港控股有限公司	Hong Kong 20 April 2016	HKD1	–	100%	Investment holding
Wealth Venture Enterprises Limited	BVI 30 March 2016	USD10,000	100%	–	Investment holding
Wealth Venture Enterprises (Hong Kong) Limited	Hong Kong 15 April 2016	HKD1	–	100%	Investment holding
KYM Biosciences Inc. ("KYM")	United States of America ("USA") 2 December 2019	USD0.1	–	70%	Research and development
Keymed Biosciences (US) Inc.	USA 2 December 2021	USD0.5	–	100%	Research and development
Keymed Biosciences (Chengdu) Co., Ltd. ("Keymed Chengdu")* 康諾亞生物醫藥科技(成都)有限公司	People's Republic of China ("PRC")/ Mainland China 1 September 2016	USD234,449,958	–	100%	Research and development

Notes to Financial Statements

31 December 2024

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

As at the date of this report, particulars of the Company's principal subsidiaries are as follows (continued):

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary shares/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Kangnuo Boyu Biomedical Technology (Chengdu) Co., Ltd.* 康諾博譽生物醫藥科技(成都)有限公司	PRC/Mainland China 29 December 2020	USD15,200,000	–	100%	Research and development
Beijing Lingyue Biomedical Technology Co., Ltd.* ("Beijing Lingyue") 北京岑樾生物醫藥科技有限公司	PRC/Mainland China 4 December 2019	RMB10,000,000	–	100%	Research and development
Keymed Biosciences (Shanghai) Co., Ltd.* ("Keymed Shanghai") 上海康諾亞生物醫藥科技有限公司	PRC/Mainland China 3 December 2018	RMB1,000,000	–	100%	Research and development
Chengdu Kangnuoxing Biopharma, Inc.* ("Chengdu KNX") 成都康諾行生物醫藥科技有限公司	PRC/Mainland China 9 November 2017	RMB200,000,000	–	100%	Development, manufacturing and commercialisation
Keymed Biosciences (Beijing) Co., Ltd.* 北京康諾亞生物醫藥科技有限公司	PRC/Mainland China 14 September 2022	RMB10,000,000	–	100%	Research and development
Keymed Biosciences (Sichuan) Co., Ltd.* 四川康諾亞醫藥有限公司	PRC/Mainland China 3 November 2023	RMB5,000,000	–	100%	Investment holding
Sichuan Fengze Biosciences Co., Ltd.* 四川風澤醫藥有限公司	PRC/Mainland China 28 February 2024	RMB5,000,000	–	100%	Marketing
Chengdu Xinzeli Biosciences Co., Ltd.* 成都新澤利醫藥科技有限公司	PRC/Mainland China 8 July 2024	RMB20,000,000	–	100%	Research and development

* These entities are limited liability enterprises established under PRC law. The English names of these companies represent the best effort made by the directors of the Company (the "Directors"), as none of them have been registered with official English names.

Notes to Financial Statements

31 December 2024

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. All IFRSs effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the financial statements throughout the year ended 31 December 2024.

These financial statements have been prepared under the historical cost convention, except for certain financial instruments, wealth management products and equity investments which have been measured at fair value at the end of the reporting period. They are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

Notes to Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (Continued)

2.1 BASIS OF PREPARATION (Continued)

***Basis of consolidation** (Continued)*

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The nature and the impact of the revised IFRSs are described below:

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

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

Notes to Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (Continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

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

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

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

Notes to Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (Continued)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (Continued)

IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

Except for the abovementioned changes in presentation and disclosure, these pronouncements are not expected to have a significant impact on the Group's results of operations and financial position.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates and a joint venture

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

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

The Group's investment in a joint venture is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Notes to Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

***Investments in associates and a joint venture** (Continued)*

The Group's share of the post-acquisition results and other comprehensive income of a joint venture is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and a joint venture are eliminated to the extent of the Group's investments in a joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of the joint venture is included as part of the Group's investment in a joint venture.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is similar to venture capital organisation within the Group, which may elect to measure that investment at FVTPL in accordance with IFRS9. An entity shall make this election separately for each associate or joint venture, at initial recognition of that associate or joint venture.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Fair value measurement

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

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

Notes to Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

***Fair value measurement** (Continued)*

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

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

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

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

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

Notes to Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

Buildings	2% to 5%
Machinery	10% to 20%
Office equipment and others	10% to 20%
Motor vehicles	10%
Leasehold improvements	The shorter of remaining lease terms and estimated useful lives

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

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

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

Intangible assets (other than goodwill)

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

Notes to Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Research and development expenses

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

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

Leases

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

The Group as a lessee

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

(a) Right-of-use assets

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

Office and laboratory	2 to 9 years
Leasehold land	50 years

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

Notes to Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

***Leases** (Continued)*

The Group as a lessee (Continued)

(b) Lease liabilities

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

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of office properties (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Notes to Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Notes to Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

***Investments and other financial assets** (Continued)*

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments and debt instruments which the Group had not irrevocably elected to classify at fair value through other comprehensive income and are measured at fair value through profit or loss.

Derecognition of financial assets

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

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

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

***Investments and other financial assets** (Continued)*

Derecognition of financial assets (Continued)

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

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

Impairment of financial assets

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

General approach

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

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

Notes to Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

***Investments and other financial assets** (Continued)*

Impairment of financial assets (Continued)

General approach (Continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

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

Notes to Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade payables, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings, and lease liabilities.

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Notes to Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined a weighted average method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads.

Net realisable value is the estimated selling price in the ordinary course of business less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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

Provisions

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

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

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

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax

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

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

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

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

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

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

Notes to Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

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

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

Government grants

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

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

Revenue recognition

Revenue from contracts with customers

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

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

Notes to Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

***Revenue recognition** (Continued)*

Revenue from contracts with customers (Continued)

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

(a) Collaboration revenue

At contract inception, the Group analyses the collaboration arrangements to assess whether they are within the scope of IFRS 11 Joint Arrangements to determine whether such arrangements involve joint operating activities performed by parties that are both active participants in the activities and exposed to significant risks and rewards dependent on the commercial success of such activities. For collaboration arrangements within the scope of IFRS 11 that contain multiple elements, the Group first determine which elements of the collaboration are deemed to be within the scope of IFRS 11 and those that are more reflective of a vendor-customer relationship and therefore within the scope of IFRS 15 – Revenue from Contracts with Customers. For elements of collaboration arrangements that are accounted for pursuant to IFRS 11, an appropriate recognition method is determined and applied consistently.

In determining the appropriate amount of revenue to be recognised as the Group fulfils its obligations under each of the collaboration agreements, the management of the Company perform the five-step model under IFRS 15. The collaboration arrangements may contain more than one unit of account, or performance obligation, including grants of licenses to intellectual property rights (the "Licenses"), agreements to provide research and development services and other deliverables. The collaborative arrangements typically do not include a right of return for any deliverable. In general, the consideration allocated to each performance obligation is recognised when the respective obligation is satisfied either by delivering a good or rendering a service, limited to the consideration that is not constrained. Non-refundable payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as contract liabilities.

Licenses of Intellectual Property ("IP")

Upfront non-refundable payments for Licenses are evaluated to determine if they are distinct from the other performance obligations identified in the arrangements. For Licenses determined to be distinct, the Group recognises revenues from non-refundable up-front fees allocated to the Licenses at a point in time, when the Licenses are transferred to the licensee and the licensee is able to use and benefit from the Licenses.

Notes to Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

***Revenue recognition** (Continued)*

Revenue from contracts with customers (Continued)

(a) Collaboration revenue (Continued)

Research and Development Services

The portion of the transaction price allocated to research and development services performance obligations is deferred and recognised as collaboration revenue at the point in time when research and development services are rendered to customers.

Milestone Payments

At the inception of each arrangement that includes development milestone payments, the management of the Company evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestones related to development-based activities may include initiation of various phases of clinical trials. Due to the uncertainty involved in meeting these development-based targets, they are generally fully constrained at contract inception. The management of the Company will assess whether the variable consideration is fully constrained each reporting period based on the facts and circumstances surrounding the clinical trials. Upon changes to constraint associated with the developmental milestones, variable consideration will be included in the transaction price when a significant reversal of revenue recognised is not expected to occur and allocated to the separate performance obligations. Regulatory milestones are fully constrained until the period in which those regulatory approvals are achieved due to the inherent uncertainty with the approval process. Regulatory milestones are included in the transaction price in the period regulatory approval is obtained.

Royalties

For arrangements that include sales-based royalties, including milestone payments based on the level of sales, and the Licenses are deemed to be the predominant item to which the royalties relate, the Group recognises revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied).

(b) Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. Some contracts for the sale of products provide customers with sales rebates, giving rise to variable consideration.

Other income

Interest income

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

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Other income (Continued)

Contract development and manufacturing services

The Group renders contract development and manufacturing services ("CDM services"), which are typically comprised of several performance obligations which are capable of being distinct and separately identifiable. Accordingly, the transaction price is allocated based on the relative stand-alone selling price of the services. Customers do not receive and consume the benefits of the Group's performance until the services or solutions are delivered to the customers. Customers do not obtain control as the asset (work in process) is created or enhanced. The primary performance obligation of CDM services creates assets without an alternative use and the Group does not have an enforceable right to payment for performance completed to date. Therefore, the revenue of CDM services is recognised at a point in time.

Otherwise, revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

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

Contract costs

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

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

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

(c) The costs are expected to be recovered.

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

Notes to Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Share-based payments

The Company operates a restricted share units scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined based on the fair values of ordinary shares of the Company, further details of which are given in note 33 to the financial statements.

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

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

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

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

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

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

For share awards exercised, forfeited or lapsed that had previously vested, the attributable share-based payments reserve would be transferred to the share premium account after considering any requirements under the local statutory law.

Other employee benefits

Pension scheme

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

Borrowing costs

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

Foreign currencies

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

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

Notes to Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

***Foreign currencies** (Continued)*

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

The functional currency of certain overseas subsidiaries and a joint venture is RMB. As at the end of the reporting period, the assets and liabilities of these entities recorded in currencies other than RMB are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Research and development expenses

All research expenses are charged to profit or loss as incurred. Expenses incurred on each pipeline to develop new products are capitalised and deferred in accordance with the accounting policy for research and development expenses in note 2.4 to financial statements. Determining the amounts to be capitalised requires management to make judgements on the technical feasibility of existing pipelines to be successfully commercialised and bring economic benefits to the Group.

Notes to Financial Statements

31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Investment in associates

The Group's investments in associates is held indirectly through iBridge HK, whose main activities consist of managing an investment portfolio comprising investments unrelated to investor's business. The Group elects to measure the abovementioned investments in associates at FVTPL in accordance with IFRS 9.

Estimation uncertainty

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

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation.

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

Allocation of research and development expenses related to Outsourced Service Providers to the appropriate reporting period

Research and development expenses include costs related to services provided by Outsourced Service Providers. The allocation of such services fees to the appropriate reporting period involves estimations, because billing and payment terms under agreements with Outsourced Service Providers are usually not consistent with the actual progress of the services contained in the agreements. Hence, management is required to make estimations regarding to the progress of each service in the agreements. These estimations are made based on a number of factors, mainly include management's knowledge of the status of each research and development pipeline, nature of services contained in the agreements, as well as billings and payments to date of each agreement.

Useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Notes to Financial Statements

31 December 2024

4. OPERATING SEGMENT INFORMATION

Operating segment information

The Group is engaged in biopharmaceutical research & development and commercialisation, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Therefore, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

	2024 ***RMB'000***	2023 *RMB'000*
Overseas	**391,150**	353,192
Mainland China	**36,974**	903
	428,124	354,095

The revenue information above is based on the location of the customers.

(b) Non-current assets

The majority of the Group's non-current assets were located in Mainland China as at 31 December 2024, geographical segment information in accordance with IFRS 8 *Operation Segments* is presented.

	2024 ***RMB'000***	2023 *RMB'000*
Hong Kong	**191,982**	787
United States	**1,611**	2,061
Mainland China	**1,106,947**	940,543
	1,300,540	943,391

Information about major customers

Revenue of approximately RMB199,580,000 (2023: RMB353,192,000) was derived from collaboration revenue from a pharmaceutical company. Further details are set out in note 5.

5. REVENUE

An analysis of revenue is as follows:

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024 ***RMB'000***	2023 *RMB'000*
Type of services		
Collaboration revenue	**392,185**	354,095
Sale of pharmaceutical products	**35,939**	–
	428,124	354,095
Timing of revenue recognition		
Transferred at a point in time	**421,921**	343,698
Transferred overtime	**6,203**	10,397
	428,124	354,095

(b) Performance obligations

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

Licensing out of CM512 and CM536

In July 2024, the Group entered into an out-licence agreement (the "Belenos Agreement") with Belenos Biosciences, Inc. ("Belenos"), for development, manufacturing and commercialisation of drug candidates CM512 and CM536 globally excluding Greater China region. Pursuant to the Belenos Agreement and subject to its terms and conditions, the Group was entitled to receive a one-time and non-refundable upfront payment of USD10,000,000 and near-term payment of USD5,000,000 and was entitled to receive approximately 30.01% equity interest in Belenos. The Group was also entitled to receive compensation for R&D support services provided to Belenos and milestone and royalty payments for licensing.

In August 2024, the Group received the upfront payment of USD10,000,000. The Group recognised revenue of RMB199,580,000, which consists of upfront payment of USD10,000,000 (equivalent to RMB71,322,000) and 30.01% equity interest in Belenos valued at USD17,847,000 (equivalent to RMB128,258,000).

Notes to Financial Statements

31 December 2024

5. REVENUE (Continued)

Revenue from contracts with customers (Continued)

***(b) Performance obligations** (Continued)*

Licensing out of CM336

In November 2024, the Group entered into an out-licence agreement (the "PML Agreement") with Platina Medicines Ltd. ("PML"), for development, manufacturing and commercialisation of drug candidate CM336 globally excluding Mainland China, Hong Kong, Macau and Taiwan. Pursuant to the PML Agreement and subject to its terms and conditions, the Group was entitled to receive a one-time and non-refundable upfront payment and near-term payment and was entitled to receive a minority equity interest in Ouro Medicines, LLC ("Ouro Medicines"). Ouro Medicines is the parent company of PML and owns 100% equity interest in PML.The Group was also entitled to receive compensation for R&D support services provided to PML and milestone and royalty payments for licensing.

In December 2024, the Group received the upfront payment. The Group recognised revenue of RMB135,432,000, which consists of upfront payment and near-term payment of USD10,000,000 (equivalent to RMB71,865,000,) and the minority equity interest in Ouro Medicines valued at USD8,850,000 (equivalent to RMB63,567,000).

Licensing out of CMG901

In February 2023, KYM, a 70% non-wholly owned subsidiary of the Group (the remaining 30% ownership is held by affiliates of Lepu Biopharma Co., Ltd. ("Lepu")), entered into a global exclusive out-license agreement (the "AZ Agreement") with AstraZeneca AB ("AZ"), for research, development, registration, manufacturing, and commercialisation of Claudin 18.2-targeting anti-body drug conjugate ("CMG901"). Pursuant to the AZ Agreement and subject to its terms and conditions, KYM was entitled to receive a one-time and non-refundable upfront payment of USD63,000,000 from AZ, USD44,100,000 of which was attributable to the Group and USD18,900,000 to Lepu. In March 2023, AZ paid KYM the one-time and non-refundable upfront payment of USD63,000,000. KYM will be also entitled to receive R&D support services, milestone and royalty payments for licensing and payments for clinical support when the relevant performance obligation is satisfied.

The Group recognised collaboration revenue related to CMG901 of RMB56,138,000 during the year ended 31 December 2024 (2023: RMB353,192,000) for the achievement of certain development milestone of CMG901.

Notes to Financial Statements

31 December 2024

6. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2024 RMB'000	2023 RMB'000
Other income		
Government grants income	**31,934**	21,271
Interest income on financial assets at FVTPL	**457**	4,130
Interest income	**87,872**	84,216
CDM service income	**1,519**	–
Others	**1,162**	2,551
	122,944	112,168
Gains		
Gain on exchange differences, net	**18,148**	11,081
Fair value gains on financial assets at FVTPL	**62**	–
	18,210	11,081
	141,154	123,249

7. LOSS BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Cost of inventories sold		**6,622**	–
Depreciation of property, plant and equipment	*14*	**75,013**	51,629
Depreciation of right-of-use assets	*15*	**16,827**	17,146
Amortisation of other intangible assets	*16*	**1,388**	386
Lease payments not included in the measurement of lease liabilities	*15*	**1,348**	1,056
Government grants income	*6*	**(31,934)**	(21,271)
Auditors' remuneration		**3,008**	2,883
Impairment of financial assets included in prepayments, other receivables and other assets		**1,080**	–
Interest income from financial assets at FVTPL	*6*	**(457)**	(4,130)
Fair value gains on financial assets at FVTPL	*6*	**(62)**	–
Interest income	*6*	**(87,872)**	(84,216)
Finance costs	*8*	**18,460**	17,259
Gain on foreign exchange, net	*6*	**(18,148)**	(11,081)
Employee benefit expenses (excluding directors' and chief executive's remuneration)			
– Wages and salaries		**323,006**	215,157
– Pension scheme contributions		**63,190**	44,970
– Staff welfare expenses		**378**	1,890
– Share-based payment expense		**34,346**	40,079
		420,920	302,096

Notes to Financial Statements

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8. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest expense on bank borrowings	**17,790**	10,828
Interest on lease liabilities	**1,471**	1,944
Implicit interest on other financial liabilities	**–**	4,487
	19,261	17,259
Less: Interest capitalised	**(801)**	–
	18,460	17,259

* The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is Loan Prime Rate ("LPR")-0.8.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year ended 31 December 2024, disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is set out below:

	2024 RMB'000	2023 RMB'000
Fees	**1,524**	1,762
Other emoluments:		
Salaries, allowances and benefits in kind	**9,526**	9,077
Pension scheme contributions	**141**	304
	9,667	9,381

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024 RMB'000	2023 RMB'000
Dr. Xiaofan Wang	**476**	476
Dr. Yang Ke	**476**	476
Dr. Linqing Liu	**–**	238
Mr. Cheuk Kin Stephen Law	**572**	572
	1,524	1,762

Notes to Financial Statements

31 December 2024

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive

2024

	Fees ***RMB'000***	**Salaries, allowances and benefits in kind** ***RMB'000***	**Performance related bonuses** ***RMB'000***	**Pension scheme contributions** ***RMB'000***	**Total** ***RMB'000***
Director and chief executive:					
Dr. Bo Chen	**–**	**4,902**	**–**	**74**	**4,976**
Directors:					
Dr. Gang Xu	**–**	**1,687**	**–**	**42**	**1,729**
Mr. Qi Chen	**–**	**–**	**–**	**–**	**–**
Dr. Minchuan Wang	**–**	**–**	**–**	**–**	**–**
Mr. Yilun Liu	**–**	**–**	**–**	**–**	**–**
Dr. Changyu Wang	**–**	**2,937**	**–**	**25**	**2,962**
	–	**9,526**	**–**	**141**	**9,667**

2023

	Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Performance related bonuses *RMB'000*	Pension scheme contributions *RMB'000*	Total *RMB'000*
Director and chief executive:					
Dr. Bo Chen	–	4,592	–	196	4,788
Directors:					
Dr. Gang Xu	–	1,566	–	41	1,607
Mr. Qi Chen	–	152	–	26	178
Dr. Minchuan Wang	–	–	–	–	–
Mr. Yilun Liu	–	–	–	–	–
Dr. Changyu Wang	–	2,767	–	41	2,808
	–	9,077	–	304	9,381

Notes to Financial Statements

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10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 December 2024 included 2 directors (2023: 2 directors), whose details of remuneration are set out in note 9 above. Details of the remuneration for the remaining 3 highest paid employees (2023: 3) who are neither a director nor chief executive of the Company during the year ended 31 December 2024 are as follows:

	2024	2023
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**6,578**	10,828
Performance related bonuses	**1,988**	1,191
Pension scheme contributions	**187**	152
Equity-settled share-based payments	**6,147**	10,004
	14,900	22,175

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2024	2023
HK$2,500,001 to HK$3,000,000	**1**	–
HK$3,000,001 to HK$3,500,000	**1**	1
HK$6,000,001 to HK$6,500,000	**–**	1
HK$10,000,001 to HK$10,500,000	**1**	–
HK$14,500,001 to HK$15,000,000	**–**	1
	3	3

11. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax.

British Virgin Islands

Pursuant to the rules and regulations of the British Virgin Islands ("BVI"), the subsidiaries incorporated in the BVI are not subject to any income tax.

United States

Subsidiaries incorporated in Delaware, the USA, are subject to the statutory federal corporate income tax at a rate of 21% during the year ended 31 December 2024.

Pursuant to US Income Tax laws and regulations and the agreement between the government of the People's Republic of China ("PRC") and the USA for avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, a 10% US federal withholding tax is charged on milestone payments made by USA subsidiaries to PRC subsidiaries, during the year ended 31 December 2024.

11. INCOME TAX (Continued)

Hong Kong

The subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at the statutory rate of 16.5% on any estimated assessable profits arising in Hong Kong during the year ended 31 December 2024. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year ended 31 December 2024.

Mainland China

Four subsidiaries incorporated in Mainland China, including Keymed Chengdu, Chengdu KNX, Beijing Lingyue and Keymed Shanghai, obtained the Certificate of High-tech Enterprise and are entitled to corporate income tax at a preferential rate of 15% on taxable profit determined in accordance with the PRC Corporate Income Tax Law which became effective on 1 January 2008.

The rest of the subsidiaries that are incorporated in Mainland China are subject to corporate income tax at the statutory rate of 25% on taxable profit determined in accordance with the PRC Corporate Income Tax Law.

	2024 ***RMB'000***	2023 *RMB'000*
Current – Mainland China	**75**	807
Charge for the year	**75**	–
Underprovision in prior years	**–**	807
Current – Others	**6,116**	512
Corporate income tax	**1,127**	512
Withholding tax	**4,989**	–
Deferred (note 30)	**69**	278
Total	**6,260**	1,597

A reconciliation of the tax expense applicable to loss before tax using the statutory rates of the jurisdictions in which the majority of the Group's subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

2024	**Mainland China** ***RMB'000***	**Others** ***RMB'000***	**Total** ***RMB'000***
(Loss)/profit before tax	**(538,759)**	**30,112**	**(508,647)**
Tax charged at the statutory tax rate	**(81,394)**	**(7,086)**	**(88,480)**
Additionally deductible allowance for qualified research and development costs	**(94,497)**	**–**	**(94,497)**
Expenses not deductible for tax	**3,709**	**–**	**3,709**
Tax losses utilised from previous periods	**–**	**41**	**41**
Deductible temporary differences and tax losses not recognised	**172,326**	**8,172**	**180,498**
Withholding tax	**–**	**4,989**	**4,989**
Tax charge at the Group's effective rate	**144**	**6,116**	**6,260**

Notes to Financial Statements

31 December 2024

11. INCOME TAX (Continued)

Mainland China (Continued)

2023	Mainland China *RMB'000*	Others *RMB'000*	Total *RMB'000*
(Loss)/profit before tax	(446,467)	90,279	(356,188)
Tax charged at the statutory tax rate	(67,127)	987	(66,140)
Additionally deductible allowance for qualified research and development costs	(72,686)	–	(72,686)
Adjustments in respect of current tax of previous periods	807	–	807
Expenses not deductible for tax	15,164	–	15,164
Tax losses utilised from previous periods	–	(2,834)	(2,834)
Deductible temporary differences and tax losses not recognised	124,927	2,359	127,286
Tax charge at the Group's effective rate	1,085	512	1,597

The Group is not within the scope of the Pillar Two model rules.

The Group has accumulated tax losses in Mainland China of RMB3,080,137,665 in aggregate as at 31 December 2024 (31 December 2023: RMB2,104,858,000), which can be carried forward for five to ten years to offset against future taxable profits of the companies in which losses were incurred.

The Group has accumulated tax losses in Hong Kong of RMB48,184,000 in aggregate as at 31 December 2024, which can be carried forward indefinitely to offset against future taxable profits of the companies in which the losses were incurred.

Deferred tax assets have not been recognised in respect of these tax losses as they have been incurred in subsidiaries that were loss-making in the past and it is not probable that they will generate sufficient taxable income in the forthcoming five to ten years to utilise these tax losses.

12. DIVIDENDS

No dividends have been declared and paid by the Company during the year ended 31 December 2024.

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13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue (excluding treasury shares reserved under the restricted share units scheme) during each reporting period.

The computation of diluted loss per share for the year ended 31 December 2024 and 31 December 2023 was made without the assumption of the exercise of restricted share units in 2024 and 2023 since their assumed exercise or conversion of such shares would result in a decrease in loss per share.

The calculation of the basic and diluted loss per share attributable to ordinary equity holders of the parent is based on the following data:

	2024	2023
Loss for the year		
Loss for the year attributable to ordinary equity holders of the parent (RMB'000)	**(515,241)**	(359,357)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share calculations	**261,946,993**	261,367,569
Loss per share (basic and diluted)		
RMB per share	**(1.97)**	(1.37)

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14. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Machinery *RMB'000*	Office equipment and others *RMB'000*	Motor vehicles *RMB'000*	Leasehold improvements *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2024							
At 1 January 2024:							
Cost	190,158	606,704	16,475	3,594	60,770	34,478	912,179
Accumulated depreciation	**(3,522)**	**(71,975)**	**(4,090)**	**(1,789)**	**(27,456)**	**–**	**(108,832)**
Net carrying amount	**186,636**	**534,729**	**12,385**	**1,805**	**33,314**	**34,478**	**803,347**
At 1 January 2024, net of accumulated depreciation	**186,636**	**534,729**	**12,385**	**1,805**	**33,314**	**34,478**	**803,347**
Additions	**–**	**44,565**	**4,548**	**–**	**227**	**196,691**	**246,031**
Depreciation provided during the year (note 7)	**(3,915)**	**(56,809)**	**(3,455)**	**(359)**	**(10,475)**	**–**	**(75,013)**
Transfer	**–**	**16,185**	**–**	**–**	**1,055**	**(17,240)**	**–**
At 31 December 2024, net of accumulated depreciation	**182,721**	**538,670**	**13,478**	**1,446**	**24,121**	**213,929**	**974,365**
At 31 December 2024:							
Cost	**190,158**	**667,454**	**21,023**	**3,594**	**62,052**	**213,929**	**1,158,210**
Accumulated depreciation	**(7,437)**	**(128,784)**	**(7,545)**	**(2,148)**	**(37,931)**	**–**	**(183,845)**
Net carrying amount	**182,721**	**538,670**	**13,478**	**1,446**	**24,121**	**213,929**	**974,365**

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14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings *RMB'000*	Machinery *RMB'000*	Office equipment and others *RMB'000*	Motor vehicles *RMB'000*	Leasehold improvements *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2023							
At 1 January 2023:							
Cost	–	223,749	8,262	3,482	51,727	323,548	610,768
Accumulated depreciation	–	(35,245)	(1,715)	(1,440)	(18,812)	–	(57,212)
Net carrying amount	–	188,504	6,547	2,042	32,915	323,548	553,556
At 1 January 2023, net of accumulated depreciation	–	188,504	6,547	2,042	32,915	323,548	553,556
Additions	190,158	15,012	3,014	112	1,640	91,555	301,491
Disposals	–	(64)	–	–	(7)	–	(71)
Depreciation provided during the year (note 7)	(3,522)	(36,231)	(2,375)	(349)	(9,152)	–	(51,629)
Transfer	–	367,508	5,199	–	7,918	(380,625)	–
At 31 December 2023, net of accumulated depreciation	186,636	534,729	12,385	1,805	33,314	34,478	803,347
At 31 December 2023:							
Cost	190,158	606,704	16,475	3,594	60,770	34,478	912,179
Accumulated depreciation	(3,522)	(71,975)	(4,090)	(1,789)	(27,456)	–	(108,832)
Net carrying amount	186,636	534,729	12,385	1,805	33,314	34,478	803,347

At 31 December 2024, certain of the Group's property, plant and equipment and land use right were pledged to secure bank borrowings of the Group (note 27).

Notes to Financial Statements

31 December 2024

15. LEASES

The Group as a lessee

The Group has lease contracts for several office units used as its office and laboratory. The movements in the carrying amount of right-of-use assets and lease liabilities during the year ended 31 December 2024 are as follows:

(a) Right-of-use assets

2024

	Leasehold land ***RMB'000***	**Office and laboratory** ***RMB'000***	**Total** ***RMB'000***
As at 1 January	**50,254**	**40,136**	**90,390**
Additions	**–**	**321**	**321**
Lease modification	**–**	**(144)**	**(144)**
Depreciation charge (note 7)	**(1,057)**	**(15,770)**	**(16,827)**
As at 31 December	**49,197**	**24,543**	**73,740**

2023

	Leasehold land *RMB'000*	Office and laboratory *RMB'000*	Total *RMB'000*
As at 1 January	–	30,878	30,878
Additions	51,292	28,041	79,333
Termination	–	(2,675)	(2,675)
Depreciation charge (note 7)	(1,038)	(16,108)	(17,146)
As at 31 December	50,254	40,136	90,390

Notes to Financial Statements

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15. LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year ended 31 December 2024 are as follows:

	Office and laboratory	
	2024	2023
	RMB'000	*RMB'000*
Carrying amount at 1 January	**41,050**	32,006
New leases	**321**	28,041
Termination	**–**	(2,292)
Accretion of interest recognised during the year	**1,471**	1,944
Lease modification	**(144)**	–
Lease payments	**(19,019)**	(18,649)
Carrying amount at 31 December	**23,679**	41,050
Analysed into:		
Current portion	**12,364**	19,427
Non-current portion	**11,315**	21,623
	23,679	41,050

The maturity analysis of lease liabilities is disclosed in note 40 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are follows:

	2024	2023
	RMB'000	*RMB'000*
Interest on lease liabilities	**1,471**	1,944
Depreciation charge on right-of-use assets	**16,827**	17,146
Expense relating to short-term and low-value leases	**1,348**	1,056
Total amount recognised in profit or loss	**19,646**	20,146

The total cash outflow for leases included in the consolidated statement of cash flows is disclosed in note 34(c) to the financial statements.

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16. OTHER INTANGIBLE ASSETS

	Computer software ***RMB'000***
31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	**1,110**
Additions	**10,026**
Amortisation provided during the year (note 7)	**(1,388)**
At 31 December 2024	**9,748**
At 31 December 2024:	
Cost	**11,953**
Accumulated amortisation	**(2,205)**
Net carrying amount	**9,748**

	Computer software *RMB'000*
31 December 2023	
Cost at 1 January 2023, net of accumulated amortisation	1,496
Additions	–
Amortisation provided during the year (note 7)	(386)
At 31 December 2023	1,110
At 31 December 2023:	
Cost	1,927
Accumulated amortisation	(817)
Net carrying amount	1,110

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17. INVESTMENT IN A JOINT VENTURE

	2024	2023
	RMB'000	*RMB'000*
Cost of investment in a joint venture	**21,000**	21,000
Share of losses of a joint venture	**(20,434)**	(15,178)
	566	5,822

The joint venture is indirectly held by the Company and is accounted for using the equity method in the consolidated financial statements.

Particulars of the Group's joint venture are as follows:

		Percentage			
Name	**Place of registration and business**	**Ownership interest**	**Voting power**	**Profit sharing**	**Principal activity**
Beijing Tiannuo Pharma Tech Co., Ltd. ("Tiannuo Pharma")	Mainland China	50%	50%	50%	Clinical research

As at 31 December 2024, Tiannuo Pharma was still a start-up company involved in the research and development of biotechnology and pharmaceutical products. The following table illustrates the financial information of the joint venture, which is not material to the consolidated financial statements of the Group:

	2024	2023
	RMB'000	*RMB'000*
Share of a joint venture's loss for the year	**(5,256)**	(4,748)
Share of a joint venture's total comprehensive loss for the year	**(5,256)**	(4,748)
Aggregate carrying amount of the Group's investment in a joint venture	**566**	5,822

Notes to Financial Statements

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18. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVTOCI")

	2024 RMB'000	2023 RMB'000
Unlisted equity investments, at fair value	**17,634**	15,808

These insignificant unlisted equity investments are measured at fair value through other comprehensive income. The increase in fair value of these investments of RMB1,826,000 was recognised in the other comprehensive income for the year ended 31 December 2024.

19. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	**78,946**	56,314
Work in progress	**20,632**	–
Finished goods	**11,844**	–
Contract costs	**–**	40
	111,422	56,354

20. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**62,851**	16,091

The Group's trading terms with its customers are mainly on credit. The credit period is normally 60 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

For the trade receivables to which the customers have similar loss patterns, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due, and the calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions.

As at 31 December 2024, no trade receivables are overdue.

Notes to Financial Statements

31 December 2024

20. TRADE RECEIVABLES (Continued)

An ageing analysis of the trade receivables as at 31 December 2024, based on the invoice date, is as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Within 2 months	**62,851**	16,091

21. CONTRACT ASSETS

	2024 ***RMB'000***	2023 *RMB'000*
Contract assets arising from:		
Collaboration revenue	**–**	11,000

Contract assets are initially recognised for revenue earned from the collaboration revenue as the receipt of consideration is conditional on successful completion of services provided by the partners of collaboration. Upon completion of services provided by the partners of collaboration, the amounts recognised as contract assets are reclassified to trade receivables.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Within 1 month	**–**	11,000

Notes to Financial Statements

31 December 2024

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 RMB'000	2023 RMB'000
Non-current:		
Prepayments for property, plant and equipment	**27,246**	17,203
Rental deposits	**4,285**	5,518
Prepayments for other intangible assets	**681**	4,124
Advances to employees	**450**	69
	32,662	26,914
Current:		
Prepayments for		
– Research and development expenses	**52,026**	49,393
– Value-added tax recoverable	**49,622**	16,025
– Raw materials	**12,549**	4,747
– Others	**11,863**	10,860
Other receivables		
– Individual income tax for share-based payment	**3,424**	4,891
– Rental deposits	**2,825**	1,638
– Other receivables	**2,473**	2,473
– Advances to employees	**931**	1,484
– Receivable for CDM service income	**880**	880
– Advance payment for clinical research fees	**628**	42,734
	137,221	135,125
Impairment allowance	**(1,080)**	–
	136,141	135,125

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Long ageing balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its prepayments and other receivable balances.

The balances are interest-free, unsecured and receivable on demand.

Notes to Financial Statements

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23. FINANCIAL ASSETS AT FVTPL

	2024 RMB'000	2023 RMB'000
Current asset		
Wealth management products	**235**	174,374
Non-current assets		
Unlisted equity investments*	**191,825**	–
	192,060	174,374

* The Group acquired certain equity interests in newly formed biotech companies as part of consideration of collaboration arrangements. The Group had elected to measure these investments at FVTPL in accordance with IFRS9.

** During the year ended 31 December 2024, the Group entered into an agreement with the aforementioned biotech company to supply clinical drugs for use in its clinical trials. As at 31 December 2024, an advance payment of RMB1,578,000 had been received and was recorded as a contract liability.

24. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

	2024 RMB'000	2023 RMB'000
Cash and bank balances	**276,358**	813,493
Time deposits with maturity dates within three months	**142,055**	37,536
Cash and cash equivalents	**418,413**	851,029
Time deposits with maturity dates over three months	**1,736,964**	1,693,783
	2,155,377	2,544,812
Denominated in		
RMB	**728,798**	1,433,796
USD	**1,264,588**	943,388
HKD	**161,991**	167,628
	2,155,377	2,544,812

Cash and cash equivalents earn interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The time deposits presented above are placed with banks in Mainland China and Hong Kong with annual interest rates ranging from 0.85% to 5.52% and have maturity dates within one year.

RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Notes to Financial Statements

31 December 2024

25. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**22,861**	13,913
3 to 6 months	**558**	2,365
6 months to 1 year	**2,588**	10,342
Over 1 year	**–**	2,868
	26,007	29,488

Trade payables are non-interest-bearing and unsecured.

26. OTHER PAYABLES AND ACCRUALS

	2024	2023
	RMB'000	*RMB'000*
Payroll payable	**62,391**	48,176
Accrued research and development expenses	**43,283**	60,732
Accrued professional fee	**1,548**	1,418
Other tax payables	**4,968**	1,820
Accrued sales expense	**11,171**	–
Other payables:		
Payables for property, plant and equipment	**78,861**	31,502
Amounts due to partners of collaboration arrangement	**25,954**	59,214
Payables for logistics services	**3,124**	6,790
Payables for research and development expenses	**–**	2,872
Others	**4,106**	6,916
	235,406	219,440

Other payables and accruals are unsecured, non-interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in other payables as at the end of each reporting period approximated to their fair values due to their short-term maturities.

Notes to Financial Statements

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27. INTEREST-BEARING BANK BORROWINGS

	2024		
	Effective interest rate (%)	**Maturity**	***RMB'000***
Current			
Bank loans – unsecured	1.35-3.00	2025	**337,184**
Current portion of long term bank loans – secured	*	2025	**135,187**
			472,371
Non-current			
Bank loans – secured	*	2026-2029	**257,188**
			729,559

* The interest rates of the bank loans range from LPR-1.2% to LPR-0.8%.

	2023		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – unsecured	3.00	2024/12/19	3,003
Bank loans – unsecured	2.65	2024/11/24	10,008
Current portion of long term bank loans – secured	LPR-0.85	2024/12/21	32,814
			45,825
Non-current			
Bank loans – secured	LPR-0.85	2025-2027	331,834
			377,659

	2024 ***RMB'000***	2023 *RMB'000*
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	**472,371**	45,825
In the second year	**142,287**	68,195
In the third to fifth years, inclusive	**114,901**	263,639
	729,559	377,659

Notes to Financial Statements

31 December 2024

27. INTEREST-BEARING BANK BORROWINGS (Continued)

Notes:

(a) As of 31 December 2024, the Group secured its bank borrowings amounted to RMB392,375,000 (2023: RMB364,648,000) by:

(i) RMB331,521,000 (2023: RMB364,648,000) are secured by mortgages over the Group's machinery equipment of RMB440,584,000 and the Group's buildings situated in Chengdu Biotown (成都生物城), which had net carrying amount of approximately RMB231,918,000 at the end of the reporting period.

(ii) RMB60,854,000 are secured by mortgages over the Group's CIP and land use right with a total net carrying amount of RMB122,142,000 at the end of the reporting period.

(b) All borrowings are denominated in RMB.

28. CONTRACT LIABILITIES

	2024 ***RMB'000***	2023 *RMB'000*
Advances received from customers		
Collaboration revenue	**1,578**	–
	1,578	–

During the year ended 31 December 2024, the Group entered into an agreement with the aforementioned biotech company in note 23 to supply clinical drugs for use in its clinical trials. As at 31 December 2024, an advance payment of RMB1,578,000 had been received and was recorded as a contract liability.

29. DEFERRED INCOME

	2024 ***RMB'000***	2023 *RMB'000*
Government grants	**274,778**	228,194

The movements in deferred income during the year ended 31 December 2024 are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
At beginning of the year	**228,194**	163,671
Grants received during the year	**48,613**	66,135
Amounts released to profit or loss during the year (note 6)	**(2,029)**	(1,612)
At end of the year	**274,778**	228,194

The grants were mostly government subsidies received from government authorities related to property, plant and equipment to support the Group's research and development activities and will be released to profit or loss over the expected useful life of the relevant property, plant and equipment.

Notes to Financial Statements

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30. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities:

	Right-of-use assets	
	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**6,397**	6,302
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	**(2,388)**	95
Gross deferred tax liabilities at end of the year	**4,009**	6,397

Deferred tax assets:

	Lease liabilities	
	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**6,119**	6,302
Deferred tax charged to the statement of profit or loss during the year (note 11)	**(2,457)**	(183)
Gross deferred tax assets at end of the year	**3,662**	6,119

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024	2023
	RMB'000	*RMB'000*
Net deferred tax liabilities recognised in the consolidated statement of financial position	**347**	278
Net deferred tax liabilities in respect of continuing operations	**347**	278

Notes to Financial Statements

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31. SHARE CAPITAL

Issued and fully paid:

	Number of shares in issue	Number of shares fully paid	2024 *RMB'000*	2023 *RMB'000*
Ordinary shares of USD0.0001 each	279,735,566	266,587,029	**174**	171

Among these 279,735,566 issued ordinary shares, 13,148,537 shares remained unpaid as of 31 December 2024.

During the year ended 31 December 2024, the Company repurchased 1,004,500 shares at a total consideration of RMB32,426,000 from the open market, which are held by Bright Season Enterprises Limited, a trust established for holding the shares under the 2022 RSU Scheme.

32. SHARE-BASED PAYMENTS

Restricted Share Units ("RSUs") Scheme

Pursuant to a written shareholders' resolution of the Company passed on 5 April 2021, a Restricted Share Unit Scheme (the "2021 RSU Scheme") has been approved for the purpose of providing incentives to eligible participants who contribute to the success of the Group's operation. Up to 17,976,153 shares of the Company were authorised and approved under the 2021 RSU Scheme. The number of RSUs granted, the grant date, and the vesting period under the 2021 RSU Scheme will be determined at the discretion of the Company's board of directors. The Scheme shall be valid and effective for the period of ten years commencing on the listing date of 8 July 2022.

Pursuant to a written board resolution passed by the Company on 21 January 2022, a Restricted Share Unit Scheme (the "2022 RSU Scheme") has been approved to recognise and incentivize the grantee's contributions and to retain and further develop to attract outstanding employees. Under the 2022 RSU Scheme, the authorized and approved shares of the Company will not exceed 2% of the total issued share capital of the Company as at the grant date (i.e., not more than 5,594,711 shares). The number of RSUs granted, the grant date, and the vesting period under the 2022 RSU Scheme, shall be determined by the Company's board of directors. The 2022 RSU Scheme was effective on 21 January 2022 and is valid for ten years. None RSU is granted under the 2022 RSU Scheme during the year ended 31 December 2024.

As at 31 December 2024, up to 4,136,000 had been repurchased from the open market and held under the 2022 RSU Scheme.

The RSUs under the 2021 RSU Scheme have respective vesting terms over 4 years or 3 years from the grant date. The RSUs shall be vested according to the vesting schedule: 25% or 33.3% of the total number of RSUs shall be vested on the first anniversary of the grant date and the remaining 75% or 66.7% of the total number of RSUs shall be vested in three or two substantially equal annual instalments, with the first instalment vested on the second anniversary of the grant date, and then on the fourth or the third anniversary of the grant date. The RSUs are granted with the subscription price of zero during the reporting period.

32. SHARE-BASED PAYMENTS (Continued)

Restricted Share Units ("RSUs") Scheme (Continued)

The following RSUs were outstanding during the year ended 31 December 2024:

	Number of RSUs
At 1 January 2024	**5,223,722**
Granted during the year	**1,215,280**
Vested during the year	**(1,948,329)**
Forfeited during the year	**(1,136,882)**
At 31 December 2024	**3,353,791**

The fair values of RSUs granted during the reporting periods were determined with reference to the closing price of ordinary shares of the Company traded publicly on the Hong Kong Stock Exchange at the grant date or the previous trading day.

The Group recognised share-based payment expenses of RMB34,346,000 under the 2021 RSU Scheme for the year ended 31 December 2024 (2023: RMB40,079,000), including the reversal of RMB12,087,000 (2023: RMB5,282,000) for forfeited RSU.

33. RESERVES

The Group

The amounts of the Group's deficits and the movements therein for the year ended 31 December 2024 are presented in the consolidated statement of changes in equity to the consolidated financial statements.

Treasury shares

The treasury shares of the Group represents the cost of own equity instruments which are reacquired and held by the Group for the 2022 RSU Scheme.

Share premium

The share premium of the Group represents: 1) conversion of redeemable convertible preferred shares into ordinary shares upon IPO, 2) the issue of ordinary shares upon IPO and exercise of over-allotment option, and 3) the transfer of share-based payments to share premium resulting from the exercise of RSUs.

Share-based payments reserve

The share-based payments reserve of the Group represents the share-based payments reserve in respect of equity-settled share awards.

Other reserve

The other reserve of the Group represents the changes in fair value of equity investments measured at fair value through other comprehensive income and the exchange differences on translation of foreign operations.

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34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets of RMB321,000 and non-cash additions to lease liabilities of RMB321,000, in respect of lease arrangements for office and laboratory premises.

During the year, the Group had non-cash additions to financial assets at FVTPL of RMB191,825,000, in connection with the new collaboration arrangement the Group entered into during 2024.

(b) Changes in 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 and other loans *RMB'000*	Other financial liabilities *RMB'000*	Lease liabilities *RMB'000*	Amounts due to related parties *RMB'000*
At 1 January 2023	89,963	146,112	32,006	225
Changes from financing cash flows	276,868	(150,599)	(18,649)	(225)
New leases	–	–	28,041	–
Termination	–	–	(2,292)	–
Accretion of interest	10,828	4,487	1,944	–
At 31 December 2023 and 1 January 2024	377,659	–	41,050	–
Changes from financing cash flows	**334,110**	**–**	**(19,019)**	**–**
New leases	**–**	**–**	**321**	**–**
Lease modification	**–**	**–**	**(144)**	**–**
Accretion of interest	**17,790**	**–**	**1,471**	**–**
At 31 December 2024	**729,559**	**–**	**23,679**	**–**

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34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within operating activities	**1,348**	1,056
Within financing activities*	**17,786**	21,012
	19,134	22,068

* Including lease payments and rental deposits refunded/(paid).

35. COMMITMENTS

The Group had the following contractual commitments as at 31 December 2024:

	2024	2023
	RMB'000	*RMB'000*
Plant and machinery	**129,207**	228,008

36. RELATED PARTY TRANSACTIONS

The Directors are of the opinion that, the following personnel is a related party that had material transactions or balances with the Group during the year ended 31 December 2024.

Compensation of key management personnel of the Group:

	2024	2023
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**16,064**	19,371
Pension scheme contributions	**743**	897
Equity-settled share-based payments	**5,877**	15,442
Performance related bonuses	**697**	173
	23,381	35,883

Notes to Financial Statements

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37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each reporting period are as follows:

Financial assets

	2024			
	Financial assets at amortised cost ***RMB'000***	**Financial assets at FVTPL** ***RMB'000***	**Financial assets at FVTOCI** ***RMB'000***	**Total** ***RMB'000***
Trade receivable	**62,851**	**–**	**–**	**62,851**
Financial assets included in prepayments, other receivables and other assets	**14,816**	**–**	**–**	**14,816**
Financial assets at FVTPL				
– Wealth management products	**–**	**235**	**–**	**235**
– Unlisted equity investments	**–**	**191,825**	**–**	**191,825**
Equity investments designated at FVTOCI	**–**	**–**	**17,634**	**17,634**
Time deposits	**1,736,964**	**–**	**–**	**1,736,964**
Cash and cash equivalents	**418,413**	**–**	**–**	**418,413**
	2,233,044	**192,060**	**17,634**	**2,442,738**

	2023			
	Financial assets at amortised cost *RMB'000*	Financial assets at FVTPL *RMB'000*	Financial assets at FVTOCI *RMB'000*	Total *RMB'000*
Trade receivable	16,091	–	–	16,091
Financial assets included in prepayments, other receivables and other assets	59,687	–	–	59,687
Financial assets at FVTPL				
– Wealth management products	–	174,374	–	174,374
Equity investments designated at FVTOCI	–	–	15,808	15,808
Restricted cash	1,775	–	–	1,775
Time deposits	1,693,783	–	–	1,693,783
Cash and cash equivalents	851,029	–	–	851,029
	2,622,365	174,374	15,808	2,812,547

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37. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Financial liabilities

	2024 Financial liabilities at amortised cost *RMB'000*
Trade payables	**26,007**
Interest-bearing bank borrowings	**729,559**
Financial liabilities included in other payables and accruals	**112,045**
	867,611

	2023 Financial liabilities at amortised cost *RMB'000*
Trade payables	29,488
Interest-bearing bank borrowings	377,659
Financial liabilities included in other payables and accruals	107,294
	514,441

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, time deposits, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals, and other financial liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the Chief Finance Officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the Chief Finance Officer in 2023 and 2024. The finance department analyses the movements in the value of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors of the Company once a year for annual financial reporting.

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2024 were assessed to be insignificant.

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38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The fair values of the wealth management products which were all issued by reputable commercial banks have been estimated by using discounted cash flow valuation models with reference to observable inputs including volatilities of gold price, S&P 500 index, yields of publicly traded bonds and credit spreads of debt issuers etc.

For the fair value of the unlisted equity investments at fair value through other comprehensive income and the unlisted equity investments at FVTPL, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31 December 2024 and 31 December 2023:

	Valuation technique	Significant unobservable inputs
Equity investments designated at FVTOCI	Valuation multiples	Average P/S multiple of peers
		Discount for lack of marketability
	Recent transaction price	N/A
Financial assets at FVTPL	Back-solve from recent transaction price	Recent transaction price/ Redemption/Liquidation/ IPO probability/ Risk-free rate/ Expected volatility/ Discount for lack of marketability/ Discount for lack of control

Fair value hierarchy

Assets measured at fair value:

	Fair value measurement using			
As at 31 December 2024	**Quoted prices in active markets (Level 1) *RMB'000***	**Significant observable inputs (Level 2) *RMB'000***	**Significant unobservable inputs (Level 3) *RMB'000***	**Total *RMB'000***
Financial assets				
Financial assets at FVTPL				
– Wealth management products	**–**	**235**	**–**	**235**
– Unlisted equity investments	**–**	**–**	**191,825**	**191,825**
Equity investments designated at FVTOCI	**–**	**–**	**17,634**	**17,634**
	–	**235**	**209,459**	**209,694**

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Assets measured at fair value: *(Continued)*

	Fair value measurement using			
As at 31 December 2023	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
Financial assets				
Financial assets at FVTPL				
– Wealth management products	–	174,374	–	174,374
Equity investments designated at FVTOCI	–	–	15,808	15,808
	–	174,374	15,808	190,182

During the year ended 31 December 2024, there were no transfers of fair value measurements into or out of Level 2 or Level 3 for financial assets.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly comprise cash and cash equivalents, time deposits, other investments classified as financial assets at FVTPL, interest-bearing bank borrowings and other financial liabilities. The main purpose of these financial instruments is to raise fund for the Group's operations. The Group has various other financial assets and liabilities such as financial assets included in prepayments, other receivables and other assets, amounts due to related parties, trade payables, and other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates.

The Group's financial assets and liabilities are subject to foreign currency risk as a result of certain cash and cash equivalents and time deposits, other investments classified as FVTPL and other payables and accruals denominated in non-functional currency. Therefore, the fluctuations in the exchange rate of functional currency against non-functional currency could affect the Group's results of operations. The Group does not enter into any hedging transactions to manage the potential fluctuation in foreign currency.

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's loss before tax (arising from USD and HKD denominated financial instruments) and the Group's equity.

	Increase/ (decrease) in rate of foreign exchange *%*	Decrease/ (increase) in loss before tax *RMB'000*	Increase/ (decrease) in equity *RMB'000*
31 December 2023			
If RMB weakens against USD	5	47,169	47,169
If RMB strengthens against USD	(5)	(47,169)	(47,169)
If RMB weakens against HKD	5	8,381	8,381
If RMB strengthens against HKD	(5)	(8,381)	(8,381)
31 December 2024			
If RMB weakens against USD	**5**	**63,229**	**63,229**
If RMB strengthens against USD	**(5)**	**(63,229)**	**(63,229)**
If RMB weakens against HKD	**5**	**8,100**	**8,100**
If RMB strengthens against HKD	**(5)**	**(8,100)**	**(8,100)**

Credit risk

Credit risk is the risk that a counterparty will default on contractual obligations resulting in financial loss to the Group.

The credit risk of the Group's financial assets, which primarily comprise cash and cash equivalents, time deposits, trade receivables, other investments classified as at FVTPL, and financial assets included in prepayments, other receivables and other assets arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

For financial assets included in prepayments, other receivables and other assets, management makes periodic collective assessment as well as individual assessment on the recoverability of such assets based on historical settlement records and past experience. The Directors believe that there is no material credit risk inherent in the Group's outstanding balances. At the end of the reporting period, cash and cash equivalents were deposited in reputable financial institutions without significant credit risk. Other investments at FVTPL were obtained through reputable financial institutions without significant credit risk.

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as 31 December 2024.

	As at 31 December 2024				
	12-Month ECLs	**Lifetime ECLs**			
	Stage 1 *RMB'000*	**Stage 2** *RMB'000*	**Stage 3** *RMB'000*	**Simplified approach** *RMB'000*	**Total** *RMB'000*
Time deposit	**1,736,964**	**–**	**–**	**–**	**1,736,964**
Cash and cash equivalents	**418,413**	**–**	**–**	**–**	**418,413**
Trade receivables	**–**	**–**	**–**	**62,851**	**62,851**
Financial assets included in prepayments, other receivables and other assets	**14,816**	**–**	**–**	**–**	**14,816**
	2,170,193	**–**	**–**	**62,851**	**2,233,044**

	As at 31 December 2023				
	12-Month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Simplified approach *RMB'000*	Total *RMB'000*
Time deposit	1,693,783	–	–	–	1,693,783
Cash and cash equivalents	851,029	–	–	–	851,029
Restricted cash	1,775	–	–	–	1,775
Trade receivables	–	–	–	16,091	16,091
Contract assets	–	–	–	11,000	11,000
Financial assets included in prepayments, other receivables and other assets	58,807	–	–	880	59,687
	2,605,394	–	–	27,971	2,633,365

The credit quality of other financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. During the reporting periods, the Group estimated that the expected credit loss for financial assets included in prepayments, other receivables and other assets was minimal.

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2024			
	On demand or within one year ***RMB'000***	**One to five years** ***RMB'000***	**Over five years** ***RMB'000***	**Total** ***RMB'000***
Trade payables	**26,007**	**–**	**–**	**26,007**
Financial liabilities included in other payables and accruals	**112,045**	**–**	**–**	**112,045**
Lease liabilities	**11,354**	**13,599**	**–**	**24,953**
Interest-bearing bank borrowings (excluding lease liabilities)	**485,613**	**264,103**	**–**	**749,716**
	635,019	**277,702**	**–**	**912,721**

	2023			
	On demand or within one year *RMB'000*	One to five years *RMB'000*	Over five years *RMB'000*	Total *RMB'000*
Trade payables	29,488	–	–	29,488
Financial liabilities included in other payables and accruals	107,294	–	–	107,294
Lease liabilities	18,883	24,916	–	43,799
Interest-bearing bank borrowings (excluding lease liabilities)	46,521	338,568	–	385,089
	202,186	363,484	–	565,670

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital as at the end of the reporting period.

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40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024	2023
	RMB'000	*RMB'000*
NON-CURRENT ASSETS		
Investments in subsidiaries	**759,328**	724,981
Amounts due from subsidiaries	**3,149,293**	2,262,348
Total non-current assets	**3,908,621**	2,987,329
CURRENT ASSETS		
Prepayments, other receivables and other assets	**12,365**	8,178
Restricted cash	**–**	1,775
Time deposits	**1,022,640**	1,507,590
Cash and cash equivalents	**130,117**	260,453
Total current assets	**1,165,122**	1,777,996
CURRENT LIABILITY		
Other payables and accruals	**254,303**	20,502
Total current liability	**254,303**	20,502
NET CURRENT ASSETS	**910,819**	1,757,494
TOTAL ASSETS LESS CURRENT LIABILITIES	**4,819,440**	4,744,823
Total non-current liabilities	**–**	–
NET ASSETS	**4,819,440**	4,744,823
EQUITY		
Share capital	**174**	169
Treasury shares	**(3)**	2
Reserves (note)	**4,819,269**	4,744,652
TOTAL EQUITY	**4,819,440**	4,744,823

Notes to Financial Statements

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40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

The balances of the Company's reserves and the movements therein for the year ended 31 December 2024 are presented as follows:

	Reserves *RMB'000*
At 1 January 2023	4,646,566
Total comprehensive income for the year	90,908
Share-based payment	40,079
Shares repurchased	(32,901)
At 31 December 2023 and 1 January 2024	4,744,652
Total comprehensive income for the year	**72,697**
Share-based payment	**34,346**
Shares repurchased	**(32,423)**
Exercise of restricted share units	**(3)**
At 31 December 2024	**4,819,269**

The share-based payment reserve of the Company represents the share-based payment reserve in respect of equity-settled share awards.

41. EVENTS AFTER THE REPORTING PERIOD

Licensing out of CM313

On 9 January 2025, Keymed Chengdu and Timberlyne Therapeutics, Inc. ("Timberlyne") have entered into an exclusive out-license agreement (the "Timberlyne Agreement"). The Timberlyne Agreement granted Timberlyne the exclusive right to develop, manufacture and commercialise CM313 globally excluding Mainland China, Hong Kong, Macau and Taiwan (the "Licensed Region"). CM313 is an in-house developed humanised monoclonal antibody that targets CD38.

Subject to terms and conditions of the Timberlyne Agreement, Timberlyne was granted an exclusive license for the development, manufacturing and commercialisation of CM313 in the Licensed Region. In return, the Group should receive an upfront and near-term payment of US$30 million and equity interest of Timberlyne, being the largest shareholder of this company. The Group might also receive additional payments up to US$337.5 million subject to achievement of certain sales and development milestones. The Group was also entitled to receive tiered royalties on net sales from Timberlyne.

Notes to Financial Statements

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41. EVENTS AFTER THE REPORTING PERIOD (Continued)

Licensing out of CM355

Keymed Chengdu, InnoCare and Tiannuo Pharma have entered into the Agreement with Prolium Bioscience, Inc. ("Prolium") for the development and commercialisation of CM355, a CD20 × CD3 bispecific antibody. Under the terms of the Agreement, Prolium would have the exclusive right to develop, register, manufacture, and commercialise CM355 globally in non-oncology indications and in oncology indications outside of Asia. Payment under the Agreement would be shared equally between Chengdu Keymed and InnoCare.

Keymed Chengdu and InnoCare would collectively be entitled to receive an upfront and near-term payment of US$17.5 million, additional payments up to US$502.5 million and tiered royalties on net sales from Prolium based on their respective 50% interest in CM355. The payments were subject to achievement of certain commercial, clinical development and regulatory milestones. The Group and the InnoCare Group would also receive a minority equity interests in Prolium.

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24 March 2025.

Five Year Financial Summary

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	**418,413**	851,029	604,070	1,520,619	199,409
Time deposits	**1,736,964**	1,693,783	2,339,068	1,950,559	144,279
Total assets	**3,766,566**	3,882,922	3,932,316	3,934,455	529,945
Total liabilities	**1,291,354**	896,109	593,098	289,073	1,624,748
Total equity/(deficits)	**2,475,212**	2,986,813	3,339,218	3,645,382	(1,094,803)

	For the year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**428,124**	354,095	100,063	110,269	–
Gross profits	**415,924**	317,217	97,478	93,069	–
Other income and gains	**141,154**	123,249	259,002	52,667	41,190
Research and development expenses	**(735,192)**	(596,282)	(507,374)	(358,156)	(127,400)
Administrative expenses	**(187,933)**	(177,006)	(133,912)	(92,454)	(21,548)
Selling and distribution expenses	**(110,897)**	–	–	–	–
Listing expenses	**–**	–	–	(37,932)	(280)
Fair value losses on convertible redeemable preferred shares	**–**	–	–	(3,480,294)	(696,470)
Other expenses	**(7,987)**	(1,359)	(683)	(57,680)	(31)
Finance costs	**(18,460)**	(17,259)	(8,397)	(11,133)	(14,309)
Loss for the year	**(514,907)**	(357,785)	(303,597)	(3,892,632)	(818,848)