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# **Company Profile**

#### **Overview**

Innovent is a leading biopharmaceutical company founded in 2011 with the mission to empower patients worldwide with affordable, high-quality biopharmaceuticals. Leveraging an established fully-integrated platform, the Company discovers, develops, manufactures and commercializes innovative medicines that treat some of the most intractable diseases. Its pioneering therapies treat cancer, CVM, autoimmune and eye diseases, with a robust pipeline covering a variety of novel modalities including monoclonal antibodies, multi-specific antibodies, immuno-cytokine, ADCs, cell therapy and small molecules etc.

Guided by the motto, "Start with Integrity, Succeed through Action", the Company maintains the highest standard of industry practices and works collaboratively to advance the biopharmaceutical industry so that first-rate pharmaceutical drugs can become widely accessible.

### **Pipeline Summary**

Leveraging the Company's fully integrated. multi-functional platform and strategic partnerships and collaborations, we develop pioneering therapies to treat cancer, CVM, autoimmune and eye diseases. We have launched 15 products in the market, These include: TYVYT® (sintilimab injection), BYVASDA® (bevacizumab injection), SULINNO® (adalimumab injection), HALPRYZA® (rituximab injection), PEMAZYRE® (pemigatinib), olverembatinib, Cyramza® (ramucirumab), Retsevmo® (selpercatinib), FUCASO® (Equecabtagene Autoleucel), SINTBILO® (tafolecimab injection), Dupert® (fulzerasib) DOVBLERON® (taletrectinib), Jaypirca® (pirtobrutinib), limertinib and SYCUME® (teprotumumab N01 injection). In addition, we have three new drug applications under regulatory review, four assets in Phase 3 or pivotal clinical trials and 15 molecules in early clinical stage.

## **Corporate Information**

# **Board of Directors Executive Directors**

Dr. De-Chao Michael Yu (Chairman of the Board and Chief Executive Officer)

Mr. Ronald Hao Xi Ede

Ms. Qian Zhang

### **Independent Non-Executive Directors**

Dr. Charles Leland Cooney

Ms. Joyce I-Yin Hsu

Dr. Kaixian Chen (resigned on 27 December 2024)

Mr. Gary Zieziula

Dr. Shun Lu

Mr. Shuyun Chen (Lead Independent Non-executive Director)

#### **Audit Committee**

Ms. Joyce I-Yin Hsu (Chairwoman)

Dr. Kaixian Chen (resigned on 27 December 2024)

Dr. Charles Leland Cooney

Mr. Gary Zieziula

Mr. Shuyun Chen

#### **Remuneration Committee**

Ms. Joyce I-Yin Hsu (Chairwoman)

Dr. Kaixian Chen (resigned on 27 December 2024)

Mr. Gary Zieziula (appointed on 27 December 2024)

Mr. Shuyun Chen

### **Nomination Committee**

Mr. Shuyun Chen (Chairman)

Dr. De-Chao Michael Yu

Dr. Charles Leland Cooney

Dr. Kaixian Chen (resigned on 27 December 2024)

Ms. Joyce I-Yin Hsu (appointed on 31 March 2025)

## **Strategy Committee**

Dr. De-Chao Michael Yu (Chairman)

Mr. Ronald Hao Xi Ede

Ms. Qian Zhang

Dr. Charles Leland Cooney

Mr. Gary Zieziula

Dr. Shun Lu

Mr. Shuyun Chen

### **Joint Company Secretaries**

Ms. Yanju Wang

Ms. Lok Yee Chan (ACG/HKACG)

### **Authorised Representatives**

Mr. Ronald Hao Xi Ede

Ms. Lok Yee Chan (ACG/HKACG)

#### **Auditor**

Deloitte Touche Tohmatsu

Registered Public Interests Entity Auditors

35/F, One Pacific Place

88 Queensway Admiralty

Hong Kong

### **Registered Office**

Maples Corporate Services Limited

PO Box 309, Ugland House

Grand Cayman

KY1-1104

Cayman Islands

# **Head Office and Principal Place of Business in China**

168 Dongping Street

Suzhou Industrial Park

China 215123

# Principal Place of Business in Hong Kong

Room 1901, 19/F

Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

## **Corporate Information**

### **Legal Advisors**

As to Hong Kong law and United States law
Skadden, Arps, Slate, Meagher & Flom and affiliate
42/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law
Han Kun Law Offices
33/F, HKRI Centre Two
HKRI Taikoo Hui
288 Shimen Road (No. 1)
Shanghai 200041
PRC

As to Cayman Islands law
Maples and Calder (Hong Kong) LLP
53rd Floor, The Center
99 Queen's Road Central
Hong Kong

### **Principal Share Registrar**

Maples Fund Services (Cayman) Limited PO Box 1093 Boundary Hall Cricket Square KY1-1102 Cayman Islands

### **Hong Kong Share Registrar**

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

### **Principal Bankers**

Standard Chartered Bank (Hong Kong) Limited Standard Chartered Bank Building 4-4A Des Voeux Road Central Hong Kong

China Construction Bank Suzhou Industrial Park Subbranch CSSD Building, No. 158 Wangdun Road Suzhou Industrial Park 215028 China

#### **Stock Code**

1801

## **Company Website**

www.innoventbio.com

## Chairman's Statement

#### Dear Shareholders,

Thank you for your continued support to Innovent.

As a leading biopharmaceutical company in China, we remain steadfastly committed to our two longterm strategic goals for the new decade - sustainable growth and global innovation. 2024 marked a year of historic milestones: our Non-IFRS net profit and EBITDA both turned positive for the first time since our IPO, underscoring our strategic execution and leadership in sustainable biopharmaceutical operations. We also achieved record-high revenue, expanded our robust product portfolio to 15 approved products and delivered all late-stage development milestones to secure sustainable growth momentum. At the same time, we advanced breakthrough innovations in our early-stage pipeline for global opportunities while strengthening both local and global partnerships to accelerate innovation and growth.

In 2024, our revenue reached new heights. Total revenue grew by 51.8% year-over-year, reaching RMB9,421.9 million while product revenue rose by 43.6% year-over-year, reaching RMB8,227.9 million. This strong performance reflects our leading position in oncology. In 2024, we achieved positive Non-IFRS profit and EBITDA for the first time through operational excellence. On top of that, we are in a healthy financial position with approximately RMB10.2 billion (over US\$1.4 billion) in cash and cash equivalents, providing a solid financial foundation for our long-term ambitions.

As of the date of the annual report, our approved product portfolio increased to 15, with new product launches and expanded indications and NRDL inclusions for our existing commercial portfolio. We added five newly approved medicines, including three targeted therapies for lung cancer - DUPERT® (fulzerasib, KRAS G12C inhibitor), DOVBLERON® (taletrectinib adipate capsule, ROS1 inhibitor) and limertinib (EGFR TKI) - and the globally first non-covalent BTK inhibitor Jaypirca® (pirtobrutinib) for hematological malignancies in the China market. SYCUME® (teprotumumab N01 injection), China's first IGF-1R monoclonal antibody, was also approved, ending a 70-year drought of no new treatment options for TED in China. Our first CVM product, SINTBILO® (tafolecimab injection, PCSK-9 inhibitor), was successfully included in the NRDL, effective since 1 January 2025, broadening access to patients with hypercholesterolemia.

These achievements stand as strong validation of our vision and execution capabilities, laying a solid foundation for our next phase of growth and global innovation. Through these efforts, we aspire to become a premier global biopharmaceutical company, delivering long-term value to patients, employees, Shareholders and society.

Looking ahead, 2025 will be another pivotal year of our strategic goals. We will continue to consolidate our leadership in oncology, bolstered by the three newly approved precision therapies that strengthen our lung and hematological cancer franchises. We are also establishing 'general biomedicine' as another key growth engine and we aim to emerge as a pioneer and new leader in this area. In 2025, we will focus on the launches of several important medicines and commercialization of the product newly included in the NRDL, including SINTBILO® (anti PCSK9 antibody), SYCUME® (anti IGF-1R antibody), Mazdutide (potential global first GCG/GLP-1 dual receptor agonist, in NDA stage), and Picankibart (anti-IL-23p19 monoclonal antibody, in NDA stage).

### Chairman's Statement

Furthermore, we are entering a new era of global innovation. Our Innovent Academy is advancing core technology platforms including antibodies, TOPO1i ADCs, dual-payload ADCs, T-cell engagers and antibodypeptide conjugates (APCs) to support continuous innovation. Meanwhile, we have seen encouraging data readouts across key programs in support of next-step pivotal development. IBI363 (PD-1/IL-2<sup>α-bias</sup>) - nextgeneration IO therapy with global first-in-class design demonstrated promising Phase 1 results in NSCLC, CRC and melanoma, aiming to address some of the most challenging cancer types including IO-failed, PD-L1 low expression and cold tumors. Its first pivotal clinical trial, a head-to-head comparison with pembrolizumab in IOnaïve mucosal and acral melanoma, has been initiated. Additional pivotal clinical trials are planned for IO-treated squamous NSCLC and 3L MSS CRC. IBI343 (CLDN18.2 ADC) - novel site-specific TOPO1i CLDN18.2 ADC - is the first ADC candidate to show efficacy in PDAC, with MRCT Phase 1 ongoing in China and the U.S.. We have advanced IBI343 into first MRCT Phase 3 clinical trial in GC across China and Japan.

Other next-generation oncology innovative programs in progress include IBI3001(EGFR/B7H3 ADC), IBI3020 (CEACAM5 dual-payload ADC), and more novel bispecific ADCs and dual-payload ADCs. In parallel, our early-stage general biomedicine programs are also moving into global development, such as IBI356 (OX40L), IBI3002(TSLP/IL-4Ra), next generation long-acting GLP-1 multi-target APCs and small molecules.

We will continue accelerating global growth through hybrid models. Our exclusive global licensing agreement with Roche for IBI3009 (DLL3 ADC) and partnerships with Lilly and ASK Pharm reflect our commitment to innovation through strategic alliances and reinforce our standing as a global biopharmaceutical company.

In 2024, we upheld the highest manufacturing standards to ensure the production of top-quality biologics. Our Shanghai R&D center became operational in August 2024, and our U.S. lab in the San Francisco Bay Area continues to drive innovation. At our Suzhou manufacturing site, we operate a 60,000L antibody production facility and ADC production lines. Our Hangzhou manufacturing site has a total production capacity of 170,000L, with the first phase of 80,000L already completed and the second phase of 90,000L in plan.

In ESG, we achieved an 'AAA' rating from MSCI in 2024, one of only three biotech companies globally and the only one in China to receive this distinction. We also launched our ESG website, reinforcing our commitment to sustainability, corporate responsibility and ethical business practices. Furthermore, we have supported over 200,000 patients through our dedicated patient assistance programs, with drug donations totaling RMB3.6 billion. We were also recognized on the "2024 China's Most Attractive Employers List," with a workforce of 7,000 employees.

I extend my heartfelt gratitude to our Shareholders for their unwavering support and trust in Innovent. Looking ahead, our strategy remains anchored in sustainable growth and global innovation. We will uphold our vision 'to be a premier global biopharmaceutical company' and create sustainable value for our patients, employees, shareholders and society.

#### De-Chao Michael Yu

Chairman of the Board, Executive Director and Chief Executive Officer of the Company

Hong Kong 26 March 2025

## **Financial Highlights**

	Year ended 31 December			
	2024 RMB'000	2023 RMB'000	Year-over- year change	
IFRS measure: Revenue Gross profit	9,421,888 7,911,678	6,206,070 5.069,804	51.8% 56.1%	
Loss for the year	(94,631)	(1,027,913)	-90.8%	
Non-IFRS measure <sup>1</sup> :  Non-IFRS profit/(loss) for the year  Non-IFRS EBITDA/(LBITDA) for the year	331,611 411,582	(514,540) (600,148)	-164.4% -168.6%	

### Substantially narrowed IFRS loss and first-ever Non-IFRS positive profit

As a pioneer in sustainable biopharmaceutical operations, in 2024, the Company continued to improve its financial performance by substantially narrowing its IFRS loss by 90.8% year-over-year. 2024 also marked a historic milestone in the Company's development – we achieved both positive Non-IFRS profit and EBITDA for the first time since the listing of the shares on the Stock Exchange. These achievements – alongside robust revenue growth and fruitful R&D milestones – stand as validation of our strategy of sustainable growth and global innovation, and our execution excellence.

The 2024 financial performance was mainly driven by: (a) the robust total revenue growth, fueled by strong product revenue growth momentum, and increased license fee income; and (b) continuous operational improvements including manufacturing cost optimization, enhanced efficiency and productivity in selling and marketing activities, as well as administrative operations.

We adopted Non-IFRS measures in order to more clearly illustrate our normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance, and thus facilitate comparisons of operating performance from period to period and company to company to the extent applicable. Non-IFRS measures are not financial measures defined under the IFRS, and represent corresponding financial measures under IFRS excluding the effect brought by certain non-cash items, including (a) share-based compensation expenses; and (b) net foreign exchange gains or losses. Please refer to "Management Discussion and Analysis – Financial Review – 10. Non-IFRS Measure" for more information about the Non-IFRS measures.

## **Financial Highlights**

#### **IFRS** measure

- Total revenue was RMB9,421.9 million for the year ended 31 December 2024, representing an increase of 51.8% from RMB6,206.1 million for the year ended 31 December 2023. Total revenue primarily comprised product revenue and license fee income. Product revenue increased by 43.6% to RMB8,227.9 million for the year ended 31 December 2024, as compared with RMB5,728.3 million for the year ended 31 December 2023. This strong performance was mainly driven by the Company's leading position in oncology area and strong growth of major products including TYVYT® (sintilimab injection), along with the rapid uptake of new products. License fee income was RMB1,100.2 million for the year ended 31 December 2024, up from RMB447.4 million for the year ended 31 December 2023, which further contributed to the total revenue growth during the Reporting Period.
- Gross profit was RMB7,911.7 million for the year ended 31 December 2024, increased by RMB2,841.9 million from RMB5,069.8 million for the year ended 31 December 2023. Gross profit margin also increased by 2.3 percentage points to 84.0% for the year ended 31 December 2024, as compared with 81.7% for the year ended 31 December 2023. The improvement was primarily attributable to increased production volume and ongoing cost optimization.
- **R&D** expenses were RMB2,681.1 million for the year ended 31 December 2024 compared to RMB2,227.6 million for the year ended 31 December 2023. During the Reporting Period, the Company maintained high capital efficiency and execution excellence, while achieving fruitful milestones in both late-stage developments and early-stage innovation.
- **Selling and marketing expenses** were RMB4,346.9 million, accounting for 46.1% of total revenue, or 52.8% of product revenue for the year ended 31 December 2024, as compared with RMB3,100.7 million, accounting for 50.0% of total revenue, or 54.1% of product revenue for the year ended 31 December 2023. During the Reporting Period, the Company continued to enhance productivity and efficiency of commercialization, while it also strategically invested in preparations for upcoming multiple new product launches particularly since the second half of 2024.
- Loss for the year was RMB94.6 million for the year ended 31 December 2024, representing a significant decrease of 90.8% or RMB933.3 million from RMB1,027.9 million for the year ended 31 December 2023. Key drivers facilitating the improvement included strong revenue growth, continuous financial improvement and enhanced operational efficiency.

# **Financial Highlights**

#### Non-IFRS measure

- Non-IFRS gross profit margin of total revenue was 84.9% for the year ended 31 December 2024, representing an increase of 2.1 percentage points as compared with 82.8% for the year ended 31 December 2023.
- Non-IFRS R&D expenses were RMB2,499.8 million for the year ended 31 December 2024 compared to RMB1,974.9 million for the year ended 31 December 2023.
- **Non-IFRS administrative and other expenses** were RMB515.4 million and RMB543.8 million for 2024 and 2023, respectively. The ratio of Non-IFRS administrative and other expenses to total revenue decreased by 3.3 percentage points from 8.8% for 2023 to 5.5% for 2024.
- Non-IFRS selling and marketing expenses were RMB4,284.4 million, accounting for 45.5% of total revenue, or 52.1% of product revenue for the year ended 31 December 2024, as compared with RMB3,057.5 million, accounting for 49.3% of total revenue, or 53.4% of product revenue for the year ended 31 December 2023.
- **Non-IFRS profit** for the year turned positive, reaching RMB331.6 million for the year ended 31 December 2024, as compared with the Non-IFRS loss of RMB514.5 million for the year ended 31 December 2023.
- **Non-IFRS EBITDA** also turned positive, reaching RMB411.6 million for the year ended 31 December 2024, as compared with the Non-IFRS LBITDA of RMB600.1 million for the year ended 31 December 2023.

## **Business Highlights**

As a pioneer in sustainable biopharmaceutical operations, 2024 marked a year of historic milestones – we achieved Non-IFRS profitability for the first-time. Meanwhile, we reached new revenue heights driven by strong growth momentum across expanding portfolio; delivered all late-stage development milestones while advancing breakthrough innovations; and strengthened global and local partnerships to accelerate our growth trajectory. These accomplishments collectively laid a robust foundation for us to enter a new stage of dual-driven growth and global innovation. In particular, during the year ended 31 December 2024 and up to the date of this annual report:

Total revenue amounted to RMB9,421.9 million and product revenue amounted to RMB8,227.9 million for the year ended 31 December 2024, reflecting 51.8% and 43.6% year-over-year growth, respectively. This growth momentum underscores the leadership of TYVYT® (sintilimab injection) and other core products, the fast penetration of innovative products, and the effectiveness of our commercial strategy.

**Profit and EBITDA (under Non-IFRS measure)** were recorded in 2024, driven by robust revenue growth, optimized manufacturing cost and improved operational efficiency.

**Product portfolio expanded to 15 products in total** with the addition of five newly approved medicines, including three targeted therapies for lung cancer, DUPERT® (fulzerasib, KRAS G12C inhibitor), DOVBLERON® (taletrectinib adipate capsule, ROS1 inhibitor) and limertinib (EGFR TKI); global first non-covalent BTK inhibitor Jaypirca® (pirtobrutinib) for hematological malignancies in China market. Also, SYCUME® (teprotumumab N01 injection), was approved as China's first anti-IGF-1R monoclonal antibody, ending a 70-year drought of no new treatment option for TED in China.

**First CVM product SINTBILO®** (tafolecimab injection, PCSK9 inhibitor) was successfully included in the NRDL, effective since 1 January 2025, to benefit a broad population of patients with hypercholesterolemia.

Key milestones of all late-stage pipeline were fully delivered, securing upcoming product launches and indication expansions to unlock growth potential, among which:

Three important assets in our general biomedicine pipeline read out compelling Phase 3 data in support of NDA submissions, while one asset continued its Phase 3 study, including:

- IBI362 (mazdutide), a new generation GCG/GLP-1 dual receptor agonist, is currently under NDA review for the two indications including chronic weight management in adults with obesity or overweight, and glycemic control in adults with T2D.
- SYCUME® (teprotumumab N01 injection), was recently approved for the treatment of patients with TED.
- IBI112 (picankibart), a recombinant anti-IL-23p19 antibody, is currently under NDA review for the treatment of patients with moderate-to-severe plaque psoriasis.
- IBI302 (efdamrofusp alfa), an anti-VEGF/complement bispecific fusion protein, is currently under Phase 3 clinical study (STAR) in patients with nAMD.

## **Business Highlights**

A new oncology pipeline asset filed NDA, while two new ADC and one next-generation IO pipeline assets advanced into Phase 3 or pivotal studies, to further strengthen our leadership in oncology, including:

- IBI310 (ipilimumab), a novel anti-CTLA-4 monoclonal antibody. The NDA of IBI310 is currently under the NMPA priority review, in combination with sintilimab as neoadjuvant therapy for the treatment of patients with resectable MSI-H/dMMR colon cancer.
- IBI343, a novel anti-CLDN18.2 ADC. A multi-regional Phase 3 clinical studies of IBI343 in patients with third-line GC was initiated in China and Japan, after the robust Phase 1b PoC results were achieved and presented at the ESMO GI 2024.
- IBI354, a novel anti-HER2 ADC. A Phase 3 clinical studies in patients with PROC was initiated in China, after the positive PoC results were presented at the ESMO 2024.
- IBI363, a first-in-class PD-1/IL-2<sup>α-bias</sup> bispecific antibody fusion protein and potential next-generation IO therapy. The first pivotal study of IBI363 was initiated, in head-to-head comparison with Pembrolizumab for the treatment of IO-naïve melanoma.

We have cultivated a highly differentiated next-generation pipeline for global development opportunities. Several programs have demonstrated compelling data, while others have entered multi-regional Phase 1 studies, such as:

- IBI363, a first-in-class PD-1/IL-2<sup>a-bias</sup> bispecific antibody fusion protein, is currently undergoing multiple Phase 1 and Phase 2 studies mainly in China and the U.S.. In Phase 1 and PoC clinical studies, IBI363 shows outstanding efficacy across multiple cancer types, including IO-treated NSCLC, IO-treated/IO-naïve melanoma, and the immunologically CRC. The clinical data were presented at the ASCO, the ESMO Plenary, the ESMO, the WCLC and the SITC in 2024. Furthermore, IBI363 has received two FTDs by the FDA, for the treatment of IO-treated melanoma and IO-treated squamous NSCLC, respectively.
- IBI343, a novel anti-CLDN18.2 ADC, is currently undergoing multi-regional Phase 3 study for 3L GC in China and Japan, and multi-regional Phase 1 PoC clinical study in 2L PDAC in China and the U.S.. Previously, IBI343 has shown positive PoC results for 3L GC as reported in ESMO GI 2024, and preliminary outstanding efficacy profile in 2L PDAC as reported in ESMO Asia 2024. IBI343 received BTDs from the NMPA for the treatment of 3L GC and 2L PDAC, and FTD from the U.S. FDA for the treatment of 2L PDAC.
- IBI3009, a potentially best-in-class novel DLL3-targeted ADC that entered into exclusive global out-license and collaboration agreement with Roche, is currently undergoing multi-regional Phase 1 clinical study in China, the U.S., and Australia.
- IBI3001, a potentially first-in-class bispecific ADC against B7-H3 and EGFR, is currently undergoing multiregional Phase 1 clinical study with enrolment in China already started, and the U.S. Phase 1 in plan.

## **Business Highlights**

- IBI3002, a novel TSLP/IL-4α bispecific fusion protein. A multi-regional Phase 1 clinical study of IBI3002 in healthy volunteers and patients with asthma and other type 2 inflammatory diseases is underway in China and Australia.
- IBI356, a novel anti-OX40L monoclonal antibody. A multi-regional Phase 1 clinical study of IBI356 in patients with AD is underway in China and Australia, and clinical development in the U.S. is in plan.
- IBI355, a potential best-in-class anti-CD40L monoclonal antibody. A Phase 1 clinical study of IBI355 in healthy volunteers and participants with pSS is underway.
- IBI3016, a siRNA drug candidate targeting AGT co-developed with SanegeneBio. IBI3016 is undergoing Phase 1 clinical study in patients with hypertension in China.
- Furthermore, Innovent Academy successfully advanced eight molecules into the IND enabling stage in 2024, including multi-specific antibodies and dual-payload ADC programs for difficult-to-treat cancers, and novel modalities across CVM, autoimmune and eye diseases.

We expanded strategic collaborations with both global and local partners to accelerate the footprint of innovation and maximize pipeline value, including:

- In January 2025, we entered into a collaboration and exclusive license agreement with Roche (SIX: RO, ROG; OTCQX: RHHBY) for IBI3009, a novel DLL3-targeted ADC candidate for advanced SCLC.
- In December 2024, we expanded collaboration with Lilly through agreement on commercialization rights for Jaypirca® (pirtobrutinib) in Mainland China, enhancing the hematology portfolio.
- In October 2024, we entered into collaboration with ASK Pharm to obtain the exclusive commercialization rights for limertinib (EGFR TKI) in Mainland China, strengthening oncology pipeline synergy.
- In July 2024, we entered updated collaboration with IASO Bio. IASO Bio purchased our relevant rights of FUCASO® (Equecabtagene Autoleucel) at the agreed price and we used the proceeds to acquire an 18% stake in IASO Bio.

**High-quality preclinical research and clinical results have been showcased in renowned scientific conferences.** In 2024, a robust set of study results from our oncology pipeline were presented at AACR, ASCO, ESMO Plenary, ESMO, ESMO GI, ESMO Asia, and SITC, among others. Compelling results of our general biomedicine pipelines were also presented at ADA, ICE, CSE Congress, WOC, and International Psoriasis Congress, among other conferences.

We remain committed to sustainable development, corporate responsibility and ethical business practices. In 2024, our ESG rating from Morgan Stanley Capital International (MSCI) was upgraded from 'A' to 'AAA', placing us among the leaders in the biotech and biopharma industry. We also launched our official ESG website during 2024, which highlights our comprehensive progress and key achievements in ESG efforts. Our core ESG focus areas include Excellent Governance, Enjoying Good Health, High Quality As Key, People First and Embracing Ecology.

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

# Advancing into a New Era of Dual-Driven Growth and Global Innovation

As a leading biopharmaceutical company in China, we remain steadfastly committed to our two long-term strategic goals for the new decade – sustainable growth and global innovation – as we strive to become a world-class biopharmaceutical enterprise. In 2024, we delivered significant milestones as a pioneer in sustainable innovation, achieving profitability while solidifying our leadership in oncology. Our R&D milestones and next-generation pipelines have also positioned us well for the next wave of growth opportunities. While 2024 laid a robust foundation, the year 2025 will be pivotal and transformative in the pursuit of our next-stage strategic goals, as we advance into a new era of dual-driven growth and global innovation.

### 2024: Revenue Hit New Heights and Breakthrough in Profitability, R&D Excellence Laid Strategic Foundations

Revenue reached new heights with solidified oncology leadership: 2024 recorded another successful year for our commercialization efforts. Full-year revenue surged by 51.8% year-over-year to over RMB9.4 billion, with product revenue growing by 43.6% to surpass RMB8.2 billion. This strong performance was attributable to our leading position in oncology area and the continued rapid growth of TYVYT® (sintilimab injection) and other core products, along with the strong ramp-up momentum of newly launched products. During the year, we continued to expand oncology product portfolio with multiple precision therapies in lung and hematological cancers. TYVYT® (sintilimab injection) also received approval for its eighth indication in combination with fruguintinb for endometrial cancer, and its combination with ipilimumab (CTLA-4) was submitted for NMPA review, supported by breakthrough efficacy in the Phase 3 study as a neoadjuvant therapy for colon cancer. These synergistic advantages, coupled with continuous operational improvements, will further solidify our competitive edge.

#### Pioneering profitability through operational

excellence: We have established an efficient operational management system that balances business expansion with continuous improvements in operational efficiency. In 2024, the Company achieved a turnaround for both profit and EBITDA under Non-IFRS measure. The achievement – alongside robust revenue growth and fruitful R&D milestones – stand as powerful validation of our vision and execution excellence. As of 31 December 2024, we held bank balances and cash, term deposits, structured products and investment notes in other financial assets totaling RMB10.22 billion (equivalent to over USD1.4 billion), providing a solid financial foundation to our long-term ambitions.

Milestones fully delivered in chronic diseases to unlock future opportunities: Compelling Phase 3 data readouts and regulatory submissions for multiple important chronic disease drugs were achieved, including mazdutide (GCG/GLP-1 dual receptor agonist), SYCUME® (anti-IGF-1R antibody), and picankibart (anti-IL-23p19 monoclonal antibody) to unlock the significant opportunities ahead. These high-quality medicines positioned us to provide superior treatment options to hundreds of millions of patients. Simultaneously, we have been building a full-spectrum commercialization platform in CVM, combining multi-channel deployment, diversified marketing strategies, portfolio synergy, and brand influence.

#### Advancing early-stage innovation and global pipeline:

Guided by the efforts by our early R&D team, we have cultivated a differentiated pipeline positioned for global opportunities. Some assets already delivered promising data readouts. In 2024, the global first-in-class IBI363 (PD-1/IL-2<sup>α-bias</sup>) demonstrated initial potential as a next-generation IO in patient groups with IO-resistant, IO-unresponsive and PD-L1 low expression tumors through compelling Phase 1/1b data. IBI343 (CLDN18.2 ADC) became the first ADC candidate to report efficacy in PDAC, while advancing into first multi-regional Phase 3 trial for GC in China and Japan. Our recent global licensing partnership with Roche could also accelerate the development of IBI3009 (DLL3 ADC) for the benefits of SCLC patients worldwide.

Additionally, we delivered a new wave of candidates into IND-enabling stage, including bispecific ADCs, dual-payload ADCs, a next-generation oral GLP-1 small molecule and GLP-1/GCG/GIP antibody peptide conjugates (APC) etc., underscoring the competitiveness of our R&D platform.

# 2025: Embracing Dual-Driven Growth and Global Innovation

On top of the foundation laid in 2024, 2025 will be a pivotal year for achieving our mid-to-long term strategic goals. We will continue to strengthen our leadership in oncology while accelerating commercialization in chronic diseases and advancing global innovation, marking our transition into a new phase of dual-driven growth and global innovation.

# New product launches and chronic disease as the second growth engine

2025 will be another year of significant business growth opportunities. In addition to growing the existing product portfolio, we will pursue the successful launch of six innovative drugs and the commercialization of product newly included in the NRDL.

Our oncology product portfolio will continue to grow with further enhanced commercial capabilities and efficiency, and the contribution of newly launched drugs: DOVBLERON® (ROS1 inhibitor), Limertinib (EGFR TKI) and Jaypirca® (BTK inhibitor).

At the same time, general biomedicine portfolio will emerge as another key growth pillar. The first CVM product, SINTBILO® (anti PCSK-9 antibody), was included in the NRDL since January 2025. Additionally, SYCUME® (anti IGF-1R antibody) – China's first innovative therapy for TED in seven decades – received approval in March 2025. Mazdutide (GCG/GLP-1 dual receptor agonist), expected to receive approvals for weight management and T2D this year, represents the cornerstone asset of our chronic disease strategy.

In 2025, as part of the product lifecycle management plan, we will expand the indication exploration for our cornerstone assets, such as TYVYT®, mazdutide, picankibart, and SYCUME®, in order to extend their continuous clinical value and patient impact.

# Global R&D takes shape, entering a new phase of global innovation

As our global R&D system has taken shape, we will accelerate the advancement of our global pipeline and footprint in 2025. We will expand more clinical trials from China to key international markets such as the U.S., and advance PoC-stage pipeline toward critical data readouts. Additionally, we will progress more innovative drug candidates in oncology, autoimmune diseases, and CVM into multi-regional Phase 1 studies and IND stage, consistently delivering novel molecules to sustain our global R&D momentum.

Innovent Academy powers core technologies: Innovent Academy, the Company's innovation engine, has built a world-class technology platform that encompasses ScFv engineering, T cell engager (TCE), VHH bispecific antibodies, Topoisomerase 1 inhibitor (Topo1i) ADC, dual payload ADC, and antibody peptide conjugate (APC). These platforms have consistently delivered innovative molecules, providing a driving force for the Company's long-term development.

ADC platforms gain validation, innovation value unleashed. The competitive edge of our ADC technology platforms have recently been validated multiple times with emerged value. Competitive candidates have advanced into Phase 3 stages (such as IBI343 (CLDN18.2 ADC), IBI354 (HER2 ADC) with superior safety and efficacy profiles, and differentiated indication opportunities). The out-licensing of IBI3009 (DLL3 ADC) to Roche exemplifies global recognition of our ADC capabilities. In 2025, these platforms will advance a batch of next-generation bispecific ADCs and dual-payload ADCs into clinical development. Combined with our vision in oncology, our "IO+ADC" strategy could enable us to bring transformative medicines to cancer treatment.

#### Next-generation pipeline enters global clinical

**development.** The leading next-generation IO candidate, IBI363 (PD-1/IL- $2^{\alpha-\text{bias}}$ ), has demonstrated initial broad potential in treating patient groups with IO-resistant, cold, and PD-L1 low expression tumors. The first pivotal trial has already been initiated, challenging Pembrolizumab in the treatment of IO-naive melanoma. Additional pivotal trials or PoC trials are ongoing or planned for more indications such as NSCLC and CRC, including Phase 2 trials underway in the U.S.. IBI343 (CLDN18.2 ADC) has launched a multi-regional Phase 3 study for 3L GC, and the Phase 1 trial for 2L PDAC is underway in China and the U.S.. Additional novel bispecific ADCs, dual-payload ADCs, and other oncology candidates will also enter global trials soon. Beyond oncology pipeline, we plan to advance early-stage general biomedicine molecules into global development, such as: IBI356 (OX40L), IBI3002(TSLP/IL-4Rα), next-generation oral GLP-1 and long-acting multi-target GLP-1 therapies.

#### Diversified expansion and collaboration models

accelerate global growth. Our exclusive global licensing agreement with Roche for IBI3009 (DLL3 ADC) and partnerships with Lilly and ASK Pharm exemplify our commitment to accelerating innovation through strategic alliances, and also strengthens our presence as a biopharmaceutical company. Looking ahead, we will fully leverage our internal and external R&D resources and innovations to accelerate the development of our pipeline and maximize our reach to patients worldwide.

# Conclusion: Forging a higher and global future

In 2024, we delivered significant milestones as a pioneer in sustainable biopharmaceutical operations, achieving profitability while solidifying our commercial leadership in oncology. Our R&D milestones and next-generation pipeline have positioned us for the next wave of growth opportunities.

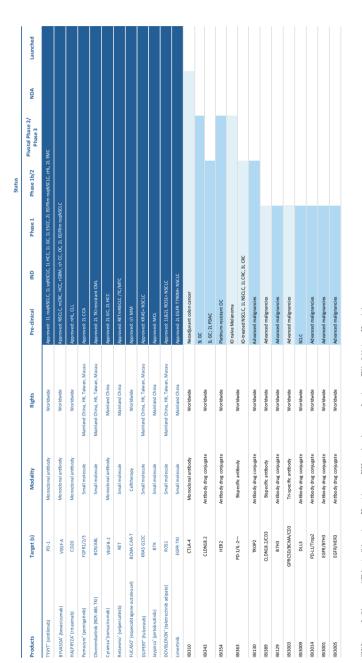
As we enter 2025 – a pivotal year for our mid- to long-term goals – we will strengthen our oncology leadership, unlock chronic disease potential, and expand our footprint in global pipeline development. With a clear strategy and excellence in execution, we look forward to marking our transition into a new wave of dual-driven growth and global innovation, with the aim of becoming a premier global biopharmaceutical company in the future.

# **Product Portfolio and Pipeline Summary**

Leveraging the Company's fully integrated, multi-functional platform and strategic partnerships and collaborations, we develop pioneering therapies to treat cancer, CVM, autoimmune and eye diseases. The Company has launched 15 products in the market, with three assets under regulatory review, four assets in Phase 3 or pivotal clinical trials and 15 molecules in early clinical stage.

The following chart summarizes the therapeutic targets, therapeutic areas, commercial rights and development status of our pipeline assets as of the date of this annual report.

ADCs



SI	Lb/2 Pivotal Phase 2 / NDA Launched	stric CD																		
Status	Phase 1 Phase 1b/2	pproved: RA, AS, Pso, Pediatric plaque Pso, PJIA, Uveitis , CD, Pediatric CD	iixed dyslipidemia																	
		ric plaque Pso, PJI	esterolemia and n				tide)													
	ical IND	RA, AS, Pso, Pediat	pproved: Primary hypercholesterolemia and mixed dyslipidemia	TED	ng)	(8)	2DM (head-to-head semaglutide)	ng)	: obesity				g HD)	Gout with hyperuricemia						uo
	Pre-clinical	Approved:	Approved:	Approved: TED	Obesity (6mg)	T2DM (6mg)	F	Obesity (9mg)	Adolescent obesity	MASH	Pso	OC	nAMD (8mg HD)		DME	nAMD	bSS	ΑD	Asthma	Hypertension
	Rights	Worldwide	Worldwide	Worldwide			The second secon	Malinara China, Inc, Lawan, Macau			Modelshaids	PRANTICAN	Worldwide	Mainland China, HK, Taiwan, Macau	Worldwide	Worldwide	Worldwide	Worldwide	Worldwide	Worldwide
	Therapeutic Area	Autoim mune	Cardiovascular & Metabolic	Ophthalmology			all address of the second	Cardiovascular & Metabolic			Autolomorphy	Autolilliane	Ophthalmology	Cardiovascular & Metabolic	Ophthalmology	Ophthalmology	Autoim mune	Autoimmune	Autoim mune	Cardiovascular & Metabolic
	Modality	Monoclonal antibody	Monoclonal antibody	Monoclonal antibody			- Parkerson de G	r oiy pep tide			Monaphan Institute	Wolfociolial altitoday	Fusion protein	Small molecule	Fusion protein	Fusion protein	Monoclonal antibody	Monoclonal antibody	Fusion protein	siRNA
	Target (s)	TNF-α	PCSK9	IGF-1R			* 410,000	9C0/01P-1			1,33,40	CZQCZ-II	VEGF/Complement	iox	VEGF-A/ANG-2	VEGF-A/VEGF-C	CD40L	OX40L	IL-4Ra/TSLP	AGT
		(qeur	mab)	numab NO1)							-	-	spalfa)	_						

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Small molecules

#### **Commercial Stage Products**

Our commercial stage portfolio contains a total of 15 approved products: TYVYT® (sintilimab injection), BYVASDA® (bevacizumab injection), SULINNO® (adalimumab injection), HALPRYZA® (rituximab injection), PEMAZYRE® (pemigatinib), olverematinib, Cyramza® (ramucirumab), Retsevmo® (selpercatinib), FUCASO® (Equecabtagene Autoleucel), SINTBILO® (tafolecimab injection), Dupert® (fulzerasib), DOVBLERON® (taletrectinib), Jaypirca® (pirtobrutinib), limertinib and SYCUME® (teprotumumab N01 injection).

### Major Milestones and Achievements during the Reporting Period and Post-Reporting Period (Expected)

**TYVYT®** (sintilimab injection): an innovative fully human anti-PD-1 monoclonal antibody co-developed with Lilly;

Approved and included in the NRDL for seven indications in China, including lung cancer, liver cancer, gastric cancer, esophageal cancer, Hodgkin's lymphoma, etc. Furthermore, the eighth indication for endometrial cancer was conditionally approved by the NMPA in December 2024.

### Regulatory Actions

- In February 2024, TYVYT® (sintilimab injection) was approved for launch in Macau for all indications.
- In December 2024, TYVYT® (sintilimab injection)'s eighth indication, in combination with ELUNATE® (fruquintinib) for the treatment of patients with advanced endometrial cancer with proficient mismatch repair (pMMR) tumors that have failed prior systemic therapy and are not candidates for curative surgery or radiation, was conditionally approved by the NMPA.

 In February 2025, TYVYT® (sintilimab injection)'s ninth indication, in combination with IBI310 (ipilimumab) as neoadjuvant therapy for resectable MSI-H/dMMR colon cancer, was accepted for NDA review and granted Priority Review Designation by the NMPA.

#### NRDL Coverage

On 1 January 2024, the updated NRDL (2023 version) officially took effect and TYVYT® (sintilimab injection) was included for its seventh indication, in combination with BYVASDA® (bevacizumab injection) in patients with EGFR-mutated non-squamous NSCLC who progressed after EGFR-TKI therapy. TYVYT® (sintilimab injection) is the first and the only PD-1 inhibitor for EGFR-mutated NSCLC in the NRDL.

#### Development Progress

- We continue to carry out clinical development programs for TYVYT® (sintilimab injection) as a backbone immunotherapy, in multiple clinical studies in combination with other novel modalities, such as ADCs and small molecules to overcome unmet medical needs for cancer treatment.
- In March 2025, a Phase 2/3 trial of sintilimab in combination with fruquintinib for second-line renal cell carcinoma (RCC) has met its primary endpoint. A subsequent NDA submission to the NMPA is in plan.
- A Phase 3 trial of sintilimab as perioperative therapy for NSCLC is also ongoing (NCT05116462).

#### Data Publication

- In June 2024, the results of the Phase 3
  CONTINUUM clinical trial were published in the Lancet. The CONTINUUM is the first Phase 3
  clinical trial to read out positive results for a
  PD-1 inhibitor used in combination with standard chemoradiotherapy for the treatment of patients with locoregionally advanced nasopharyngeal carcinoma.
- In June 2024, the Phase 1b data of sintilimab in combination with IBI310 (ipilimumab) for resectable MSI-H/dMMR colon cancer neoadjuvant therapy were orally presented at 2024 ASCO Annual Meeting (Oral Abstract #3505).

**BYVASDA®** (bevacizumab injection): a fully-human anti-VEGF monoclonal antibody;

Approved and included in the NRDL for eight indications in Mainland China, including NSCLC, metastatic colorectal cancer, adult recurrent glioblastoma, advanced or unresectable hepatocellular carcinoma, epithelial ovarian, fallopian tube, or primary peritoneal cancer, and cervical cancer.

#### NRDL Coverage

On 1 January 2024, the updated NRDL (2023 version) officially took effect and BYVASDA® (bevacizumab injection) was included for its eighth indication in combination with TYVYT® (sintilimab injection) for patients with EGFR-mutated non-squamous NSCLC who progressed after EGFR-TKI therapy.

**PEMAZYRE®** (pemigatinib): a potent, selective oral inhibitor of FGFR isoforms 1, 2, and 3 licensed from Incyte (NASDAQ: INCY) for development and commercialization in Greater China;

#### Regulatory Action

 In April 2024, PEMAZYRE® (pemigatinib) was approved for launch in Macau, for the treatment of adults with previously treated, unresectable locally advanced or metastatic cholangiocarcinoma with a FGFR2 fusion or rearrangement.

FUCASO® (Equecabtagene Autoleucel): a fully-human B cell maturation antigen ("BCMA")-directed CAR-T cell therapy, collaborated with IASO Bio;

Approved in China for adult patients with relapsed refractory multiple myeloma who have received at least three prior lines of therapy, including a proteasome inhibitor and an immunomodulatory agent.

#### Collaboration Update

In July 2024, we entered into an updated agreement with IASO Bio. IASO Bio purchased the Company's relevant rights of FUCASO® (Equecabtagene Autolucel) under the original agreement and the Company used the proceeds to acquire a 18% stake in IASO Bio. Under the new framework, IASO Bio obtained global commercial rights and the intellectual property license for FUCASO® (Equecabtagene Autolucel) and will be fully responsible for development, manufacturing and commercialization of the product, while the Company became a strategic shareholder of IASO Bio.

**Dupert®** (fulzerasib): a novel KRAS G12C inhibitor in-licensed from GenFleet Therapeutics (Shanghai) Inc. for development and commercialization in Greater China (Innovent R&D code: IBI351; Genfleet R&D code: GFH925).

#### Regulatory Action

• In August 2024, the NMPA approved Dupert® (fulzerasib) as monotherapy for the treatment of advanced NSCLC patients harboring KRAS G12C mutation who have received at least one systemic therapy. Dupert® is the first approved KRAS G12C inhibitor in China.

#### Clinical Update

 We continued to follow up with Phase 1b/3 clinical trials investigating fulzerasib combination therapies in patients with previously untreated advanced NSCLC harboring KRAS G12C mutation.

#### Data Publication

 In August 2024, the data from the Phase 2 pivotal study for Dupert® (fulzerasib) for previously treated KRAS G12C-muted NSCLC were published in full manuscript in the *Journal of Thoracic Oncology* (JTO). **DOVBLERON®** (taletrectinib): a novel next-generation ROS1 TKI in-licensed from AnHeart Therapeutics, a Nuvation Bio (NYSE: NUVB) company, for co-development and commercialization in Greater China.

#### Regulatory Actions

DOVBLERON® was approved by the NMPA: 1)
for the treatment of adult patients with locally
advanced or metastatic ROS1-positive NSCLC
who have previously been treated with ROS1 TKIs
in December 2024; and 2) for the treatment of
adult patients with locally advanced or metastatic
ROS1-positive NSCLC in January 2025.

#### Data Publication

- In June 2024, the data from the TRUST-I Phase 2 pivotal clinical study of taletrectinib were published in full manuscript in the *Journal of Clinical Oncology* (JCO) and highlighted in an oral presentation at the 2024 ASCO.
- In September 2024, the data from the pivotal pooled TRUST-I and TRUST-II clinical studies of taletrectinib were presented at the 2024 ESMO.

Jaypirca® (pirtobrutinib): a non-covalent (reversible) BTK inhibitor in-licensed from Lilly, for the sole commercialization rights in Mainland China.

Approved by the U.S. FDA in January 2023, Jaypirca® (pirtobrutinib) became the first and only approved non-covalent (reversible) BTK inhibitor. In October 2024, Jaypirca® (pirtobrutinib) received approval from NMPA as monotherapy for the treatment of adult patients with relapsed or refractory mantle cell lymphoma (MCL) after at least two types of systemic therapy, including a BTK inhibitor.

#### Strategic Collaboration

• In December 2024, we expanded collaboration with Lilly through agreement on commercialization rights for Jaypirca® (pirtobrutinib) in Mainland China. Under the agreement, Innovent will be responsible for the importation, marketing, distribution and promotion of Jaypirca® (pirtobrutinib). Lilly will be responsible for the R&D and post-market medical affairs of Jaypirca® (pirtobrutinib).

**Limertinib:** a third-generation EGFR TKI in-licensed from ASK Pharm for the exclusive commercialization rights in Mainland China.

#### Strategic Collaboration

• In October 2024, we entered into a strategic collaboration with ASK Pharm for Limertinib.

Under the agreement, the Company will obtain the exclusive commercialization rights for limertinib in Mainland China and will be entitled to receive a commercialization service fee based on the product's net sales in the region. ASK Pharm as the MAH holder, will be responsible for the production and commercial supply of limertinib and will be eligible for upfront, regulatory and sales milestone payments.

#### Regulatory Actions

- In January 2025, the NMPA approved limertinib for the treatment of adult patients with locally advanced or metastatic EGFR T790M-mutated NSCLC.
- A second NDA of limertinib for the first-line treatment in adult patients with locally advanced or metastatic NSCLC carrying EGFR exon 19 deletions or exon 21 L858R mutations is currently under NMPA review and anticipated to receive approval in 2025.

#### Data Publication

- In March 2025, the long-term follow up data from the Phase 2b pivotal study for limertinib for the treatment of adult patients with locally advanced or metastatic EGFR T790M-mutated NSCLC will be presented at the 2025 European Lung Cancer Congress (ELCC).
- In the second half of 2025, the data from the Phase 3 study of limertinib for the first-line treatment in adult patients with locally advanced or metastatic NSCLC carrying EGFR exon 19 deletions or exon 21 L858R mutations plan to be published at academic conferences or in academic journals.

**SYCUME®** (teprotumumab N01 injection): a recombinant IGF-1R monoclonal antibody (R&D code: IBI311).

#### Regulatory Action

 In March 2025, the NMPA approved SYCUME<sup>®</sup> for the treatment of TED. SYCUME<sup>®</sup> is the first approved IGF-1R drug in China.

#### Clinical Updates

- In February 2024, the Phase 3 clinical trial of IBI311 (RESTORE-1) met the study endpoints in significantly improving proptosis and Clinical Activity Score (CAS) in patients with TED.
- In 2025, new Phase 3 clinical studies of IBI311
  are in plan, including a head-to-head study with
  steroid therapy in front line treatment of TED, and
  a study with inactive TED.

#### Data Publication

- The results of the Phase 1 and Phase 2 clinical trials of IBI311 in patients with TED in oral presentation at the 39th APAO Congress and the 21st ICE, respectively.
- The results of the Phase 3 RESTORE-1 study were orally presented at the CSE Congress and WOC in August 2024.

# Selected Clinical-Stage Drug Candidates - Oncology

**Ipilimumab:** an anti-CTLA-4 monoclonal antibody (R&D code: IBI310)

#### Regulatory Action

 In February 2025, the NDA of ipilimumab in combination with sintilimab was accepted by the NMPA and granted priority review, as neoadjuvant treatment for resectable MSI-H/dMMR colon cancer. Ipilimumab is China's first domestic CTLA-4 inhibitor in NDA stage.

#### Data Publication

 In 2024, data from a Phase 1b clinical trial of ipilimumab in combination with sintilimab for stated-above indication were presented at the ASCO 2024 (Oral Abstract #3505).

IBI343: a potential best-in-class recombinant anti-CLDN18.2 monoclonal ADC; BTD by NMPA for 3L+ GC and 2L+ PDAC; FTD by U.S. FDA for 2L+ PDAC

#### Clinical Updates

- A multi-regional Phase 3 study is currently ongoing in China and Japan for IBI343 to evaluate IBI343 as monotherapy in patients with 3L+ GC, following the positive results from a Phase 1b study of IBI343 in this indication.
- A multi-regional Phase 1/1b study is currently ongoing mainly in China and the U.S. to evaluate IBI343 as monotherapy in patients with 2L+ PDAC. IBI343 has shown preliminary outstanding efficacy profile based on this ongoing study.

- In 2025, a multi-regional Phase 3 study could be planned for IBI343 for the treatment of 2L+ PDAC, subject to PoC data readout and regulatory communications.
- IBI343 has received two BTDs from the NMPA, for the treatment of 2L+ PDAC and 3L+ GC, respectively.
- IBI343 has received FTD from the U.S. FDA for the treatment of 2L+ PDAC.

#### Data Publication

- The preclinical results of IBI343 were presented at the 2024 AACR Annual Meeting as "Late-Breaking Research".
- The Phase 1b data of IBI343 in patients with later lines of GC were orally presented at the ESMO GI Congress 2024.
- The preliminary Phase 1 data of IBI343 in patients with 2L+ PDAC were presented at the ASCO 2024 (Abstract# 3037); and data from the study's dose-expansion cohort were updated and orally presented at the ESMO Asia Congress 2024.

IBI354: a recombinant anti-HER2 ADC; BTD by NMPA for PROC

#### Clinical Updates

 In March 2025, the first patient was dosed in a Phase 3 clinical study of IBI354 monotherapy in patients with PROC in China. IBI354 also received BTD from NMPA for this indication.

#### Data Publication

 The Phase 1/2 data of IBI354 in patients with solid tumors was orally presented at the 2024 ESMO Congress. IBI354 demonstrated excellent safety profile and promising efficacy signals in multiple tumor types including PROC, HER2-low breast cancer, and HER2-low CRC.

**IBI363:** a first-in-class alpha-biased IL-2 and anti-PD-1 immuno-cytokine

First registrational study in melanoma was initiated.

Multiple Phase 1 and Phase 2 are underway in China and the U.S. including for IO-resistant tumors, cold tumors, and IO-naive tumors.

#### Clinical Updates

- IBI363 is undergoing Phase 1/1b studies across
  multiple cancer types in China, where it shows
  preliminary breakthrough efficacy and durable
  response across multiple cancer types, including
  IO-treated NSCLC, IO-treated/IO-naïve melanoma,
  and the immunologically 'cold' CRC.
- Melanoma: In February 2025, the first pivotal Phase 2 study of IBI363 was initiated, in head-to-head comparison with Pembrolizumab in IO-naive mucosal and acral melanoma. This is IBI363's first pivotal study and a significant milestone for China's innovative IO therapy in addressing the global challenge of treating 'cold tumors'.

- NSCLC: Subject to regulatory communications, the Phase 3 clinical study of IBI363 for the treatment of IO-treated squamous NSCLC is planned in 2025. In addition, IBI363 is also undergoing Phase 1b/2 clinical study in combination with chemotherapy for the treatment of first-line NSCLC.
- CRC: Subject to regulatory communications, the Phase 3 clinical study in IBI363 in combination with bevacizumab for the treatment of third-line microsatellite stable (MSS) CRC is planned in 2025. In addition, IBI363 is also undergoing Phase 2 study in combination with standard therapy for the treatment of first-line colon cancer.
- IBI363 has received two FTDs by the U.S FDA for the treatment of IO-treated melanoma and IO-treated squamous NSCLC, respectively.
- In 2025, we will continue to follow up on clinical results in the above-mentioned indications, as a precondition to initiate new pivotal studies for IBI363.

#### Data Publication

- Results from the Phase 1 clinical study of IBI363 were presented at the 2024 ASCO and the ESMO Virtual Plenary.
- Updated Phase 1 results of IBI363 monotherapy in NSCLC were orally presented at the 2024 WCLC.
- Updated Phase 1 results of IBI363 in combination with bevacizumab in CRC were presented at the 2024 ESMO.

- Updated Phase 1 results of IBI363 monotherapy in IO-treated/IO-naïve melanoma were presented at the 2024 SITC.
- In 2025, we will continue to update the study results of IBI363 at major international academic conferences such as ASCO.

IBI389: a first-in-class CLDN18.2/CD3 bispecific T cell engager

#### Clinical Update

 IBI389 is undergoing a Phase 1 study mainly in patients with CLDN18.2-positive advanced GC and PDAC, with preliminary encouraging efficacy and safety profiles reported. We will continue to follow up on the Phase 1 study in 2025.

#### Data Publication

 The preliminary results from the Phase 1 study of IBI389 in patients with CLDN18.2-positive advanced PDAC and GC were presented at the 2024 ASCO.

**IBI3009:** a potential best-in-class DLL3-targeting ADC; collaborated and out-licensed to Roche for global rights

#### Strategic Collaboration

In January 2025, we entered into a collaboration and exclusive license agreement with Roche for IBI3009. Under the agreement, we granted Roche exclusive global rights to develop, manufacture and commercialize IBI3009. The two parties will jointly focus on the early-stage development of IBI3009, after which Roche will take over full development. We received an upfront payment of US\$80 million and are eligible to receive up to US\$1 billion in development and commercial milestone payments, along with tiered royalties on net sales.

#### Clinical Update

 IBI3009 has obtained IND approvals in Australia, China, and the U.S., with the first patient for the multi-regional Phase 1 study dosed in December 2024.

**IBI3020:** potential first-in-class dual payload ADC targeting CEACAM5

#### Clinical Update

 An IND application and Phase 1 study of IBI3020 is in plan in China and the U.S. in 2025. **IBI3001:** a potentially first-in-class bispecific ADC against B7-H3 and EGFR

• IBI3001 is undergoing multi-regional Phase 1 study with enrolment in China started in 2024, and U.S. Phase 1 in plan.

In addition to the above-mentioned programs, a compelling set of novel multi-specific antibodies and ADCs programs are undergoing or will enter early-stage studies for difficult-to-treat cancers, such as IBI3003 (GPRC5D/BCMA/CD3), IBI3005 (EGFR/HER3 bispecific ADC), IBI130 (TROP2 ADC), etc.

# Selected Clinical-Stage Drug Pipeline Candidates – General Biomedicine

Mazdutide: a GCG/GLP-1 dual receptor agonist, potential best-in-class NDA-stage drug candidate for T2D, weight loss and other metabolic chronic diseases. The Company entered into an exclusive license agreement with Lilly for the development and potential commercialization of OXM3 (also known as mazdutide) in China in 2019 (Innovent R&D code: IBI362).

#### Regulatory Actions

- Obesity or overweight: In February 2024, the first NDA of mazdutide was accepted by the NMPA for review for chronic weight management in adults with obesity or overweight.
- T2D: In August 2024, the second NDA of mazdutide was accepted by the NMPA for review for glycemic control in adults with T2D.

#### Clinical Updates

Five Phase 3 clinical trials of mazdutide in Chinese adults with overweight or obesity (GLORY-1 and GLORY-2) and adults with T2D (DREAMS-1, DREAMS-2 and DREAMS-3) are underway, among which GLORY-1, DREAMS-1 and DREAMS-2 have met study endpoints; three more Phase 3 clinical trials and other new studies are planned for initiation in 2025.

- GLORY-1 (obesity or overweight): In January 2024, the first Phase 3 clinical trial of mazdutide in Chinese adults with obesity or overweight met the primary and all secondary endpoints.
- GLORY-2 (moderate-to-severe obesity): In
  January 2024, the first patient was dosed in a
  Phase 3 clinical trial of mazdutide 9mg in Chinese
  adults with moderate-to-severe obesity. Around
  the end of 2025, GLORY-2 is anticipated to read
  out data in support of a third NDA submission for
  mazdutide.
- **DREAMS-1 (T2D)**: In August 2024, the Phase 3 clinical trial of mazdutide in Chinese patients with T2D inadequately controlled by diet and exercise alone met the primary endpoint and all key secondary endpoints.
- **DREAMS-2 (T2D)**: In May 2024, the Phase 3 clinical trial of mazdutide in Chinese patients with T2D who have inadequate glycemic control with metformin monotherapy or combination therapy of metformin with other oral drugs met the study endpoints.

- **DREAMS-3 (T2D with obesity)**: In February 2024, the first patient was dosed in a Phase 3 clinical trial comparing mazdutide head-to-head with semaglutide 1mg in Chinese T2D patients with obesity, with anticipated data readout near the end of 2025 to early 2026
- New Phase 3 studies in plan: In 2025, new Phase 3 clinical studies are in plan including adolescent obesity, obstructive sleep apnea (OSA) and obesity with metabolic dysfunction-associated fatty liver disease (MAFLD, head-to-head with semaglutide 2.4mg).
- Additional new studies in plan: In 2025, new clinical studies will also be initiated for mazdutide in the treatment of metabolic dysfunctionassociated steatohepatitis (MASH), heart failure with preserved ejection fraction (HFpEF), and higher dose of mazdutide for obesity.

#### Data Publication

 In June 2024, the Phase 3 results of the GLORY-1 study were presented at the 84th ADA Scientific Sessions. Mazdutide 6mg led to 14.4% placebo-adjusted weight loss at week 48. Mazdutide treatment was also associated with reductions in multiple cardiometabolic risk factors, and in particular, mazdutide 6mg led to a 80.2% reduction in liver fat content in participants with baseline LFC ≥10% at week 48.

- In June 2024, the Phase 2 results of mazdutide 9mg in Chinese adults with moderate-to-severe obesity were published at the 84th ADA Scientific Sessions. At week 48, mazdutide 9mg led to 18.6% placebo-adjusted weight reduction. Cardiometabolic benefits were observed in mazdutide treatment, including significant reductions in uric acid levels and LFC.
- In September 2024, the Phase 3 results of the DREAMS-2 study were orally presented as a late-breaking oral presentation (Abstract #: LBA 16) at the 60th EASD. At week 28, mean reductions in HbA1c from baseline were 1.69% and 1.73% for mazdutide 4mg and mazdutide 6mg, respectively, demonstrating superiority over dulaglutide 1.5mg (1.36%). Mazdutide also demonstrated superiority over dulaglutide in weight loss and HbA1c/weight composite endpoints, and improvements on several cardiometabolic risk factors.
- In September 2024, a Phase 1 study exploring effects of higher doses of mazdutide, performed in the U.S. by Lilly, were presented at the EASD scientific sessions.

**Picankibart:** a long-acting anti-IL-23 (p19 subunit) monoclonal antibody. (R&D code: IBI112)

#### Regulatory Action

 In September 2024, a NDA of picankibart was accepted by the NMPA for the treatment of moderate-to-severe plaque psoriasis.

#### Clinical Updates

- In May 2024, the Phase 3 clinical trial (CLEAR-1) of picankibart in patients with moderate-to-severe plaque psoriasis met all the primary endpoints and key secondary endpoints. Picankibart is the first IL-23p19 antibody drug to show over 80% of subjects achieving PASI 90 after 16 weeks of treatment in a registrational Phase 3 clinical trial.
- In October 2024, a Phase 2 study evaluating picankibart treatment in patients with plaque psoriasis previously responded inadequately to other biologics achieved outstanding results. At week 16, the majority of patients (64.6%, 42/65) who had inadequate response to previous biologic agents (mainly those targeting IL-17), achieved skin clearance or near clearance with a sPGA of 0 or 1.
- In October 2024, a Phase 2 study of picankibart for patients with moderate-to-severe ulcerative colitis met primary endpoint and secondary endpoints.
- In 2025, multiple new studies of picankibart will be initiated, for the treatment of psoriasis with prior inadequate response to IL-17 biologics, psoriatic arthritis (PsA) and adolescent psoriasis.

**IBI302 (efdamrofusp alfa):** a first-in-class VEGFR-Fc-Human CR1 fusion protein.

#### Clinical Updates

 A Phase 3 study of 8 mg IBI302 (STAR) in the treatment of nAMD is ongoing. According to the Phase 2 results, IBI302 showed potential to deliver consistent visual benefits and anatomical improvements with long-interval administration, along with possible inhibition of macular atrophy.

#### Data Publication

Results from the Phase 2 study of 6.4/8 mg
 IBI302 in the treatment of nAMD were published at the 2024 American Academy of Ophthalmology (AAO) (Abstract #: PO586).

**Tigulixostat:** a potential best-in-class non-purine XOI for the chronic management of hyperuricemia in patients with gout disease; in-licensed from LG Chem for the development and commercialization in China. LG Chem has initiated multi-regional global Phase 3 clinical trials for Tigulixostat in the fourth quarter of 2022 (Innovent R&D code: IBI128).

#### Clinical Updates

- In November 2024, our partner LG Chem announced top line results of one of the multi-regional global Phase 3 trials, EURELIA-1.
   Tigulixostat has shown superior efficacy over placebo and favorable safety, consistent with results of their previous Phase 2 clinical trial.
- In 2024, a Phase 1 and a Phase 2 studies of Tigulixostat were completed in China. We will initiate a Phase 3 study of Tigulixostat in China in 2025, aligning with its global registration progress.

**IBI356:** a potential best-in-class anti-OX40L monoclonal antibody

#### Clinical Updates

- IBI356 is undergoing Phase 1 study to evaluate its safety and efficacy in moderate-to-severe AD.
- Preliminary Phase 1 results in moderate-to-severe AD will be read out in 2025, and Phase 2 will be initiated in China. We will file the U.S. IND of IBI356 in 2025 and start patient enrolment in the U.S. afterwards.

**IBI355:** a potential best-in-class anti-CD40L monoclonal antibody

#### Clinical Updates

 IBI355 is undergoing Phase 1 study, and we will continue to explore IBI355 in selected indications such as pSS and plan to read out preliminary Phase 1 results in 2025.

**IBI3002:** a first-in-class TSLP/IL-4α bispecific antibody

#### Clinical Updates

 IBI3002 has started Phase 1 clinical trial in Australia in 2024, and we will continue to explore IBI3002 in selected indications such as asthma and plan to read out preliminary Phase 1 results in 2025.

**IBI3016:** a siRNA drug candidate targeting AGT; collaborated with SanegeneBio

#### Clinical Updates

 IBI3016 has started Phase 1 clinical trial and we will continue to explore the efficacy and safety of IBI3016 in treating mild hypertension in 2025.

We expect a growing number of general biomedicine projects across novel targets and modalities will enter IND-enabling and clinical stages, including a new generation oral GLP-1 small molecule, a GLP-1/GCG/GIP antibody-peptide conjugate, unlocking significant potential for addressing global chronic diseases.

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules: The Company cannot guarantee that it will be able to develop, or ultimately market, any of the products in its pipeline successfully. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the Shares.

# Strategic Collaboration with Partners and Other Corporate Development

- In January 2025, we entered into a collaboration and exclusive license agreement with Roche for IBI3009, a novel DLL3-targeted ADC candidate for advanced SCLC. IBI3009 has already obtained IND approvals in Australia, China, and the U.S., with the first patient for the Phase 1 study dosed in December 2024.
- In December 2024, we expanded collaboration with Lilly through agreement on commercialization rights for Jaypirca<sup>®</sup> (pirtobrutinib) in Mainland China, enhancing our hematology portfolio.
- In October 2024, we entered into collaboration with ASK Pharm, to obtain the exclusive commercialization rights for limertinib (EGFR TKI) in Mainland China, strengthening our oncology pipeline synergy.

- In July 2024, we entered updated collaboration with IASO Bio. IASO Bio purchased Innovent's relevant rights of FUCASO® (Equecabtagene Autoleucel) at the agreed price and Innovent used the proceeds to acquire an 18% stake in IASO Bio. Under the new framework, IASO Bio will be fully responsible for the development, manufacturing and commercialization of the product, while Innovent became a strategic shareholder of IASO Bio.
- In February 2024, we entered into a clinical trial collaboration and supply agreement with ImmVirX. ImmVirX is conducting multi-center Phase 1b clinical trial in Australia, to evaluate the anti-tumor activity and safety of the combination therapy of intratumorally administered IVX037 (investigational oncolytic virus) in combination with intravenously injected sintilimab in patients with advanced colorectal, ovarian and gastric cancers.
- Our production capacity of 140,000L in operation guaranteed sufficient capacity to support our growing and mature drug pipeline, as well as our ongoing business expansions. In particular, the large-scale stainless-steel bioreactors have provided market competitive cost advantages for producing antibody drugs.

The Company's official ESG website was launched in July 2024. The platform highlights our comprehensive progress and notable achievements in ESG initiatives. Our core ESG focus areas include Excellent Governance, Enjoying Good Health, High Quality As Key, People First and Embracing Ecology.

### **FINANCIAL REVIEW**

### **IFRS Measure:**

Year Ended 31 December 2024 Compared to Year Ended 31 December 2023

	Year ended 31	December
	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers	9,421,888	6,206,070
Cost of sales	(1,510,210)	(1,136,266)
Gross profit	7,911,678	5,069,804
Other income	535,907	552,350
Other gains and losses	250,000	81,164
Research and development expenses	(2,681,074)	(2,227,556)
Administrative and other expenses	(738,046)	(750,278)
Selling and marketing expenses	(4,346,892)	(3,100,693)
Royalties and other related payments	(901,538)	(670,578)
Share of results of an associate	(41,009)	_
Finance costs	(67,647)	(98,624)
Loss before tax	(78,621)	(1,144,411)
Income tax (expense)/credit	(16,010)	116,498
Loss for the year	(94,631)	(1,027,913)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
FVTOCI	60,985	15,731
Items that may be reclassified subsequently to profit or loss		// 25=1
Exchange differences arising on translation of foreign operations	(17,039)	(1,660)
Other comprehensive income for the year, net of income tax	43,946	14,071
Total comprehensive expense for the year	(50,685)	(1,013,842)

#### 1. Revenue

For the year ended 31 December 2024, the Group generated revenue from contracts with customers of RMB9,421.9 million. The Group generated revenue from (i) sales of pharmaceutical products; (ii) license fee income; and (iii) R&D service fee income. The following table sets forth the components of the revenue from contracts with customers for the years presented:

	Year ended 31 December 2024			
	RMB'000	RMB'000		
Revenue from contracts with customers:				
Sales of pharmaceutical products	8,227,869	5,728,314		
License fee income	1,100,236	447,429		
R&D service fee income	93,783	30,327		
Total revenue from contracts with customers	9,421,888	6,206,070		

For the year ended 31 December 2024, the Group recorded revenue from sales of pharmaceutical products of RMB8,227.9 million, as compared with RMB5,728.3 million for the year ended 31 December 2023.

The Group entered into collaboration and other agreements to provide licenses to customers. Upfront payment, development milestones, sales-based milestones, royalty and other consideration generated are recorded in license fee income directly or in contract liabilities. The portion recorded in contract liability will be transferred to license fee income over time on a systematic basis that is consistent with the customer receives and consumes the benefits.

For the year ended 31 December 2024, the Group recorded license fee income of RMB1,100.2 million, increased by RMB652.8 million as compared with RMB447.4 million for the year ended 31 December 2023. In the second half of 2024, the Group entered into an agreement with IASO Bio on a series of cooperation, pursuant to which, IASO Bio obtained global commercial rights and the intellectual property license for FUCASO® (Equecabtagene Autolucel) and will be fully responsible for development, manufacturing and commercialization of the product, while Innovent became a strategic shareholder of IASO Bio. License fee income recognised for the year ended 31 December 2024 was RMB690.1 million and part portion of the total consideration that recorded in contract liability will be recognised as revenue going forward. Meanwhile, the Group continued to generate and record license fee income from existing collaborations.

#### 2. Cost of Sales

The Group's cost of sales consists of cost of raw material, direct labor, manufacturing overhead, depreciation and amortization related to the production of the products sold, as well as amortization of intangibles and charges for impairment of inventory and intangibles. During the year ended 31 December 2024, the Group recorded cost of sales of RMB1,510.2 million, as compared with RMB1,136.3 million for the year ended 31 December 2023.

#### 3. Other Income

The Group's other income consists of interest income and subsidized grants. Subsidized grants consist of (i) subsidized grants specifically for the capital expenditure related to the purchase of plant and machinery, which is recognised over the useful life of related assets; (ii) incentive and subsidies for R&D activities and others, which are recognised upon compliance with certain conditions; and (iii) incentive which has no specific conditions attached to the grants.

For the years ended 31 December 2024 and 2023, other income of the Group were RMB535.9 million and RMB552.4 million, respectively.

#### 4. Other Gains and Losses

The Group's other gains and losses consist of (i) changes in foreign currency exchange rates; (ii) fair value changes of other financial assets and liabilities (financial assets and liabilities measured at FVTPL); and (iii) gains or losses on disposal of property, plant and equipment.

For the year ended 31 December 2024, other gains and losses of the Group were a gain of RMB250.0 million, as compared with a gain of RMB81.2 million for the year ended 31 December 2023. Such increase was mainly due to the higher gain from both foreign currency exchange and fair value change of investment notes and other investments measured at other financial assets at FVTPL.

#### 5. R&D Expenses

The Group's R&D expenses incurred in performing research and development activities, including but not limited to third-party contracting cost, clinical trial expenses, raw material cost, compensation and benefits, depreciation and amortisation, payments under collaboration and other agreements incurred prior to regulatory filling or approval, and impairment charges of intangible assets.

For the years ended 31 December 2024 and 31 December 2023, the Group incurred R&D expenses of RMB2,681.1 million and RMB2,227.6 million, respectively.

#### 6. Administrative and Other Expenses

For the year ended 31 December 2024, administrative and other expenses of the Group were RMB738.0 million as compared with RMB750.3 million for the year ended 31 December 2023. The Group continues to improve the operating leverage, as well as benefiting from the fast ramp-up revenue, the ratio of administrative and other expenses to total revenue decreased by 4.3 percentage points from 12.1% for the year ended 31 December 2023 to 7.8% for year ended 31 December 2024.

#### 7. Selling and Marketing Expenses

Selling and marketing expenses represent staff costs for selling and marketing personnel and related expenses of marketing and promotion activities.

Selling and marketing expenses were RMB4,346.9 million for the year ended 31 December 2024, as compared with RMB3,100.7 million for the year ended 31 December 2023. The Group has devoted continuous efforts in enhancing productivity and efficiency under a healthy and sustainable operation model, which could further support the Group's sustainable growth. Since the second half of 2024, the Group also strategically invested in preparations for upcoming multiple new product launches.

#### 8. Royalties and Other Related Payments

Royalties and other related payments were RMB901.5 million for the year ended 31 December 2024, as compared with RMB670.6 million for the year ended 31 December 2023. This represents the royalties, sales-based milestones, profit sharing, as well as other related payments to the third parties for various co-development and in-licensing products during the commercialization stage.

#### 9. Income Tax Expense/(Credit)

Income tax expense was RMB16.0 million for the year ended 31 December 2024, as compared with a credit of RMB116.5 million for the year ended 31 December 2023. Such credit for the year of 2023 was mainly from recognition of an income tax withheld refund from license fee income with a U.S. based customer, which was no further applicable to the year of 2024.

#### 10. Non-IFRS Measure

To supplement the Group's consolidated financial statements, which are presented in accordance with the IFRS, the Group also uses Non-IFRS profit/(loss), Non-IFRS EBITDA/(LBITDA), Non-IFRS gross profit, Non-IFRS R&D expenses, Non-IFRS administrative and other expenses, Non-IFRS selling and marketing expenses and other Non-IFRS figures as additional financial measures, which are not required by, or presented in accordance with, the IFRS. The use of this Non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under the IFRS. The Group's presentation of such Non-IFRS figure may not be comparable to a similarly titled measure presented by other companies. However, the Group believes that these Non-IFRS measures are reflections of the Group's normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance, and thus facilitate comparisons of operating performance from period to period and Group to Group to the extent applicable.

The table below sets forth a reconciliation of the loss to Non-IFRS profit/(loss) for the years:

	Year ended 31 December			
	2024			
	RMB'000	RMB'000		
Loss for the year	(94,631)	(1,027,913)		
Added:				
Share-based compensation expenses	556,521	574,197		
Net foreign exchange gains	(130,279)	(60,824)		
Non-IFRS profit/(loss) for the year	331,611	(514,540)		

The table below sets forth a reconciliation of the loss to Non-IFRS EBITDA/(LBITDA) for the years:

	Year ended 31 D	ecember
	2024 RMB'000	2023 RMB'000
Loss for the year	(94,631)	(1,027,913)
Added:		
Interest income	(423,454)	(452,837)
Finance costs	67,647	98,624
Depreciation and amortization <sup>1</sup>	419,768	385,103
Income tax expense/(credit)	16,010	(116,498)
Share-based compensation expenses	556,521	574,197
Net foreign exchange gains	(130,279)	(60,824)
Non-IFRS EBITDA/(LBITDA) for the year	411,582	(600,148)

The table below sets forth a reconciliation of the gross profit to Non-IFRS gross profit for the years:

	Year ended :	Year ended 31 December			
	2024 RMB'000	2023 RMB'000			
	RIMB COO	THIND OOO			
Gross profit	7,911,678	5,069,804			
Added:					
Share-based compensation expenses	90,093	71,844			
Non-IFRS gross profit	8,001,771	5,141,648			

Includes depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets.

The table below sets forth a reconciliation of the R&D expenses to Non-IFRS R&D expenses for the years:

	Year ended 31 December				
	2024	2023			
	RMB'000	RMB'000			
R&D expenses	(2,681,074)	(2,227,556)			
Added:					
Share-based compensation expenses	181,281	252,623			
Non-IFRS R&D expenses	(2,499,793)	(1,974,933)			

The table below sets forth a reconciliation of the administrative and other expenses to Non-IFRS administrative and other expenses for the years:

	Year ended 31	Year ended 31 December			
	2024 RMB′000	2023 RMB'000			
	KI1D 000	1 IIVID 000			
Administrative and other expenses	(738,046)	(750,278)			
Added:					
Share-based compensation expenses	222,626	206,519			
Non-IFRS administrative and other expenses	(515,420)	(543,759)			

The table below sets forth a reconciliation of the selling and marketing expenses to Non-IFRS selling and marketing expenses for the years:

	Year ended 31	December
	2024 RMB'000	2023 RMB'000
Selling and marketing expenses	(4,346,892)	(3,100,693)
Added:		
Share-based compensation expenses	62,521	43,211
Non-IFRS selling and marketing expenses	(4,284,371)	(3,057,482)

#### **Selected Data from Statement of Financial Position**

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
T	40.070.037	10 107 005
Total current assets	10,272,837	13,427,985
Total non-current assets	11,329,765	7,199,375
Total assets	21,602,602	20,627,360
Total current liabilities	4,368,869	4,476,816
Total non-current liabilities	4,116,004	3,622,963
Total liabilities	8,484,873	8,099,779
Net current assets	5,903,968	8,951,169

#### 11. Liquidity and Source of Funding and Borrowing

For the year ended 31 December 2024 and 2023, the Group's bank balances and cash, term deposits, structured products and investment notes in other financial assets were RMB10,221.1 million and RMB10,969.6 million, respectively.

As at 31 December 2024, the current assets of the Group were RMB10,272.8 million, including bank balances and cash, current portion of structured products and investment notes in other financial assets of RMB7,883.7 million. As at 31 December 2024, the current liabilities of the Group were RMB4,368.9 million, including trade and bills payables of RMB357.7 million, other payables and accrued expenses of RMB3,340.9 million, contract liabilities of RMB256.4 million, borrowings of RMB405.1 million and lease liabilities of RMB8.8 million.

As at 31 December 2024, the Group had available unutilised long-term bank loan facilities of approximately RMB1,061.9 million.

## **Management Discussion and Analysis**

#### 12. Key Financial Ratios

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

	As at 31 December 2024	As at 31 December 2023
Current ratio <sup>(1)</sup> Quick ratio <sup>(2)</sup> Gearing ratio <sup>(3)</sup>	2.4 2.2 NM <sup>(4)</sup>	3.0 2.8 NM <sup>(4)</sup>

#### Notes:

- (1) Current ratio is calculated using current assets divided by current liabilities as of the same date.
- (2) Quick ratio is calculated using current assets less inventories and divided by current liabilities as of the same date.
- (3) Gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents divided by total equity and multiplied by 100%.
- (4) Gearing ratio is not meaningful as our interest-bearing borrowings less cash equivalents was negative.

#### 13. Significant Investments

The Group did not hold any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of 31 December 2024) during the year ended 31 December 2024.

#### 14. Material Acquisitions and Disposals

On 25 October 2024, Fortvita Biologics Inc. (a wholly-owned subsidiary of the Company, "Fortvita") and Lostrancos Ventures Ltd (a connected person of the Company, "Lostrancos") entered into a subscription agreement pursuant to which, Lostrancos conditionally agreed to subscribe certain shares of Fortvita at approximately US\$20.5 million. On 3 November 2024, the subscription agreement was terminated and both parties were released and discharged. For details, please refer to the Company's announcements dated 25 October 2024 and 3 November 2024.

Save as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies for the year ended 31 December 2024.

## **Management Discussion and Analysis**

#### 15. Future Plans for Material Investments or Capital Assets

As at 31 December 2024, the Group did not have detailed future plans for material investments or capital assets.

#### 16. Pledge of Assets

As at 31 December 2024, the Group had a total of RMB1,755.3 million of property, plant and equipment, RMB269.5 million of land use rights and RMB133.4 million of bank deposits pledged to secure its loans and banking facilities.

#### 17. Contingent Liabilities

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

#### 18. Foreign Exchange Exposure

During the year ended 31 December 2024, a majority of the Group's transactions were settled in RMB, the functional currency of the Company's primary subsidiaries. As at 31 December 2024, a significant amount of the Group's bank balances and cash was denominated in U.S. dollars. Except for certain bank balances and cash, other receivables, and trade and other payables denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as at 31 December 2024.

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

#### **Directors**

The Directors who held office during the year ended 31 December 2024 and up to the Latest Practicable Date are:

#### **Executive Directors:**

Dr. De-Chao Michael Yu (Chairman of the Board and Chief Executive Officer)

Mr. Ronald Hao Xi Ede

Ms. Qian Zhang (appointed on 3 May 2024)

#### **Independent Non-Executive Directors:**

Dr. Charles Leland Cooney

Ms. Joyce I-Yin Hsu

Dr. Kaixian Chen (resigned on 27 December 2024)

Mr. Gary Zieziula

Dr. Shun Lu (appointed on 9 February 2024)

Mr. Shuyun Chen (appointed on 3 May 2024)

(Lead Independent Non-executive Director)

Biographical details of the Directors are set out in the section headed "Directors and Senior Management" on pages 76 to 81 of this annual report.

#### **General Information**

The Company was incorporated in the Cayman Islands on 28 April 2011 as an exempted limited liability company under the Companies Law, Cap 22 (Law 3 of 1961, as amended or supplemented from time to time) of the Cayman Islands. The Company's Shares were listed on the Main Board of the Stock Exchange on 31 October 2018.

#### **Principal Activities**

The Company's mission is to create a world-class biopharmaceutical company that develops and commercialises high quality drugs that are affordable to ordinary people. The Group was founded in 2011 by Dr. De-Chao Michael Yu, a highly accomplished scientist, innovator and entrepreneur. The Company is committed to innovation in drug development and have complied with global quality standards for every aspect of the Company's business and operations.

To capitalise on the tremendous market opportunity both in China and beyond, the Group has developed a fully-integrated multi-functional platform consisting of advanced research, discovery, development, CMC and commercialisation capabilities. These capabilities have enabled the Group to build a robust pipeline of innovative and commercially promising monoclonal antibodies and other drug assets in the fields of oncology, ophthalmology, autoimmune, and cardiovascular and metabolic diseases. The full integration of our platform enables smooth collaboration between different functional groups at key points in the lifecycle of a drug candidate with the aim of increasing both the speed of development and the likelihood of success while at the same time reducing the cost of development.

#### Results

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

#### **Business Review**

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance, including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this report. All the review, discussions and analysis mentioned above form part of this report. Events affecting the Company that have occurred since the end of the financial year is set out in the sections headed "Post-Reporting (Expected) Milestones and Achievements" under "Management Discussion and Analysis" and "Important 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" to be published on the same day with this annual report.

#### **Principal Risks and Uncertainties**

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

- its financial position;
- its ability to obtain additional financing to fund its operations;
- its ability to development and commercialise its drug candidates, especially those in pre-clinical or clinical development;
- its ability to identify additional drug candidates;
- tariffs and geopolitics;

- 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 candidates.

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

## **Environmental Policies and Performance**

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth. For more details, please refer to the Company's 2024 ESG Report.

# Compliance with the Relevant Laws and Regulations

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

#### **Employee and Remuneration Policies**

As at 31 December 2024, the Group had a total of 5,659 (as at 31 December 2023: 4,872) employees, including approximate 1,100 from R&D, over 900 from CMC, and over 3,300 from selling and marketing. The remuneration policy and package of the Company's employees are periodically reviewed. The remuneration package comprises salaries, bonuses, employees provident fund and social security contributions, other welfare payments and share-based payment expenses. The packages were set by benchmarking with companies in similar industries and in accordance with employees' educational backgrounds, experience and performance. In accordance with applicable Chinese laws, the Company has made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for the Company's employees. The Company also provided external and internal training programs to our employees. The Company also adopted the Pre-IPO Plan, the Post-IPO ESOP, the 2018 RS Plan, the 2020 RS Plan and the newly adopted 2024 Share Scheme to provide incentives for the Company's employees. Please refer to the section headed "Statutory and General Information – D. Equity Plan" in Appendix IV to the prospectus of the Company dated 18 October 2018 for further details of the Pre-IPO Plan, the Post-IPO ESOP and the 2018 RS Plan, the circular of the Company dated 28 May 2020 for further details of the 2020 RS Plan, the termination of the 2018 RS Plan, and the circular of the Company dated 4 June 2024 for further details of the 2024 Share Scheme and the termination of the Post-IPO ESOP and the 2020 RS Plan.

The total remuneration cost incurred by the Group for the year ended 31 December 2024 was RMB2,913.5 million, as compared to RMB2,744.0 million for the year ended 31 December 2023.

During the year ended 31 December 2024, the Group did not experience any significant labor disputes or any difficulty in recruiting employees.

### Major Customers and Suppliers Major Customers

During the year ended 31 December 2024, the Group derived all of its revenues from (i) sales of pharmaceutical products; (ii) license fee income; and (iii) R&D service fee income. For the year ended 31 December 2024, revenue from the five largest customers accounted for 59.9% (2023: 60.8%) of the Group's total revenue and the Group's largest customer for the year ended 31 December 2024 accounted for approximately 45.2% (2023: 53.1%) of the Group's total revenue amount for the same year.

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

#### **Major Suppliers**

Our major suppliers include (i) third-party developers of human antibody discovery platforms; (ii) several reputable third-party suppliers of cell culture media; and (iii) contract research organisations and consultants that manage, conduct and support our clinical trials and preclinical studies globally. For the year ended 31 December 2024, purchases from the Group's five largest suppliers accounted for approximately 50.9% (2023: 53.2%) of the Group's total purchase amount in the same year. The Group's largest supplier for the year ended 31 December 2024 accounted for approximately 20.6% (2023: 26.2%) of the Group's total purchase amount for the same year.

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

During the year ended 31 December 2024, the Group did not experience any significant disputes with its customers or suppliers.

#### **Financial Summary**

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 212 of this annual report. This summary does not form part of the audited consolidated financial statements.

#### **Pre-emptive Rights**

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

#### **Tax Relief and Exemption**

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

#### **Subsidiaries**

Particulars of the Company's subsidiaries are set out in Note 17 to the consolidated financial statements.

#### **Property, Plant and Equipment**

Details of movements in the property, plant and equipment of the Company and the Group during the year ended 31 December 2024 are set out in Note 14 to the consolidated financial statements.

#### **Share Capital and Shares Issued**

Details of movements in the share capital of the Company for the year ended 31 December 2024 and details of the Shares issued during the year ended 31 December 2024 are set out in Note 32 to the consolidated financial statements.

#### **Donation**

During the year ended 31 December 2024, the Group made charitable donations of approximately RMB204.6 million (2023: approximately RMB154.7 million).

#### **Debenture Issued**

The Group did not issue any debenture during the year ended 31 December 2024.

#### **Equity-linked Agreements**

Save for the Pre-IPO Share Incentive Plan, the Post-IPO ESOP, the 2018 RS Plan, the 2020 RS Plan, the 2024 Share Scheme and the Subscription Agreement as set out in this annual report, no equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2024.

#### **Dividends**

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

#### **Permitted Indemnity**

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

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

#### **Distributable Reserves**

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

As at 31 December 2024, the Company had distributable reserves for share premium of RMB27,722,624,000 (2023: RMB27,324,496,000).

Details of movements in the reserves of the Group and the Company during the year ended 31 December 2024 are set out in the consolidated statement of changes in equity on page 109 and in Note 32 to the consolidated financial statements, respectively.

#### **Bank Loans and Other Borrowings**

Particulars of bank loans and other borrowings of the Group as at 31 December 2024 are set out in the section headed "Management Discussion and Analysis" in this annual report and Note 28 to the consolidated financial statements.

#### **Directors' Service Contracts**

Ms. Qian Zhang and Mr. Shuyun Chen have been appointed as an executive Director and an independent non-executive Director, respectively, on 3 May 2024.

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years with effect from the date of their service contracts, subject to renewal after the expiry of the then current term.

Save for Dr. Shun Lu, each of the independent non-executive Directors has signed a letter of appointment with the Company for a term of three years since the commencement date of his/her appointment letter, subject to renewal after the expiry of the then current term.

Dr. Shun Lu has been appointed as an independent non-executive Director on 9 February 2024, he signed a letter of appointment with the Company on 9 February 2024 for a term of one year. The Company and Dr. Shun Lu signed a letter of appointment on 8 February 2025 to renew the term of his appointment for three years, subject to renewal after the expiry of the then current term.

The above appointments are always subject to the provisions of retirement and rotation of directors under the Articles of Association and the Corporate Governance Code.

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

#### Directors' Interests in Transactions, Arrangements or Contracts of Significance

Save as disclosed in the Note 36A to the consolidated financial statements, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended 31 December 2024.

#### **Contracts with Controlling Shareholders**

The Company has no Controlling Shareholders during the year ended 31 December 2024.

#### **Management Contracts**

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

## Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company or Any of Its Associated Corporations

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

Name of Director	Capacity/Nature of interest	Number of shares/ underlying shares	Approximate percentage of holding <sup>(1)</sup>	Long position/ Short position
Dr. Yu	Beneficial owner	105,547,403 <sup>(2)</sup>	6.44%	Long position
		371.747 <sup>(3)</sup>	0.02%	Short position
	Grantor of a trust	8,000,000(4)	0.49%	Long position
	Founder of a discretionary trust who can influence how the trustee exercises his discretion	12,422,595 <sup>(5)</sup>	0.76%	Long position
Ms. Qian Zhang (" <b>Ms. Zhang</b> ")	Beneficial owner	5,788,829(6)	0.35%	Long position
Mr. Ronald Hao Xi Ede ("Mr. Ede")	Beneficial owner	8,294,475 <sup>(7)</sup>	0.51%	Long position
Dr. Charles Leland Cooney ("Dr. Cooney")	Beneficial owner	147,092(8)	0.01%	Long position
Ms. Joyce I-Yin Hsu ("Ms. Hsu")	Beneficial owner	108,002(9)	0.01%	Long position
Mr. Gary Zieziula ("Mr. Zieziula")	Beneficial owner	391,001(10)	0.02%	Long position
Mr. Shuyun Chen ("Mr. Nick Chen")	Beneficial owner	23,922(10)	0.00%	Long position

#### Notes:

- 1. The calculation is based on the total number of 1,638,147,004 Shares in issue as at 31 December 2024.
- 2. Includes (i) 86,952,930 Shares held directly by Dr. Yu; (ii) Dr. Yu's entitlement to receive up to 11,196,889 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; and (iii) Dr. Yu's entitlement to the aggregate of 7,397,584 Shares underlying Restricted Shares granted to him, subject to the conditions of these underlying Restricted Shares.
- 3. These Shares are in connection with a donation agreement entered into by Dr. Yu, pursuant to which he agreed to sell HK\$10,000,000 worth of his Shares (approximately 371,747 Shares based on the closing price of HK\$26.90 on 27 December 2019, the closest trading day to the date of the agreement) and to transfer the proceeds remaining (after tax and relevant fees) to the beneficiary. Such date of transfer shall be extended to a date as agreed by the parties.
- 4. These Shares are held by Gloria Bingqinzi Yu and Catherine Tong Yu as co-trustees of Yu Tong Family Irrevocable Trust, of which Dr. Yu and his spouse are the grantors. Under the SFO, Dr. Yu is deemed to be interested in these Shares.
- 5. These Shares are held by The Bryn Mawr Trust Company of Delaware as trustee of (i) Madrone Grove Dynasty Trust; and (ii) Jenelope Dynasty Trust, of which Dr. Yu and his spouse are the grantors. Under the SFO, Dr. Yu is deemed to be interested in these Shares.
- 6. Includes (i) 334,494 Shares held directly by Ms. Zhang; (ii) Ms. Zhang's entitlement to receive up to 3,427,191 Shares pursuant to the exercise of options granted to her, subject to the conditions of these options; and (iii) Ms. Zhang's entitlement to the aggregate of 2,027,144 Shares underlying Restricted Shares granted to her, subject to the conditions of these underlying Restricted Shares.
- 7. Includes (i) 3,255,616 Shares held directly by Mr. Ede; (ii) Mr. Ede's entitlement to receive up to 3,011,715 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; and (iii) Mr. Ede's entitlement to the aggregate of 2,027,144 Shares underlying Restricted Shares granted to him, subject to the conditions of these underlying Restricted Shares.
- 8. Includes (i) 45,401 Shares held directly by Dr. Cooney; (ii) Dr. Cooney's entitlement to receive up to 79,650 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; and (iii) Dr. Cooney's entitlement to the aggregate of 22,041 Shares underlying Restricted Shares granted to him, subject to the conditions of these underlying Restricted Shares.
- 9. Includes (i) 6,311 Shares held directly by Ms. Hsu; (ii) Ms. Hsu's entitlement to receive up to 79,650 Shares pursuant to the exercise of options granted to her, subject to the conditions of these options; and (iii) Ms. Hsu's entitlement to the aggregate of 22,041 Shares underlying Restricted Shares granted to her, subject to the conditions of these underlying Restricted Shares.
- 10. Includes (i) Mr. Zieziula's entitlement to receive up to 294,809 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; and (ii) Mr. Zieziula's entitlement to the aggregate of 96,192 Shares underlying Restricted Shares granted to him, subject to the conditions of these underlying Restricted Shares.
- 11. Includes (i) 11,000 Shares held directly by Mr. Nick Chen; (ii) Mr. Nick Chen's entitlement to receive up to 3,371 Shares pursuant to the exercise of options granted to him, subject to the conditions of these options; and (iii) Mr. Nick Chen's entitlement to the aggregate of 9,551 Shares underlying Restricted Shares granted to him, subject to the conditions of these underlying Restricted Shares.

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

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

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

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding <sup>(1)</sup>	Long position/ Short position/ Lending pool
Temasek Holdings (Private) Limited(2)	Interest in a controlled corporation	129,840,850	7.93%	Long position
		15,078,500	0.92%	Short position
The Capital Group Companies, Inc. <sup>(3)</sup> ("Capital Group Companies")	Interest in a controlled corporation	113,425,003	6.92%	Long position

#### Notes:

- 1. The calculation is based on the total number of 1,638,147,004 Shares in issue as at 31 December 2024.
- 2. TLS Beta Pte. Ltd ("**TLS Beta**") is a wholly-owned subsidiary of Temasek Life Sciences Private Limited, which is in turn a wholly-owned subsidiary of Fullerton Management Pte Ltd, which is in turn a wholly-owned subsidiary of Temasek Holdings (Private) Limited. Under the SFO, Temasek Life Sciences Private Limited, Fullerton Management Pte Ltd and Temasek Holdings (Private) Limited are deemed to be interested in the 89,475,350 Shares held by TLS Beta.

Temasek Life Sciences Private Limited, Fullerton Management Pte Ltd and Temasek Holdings (Private) Limited are also deemed to be interested in the 11,230,000 Shares held by held by Elbrus Investments Pte. Ltd., a wholly-owned subsidiary of Temasek Life Sciences Private Limited.

Fullerton Management Pte Ltd and Temasek Holdings (Private) Limited are also deemed to be interested in the 3,941,000 Shares held by True Light Investments H Pte Ltd., an indirect wholly-owned subsidiary of Fullerton Management Pte Ltd.

In addition to the above, Temasek Holdings (Private) Limited is deemed to be interested in the 25,209,500 Shares (long position) and 15,078,500 (short position) held by other entity under its control. For details, please refer to the disclosure of interest form of Temasek Holdings (Private) Limited filed on 28 October 2024.

3. Capital Research and Management Company ("Capital Research") is a wholly-owned subsidiary of Capital Group Companies, which directly holds 83,892,654 Shares and is deemed to be interested in the 29,532,349 Shares held by other entities under the control of Capital Group International Inc., a wholly-owned subsidiary of Capital Research. Under the SFO, Capital Group Companies is deemed to be interested in the Shares held by Capital Research.

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

#### **Equity Plans**

The Company has five existing share schemes, namely the Pre-IPO Share Incentive Plan (terminated on 9 May 2022), the Post-IPO ESOP (terminated on 21 June 2024), the 2018 RS Plan (terminated on 12 June 2020), the 2020 RS Plan (terminated on 21 June 2024) and the 2024 Share Scheme (adopted on 21 June 2024).

29,016,280 new Shares, representing approximately 1.78% of the weighted average of issued share capital of the Company (excluding treasury shares (as defined under the Listing Rules)), may be issued in respect of all options and awards granted during the Reporting Period to eligible participants pursuant to the 2024 Share Scheme.

Further details and relevant breakdowns of each of the share schemes of the Company are set out below:

#### 1. Pre-IPO Share Incentive Plan

The term of the Pre-IPO Share Incentive Plan has expired on 9 May 2022 and the Pre-IPO Share Incentive Plan has been terminated.

#### **Purpose**

The purpose of the Pre-IPO Share Incentive Plan is to promote the success of the Company and the interests of its shareholders by providing a means through which the Company may grant equity-based incentives to attract, motivate, retain and reward certain officers, employees, directors and other eligible persons and to further link the interests of award recipients with those of the Company's shareholders generally.

#### **Eligible Participants**

Those eligible to participate in the Pre-IPO Share Incentive Plan include employees, advisers or consultants, all members of the Board and other individuals, as determined, authorised and approved by the Board or a committee authorised by the Board.

# Maximum Number of Shares Available for Grant under the Pre-IPO Share Incentive Plan

The overall limit on the number of underlying shares which were delivered and may be delivered pursuant to awards granted under the Pre-IPO Share Incentive Plan is 165,476,820 Shares, subject to any adjustments for other dilutive issuances.

No further awards would be granted under the Pre-IPO Share Incentive Plan after listing.

Given that no further awards would be granted under the Pre-IPO Share Incentive Plan, the outstanding number of options would be equivalent to the maximum number of Shares available for issue under the Pre-IPO Share Incentive Plan. As at 1 January 2024 and 31 December 2024, the aggregate number of underlying Shares pursuant to the outstanding options granted under the Pre-IPO Share Incentive Plan were 21,079,011 and 12,751,844 Shares, respectively. Details of the Pre-IPO Share Incentive Plan are set out in Note 33 to the consolidated financial statements.

#### Maximum Entitlement for Each Participant

There is no specific limit on the maximum number of shares which may be granted to a single eligible participant under the Pre-IPO Share Incentive Plan.

#### **Vesting Period**

The vesting criteria and conditions, and the vesting date are specified in the award agreement. Details of the vesting period of individual grants are stated in the table below.

#### Consideration

No consideration is required to be paid by the grantees for the grant of awards under the Pre-IPO Share Incentive Plan.

#### **Exercise Price**

The exercise price of an option may be a fixed price based on the par value of an ordinary share of the Company or variable price related to the fair market value of an ordinary share of the Company. The exercise price of all the options and share awards granted under the Pre-IPO Share Incentive Plan is between US\$0.017 and US\$1.342.

## Remaining Life of the Pre-IPO Share Incentive Plan

The Pre-IPO Share Incentive Plan commenced on 10 May 2012 (the "Effective Date") and terminated at the close of business on the day before the 10th anniversary of the Effective Date. Given that the term of the Pre-IPO Share Incentive Plan has expired on 9 May 2022, the Pre-IPO Share Incentive Plan has been terminated.

After the termination of the Pre-IPO Share Incentive Plan either upon such stated expiration date or its earlier termination by the Board, no additional awards may be granted, but previously granted awards (and the authority of the Administrator with respect thereto, including the authority to amend such awards) shall remain outstanding in accordance with their applicable terms and conditions and the terms and conditions of the Pre-IPO Share Incentive Plan.

Further details of the Pre-IPO Share Incentive Plan are set out in the Prospectus and Note 33 to the financial statements.

#### Outstanding Share options and share awards

The table below shows details of the outstanding share options granted to all grantees under the Pre-IPO Share Incentive Plan as of 31 December 2024. No options and/or share awards were granted since the Listing. For further details on the movement of the options during the Reporting Period, please see Note 33 to the consolidated financial statements.

No options have been granted to connected persons of the Company (including directors of the company and the senior management) under the Pre-IPO Share Incentive Plan which are outstanding.

Details of the movements of the options granted under the Pre-IPO Share Incentive Plan (which involves issuing new Shares) during the Reporting Period are as follows:

							Number o	of options		Weighted
Name or category of grantee	Date of grant	Exercise period	<b>V</b> esting period	Exercise price	Outstanding as at 1 January 2024	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2024	average closing price immediately before the exercise date during the Reporting Period
Ms. Qian Zhang	Between 14 April 2017 and 9 October 2018	•	4 years from the date of grant	Between US\$0.198 and US\$0.2952	1,425,000	(650,000)	-	-	775,000	HK\$46.16
Service Providers in aggregate	Between 10 May 2012 and 13 July 2018	10 years from the date of grant	4 years from the date of grant	Between US\$0.017 and US\$0.212	5,310,000	(3,620,000)	-	-	1,690,000	HK\$42.63
Employee Participants in aggregate	Between 10 May 2012 and 9 October 2018	•	4 years to 6 years from the date of grant	Between US\$0.017 and US\$1.342	14,344,011	(4,057,167)	-	-	10,286,844	HK\$43.79
Total					21,079,011	(8,327,167)	-	_	12,751,844	

Note: The exercise price in respect of the options exercised during the Reporting Period is US\$0.035, US\$0.11, US\$0.198, US\$0.212 and US\$0.2952.

#### 2. Post-IPO ESOP

The Post-IPO ESOP was terminated on 21 June 2024.

#### **Purpose**

The purpose of the Post-IPO ESOP is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of our Company and its Shares for the benefit of our Company and Shareholders as a whole. The Post-IPO ESOP will provide our Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants.

#### **Eligible Participants**

Any individual, being an employee, director, officer, consultant, adviser, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to our Group.

## Maximum Number of Shares Available for Grant

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO ESOP and any other schemes is 111,815,071, being no more than 10% of the Shares in issue on the date the Shares commenced trading on the Stock Exchange. The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO ESOP and any other share option schemes of the Company at any time must not exceed 30% of the Shares in issue from time to time.

As of 1 January 2024, 54,441,520 new Shares were available for grant under the Post-IPO ESOP. During the Reporting Period, 4,805,399 options had been granted pursuant to the Post-IPO ESOP. Given that no further options would be granted under the Post-IPO ESOP after its termination, the outstanding number of options would be equivalent to the maximum number of Shares available for issue under the Post-IPO ESOP. It follows that, as of 31 December 2024 and the Latest Practicable Date, the total number of outstanding options was 53,247,608 Shares and 52,552,491 Shares (representing approximately 3.2% of the issued share capital of the Company as at the Latest Practicable Date), respectively. Further details of the Post-IPO ESOP are set out in the Prospectus and Note 33 to the financial statements.

#### Maximum Entitlement of Each Participant

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

#### **Option Period**

An option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to the Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

#### **Vesting Period**

An offer shall be made to selected participants by a letter in duplicate which specifies the terms on which the option is to be granted. Such terms may include any minimum period(s) for which an option must be held and/or any minimum performance target(s) that must be achieved, before the option can be exercised in whole or in part, and may include at the discretion of the Board or its delegate(s) such other terms either on a case basis or generally.

#### Consideration

An amount of HK\$1.00 must be paid as consideration for the grant of the share options and such payment must be made within 20 business days from the date the share option grant offer is made to the grantee.

#### **Exercise Price**

Pursuant to the Post-IPO ESOP, the participants may subscribe for the Shares on the exercise of an option at the price determined by the Board provided that it shall be at least the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (b) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share on the date of grant.

#### Remaining Life of the Post-IPO ESOP

The Post-IPO ESOP was terminated in its entirety on 21 June 2024, the adoption date of the 2024 Share Scheme. Nonetheless, after such termination, no further options shall be offered or granted under the Post-IPO ESOP, but in all other respects the provisions of the Post-IPO ESOP shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the rules of the Post-IPO ESOP.

Further details of the Post-IPO ESOP are set out in the Prospectus.

Outstanding options

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

							Number of options	options			Closing price of the Shares immediately	Fair value of options at	Weighted average closing price immediately before the	Performance targets for options
Name or category of grantee	Date of grant	Exercise period	Vesting period	Exercise price	Outstanding as at 1 January 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2024	before the date of grant during the Reporting Period	the date of grant during the Reporting Period	exercise date during the Reporting Period	granted during the Reporting Period
Directors														
Dr. De-Chao Michael Yu	15 March 2019	10 years from	75% shall vest on 15 March 2022;	HK\$28.30	4,142,857	1	1	1	1	4,142,857	N/A	N/A	N/A	N/A
	15 April 2020	tne date of grant 10 years from	and 25% shall yest on 15 March 2023 75% shall yest on 15 April 2023;	HK\$33.95	2,071,429	1	•		,	2,071,429	N/A	N/A	N/A	N/A
		the date of grant	and 25% shall vest on 15 April 2024											
	30 March 2021	10 years from	75% shall vest on 30 March 2024;	HK\$78.20	1,085,714	1	1	1	1	1,085,714	N/A	N/A	N/A	N/A
		the date of grant	and 25% shall vest on 30 March 2025											
	30 March 2022	10 years from the date of grent	75% shall vest on 30 March 2025;	HK\$30:60	1,354,889	ı	1	ı	1	1,354,889	N/A	N/A	N/A	N/A
	30 March 2093	10 years from	75%, chall yact on 30 March 9096:	HK \$58 30	1 690 000			,	,	1 690 000	N/A	N/A	N/A	N/A
	OU IVIGIUII 2020	the date of grant	and 25% shall vest on 30 March 2027	BO'OO®VIII	000,020,1	ı	ı	ı		070,020,1	V/)	Z/A	Z)	V/N
	22 March 2024	10 years from	75% shall vest on 22 March 2027;	HK\$40.24	ı	972,000	ı	1	ı	972,000	HK\$38.10	HK\$19.26 <sup>(1)</sup>	N/A	See Note 2
		the date of grant	and 25% shall vest on 22 March 2028											
Mr. Ronald Hao Xi Ede	15 March 2019	10 years from	75% shall vest on 15 March 2022;	HK\$28.30	952,381	1	1	1	1	952,381	N/A	N/A	N/A	N/A
	15 April 2020	10 years from	75% shall vest on 15 April 2023;	HK\$33.95	635,714	1	1	1	1	635,714	N/A	N/A	N/A	N/A
		the date of grant	and 25% shall vest on 15 April 2024											
	30 March 2021	10 years from	75% shall vest on 30 March 2024;	HK\$78.20	342,857	1	1	1	ı	342,857	N/A	N/A	N/A	N/A
		the date of grant	and 25% shall vest on 30 March 2025											
	30 March 2022	10 years from	75% shall vest on 30 March 2025;	HK\$30.60	373,763	1	1	1	ı	373,763	N/A	N/A	N/A	N/A
		the date of grant	and 25% shall vest on 30 March 2026											
	30 March 2023	10 years from	75% shall vest on 30 March 2026	HK\$38.39	440,000	1	1	1	ı	440,000	N/A	N/A	N/A	N/A
		the date of grant	and 25% shall vest on 30 March 2027											
	22 March 2024	10 years from	75% shall vest on 30 March 2027	HK\$40.24	1	267,000	ı	1	1	267,000	HK\$38.10	HK\$19.26 <sup>(1)</sup>	N/A	See Note 2
		the date of grant	and 25% shall vest on 30 March 2028											

							Number of options	options			Closing price of the Shares	Fair value of options at	Weighted average closing price immediately before the	Performance targets for options
Name or category of grantee	Date of grant	Exercise period	Vesting period	Exercise price	Outstanding as at 1 January 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2024	before the date of grant during the Reporting Period	the date of grant during the Reporting Period	exercise date during the Reporting Period	granted during the Reporting Period
Ms. Qian Zhang	15 March 2019	10 years from	75% shall vest on 15 March 2022;	HK\$28.30	542,857	1	1	1	1	542,857	N/A	N/A	N/A	N/A
	15 April 2020	10 years from	anu 25% shall vest on 15 April 2023; 75% shall vest on 15 April 2023;	HK\$33.95	685,714	1	ı	ı	1	685,714	N/A	N/A	N/A	N/A
	30 March 2021	the date of grant 10 years from	and 25% shall vest on 15 April 2024 75% shall vest on 30 March 2024;	HK\$78.20	342,857	1	ı	1	1	342,857	N/A	N/A	N/A	N/A
	30 March 2022	10 years from	75% shall vest on 30 March 2025;	HK\$30.60	373,763	1	1	ı	1	373,763	N/A	N/A	N/A	N/A
	30 March 2023	the date of grant 10 years from	and 25% shall vest on 30 March 2026 75% shall vest on 30 March 2026	HK\$38.39	440,000	•	,	1	!	440,000	NA	N/A	N/A	N/A
	22 March 2024	the date of grant 10 years from	and 25% shall vest on 30 March 2027 75% shall vest on 30 March 2027	HK\$40.24	ı	267,000	ı	ı	ı	267,000	HK\$38.10	HK\$18.10**	N/A	See Note 2
Dr. Charles Leland Cooney	30 March 2022	the date of grant 10 years from	and 25% shall vest on 30 March 2028 33.33% shall vest on 30 March 2023;	HK\$30.60	38,628	1	1	1	1	38,628	N/A	N/A	NA	N/A
		the date of grant	33,33% shall vest on 30 March 2024; and 33,33% shall vest on 30 March 2025											
	30 March 2023	10 years from the date of grant	33.33% shall vest on 30 March 2024; 33.33% shall vest on 30 March 2025;	HK\$38.39	35,966	1	1	1	1	32,986	N/A	N/A	N/A	N/A
	22 March 2024	10 years from	and 33.33% shall vest on 30 March 2026 33.33% shall vest on 22 March 2025;	HK\$40.24		5,056	1	1		5,056	HK\$38.10	HK\$18.80(1)	N/A	N/A
		the date of grant	33,33% shall vest on 22 March 2026; and 33,33% shall vest on 29 March 2027											
Ms. Joyce I-Yin Hsu	30 March 2022	10 years from	33.33% shall vest on 30 March 2023;	HK\$30.60	38,628	1	•	1	1	38,628	N/A	N/A	N/A	N/A
	0000	the date of grant	33.33% shall vest on 30 March 2024; and 33.33% shall vest on 30 March 2025	00 000	6					c c	Š	***	***	Š
	3U March 2023	TO years from the date of grant	33.33% shall vest on 30 March 30 2024; 33.33% shall vest on 30 March 2025;	HK-828.33	35,900	1	ı	ı	ı	98. 98.	N/A	NA	NA	N/A
	22 March 2024	10 years from	and 33,33% shall vest on 30 March 2026 33,33% shall vest on 22 March 2025;	HK\$40.24	1	5,056	1	1	1	990'9	HK\$38.10	HK\$18.80 <sup>(1)</sup>	N/A	N/A
		ille date oi grafi	33,33% shall vest on 22 March 2027 and 33,33% shall vest on 22 March 2027											

							Number of options	options						
Name or category of grantee	Date of grant	Exercise period	Vesting period	Exercise price	Outstanding as at 1 January 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2024	Closing price of the Shares immediately before the date of gant during the Reporting	Fair value of options at the date of grant during the Reporting Period	Weighted average closing price immediately before the exercise date during the Reporting Period	Performance targets for options granted during the Reporting Period
Dr. Kaixian Chen <sup>e)</sup>	30 March 2022	10 years from the date of grant	33.33% shall vest on 30 March 2023; 33.33% shall vest on 30 March 2024;	HK\$30.60	15,451	1	1	(5,150)	1	10,301	N/A	N/A	N/A	N/A
	30 March 2023	10 years from the date of grant	and 33.33% shall vest on 30 March 2025 33.33% shall vest on 30 March 2024; 33.33% shall vest on 30 March 2025;	HK\$38.39	14,386	I	1	(9,591)	1	4,795	N/A	N/A	N/A	N/A
	22 March 2024	10 years from the date of grant	and 33.35% shall vest on 30 March 2026 33.35% shall vest on 22 March 2025, 33.35% shall vest on 22 March 2026.	HK\$40.24	ı	2,022	ı	(2,022)	•	ı	HK\$38.10	HK\$18.80**	N/A	N/A
Mr. Gary Zieziula	1 June 2022	10 years from the date of grant	and 33,33% shall vest on 22 March 2027 33,33% shall vest on 1 June 2023; 33,33% shall vest on 1 June 2024:	, HK\$24.30	117,045	ı	1	1	1	117,045	N/A	N/A	N/A	N/A
	30 March 2023	10 years from the date of grant	and 33.33% shall vest on 1 June 2025 33.33% shall vest on 30 March 2024; 33.33% shall vest on 30 March 2025;	HK\$38.39	155,854	1	1	ı	1	155,854	N/A	N/A	N/A	N/A
	22 March 2024	10 years from the date of grant	and 33.33% shall vest on 30 March 2026 33.33% shall vest on 22 March 2025; 33.33% shall vest on 22 March 2026;	HK\$40.24	ı	21,910	1	ı	1	21,910	HK\$38.10	HK\$18.80 <sup>(1)</sup>	N/A	N/A
Mr. Shuyun Chen	3 May 2024	10 years from the date of grant	and 33.3% shall vest on 22 March 2027 33.33% shall vest on 3 May 2025; 33.33% shall vest on 3 May 2026;	HK\$40.90	ı	3,371	•	ı	•	3,371	HK\$41.85	HK\$22.14 <sup>(1)</sup>	N/A	N/A
Service Providers in aggregate	15 March 2019	$\rightleftharpoons$	and 33,33% shall vest on 3 May 2027 75% shall vest on 15 March 2022;	HK\$28.30	100,000	ı	1	ı	1	100,000	N/A	N/A	N/A	N/A
	the date of g 9 December 2022 10 years from the date of g	the date of grant 10 years from the date of grant	and 25% shall vest on 15 March 2023 75% shall vest on 9 December 2025; and 25% shall vest on 9 December 2026	HK\$32.25	000'008	ı	1	1	ı	000'008	N/A	N/A	N/A	N/A

Name or category of grantee Date of grant Employee Participants in 15 March 2019 aggregate <sup>R)</sup> 14 June 2019 29 August 2019	gant Exercise period 1.2019 10 years from the date of grant the date of grant the date of grant the date of grant									WANTED THE PARTY OF THE PARTY O			Darfarmana
	8 . 8 .	Vesting period	Exercise price	Outstanding G as at dur 1 January Rel 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2024	of the Shares immediately before the date of grant during the Reporting	Fair value of options at the date of grant during the Reporting Period	immediately before the exercise date during the Reporting	targets for options granted during the Reporting Period
	9		HK\$28.30	3,148,115	1	(942,214)	'	'	2,205,901	N/A	N/A	HK\$36.50	N/A
29 Augus	the date of grant	in and 20% shall yest on 19 march 2023 75% shall yest on 14 June 2022;	HK\$26.25	198,571	1	(114,286)	ı	ı	84,285	N/A	N/A	HK\$36.5	N/A
	$\rightleftharpoons$	7	HK\$25.85	57,143		1	•	1	57,143	N/A	N/A	N/A	N/A
4 Decemb	the date of grant 4 December 2019 10 years from	7	HK\$28.15	98/199	1	(29,286)	1	1	27,500	N/A	N/A	HK\$40.16	N/A
15 April 2020	the date of grant 2020 10 years from	t and 25% shall vest on 4 December 2023 75% shall vest on 15 April 2023;	HK\$33.95	5,639,388	1	(1,380,120)	1	1	4,259,268	N/A	N/A	HK\$44.98	N/A
11. Italy 2000			HK\$47.80	1 131 086	1	(20,285)	(9.857)	ı	1 107 044	A/N	A/N	HK\$50 48	A/N
			DO LA	00010111		(007 07)	(1001-)		5		NU.	P. Soon	
27 August 2020	at 2020 10 years from the date of orant	75% shall vest on 27 August 2023;	HK\$54.55	114,284	1	1	ı	1	114,284	N/A	N/A	N/A	N/A
3 Decemb	3 December 2020 10 years from	~	HK\$53.90	3,427,735	1	1	(202,347)	1	3,225,388	N/A	N/A	N/A	N/A
30 March 2021	the date of grant 100 vears from	t and 25% shall vest on 3 December 2024	HK\$78.20	5 017 459	1	1	(174 204)	1	4 843 255	N/A	WA	N/A	N/A
23 June 2021	=	7	HK\$90.05	632,735	1	1	(73,481)	1	559,254	N/A	NA	N/A	N/A
	the date of grant 10 vears from	t and 25% shall vest on 23 June 2025 50% shall vest on 23 June 2026;	HX\$90.05	125.714	1	1	ı	1	125,714	N/A	NA	N/A	N/A
26 August 2021			HK\$64.69	158.857		1	(73.149)	,	85.715	N/A	AN	N/A	N/A
	the date of grant			5 6								****	
6 Decemi	6 December 2021 10 years from the date of grant	75% shall vest on 6 December 2024; t and 25% shall vest on 6 December 2025	¥88:51	395,310	1	ı	(121,430)	ı	273,880	NA	N	N/A	NA
30 March 2022	9	7	HK\$30.60	6,739,561	ı	ı	(605,420)	1	6,134,141	N/A	NA	N/A	N/A

Name or category of grantee Date of grant Evertise period 75% shall west on 8 July 2022 10 years from 75% shall west on 8 July 2025; the date of grant 75% shall west on 20 August 2025; the date of grant 75% shall west on 20 August 2025; the date of grant 75% shall west on 20 Bosember 2025; the date of grant 75% shall west on 9 December 2025; the date of grant 75% shall west on 30 March 2026; and 25% shall west on 30 March 2026; the date of grant 75% shall west on 20 June 2027; the date of grant 75% shall west on 20 June 2027; the date of grant 75% shall west on 20 June 2027; the date of grant 75% shall west on 20 June 2027; the date of grant 75% shall west on 22 March 2022; the date of grant 75% shall west on 22 March 2022; the date of grant 75% shall west on 14 June 2027; the date of grant 75% shall west on 14 June 2027;				Number of options	foptions			Closina price		Weighted average closing price	Performance
10 years from the date of grant the date of grant the date of grant 3 10 years from The date of grant 10 years from The date of grant 10 years from The date of grant	Vesting period	Outstanding as at 1 January Exercise price 2024	standing Granted as at during the Lanuary Reporting 2024 Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2024	of the Shares immediately before the date of grant during the Reporting	Fair value of options at the date of grant during the Reporting Period	immediately before the exercise date during the Reporting	
the date of grant 3 10 years from The date of grant 10 years from The date of grant	75% shall	HK87.55	- 227.998	1	(14,286)	'	213.712	N/A	N/A	'	N/A
the date of gant the date of gant 10 years from the date of gant 10 years from 7 the date of gant 10 years from 7 the date of gant 10 years from 10 years from 110 years fr	rant 7		- 25.571	1	1	1	55,571	N/A	N/A	1	N/A
the date of gant 10 years from 10 years from 10 years from 7 110 years from 7 110 years from 110	yrant 7		206.412	1	(8,000)		198.412	N/A	N/A	,	N/A
the date of gant 10 years from 10 years from 11 the date of gant 10 years from 11 years from 11 years from 11 years from 11 years from 12 years from 13 years from 14 date of gant	grant 7	0	9 830 034	1	(1329.145)	1	8.500.886	N/A	N/A	1	N/A
10 years from the date of gant the date of gant the date of gant 10 years from the date of gant the date of gant 10 years from 10 years from the date of gant t	ant	5			(2)						
the date of gent  The date of gent  The date of gent  To years from  To years from  The date of gent	_	HK\$35.20 15	154,000 -	1	1	1	154,000	N/A	N/A	1	N/A
the date of grant  10 years from  10 years from  7	yrant 7	H\$\$2.84	- 008'16	1	ı	•	91,800	N/A	N/A	'	N/A
ine date of grant 10 years from the date of grant	7	HK\$40.24	- 2,876,600	ı	(922'800)	1	2,320,800	HK\$38.10	Staff: HK\$17.57	N/A	See Note 2
	ant 74	HK\$38.30	- 385,384	ı	(10,000)	1	375,384	HK\$36.25	Management. HK\$18.10** Staff: HK\$19.44 Management:	N/A	See Note 3
									HK\$19.71		
Total		Z. Z.	54,115,275 4,805,399	(2,486,191)	(3,186,875)	1	53,247,608				

## Notes:

The Company granted 1,276,415 options to the Directors and 3,528,984 options to the Employee Participants during the Reporting Period, which are measured at the fair value of the equity instruments at the grant date according to IFRS 2 Share-based payments. The fair value of the equity-settled share-based payments was determined at the grant date without taking into consideration all non-market vesting conditions expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding ncrease in equity (share-based payments reserve). At the end of the Reporting Period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions.

- grantee serves, these functions include research and development, CMC, sales and marketing, and general and administration, etc. The vesting percentage of These performance targets are set against certain benchmark of the functions in which the individual Each vesting of the options granted to the grantees will be subject to the individual annual performance targets as stipulated in the respective grant letters the options at each vesting will be adjusted based on his/her annual performance appraisal. entered into by the Company and each of the grantees. S.
- entered into by the Company and each of the Grantees. These performance targets are set against certain benchmark of the functions in which the individual grantee serves, these functions include research, CMC, and clinical development, etc. The vesting percentage of the options at each vesting will be adjusted Each vesting of the options granted to the grantees will be subject to the individual annual performance targets as stipulated in the respective grant letters based on his/her annual performance appraisal. ო
- Dr. Kaixian Chen resigned as an independent non-executive Director with effect from 27 December 2024.
- Employee Participants other than Dr. De-Chao Michael Yu, Mr. Ronald Hao Xi Ede, Ms. Qian Zhang, Dr. Charles Leland Cooney, Ms. Joyce I-Yin Hsu, Dr. Kaixian Chen, Mr. Gary Zieziula and Mr. Shuyun Chen as disclosed above, on individual basis. 5

#### 3. 2018 RS Plan

The 2018 RS Plan was approved by the Shareholders on 15 October 2018 and terminated on 12 June 2020.

#### **Purpose**

The purpose of the 2018 RS Plan was to enable the directors, officers, and other key contributors and employees of the Group to share the success of the Company, in order to assure a closer identification of the interests of such persons with those of the Group and stimulate the efforts of such persons on the Group's behalf.

#### **Eligible Participants**

Any person who is a full-or part-time executive officer, senior vice president, department head, vice president or any other key contributor and employee of the Company or any subsidiary of the Company.

## Maximum Number of Shares Available for Issue under the 2018 RS Plan

The total number of shares issued and may be issued by the Company within two years of the Listing for distribution of Shares corresponding to the restricted shares granted under the 2018 RS Plan shall not exceed 55,907,535 Shares.

Given that no further awards would be granted under the 2018 RS Plan after its termination, the number of unvested awards would be equivalent to the maximum number of Shares available for issue under the 2018 RS Plan. As of 1 January 2024 and 31 December 2024, restricted shares representing 2,361,133 and nil underlying Shares granted to eligible participants pursuant to the 2018 RS Plan remain unvested, respectively. Further details of the 2018 RS Plan are set out in the Prospectus and Note 33 to the financial statements.

#### Maximum Entitlement for Each Participant

There is no specific limit on the maximum number of shares which may be granted to a single eligible participant under the 2018 RS Plan.

#### **Vesting Period**

The vesting criteria and conditions, and the vesting date are specified in the award agreement. Details of the vesting period of individual grants are stated in the table below.

#### Consideration

No consideration is required to be paid by the grantees for the grant of awards under the 2018 RS Plan.

#### Remaining Life of the 2018 RS Plan

The 2018 RS Plan was terminated in its entirety on 12 June 2020, the adoption date of the 2020 RS Plan. Nonetheless, the rights and obligations of the grantees and the Company with respect to the restricted Shares that have been granted or earmarked pursuant to the 2018 RS Plan on or before the date of termination as provided (or will be provided) in the relevant award agreements shall survive termination of the 2018 RS Plan and remain in full force and effect except otherwise provided for the relevant award agreements.

Further details of the 2018 RS Plan are set out in the Prospectus and Note 33 to the financial statements.

Details of the movements of the restricted Shares granted under the 2018 RS Plan during the Reporting Period are as follows:

Name or category of grantee	Date of grant	Vesting Period	Purchase Price	Unvested as of 1 January 2024	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as of 31 December 2024	Weighted average closing price immediately before the vesting date during the Reporting Period
Directors									
Dr. De-Chao Michael Yu	2 May 2019	5 years from the date of grant	Nil	1,380,360	(1,380,360)	-	-	-	HK\$38.25
	15 April 2020	4 years from the date of grant	Nil	362,500	(362,500)	-	-	-	HK\$37.35
Mr. Ronald Hao Xi Ede	15 April 2020	4 years from the date of grant	Nil	80,000	(80,000)	-	-	-	HK\$37.35
Ms. Qian Zhang	15 April 2020	4 years from the date of grant	Nil	80,000	(80,000)	-	-	-	HK\$37.35
Employee Participants	15 April 2020	4 years from the date of grant	Nil	351,491	(351,491)	-	-	-	HK\$37.35
in aggregate	11 June 2020	4 years from the date of grant	Nil	106,782	(106,782)	-		-	HK\$35.80
Total				2,361,133	(2,361,133)	-	_	-	

Note: Employee Participants other than Dr. De-Chao Michael Yu, Mr. Ronald Hao Xi Ede and Ms. Qian Zhang as disclosed above, on individual basis.

#### 4. 2020 RS Plan

The 2020 RS Plan was approved by the Shareholders on 12 June 2020 and terminated on 21 June 2024.

#### **Purpose**

The purpose of the 2020 RS Plan is to enable the directors, officers, and other key contributors and employees of the Group to share the success of the Company, in order to assure a closer identification of the interests of such persons with those of the Group and stimulate the efforts of such persons on the Group's behalf.

#### **Eligible Participants**

Any Person who is a full-or part-time executive officer, senior vice president, department head, vice president or other key contributor and employee of the Company or any subsidiary of the Company from time to time.

## Maximum Number of Shares Available for Issue under the 2020 RS Plan

The total number of shares issued and may be issued by the Company within five years of 12 June 2020 for distribution of Shares corresponding to the restricted shares granted under the 2020 RS Plan shall not exceed 67,152,410 Shares.

As of 1 January 2024, 25,895,369 restricted shares were available for grant under the 2020 RS Plan. During the Reporting Period, 22,812,781 restricted shares were granted to eligible participants pursuant to the 2020 RS Plan. Given that no further awards would be granted under the 2020 RS Plan, the outstanding number of restricted shares would be equivalent to the maximum number of Shares available for issue under the 2020 RS Plan. It follows that, as of 31 December 2024 and the Latest Practicable Date, restricted shares representing 51,076,391 underlying Shares and 40,204,742 underlying Shares (representing approximately 2.5% of the issued share capital of the Company as at the Latest Practicable Date) granted to eligible participants pursuant to the 2020 RS Plan remain unvested, respectively. Further details of the 2020 RS Plan are set out in the announcement of the Company dated 27 May 2020, the circular of the Company dated 28 May 2020 and Note 33 to the financial statements.

#### Maximum Entitlement for Each Participant

Restricted shares may be granted to the Directors, provided that the total number of restricted shares granted to such Directors in aggregate shall not exceed 1% of the total number of Shares in issue as of the day of each subsequent annual general meeting of the Company, for the period between (i) such annual general meeting and (ii) the day before the following annual general meeting or the last day of the term of the Plan, whichever is earlier (each a "Grant Period"). The Company shall obtain independent shareholders' approval at each subsequent annual general meeting, being the first day of a Grant Period, for such grants of restricted shares during such Grant Period, and the issue and allotment of underlying shares.

Restricted shares may also be granted to independent non-executive Directors, provided that (i) the total number of restricted shares granted to any independent non-executive Director in each Grant Period shall not exceed 0.1% of the total number of Shares in issue as of the first day of such Grant Period; and (ii) the market value of such total number of restricted shares granted to any independent non-executive Director in each Grant Period shall not exceed HK\$5,000,000 on any day of grant of restricted shares during such Grant Period.

#### **Vesting Period**

The vesting criteria and conditions, and the vesting date are specified in the award agreement. Details of the vesting period of individual grants are stated in the table below.

#### Consideration

No consideration is required to be paid by the grantees for the grant of awards under the 2020 RS Plan.

#### Remaining Life of the 2020 RS Plan

The 2020 RS Plan was terminated in its entirety on 21 June 2024, the adoption date of the 2024 Share Scheme.

Further details of the 2020 RS Plan are set out in the announcement of the Company dated 27 May 2020 and the circular of the Company dated 28 May 2020 and Note 33 to the financial statements.

Details of the movements of the restricted shares granted under the 2020 RS Plan during the Reporting Period are as follows:

Name or category of grantee	Date of grant	Vesting period	Purchase price	Unvested as of 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as of 31 December 2024	Closing price of Shares immediately before the date of grant during the Reporting	Fair value of restricted shares at the date of grant during the Reporting Period	Weighted average closing price immediately before the vesting date during the Reporting	Performance targets for restricted shares granted during the Reporting Period
Diractore													
Dr. De-Chao Michael Yu	30 March 2021	4 years from the date of grant	≅	725,000	1	(543,750)	1	1	181,250	N/A	NA	HK\$37.70	N/A
	30 March 2022	75% shall vest on 30 March 2025;	≅	2,032,334	1	1	1	1	2,032,334	N/A	N/A	N/A	N/A
		and 25% shall vest on 30 March 2026											
	30 March 2023	75% shall vest on 30 March 2026;	≅	2,430,000	ı	1	ı	ı	2,430,000	N/A	N/A	N/A	N/A
		and 25% shall vest on 30 March 2027											
	22 March 2024	75% shall vest on 22 March 2027;	Ī	1	2,754,000	ı	ı	1	2,754,000	HK\$38.10	HK\$36.00 <sup>(1)</sup>	N/A	See Note 2
		and 25% shall vest on 22 March 2028											
Mr. Ronald Hao Xi Ede	30 March 2021	4 years from the date of grant	Ī	160,000	ı	(120,000)	ı	ı	40,000	N/A	N/A	HK\$37.70	N/A
	30 March 2022	75% shall vest on 30 March 2025;	Ī	560,644	1	1	1	1	560,644	N/A	N/A	N/A	N/A
		and 25% shall vest on 30 March 2026											
	30 March 2023	75% shall vest on 30 March 2026;	≅	670,000	1	ı	I	1	670,000	N/A	N/A	N/A	N/A
		and 25% shall vest on 30 March 2027											
	22 March 2024	75% shall vest on 22 March 2027;	≅	1	756,500	ı	ı	1	756,500	HK\$38.10	HK\$36.00 <sup>(1)</sup>	N/A	See Note 3
		and 25% shall vest on 22 March 2028											
Ms. Qian Zhang	30 March 2021	4 years from the date of grant	Ī	160,000	ı	(120,000)	ı	1	40,000	N/A	N/A	HK\$37.70	N/A
	30 March 2022	75% shall vest on 30 March 2025;	Z	560,644	1	ı	ı	1	560,644	N/A	N/A	N/A	N/A
		and 25% shall vest on 30 March 2026											
	30 March 2023	75% shall vest on 30 March 2026;	Ī	000'029	ı	ı	ı	1	000'029	N/A	N/A	N/A	N/A
		and 25% shall vest on 30 March 2027											
	22 March 2024	75% shall vest on 22 March 2027;	Ē	ı	756,500	ı	ı	ı	756,500	HK\$38.10	HK\$36,00 <sup>(1)</sup>	N/A	See Note 4
		and 25% shall vest on 22 March 2028											

Name or category of grantee	Date of grant	Vesting period	Purchase price	Unvested as of 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting	Lapsed during the Reporting Period	Unvested as of 31 December 2024	Closing price of Shares immediately before the date of grant during the Reporting Period	Fair value of restricted shares at the date of grant during the Reporting Period	Weighted average closing price immediately before the vesting date during the Reporting	Performance targets for restricted shares granted during the Reporting
Dr. Charles Leland Cooney	30 March 2022	33.33% shall vest on 30 March 2023; 33.33% shall vest on 30 March 2024;	₩	3,219	ı	(1,609)	1	1	1,610	N/A	N/A	HK\$37.70	N/A
	30 March 2023	and 33,33% shall vest on 30 March 2025 33,33% shall vest on 30 March 2024; 33,33% shall vest on 30 March 2025;	Ē	4,496	ı	(1,499)	1	ı	2,997	N/A	N/A	HK\$37.70	N/A
	22 March 2024	and 33.33% shall vest on 30 March 2026 33.33% shall vest on 22 March 2025; 33.33% shall vest on 22 March 2026;	Ē	I	14,326	1	1	I	14,326	HK\$38.10	HK\$36.00(1)	N/A	N/A
Ms. Jayoa I-Yin Hsu	30 March 2022	and 33.33% shall vest on 22 March 2027 33.33% shall vest on 30 March 2023; 33.33% shall vest on 30 March 2024;	Ē	3,219	1	(1,609)	1	ı	1,610	N/A	N/A	HK\$37.70	N/A
	30 March 2023	and 33.33% shall vest on 30 March 2025 33.33% shall vest on 30 March 2024; 33.33% shall vest on 30 March 2025;	Ē	4,496	ı	(1,499)	ı	1	2,997	N/A	N/A	HK\$37.70	N/A
	22 March 2024	and 33.33% shall vest on 30 March 2026 33.33% shall vest on 22 March 2025; 33.33% shall vest on 22 March 2026;	Ē	I	14,326	1	ı	1	14,326	HK\$38.10	HK\$36.00 <sup>(1)</sup>	N/A	N/A
Dr. Kaixian Chen <sup>®</sup>	30 March 2022	and 33.33% shall vest on 22 March 2027 33.33% shall vest on 30 March 2023; 33.33% shall vest on 30 March 2024;	Ē	1,287	1	(644)	(643)	1	ı	N/A	N/A	HK\$37.70	N/A
	30 March 2023	and 33.33% shall vest on 30 March 2025 33.33% shall vest on 30 March 2024; 33.33% shall vest on 30 March 2025;	Ē	1,798	1	(288)	(1,199)	ı	,	N/A	N/A	HK\$37.70	N/A
	22 March 2024	and 33.33% shall vest on 30 March 2026 33.33% shall vest on 22 March 2025; 33.33% shall vest on 22 March 2026; and 33.33% shall vest on 22 March 2027	氢	ı	5,730	ı	(2,730)	ı	ı	HK\$38.10	HK\$36.00⊕	N/A	N/A

Miles   Table   Tabl	Name or category of grantee	Date of grant	Vesting period	Purchase price	Unvested as of 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as of 31 December 2024	Closing price of Shares immediately before the date of grant during the Reporting Period	Fair value of restricted shares at the date of grant during the Reporting Period	Weighted average closing price immediately before the vesting date during the Reporting	Performance targets for restricted shares granted during the Reporting Period
and 33.25% shall vest on 3 March 2025, 33.35% shall vest on 3 March 2025, 33.55% shall	Mr. Gary Zieziula	1 June 2022	33.33% shall vest on 1 June 2023, 33.33% shall vest on 1 June 2024;	Ē	9,754	ī	(4,877)	1	I	4,877	N/A	N/A	HK\$37.70	N/A
2 March 2024 33.33% shall vest on 22 March 2026; NR - 62.079 62.079 62.079 HK\$8.10 HK\$8.10 HK\$8.00 HK\$8.10 HK\$8.00 HK\$8.10 HK\$		30 March 2023	and 33.33% shall vest on 1 June 2025 33.33% shall vest on 30 March 2024; 33.33% shall vest on 30 March 2025;	Ē	19,482	1	(6,494)	ı	I	12,988	N/A	N/A	HK\$37.70	N/A
1		22 March 2024	and 33.33% shall vest on 30 March 2026 33.33% shall vest on 22 March 2025; 33.33% shall vest on 22 March 2026; and 33.33% shall vest on 29 March 2077	乭	1	62,079	1		•	62,079	HK\$38.10	HK\$36.00€	N/A	N/A
9 December 2022 4 years from the date of grant 2000 990,000 NA NA HK\$43.45 S 27 August 2020 4 years from the date of grant 20,000 - (20,000) NA NA HK\$83.55 S 30 March 2021 4 years from the date of grant 20,900 - (154,779) (33,775) - 275,310 NA NA HK\$8.55 S 30 March 2021 24,000 restricted shares; 4 years from the date of grant 20,900 restricted shares; 4 years from the date of grant 20,900 restricted shares; 4 years from the date of grant 20,900 restricted shares; 4 years from the date of grant 20,900 restricted shares; 8 NI 120,000 - (154,779) (50,000) - 17,500 NA NA HK\$8.55 S 30 March 2022 75% shall vest on 30 March 2025; NI 10,301,869 (154,789) - (151,000) - 148,000 NA	dr. Shuyun Chen	3 May 2024	33.33% shall vest on 3 May 2025; 33.33% shall vest on 3 May 2026; and 33.33% shall vest on 3 May 2027	Ē	1	9,551	1	1	I	9,551	HK\$41.85	HK\$40.90 <sup>(1)</sup>	N/A	N/A
27 August 2020 4 years from the date of grant Cabe of grant Cabe of grant cate of grant 49,ears from the date of grant cate of g	service Providers in aggregate		4 years from the date of grant	⋾	930,000	1	1	ı	1	930,000	N/A	N/A	N/A	N/A
21 4 years from the date of grant t 29,587 from the date of grant to min to 299,100   - (158,725)	:mployee Participants in aggregate <sup>(6)</sup>		4 years from the date of grant 4 years from the date of grant	<b>≅</b> ≅	20,000 1,102,292	1 1	(20,000) (840,155)	(262,137)	1 1	1 1	N/A N/A	N/A N/A	HK\$43.45 HK\$38.55	N/A N/A
date of grant 429,587 restricted shares; 4 years from the date of grant  22021 4 years from the date of gran		30 March 2021 23 June 2021	4 years from the date of grant 244,000 restricted shares; 6 years from the	豆 豆	1,200,940 239,200	1 1	(862,155) (154,779)	(63,475)	1 1	275,310 51,046	N/A N/A	N/A A/N	HK\$37.70 HK\$36.80	N/A N/A
2021 4 years from the date of grant Nii 120,000 - (158,325) (50,000) - 17,500 N/A N/A HK\$43.45 2021 4 years from the date of grant Nii 1299,100 - (158,325) (90,500) - 50,275 N/A N/A HK\$38.55 22 75% shall vest on 30 March 2025; Nii 10,301,889 (813,968) - 9,487,901 N/A N/A N/A N/A And 25% shall vest on 30 March 2026; Nii 158,000 (10,000) - 148,000 N/A			date of grant 429,587 restricted shares; 4 years from the date of grant											
2021 4 years from the date of grant Nil 299,100 – (158,325) (90,500) – 50,275 N/A N/A HK\$38.55   22 75% shall vest on 30 March 2025; Nil 10,301,869 – – (813,968) – 9,487,901 N/A N/A N/A N/A and 25% shall vest on 30 March 2026; Nil 158,000 – – (10,000) – 148,000 N/A		26 August 2021	4 years from the date of grant	≅	120,000	1	(52,500)	(20,000)	ı	17,500	N/A	N/A	HK\$43.45	N/A
and 25% shall vest on 30 March 2026; 75% shall vest on 8 July 2025; Nil 158,000 (10,000) - 148,000 N/A N/A N/A N/A		6 December 2021 30 March 2022	4 years from the date of grant 75% shall vest on 30 March 2025;	<b>2 2</b>	299,100 10,301,869	1 1	(158,325)	(90,500)	1 1	50,275 9,487,901	N/A N/A	N N	HK\$38.55 N/A	N N A A
		8 July 2022	and 25% shall vest on 30 March 2026; 75% shall vest on 8 July 2025; and 25%, shall vest on 8 July 2028;	Ē	158,000	ı	1	(10,000)	I	148,000	N/A	N/A	N/A	N/A

										Closing price of Shares immediately before the	Fair value of restricted shares at	Weighted average closing price immediately	Performance targets for restricted shares
Name or category of grantee	Date of grant	Vesting period	Purchase price	Unvested as of 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as of 31 December 2024	date of grant during the Reporting Period	the date of grant during the Reporting Period	vesting date during the Reporting Period	granted during the Reporting Period
	29 August 2022	75% shall vest on 29 August 2025;	Ē	000'09	1	1	1	ı	000'09	N/A	N/A	N/A	N/A
	9 December 2022	and 25% snall vest on 29 August 2026; 75% shall vest on 9 December 2025;	Ē	319,407	I	İ	(8,000)	1	311,407	N/A	N/A	N/A	N/A
	30 March 2023	and 25% shall vest on December 2026; 75% shall vest on 30 March 2026;	Z	14,762,580	1	ı	(1,897,280)	1	12,865,300	N/A	N/A	NA	N/A
	20 June 2023	and 25% shall vest on 30 March 2027 75% shall vest on 20 June 2026;	Z	154,000	1	1	1	1	154,000	NA	N/A	NA	N/A
	7 December 2023	and 25% shall vest on 20 June 2027 75% shall vest on 7 December 2026,	≅	137,400	1	1	1	ı	137,400	N/A	N/A	N/A	N/A
	22 March 2024	and 25% shall vest on 7 December 2027 75% shall vest on 22 March 2027;	Z	1	17,868,650	1	(3,420,750)	1	14,447,900	HK\$38.10	HK\$36.00(1)	N	See Note 4
	14 June 2024	and 25% shall vest on 22 March 2028 75% shall vest on 14 June 2027;	Ē	ı	571,119	1	(10,000)	ı	561,119	HK\$36.25	HK\$37.95(1)	N/A	See Note 7
Total		and 25% shall vest on 14 June 2028		37,821,161	22,812,781	(2,890,494)	(5,667,057)	ı	51,076,391				

Notes:

The Company granted 3,616,512 restricted shares to the Directors and 19,196,269 restricted shares to the Employees Participants during the Reporting Period, which are measured at the fair value of the equity instruments at the grant date according to IFRS 2 Share-based payments.  $\equiv$ 

The fair value of the equity-settled share-based payments was determined at the grant date without taking into consideration all non-market vesting conditions expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding ncrease in equity (share-based payments reserve). At the end of the Reporting Period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions.

- Each vesting of the restricted shares granted to grantees are subject to the individual annual performance targets as stipulated in the award letters entered nto by the Company and the grantees. The vesting percentage of the restricted shares will be adjusted based on his annual performance appraisal at each vesting. For the grant to Dr. Yu, these performance result requirements relate to and include the overall performance of the Company, marketing and sales of commercialized products, progress of the Group's portfolio development plans and achievement of the business plans of the Group. Please refer to the announcement dated 24 March 2024 for further details. (2)
- Each vesting of the restricted shares granted to grantees are subject to the individual annual performance targets as stipulated in the award letters entered into by the Company and the grantees. The vesting percentage of the restricted shares will be adjusted based on his annual performance appraisal at each vesting. or the grant to Mr. Ede, these performance result requirements relate to and include the overall performance of the Company, and achievement of targets in areas in fund management. Please refer to the announcement dated 24 March 2024 for further details. (3)
- Each vesting of the restricted shares granted to the grantees will be subject to the individual annual performance targets as stipulated in the respective grant etters entered into by the grantee and the Company. These performance targets are set against certain benchmark of the functions in which the individual grantee serves, these functions include research, CMC, sales and marketing, and general and administration, etc. The vesting percentage of the restricted shares at each vesting will be adjusted based on his/her annual performance appraisal. 4
- Dr. Kaixian Chen resigned as an independent non-executive Director with effect from 27 December 2024. (2)
- Employee Participants other than Dr. De-Chao Michael Yu, Mr. Ronald Hao Xi Ede, Ms. Qian Zhang, Dr. Charles Leland Cooney, Ms. Joyce I-Yin Hsu, Dr. Kaixian Chen, Mr. Gary Zieziula and Mr. Shuyun Chen as disclosed above, on individual basis. 9
- Grantee serves, these functions include research, CMC, and clinical development, etc. The vesting percentage of the restricted shares will be adjusted based Each vesting of the restricted shares granted to the grantees will be subject to the individual annual performance targets as stipulated in the respective grant etters entered into by the grantee and the Company. These performance targets are set against certain benchmark of the functions in which the individual on his/her annual performance appraisal at each vesting.

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#### 5. 2024 Share Scheme

The 2024 Share Scheme was approved by the Shareholders on 21 June 2024.

#### **Purpose**

The purpose of the 2024 Share Scheme is to (a) to provide the Company with flexible means of remunerating, incentivizing, retaining, rewarding, compensating and/or providing benefits to Eligible Participants; (b) to align the interests of Eligible Participants with those of the Company and Shareholders by providing such Eligible Participants with the opportunity to acquire shareholding interests in the Company; and (c) to encourage Eligible Participants to contribute to the long-term growth, performance and profit of the Company and its Shares for the benefit of the Company and Shareholders as a whole.

#### **Eligible Participants**

Any person who is (i) the employee participant, being any person who is an employee (whether full-time or part-time), director or officer of any member of the Group; (ii) related entity participants, being any person who is an employee (whether full-time or part-time or other employment relationship), director or officer of (a) a holding company of the Company, (b) subsidiaries of the holding company other than members of the Group, or (c) an associated company of the Company; and (iii) service provider participants, being consultants and service providers (including an entity) providing services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group as determined by the scheme administrator.

## Maximum Number of Shares Available for Issue under the 2024 Share Scheme

The maximum number of new Shares that may be issued pursuant to all awards made under the 2024 Share Scheme is 162,838,357 Shares, with the scheme mandate limit being 10% of the total issued and outstanding Shares (excluding any treasury shares (as defined under the Listing Rules)) as at the date of the shareholders' approval of the 2024 Share Scheme. The total number of Shares that may be issued pursuant to Awards granted to Service Provider Participants under the 2024 Share Scheme is 32,567,671 being 2% of the Shares in issue (excluding any treasury shares (as defined under the Listing Rules)) as at the date of the shareholders' approval of the 2024 Share Scheme.

The 2024 Share Scheme was approved by the Shareholders on 21 June 2024. During the Reporting Period, 226,500 options and 1,171,600 restricted shares were granted to eligible participants pursuant to the 2024 Share Scheme. It follows that, as of 31 December 2024, 161,464,257 Shares are available for future grant under the aforementioned scheme mandate limit and among the scheme mandate limit, the service provider sublimit is 32,567,671 Shares. As at the Latest Practicable Date, 134,457,562 new Shares (representing approximately 8.2% of the issued share capital of the Company) were available for grant under the 2024 Share Scheme. Further details of the 2024 Share Scheme are set out in the circular of the Company dated 4 June 2024 and Note 33 to the financial statements.

#### Maximum Entitlement for Each Participant

There is no specific maximum entitlement for each Eligible Participant under the 2024 Share Scheme.

#### **Vesting Period**

The vesting criteria and conditions, and the vesting date are specified in the award letter. Details of the vesting period of individual grants are stated in the table below.

#### Consideration

The scheme administrator may determine in their absolute discretion the amount (if any) payable on application or acceptance of an award and the period within which any such payments must be made, and such amounts (if any) and periods shall be set out in the award letter.

#### Remaining Life of the 2024 Share Scheme

The 2024 Share Scheme shall be valid and effective for the period of 10 years commencing on 21 June 2024. The remaining life of the 2024 Share Scheme is approximately 9.5 years from 31 December 2024.

Further details of the 2024 Share Scheme are set out in the circular of the Company dated 4 June 2024 and Note 33 to the financial statements.

Details of the movements of the options granted under the 2024 Share Scheme during the Reporting Period are as follows:

											Closing price		Weighted	
											ofthe		average	
											Shares		closing price	Performance
											immediately	Fair value of	immediately	targets for
											beforethe	options at	before the	
					Outstanding	Granted	Exercised	Cancelled	Lapsed	Outstanding	date of grant	the date of	exercise date	
					as at	during the	during the	during the	during the	as at	during the	grant during	during the	
				Exercise	1 January	Reporting	Reporting	Reporting	Reporting	31 December	Reporting	the Reporting	Reporting	Reporting
Name or category of grantee Date of grant	Date of grant	Exercise period Vesting period	Vesting period	price	2024	Period	Period	Period	Period	2024	Period	Period	Period	Period
Employee Participants in	30 August 2024	10 years from	75% shall vest on 30 August 2027;	HK\$43.77	1	170,600	1	1	ı	170,600	HK\$43.50	Staff: HK\$24.06	N/A	See Note 2
aggregate		the date of grant	the date of grant and 25% shall vest on 30 August 2028									Management:		
												HK\$24.72(1)		
	5 December 2024	5 December 2024 10 years from	75% shall vest on 5 December 2027;	HK\$38.38	1	92,900	1	•	ı	55,900	HK\$37.55	Staff: HK\$19.47	N/A	See Note 3
		the date of grant	the date of grant and 25% shall vest on 5 December 2028									Management:		
												HK\$20.10**		
Total					1	226,500	ı	1	1	226,500				

# Notes:

The Company granted 226,500 options to the Employee Participants during the Reporting Period, which are measured at the fair value of the equity nstruments at the grant date according to IFRS 2 Share-based payments.  $\equiv$ 

The fair value of the equity-settled share-based payments was determined at the grant date without taking into consideration all non-market vesting conditions expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding ncrease in equity (share-based payments reserve). At the end of the Reporting Period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions.

grantee serves, these functions include development, commercialization and supporting functions. The vesting percentage of the options at each vesting will be entered into by the Company and each of the grantees. These performance targets are set against certain benchmark of the functions in which the individual Each vesting of the options granted to the grantees will be subject to the individual annual performance targets as stipulated in the respective grant letters adjusted based on his/her annual performance. (5)

grantee serves, these functions include development, CMC, commercialization and supporting functions. The vesting percentage of the options at each vesting into by the Company and each of the grantees. These performance targets are set against certain benchmark of the functions in which the individual Each vesting of the options granted to the grantees will be subject to the individual annual performance targets as stipulated in the respective grant letters will be adjusted based on his/her annual performance.

(3)

Details of the movements of the restricted shares granted under the 2024 Share Scheme during the Reporting Period are as follows:

												Weighted	
										Closing price		average	Performance
										of the Shares		Fair value of closing price	targets for
										immediately	restricted	immediately	restricted
										before the	shares at the	before the	shares
				Unvested	Granted	Vested	Cancelled	Lapsed	Unvested	date of grant date of grant	date of grant	vesting date	granted
				as at	during the	during the	during the	during the	as at	during the	during the	during the	during the
Name or			Purchase	1 January	Reporting	Reporting	Reporting	Reporting	31 December	Reporting	Reporting	Reporting	Reporting
category of grantee	Date of grant	Vesting period	price	2024	Period	Period	Period	Period	2024	Period	Period	Period	Period
Employee Participants in 30 August 2024	30 August 2024	75% shall vest on 30 August 2027;	Ē	ı	683,400	ı	ı	ı	683,400	HK\$43.50	HK\$46.60 <sup>(1)</sup>	N/A	See Note 2
aggregate		and 25% shall vest on 30 August 2028											
	5 December 2024	75% shall vest on 5 December 2027;	Ē	ı	488,200	ı	(24,000)	ı	464,200	HK\$37.55	HK\$38.10	N/A	See Note 3
		and 25% shall vest on 5 December 2028											
Total				1	1,171,600	ı	(24,000)	ı	1,147,600				

## Notes:

- The Company granted 1,171,600 restricted shares to the Employees Participants during the Reporting Period, which are measured at the fair value of the equity instruments at the grant date according to IFRS 2 Share-based payments.  $\equiv$
- The fair value of the equity-settled share-based payments was determined at the grant date without taking into consideration all non-market vesting conditions expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding ncrease in equity (share-based payments reserve). At the end of the Reporting Period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions.
- grantee serves, these functions include research, development, commercialization and supporting functions. The vesting percentage of the restricted shares will Each vesting of the restricted shares granted to the grantees will be subject to the individual annual performance targets as stipulated in the respective grant etters entered into by the grantee and the Company. These performance targets are set against certain benchmark of the functions in which the individual be adjusted based on his/her annual performance appraisal at each vesting. (2)
- Each vesting of the restricted shares granted to the grantees will be subject to the individual annual performance targets as stipulated in the respective grant grantee serves, these functions include research, development, CMC, commercialization and supporting functions. The vesting percentage of the restricted letters entered into by the grantee and the Company. These performance targets are set against certain benchmark of the functions in which the individual shares will be adjusted based on his/her annual performance appraisal at each vesting.

(3)

## Directors' Rights to Acquire Shares or Debenture

Save as disclosed in this annual report, at no time during the year ended 31 December 2024 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

## **Emolument Policy and Directors' Remuneration**

In compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, the Company has established the Remuneration Committee to formulate remuneration policies. The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Remuneration Committee. The Directors and the senior management personnel are eligible participants of the Equity Plans. Details of the remuneration of the Directors, senior management and the five highest paid individuals are set out in Note 11, respectively to the consolidated financial statements.

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

For the year ended 31 December 2024, directors were granted discretionary bonuses of a total sum of RMB8.5 million excluding the special bonus set out in Note 11 to the consolidated financial statements (equivalent to approximately 14 months of their base salary). Save as disclosed above, none of the Directors were paid discretionary bonuses for the year ended 31 December 2023.

## Directors' Interests in Competing Business

During the year ended 31 December 2024, none of our Directors had any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

#### **Connected Transactions**

On 22 March 2024, the Company resolved to grant 3,606,961 restricted shares to Dr. Yu, Mr. Ede, Ms. Hsu, Dr. Cooney, Dr. Chen and Mr. Zieziula under the 2020 RS Plan, each subject to independent Shareholders' approval. On 3 May 2024, the Company resolved to grant 9,551 restricted shares to Mr. Nick Chen under the 2020 RS Plan, subject to independent Shareholders' approval. Each grantee is a Director, and therefore a connected person of the Company. These grants were approved by independent Shareholders at the extraordinary general meeting of the Company on 21 June 2024. The above grants are part of the Directors' remuneration policy and enables the Company to attract, retain, incentivize, reward and remunerate the grantees, and encourage them to work towards enhancing the value of the Company and the Shares for the benefit of the Company and Shareholders as a whole. For details, please refer to the announcements of the Company dated 24 March 2024, 3 May 2024, and the circular of the Company dated 4 June 2024.

On 25 October 2024, Fortvita and Lostrancos entered into a subscription agreement, pursuant to which, Lostrancos conditionally agreed to subscribe for and purchase 12,808,337 subscription shares of Fortvita at approximately US\$20.5 million (the "Subscription Agreement"). Upon completion, Fortvita would be held as to 20.39% by Lostrancos. On 3 November 2024, the Subscription Agreement was terminated and both parties were released and discharged. For details, please refer to the announcements dated 25 October 2024 and 3 November 2024.

## **Continuing Connected Transactions**

The Group has no non-exempt continuing connected transactions (the "Continuing Connected Transactions") for the Group for the year ended 31 December 2024.

## Purchase, Sale or Redemption of the Company's Listed Securities

Save as disclosed in this annual report under the section "Share Capital and Shares Issued", neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company (including sale of treasury shares (as defined under the Listing Rules)). As at 31 December 2024, the Company did not hold any treasury shares (as defined under the Listing Rules).

## **Material Litigation**

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

#### **Use of Net Proceeds**

#### (a) Use of Net Proceeds from the Subscription

On 4 August 2022, the Group entered into a strategic multi-program collaboration and license agreement with Sanofi group to establish a strategic collaboration for the clinical development and commercialization of certain products. In addition to the said agreement, Sanofi Foreign Participations B.V. (the "Subscriber") entered into a share subscription agreement, pursuant to which the Subscriber agreed to subscribe, and the Company agreed to allot and issue to the Subscriber, two tranches of the subscription (the "Subscription").

The first tranche of the Subscription was completed on 18 August 2022 (the "First Tranche"). The net proceeds raised from the First Tranche were approximately HK\$2,416.7 million (approximately RMB2,089.0 million). The net proceeds will be utilised in accordance with the intended use of proceeds as previously disclosed in the announcements of the Company dated 4 August 2022 and 18 August 2022 (the "Subscription Announcements") with the allocation being as follows: (i) approximately 70.0% for expediting the R&D of various preclinical and clinical programs in our pipeline globally; (ii) approximately 20.0% for further expanding our production capacity; and (iii) the remaining 10.0% for funding potential in-licensing deal, potential merger & acquisition ("M&A") activities, working capital and other general corporate use. The second tranche of the subscription will be subject to a separate written share issuance agreement between the parties to be entered into in the future.

As at 31 December 2024, the net proceeds of the First Tranche had been fully utilised in accordance with the intended use of proceeds as previously disclosed in the Subscription Announcements. The table below sets out the use of proceeds from the First Tranche as at 31 December 2024:

Use of net proceeds	Unutilised as at 31 December 2023 RMB million	Utilisation during the year ended 31 December 2024 RMB million	Unutilised as at 31 December 2024 RMB million
Expediting the R&D of various preclinical and clinical programs in our pipeline globally Further expanding our production capacity Funding potential in-licensing deal, potential M&A activities, working capital and other general corporate use	- 396.4	- 396.4 -	-
	396.4	396.4	-

#### (b) Use of Net Proceeds from the 2023 Placing

The placing of new Shares pursuant to the placing agreement dated 12 September 2023 was completed on 19 September 2023 (the "2023 Placing"). An aggregate of 68,000,000 new Shares were placed to not fewer than six independent places, who are professional, institutional or other investors, at HK\$34.92 per share (at a net price of approximately HK\$34.66 per Share). The Placing Shares have an aggregate nominal value of US\$680.0 and a market value of HK\$2,604.4 million. For further details, please refer to the announcements of the Company dated 12 and 19 September 2023 (the "2023 Placing Announcements").

The net proceeds raised from the 2023 Placing were approximately HK\$2,356.8 million (approximately RMB2,163.0 million). The 2023 Placing was for the Company's future development, sustainable growth and global innovation. In particular, the net proceeds will be utilised in accordance with the intended use of proceeds as disclosed in the 2023 Placing Announcements, with the allocation being as follows: (i) approximately 60.0% for expediting the R&D of various prioritized preclinical and clinical programs in our pipeline globally, including but not limited to the conduction of MRCTs (multi-regional clinical trials), as well as for building the global infrastructure and facilities; (ii) approximately 30.0% for the development, marketing and commercialization of IBI362 (mazdutide), a GCG/GLP-1 dual receptor agonist and potential best-in-class clinical-stage drug candidate for diabetes and obesity, while respective phase 3 clinical studies of IBI362 (mazdutide) in obesity and diabetes are progressing smoothly for the subsequent NDA submission plan in China; and (iii) the remaining 10.0% for general and corporate use.

As at 31 December 2024, approximately RMB1,236.4 million of the net proceeds of 2023 Placing had been utilised in accordance with the intended use of proceeds as previously disclosed in the 2023 Placing Announcements, and RMB926.6 million remained unutilised. The table below sets out the use of proceeds from the 2023 Placing as at 31 December 2024:

Use of net proceeds	Unutilised as at 31 December 2023 RMB million	Utilisation during the year ended 31 December 2024 RMB million	Unutilised as at 31 December 2024 RMB million
Expediting the R&D of various prioritized preclinical and clinical programs in global pipeline and building the global infrastructure and facilities Development, marketing and commercialization	1,263.8	612.8	651.0
of IBI362 (mazdutide) General and corporate use	575.9 40.3	300.3 40.3	275.6
	1,880.0	953.4	926.6

There was no change in the intended use of net proceeds as previously disclosed, and the Company will gradually utilise the residual amount of the net proceeds in accordance with such intended purposes within the upcoming 18 months. This expected timeline is based on the best estimation of future market conditions and business operations made by the Company, and remains subject to change based on current and future development of market conditions and actual business needs.

#### **Public Float**

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the Latest Practicable Date, the Company has maintained the prescribed percentage of public float under the Listing Rules.

#### **Auditor**

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

## Important Events after the Reporting Date

There were no important events affecting the Company occurred since the end of the Reporting Period and up to the Latest Practicable Date.

## Future Plans for Material Investments and Capital Assets

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

By the order of the Board

Dr. De-Chao Michael Yu

Chairman of the Board and executive Director

Hong Kong, China 26 March 2025

The Board consists of the following Directors:

#### **Directors**

#### **Executive Directors**

Dr. De-Chao Michael Yu, aged 61, is the founder, an executive director, the Chairman of the Board, and the Chief Executive Officer of the Company, Dr. Yu is a member of the Nomination Committee and the Chairman of the Strategy Committee. He founded the Group on 28 April 2011 and is responsible for the overall strategic planning and business direction of our Group and management of the Company. Dr. Yu received his doctoral degree in Molecular Genetics from the Chinese Academy of Sciences (Shanghai, China) and completed his postdoctoral training at the University of California San Francisco (San Francisco, the U.S.). Prior to founding Innovent, Dr. Yu was the President, Chief Executive Officer and a member of the Board of Directors of Chengdu Kanghong Biotech Co. Ltd. from 2006 to 2010. Previously, Dr. Yu was the vice president of R&D at Applied Genetic Technology Corporation (a company subsequently listed on the NASDAQ with ticker symbol: AGTC) in 2005. Between 1997 and 2001, Dr. Yu was the vice president of Calydon, Inc. which was later acquired by Cell Genesys, Inc. (a company subsequently listed on the NASDAQ with ticker symbol: CEGE), and worked there till 2005 mainly responsible for a significant part of the company's early R&D.

Dr. Yu has always been aspired to empower patients worldwide regardless of socioeconomic status or background with affordable, high-quality biopharmaceuticals. With over 20 years of experience engaged in innovative research on biopharmaceuticals, he has invented and successfully developed 4 innovative drugs. Dr. Yu invented the world's first commercialized oncolytic virus-based immunotherapeutic product, Oncorine® (recombinant human type-5 adenovirus injection), setting a precedent for the use of viruses to treat tumors. Dr. Yu co-invented and led the development of Langmu® (Conbercept eye injection), and TYVYT® (sintilimab injection), being the most prescribed PD-1 drugs in China. Dr. Yu has also co-invented and led the development of SINTBILO® (tafolecimab injection), the first domestic fully human anti-PCSK9 monoclonal antibody approved in China.

Dr. Yu is an inventor of over 60 issued patents and patent applications, and has published more than 50 SCI scientific articles and book chapters. Dr. Yu has been an independent non-executive director of Dian Diagnostics Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange with stock code: 300244) since November 2023. Dr. Yu was an independent non-executive director of Cheerwin Group Limited (a company listed on the Main Board of the Stock Exchange with stock code: 6601) from February 2021 to October 2022 and an independent non-executive director of BabyTree Group (a company listed on Main Board of the Stock Exchange with stock code: 1761 and delisted in December 2024) from June 2018 to May 2023.

Mr. Ronald Hao Xi Ede, aged 66, is an executive Director and a member of the Strategy Committee, Innovent International CEO and Managing Partner of the Company's investment funds. Mr. Ede served as the Chief Financial Officer of Innovent from August 2017 to February 2024 and has made significant contributions to the Company's strategy planning, corporate governance, financial management and business development. Prior to joining the Group, between 2011 and 2016, Mr. Ede was the chief financial officer of Biosensors International Ltd. Between 2009 and 2011, Mr. Ede was the chief financial officer of Mindray Medical International Limited. Mr. Ede is a fellow member of the Institute of Singapore Chartered Accountants and an A-Share independent director certified by the Shenzhen Stock Exchange. Mr. Ede received his bachelor of business administration degree from the University of Hawaii in December 1984 and a master of business administration degree from the University of Washington in December 1988. Mr. Ede has held directorships in the following listed companies outside of the Group:

- Mindray Medical International Limited (a company previously listed on the NYSE and is currently listed on the Shenzhen Stock Exchange with stock code: 300760) as an independent non-executive director since 2006; and resigned as an independent non-executive director in 2016 after the company was privatized from the NYSE. In 2017, he rejoined the board as an independent non-executive director for Mindray and completed directorship on May 2023; and
- Dawnrays Pharmaceutical (Holding) Ltd. (a company listed on the Stock Exchange with stock code: 2348) as a non-executive director since 2015. In 2017, Mr. Ede was re-designated as an independent non-executive director.

Ms. Qian Zhang, aged 38, is an executive Director, a member of the Strategy Committee, the Chief People's Officer of the Group and general manager of Zhongxu Biopharmaceuticals (A wholly-owned subsidiary of the Group). Ms. Zhang oversees the management of Zhongxu Biopharmaceuticals and is responsible for the Group's human resources, information technology, administration, public relations, government affairs and Chairman's office. She holds various positions in a number of subsidiaries of the Company, including the general manager of Jiangsu Zhongxu Biopharmaceuticals Co., Ltd.\* (江蘇眾煦醫藥有限公司), and the supervisor of Innovent Biologics (Suzhou) Co., Ltd. (信達生物製藥 (蘇州)有限公司), Innovent Biologics Technology (Suzhou) Co., Ltd. (蘇州信達生物科技有限公司), Innovent Biologics Technology Co., Ltd. (信達生物科技有限公司), Innovent Biologics (Hangzhou) Co., Ltd. (信達生物製藥(杭州)有限 公司), Innovent Cells Pharmaceutical (Suzhou) Co., Ltd. (信達細胞製藥(蘇州)有限公司), Altruist Biotechnology (Suzhou) Co., Ltd. (夏爾巴生物技術(蘇州)有限公司) and Altruist Biotechnology (Hangzhou) Co., Ltd. (夏爾巴生物 技術(杭州)有限公司), respectively.

Since joining the Group in 2012, Ms. Zhang has held various functional management positions and built a world class biopharmaceutical organization comprised of research and development, CMC and commercialization for the Group. She pioneered numerous strategic initiatives, including the designing of organizational incentives, building corporate culture, recruitment, business training and benchmarking against global pharmaceutical companies. She has been one of the senior executives as the Chief People's Officer since 2017. Starting from 2024, she concurrently assumed the role of general manager of Zhongxu Biopharmaceuticals, making significant contributions to the Group's commercial success. Ms. Zhang received her Bachelor degree in English from the Southwest University in China in June 2010. She has taken the Executive Master of Business Administration (EMBA) programs in Fudan University.

#### **Independent Non-executive Directors**

**Dr. Charles Leland Cooney**, aged 80, is an independent non-executive Director, a member of each of the Audit Committee, Nomination Committee and the Strategy Committee. Dr. Cooney was appointed to the Board on 26 September 2016 and is responsible for providing independent opinion and judgment to the Board. Dr. Cooney joined the faculty of the Massachusetts Institute of Technology as an assistant professor in 1970, becoming full professor in 1982. His teaching focuses on the bioprocess development and manufacturing and technological innovation, and his research interests include biochemical engineering and pharmaceutical manufacturing. From 2002 to 2014, Dr. Cooney was the founding Faculty Director of the Deshpande Center for Technological Innovation.

Dr. Cooney is a consultant to multiple biotech and pharmaceutical companies and sits on the boards of private companies such as Elektrofi and LayerBio, and is an adviser to the Singapore MIT Alliance for Research and Technology (SMART) Innovation Center. Dr. Cooney served as an independent non-executive director of Codiak BioScience (a company once listed on the NASDAQ with the symbol CDAK), GreenLight Bioscience (a company once listed on the NASDAQ with the symbol GRNA), Polypore International (a company listed on the NASDAQ with ticker symbol: PPO), and Biocon Limited (a company listed on the NSE with ticker symbol: BIOCON and on the Bombay Stock Exchange with stock code: 532523).

Dr. Cooney received his bachelor of science degree in chemical engineering from the University of Pennsylvania in June 1966, and his master of science and doctor of philosophy degrees in biochemical engineering from the Massachusetts Institute of Technology in September 1967 and February 1970, respectively.

Ms. Joyce I-Yin Hsu, aged 50, is an independent non-executive Director, the chairwoman of each of the Audit Committee and Remuneration Committee. Ms. Hsu was appointed to the Board on 18 October 2018 and is responsible for providing independent opinion and judgment to the Board. She currently acts as a senior advisor of Cornell Capital.

Ms. Hsu was a partner at Zoyi Capital from 2013 to 2015, being mainly responsible for investments and portfolio company monitoring. Prior to this, Ms. Hsu served as chief financial officer and director at Mindray between 2006 and 2009, leading Mindray through its NYSE IPO in 2006 and subsequently two overseas acquisitions in 2008 and 2013. She subsequently acted as the advisor of Mindray on its delisting from NYSE and private placement from 2015 to 2016, prior to its relisting on the Shenzhen Stock Exchange in 2018. Before that, Ms. Hsu was an executive director at Goldman Sachs Asia between 1998 and 2006, where she led the investment efforts in a number of successful deals in China including Focus Media Holding Limited, China Yurun Food Group Limited, and Mindray Medical International Limited.

Ms. Hsu received her bachelor of science in business administration degree from the University of California at Berkeley in May 1998.

**Mr. Gary Zieziula**, aged 70, is an independent non-executive Director, a member of each of the Audit Committee, Remuneration Committee and the Strategy Committee.

Mr. Zieziula has over 40 years of sales and operations experience in the pharmaceutical industry and had worked for industry leaders across Europe and North America. He served as the president of Kyowa Kirin USA Holdings, Inc., the North America Region Headquarters of Kyowa Kirin Co., Ltd, a company listed on the Tokyo Stock Exchange (stock code: 4151) from April 2020 to April 2023 and non-executive director on the Kyowa Kirin USA Holdings, Inc.'s board of directors from June 2019 to April 2020, and continues to serve on the company's board of directors in his executive role. Mr. Zieziula previously had worked for EMD Serono, a North American pharmaceutical company and subsidiary of Merck KGaA, as the chief commercial officer from January 2014 to January 2016, and the president and managing director from January 2016 to January 2019. He has been an independent provider of executive advisory services to pharmaceutical and biotech companies from December 2012 to January 2014. Mr. Zieziula served as the chief commercial officer and the executive vice president of AMAG Pharmaceuticals, Inc., a pharmaceutical company specializing in the development of iron deficiency products listed on NASDAQ, from April 2010 to December 2012. Prior to that, he worked for Roche Laboratories Inc. ("Roche"), a leading global pharmaceutical and biotechnology company. In October 2001, Mr. Zieziula started his career at Roche as the vice president of primary care sales, in July 2002, Mr. Zieziula was promoted to vice president of sales and marketing services and joined the North American Operating Committee and from July 2003 to June 2008, Mr. Zieziula served as Head of Commercial Operations for Specialty Care Products. In June 2008, Mr. Zieziula gained international experience as Managing Director of Roche Hellas in Greece. From June 1998 to October 2001, he served as the vice president in managed healthcare sales and marketing for Bristol Myers Squibb, a pharmaceutical manufacturer listed on the New York Stock Exchange. Prior to that, Mr. Zieziula spent 16 years at Merck & Co. where he had positions of increasing responsibility in sales and marketing.

Mr. Zieziula holds a bachelor of science degree from the State University of New York at Buffalo in the United States in 1976 and a master of business administration degree from Canisius College in the United States in 1983.

**Dr. Shun Lu**, aged 60, is an independent non-executive Director and a member of the Strategy Committee.

Dr. Lu has over 30 years of experience in the medical and pharmaceutical industry. Dr. Lu is currently a professor and the chief of Shanghai Lung Cancer Center, Shanghai Chest Hospital, Shanghai Jiao Tong University, and has been in these positions since 2006. Prior to that, Dr. Lu has been an associate professor and the vice chief of the Department of Chest, Shanghai Chest Hospital, Jiao Tong University from January 2000 to December 2005, an attending doctor at the Department of Chest from January 1995 to December 1999, and a resident doctor at the Department of Chest from July 1988 to December 1994.

Dr. Lu holds the following professional memberships and qualifications:

- Honorary director of the Society of Lung Cancer,
   China Anti-cancer Association
- Director of the Society of Immunology, China Anticancer Association
- Standing director of CSCO and vice president of CSCO Foundation
- Former Chairman of Advisory Board of DIA China
- Honorary director of Oncology Society, Shanghai Medical Association
- Board member of Oncology Society, Chinese Medical Association, and director of Lung Cancer Expert Committee
- Chairman of Oncology Branch of Shanghai Medical Doctor Association

- Associate editor of Journal of Thoracic Oncology, associate editor of Lung Cancer, and editorial board member of The Oncologist
- Standing director of Shanghai Anti-cancer Association

Dr. Lu holds a medical doctoral degree (major in clinical medicine) from Shanghai Medical University in China in 1988 and a doctor of philosophy degree (major in oncology) from Second Military Medical University in the PRC in 2008.

Mr. Shuyun Chen, aged 50, also known as Nick Chen, was appointed to the Board on 31 January 2018 as a non-executive Director until his resignation on 25 February 2022. He is now an independent non-executive Director, the chairman of the Nomination Committee and a member of each of the Audit Committee, the Remuneration Committee and the Strategy Committee.

Mr. Nick Chen spent over 18 years with the Capital Group Companies ("Capital Group"), one of the world's largest and most successful professional investment organizations. In 2024, he retired from Capital Group as Partner in charge of Capital Group Private Markets ("CGPM") in the Greater China region and a member of CGPM's global Portfolio Management Committee. During his tenure, he successfully invested in, advised, and served as a board director of many leading companies in the healthcare, technology, and financial industries. Prior to joining Capital Group, Mr. Nick Chen worked at J.P. Morgan in investment banking roles in New York and Hong Kong from 1999, leaving as Vice President of the Asia mergers and acquisitions group.

Mr. Nick Chen has served as an Independent director of Shanghai Yaohua Pilkington Glass Group Co., Ltd. (a company listed on the Shanghai Stock Exchange with stock code: 600819) since June 2024.

Mr. Nick Chen received his Bachelor of Arts degree (summa cum laude) in Business and Economics from Franklin & Marshall College in the United States in May 1997.

### Senior Management

**Dr. De-Chao Michael Yu**, aged 61, is an executive Director, the Chairman of the Board, President and Chief Executive Officer of our Company. For further details, please see the paragraphs headed "Executive Directors" in "Directors" section.

Mr. Ronald Hao Xi Ede, aged 66, is an executive Director and a member of the Strategy Committee, Innovent International CEO and Managing Partner of the Company's investment funds. For further details, please see the paragraphs headed "Executive Directors" in "Directors" section.

Ms. Fei You ("Ms. You") has been appointed as the chief financial officer of the Company since 5 February 2024. Ms. You is responsible for the financial management and capital market activities of the Company, etc. Ms. You has over 20 years of professional experience in financial management, strategic investment and financing. Before joining the Company, she served as the chief financial officer of Jinxin Fertility Group Ltd. (a company listed on the Stock Exchange with stock code: 1951) and has successfully led its listing on the Main Board of the Stock Exchange. Prior to that, she had served in various managerial positions of 3SBio Inc. (a company listed on the Stock Exchange with stock code: 1530) and KPMG, etc.

### **Joint Company Secretaries**

Ms. Yanju Wang ("Ms. Wang"), aged 36, was appointed as our joint company secretary on 4 June 2018. She joined the Group in October 2015.

Ms. Wang received her bachelor in management degree from the Nanjing University of Posts and Telecommunications in June 2012, her master of economics degree from Jiangsu University in June 2015 and master of corporate governance from Hong Kong Metropolitan University in April 2023. She obtained an accounting qualification certificate in August 2014 and a banking qualification certificate in October 2014.

Ms. Lok Yee Chan ("Ms. Chan"), aged 35, was appointed as our joint company secretary on 4 June 2018. She joined Vistra Corporate Services (HK) Limited in 2016 and is currently a Senior Manager of company secretarial services. Ms. Chan has over ten years of experience in providing a full range of company secretarial and compliance services and is currently serving a portfolio of clients including public listed companies and private companies.

Ms. Chan obtained a bachelor of arts from the Hong Kong Polytechnic University in October 2011 and a master of science in Professional Accounting and Corporate Governance in July 2015 from City University of Hong Kong.

She has been an associate member of The Hong Kong Institute of Chartered Secretaries (now known as The Hong Kong Chartered Governance Institute) and an associate member of The Institute of Chartered Secretaries and Administrators (now known as The Chartered Governance Institute) in the United Kingdom since 2015.

## **Changes to Directors' Information**

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors since the last published interim report are set out below:

- Dr. Kaixian Chen has resigned from his position as an independent non-executive Director, with effect from 27 December 2024;
- Mr. Zieziula has been appointed as a member of the Remuneration Committee, with effect from 27 December 2024;
- Ms. Hsu has been appointed as a member of the Nomination Committee, with effect from 31 March 2025; and
- Mr. Nick Chen has been designated as the lead independent non-executive Director, with effect from 31 March 2025.

Save as disclosed above and in this report, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

## **Corporate Governance Practices**

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

During the year ended 31 December 2024, the Company has complied with all applicable code provisions set out in the Corporate Governance Code except for the following deviation:

Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of the chairman of the Board and the chief executive should be segregated and should not be performed by the same individual. The Company does not have separate chairman of the Board and chief executive officer, and Dr. De-Chao Michael Yu, the executive Director, currently performs these two roles. Details will be set out in section head "Chairman and Chief Executive".

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

## Model Code for Securities Transactions

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

Specific enquiry has been made to all the Directors and they have confirmed that they have complied with the Model Code during the year ended 31 December 2024. No incident of non-compliance of the Model Code by the relevant employees has been noted by the Company during the year ended 31 December 2024.

## **Board of Directors Board Composition**

As at the Latest Practicable Date, the Board comprises three executive Directors and five independent non-executive Directors. The composition of the Board is as follows:

#### **Executive Directors**

Dr. De-Chao Michael Yu (Chairman of the Board and Chief Executive Officer)

Mr. Ronald Hao Xi Ede

Ms. Qian Zhang

#### **Independent non-executive Directors**

Dr. Charles Leland Cooney

Ms. Joyce I-Yin Hsu

Mr. Gary Zieziula

Dr. Shun Lu

Mr. Shuyun Chen (Lead Independent Non-executive Director)

The biographical details of the Directors are set out in the section headed "Directors and Senior Management" on pages 76 to 81 of this annual report.

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

#### **Chairman and Chief Executive**

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

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

### **Board Meetings, Committee Meetings and General Meetings**

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

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

	Number of meeting(s) attended/ number of meeting(s) held for the year ended 31 December 2024 <sup>(7)</sup>				)		
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Strategy Committee	Annual General Meeting	Extraordinary General Meeting
Executive Directors:							
Dr. De-Chao Michael Yu <sup>(1)</sup>	9/9	N/A	1/1	3/3	1/1	1/1	1/1
Mr. Ronald Hao Xi Ede	9/9	N/A	N/A	N/A	1/1	1/1	1/1
Ms. Qian Zhang <sup>(2)</sup>	8/8	N/A	N/A	N/A	1/1	1/1	1/1
Independent Non-executive Directors:							
Dr. Charles Leland Cooney	9/9	2/2	N/A	3/3	1/1	1/1	1/1
Ms. Joyce I-Yin Hsu	9/9	2/2	1/1	N/A	N/A	1/1	1/1
Dr. Kaixian Chen <sup>(3)</sup>	8/9	2/2	1/1	3/3	N/A	1/1	1/1
Mr. Gary Zieziula <sup>(6)</sup>	9/9	2/2	0/0	N/A	1/1	1/1	1/1
Dr. Shun Lu <sup>(4)</sup>	9/9	N/A	N/A	N/A	1/1	1/1	1/1
Mr. Shuyun Chen <sup>(5)</sup>	9/9	0/0	0/0	2/2	1/1	1/1	1/1

#### Notes:

- (1) During the Reporting Period, Dr. Yu was the chairman of the Strategy Committee. He was also the chairman of the Nomination Committee and a member of the Remuneration Committee until he was redesignated to a member of the Nomination Committee and resigned from his position as a member of the Remuneration Committee on 30 August 2024.
- (2) With effect from 3 May 2024, Ms. Qian Zhang was appointed as a member of the Strategy Committee.
- (3) Dr. Kaixian Chen was a member of each of the Nomination Committee, the Audit Committee and the Remuneration Committee during the Reporting Period until his resignation on 27 December 2024.
- (4) With effect from 9 February 2024, Dr. Shun Lu was appointed as the member of the Strategy Committee.
- (5) With effect from 3 May 2024, Mr. Nick Chen was appointed as a member of each of the Remuneration Committee, Nomination Committee and the Strategy Committee. With effect from 30 August 2024, Mr. Nick Chen was redesignated as the chairman of the of Nomination Committee and a member of the Audit Committee.
- (6) With effect from 27 December 2024, Mr. Zieziula was appointed as a member of the Remuneration Committee.
- (7) The attendance of the Directors refers to the number of meetings held during their respective tenure.

Apart from regular Board meetings, the Chairman of the Board also held meetings with the independent non-executive Directors without the presence of other Executive Directors during the year.

#### **Independence of Independent Non-Executive Directors**

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

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

## **Appointment, Re-election and Removal of Directors**

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

Each of the executive Directors and independent non-executive Directors has entered into a service agreement or a letter of appointment with the Company, the term of service for each of them is three years from the date of appointment or re-appointment.

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

Accordingly, the following Directors, Dr. Yu, Dr. Cooney and Mr. Zieziula shall retire at the AGM and, being eligible, will offer themselves for re-election.

# Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is the primary decision making body of the Company and is responsible for overseeing the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board makes decisions objectively in the interests of the Company.

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

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Board would regularly review the contribution required from each Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performs them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the Group's senior management whom are responsible for overseeing the general operation, business development, finance, marketing, and operations.

## **Directors' and Officers' Liabilities Insurance**

The Company has arranged appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against Directors, officers and senior management of the Company arising out of corporate activities.

#### **Board Committees**

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

#### **Audit Committee**

The Company established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. During the Reporting Period, the Audit Committee comprises the independent non-executive Directors, namely Ms. Joyce I-Yin Hsu, Dr. Charles Leland Cooney, Mr. Gary Zieziula, Dr. Kaixian Chen (until his resignation on 27 December 2024) and Mr. Nick Chen (since his appointment on 30 August 2024). Ms. Hsu is the chairwoman of the Audit Committee.

The primary duties of the Audit Committee are to review and supervise the financial reporting, risk management and internal controls system and the ESG issues of the Group, review and approve connected transactions and to advise the Board. The terms of reference of the Audit Committee is available on the websites of the Company and the Stock Exchange.

The Audit Committee held 2 meetings during the Reporting Period. The following is a summary of work performed by the Audit Committee during the Reporting Period:

- reviewed the annual and interim results and reports, the Group's financial and accounting policies and practices and the scope of audit and appointment of auditors;
- reviewed the financial controls system and engagement of non-audit services;
- reviewed the risk management and internal control and compliance systems, the effectiveness of the internal audit function and discussed with the management and internal audit on their findings;
- discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company;
- reported to the Board on the matters in the CG Code; and
- supervised the Company's ESG issues and evaluated the performance.

The Audit Committee also met Deloitte Touche Tohmatsu, the external auditors of the Company.

#### **Remuneration Committee**

The Company established the Remuneration Committee with written terms of reference, in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. During the Reporting Period, the Remuneration Committee comprises the executive Director, Dr. De-Chao Michael Yu (until 30 August 2024), and the independent non-executive Directors, namely Ms. Joyce I-Yin Hsu, Mr. Nick Chen (since his appointment on 3 May 2024), Dr. Kaixian Chen (until his resignation 27 December 2024) and Mr. Gary Zieziula (since his appointment on 27 December 2024). Ms. Hsu is the chairwoman of the Remuneration Committee.

The primary duties of the Remuneration Committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to the Directors and other senior management. The terms of reference of the Remuneration Committee is available on the websites of the Company and the Stock Exchange.

The Remuneration Committee held 1 meeting during the Reporting Period. The following is a summary of work performed by the Remuneration Committee during the Reporting Period:

- determining the policy for the remuneration of executive directors;
- assessing performance of executive directors and approving the terms of executive directors' service contracts, performed by the remuneration committee;

- made recommendations to the Board on the remuneration package of the individual executive Directors and senior management;
- reviewed and made recommendations to the Board on the remuneration of the independent non-executive Directors;
- reviewed and made recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management;
- reviewed and made recommendations to the Company on the organization structure, team building and human resources development strategy; and
- reviewed and made recommendations to the Board on the Company's RS and option grant plans to the key talents in 2024.

During the Reporting Period, the Remuneration Committee has reviewed and approved the following material matters in relation to its share schemes:

- the grant of share options under the Post-IPO ESOP on 22 March 2024 to each of Dr. Yu, Mr. Ede, Ms. Hsu, Dr. Cooney, Dr. Chen and Mr. Zieziula:
- the grant of restricted shares under the 2020 RS Plan on 22 March 2024 to each of Dr. Yu, Mr. Ede, Ms. Hsu, Dr. Cooney, Dr. Chen and Mr. Zieziula;
- the grant of share options under the Post-IPO ESOP on 3 May 2024 to Mr. Nick Chen;
- the grant of restricted shares under the 2020 RS Plan on 3 May 2024 to Mr. Nick Chen;
- In relation to the above grants of share options and restricted shares to independent non-executive Directors, there are no performance targets attached to the options and restricted shares granted. Having considered that the main duties of the independent non-executive Directors to the Company include providing independent judgment and reviewing major decisions made by the Board, the Remuneration Committee is of the view that in order to incentivize the independent non-executive Directors and to preserve their objectivity and independence, the grant of options and restricted shares to independent non-executive Directors without performance targets is market competitive, consistent with the Company's remuneration policy and aligns with the purpose of the 2020 RS Plan; and
- the adoption of the 2024 Share Scheme.

For details of the grants of share options and grant of restricted shares to Directors, and the adoption of the 2024 Share Scheme, please refer to the announcements of the Company dated 22 March 2024 and 3 May 2024, and the circular of the Company dated 4 June 2024.

### **Directors' Remuneration Policy**

The remuneration of Directors comprises an annual directors' fee and may also be entitled to options and/ or awards under the rules of the share option scheme or share award scheme adopted by the Company from time to time. Such remuneration is determined and recommended by the Remuneration Committee with reference to the respective Directors' duties and responsibilities with the Company, the Company's remuneration policy (as disclosed in this annual report).

Details of the Directors' remuneration for the year ended 31 December 2024 are set out in Note 11 to the consolidated financial statements. The senior management of the Group comprises Dr. Yu and Mr. Ede (who are also Directors) and Ms. You, details of their remuneration for the year ended 31 December 2024 are set out in Note 11 to the consolidated financial statement.

#### **Nomination Committee**

The Company established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. During the Reporting Period, the Nomination Committee comprises the executive Director, Dr. De-Chao Michael Yu, and the independent non-executive Directors, namely Dr. Charles Leland Cooney and Dr. Kaixian Chen (until his resignation on 27 December 2024) and Mr. Nick Chen (since his appointment on 3 May 2024). Mr. Nick Chen is the chairman of the Nomination Committee with effect from 30 August 2024 as Dr. Yu resigned as the chairman but remains as a member of the Nomination Committee.

The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of Board succession. The terms of reference of the Nomination Committee is available on the websites of the Company and the Stock Exchange.

The Nomination Committee held 3 meetings during the Reporting Period. The following is a summary of work performed by the Nomination Committee during the Reporting Period:

- reviewed and determined the Board diversity policy and the Director nomination policy;
- assessed the independence of the independent non-executive Directors;
- considered and/or made recommendations to the Board on the re-election of Directors;
- reviewed the structure, size and composition of the Board; and
- reviewed new director candidate and proposed to the Board for appointment.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board diversity policy, details of which will be set out in the section headed "Board Diversity Policy".

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence (for appointment of independent non-executive Directors), and Board diversity aspects, where appropriate, before making recommendation to the Board. The details of which will be set out in the section headed "Director Nomination Policy".

### **Strategy Committee**

The Company has established a Strategy Committee. During the Reporting Period, the Strategy Committee comprises the executive Directors, namely Dr. De-Chao Michael Yu, Mr. Ronald Hao Xi Ede and Ms. Qian Zhang (since 3 May 2024), and the independent non-executive Directors, namely Dr. Charles Leland Cooney, Dr. Shun Lu (since 9 February 2024), Mr. Gary Zieziula and Mr. Nick Chen (since 3 May 2024). Dr. Yu is the chairman of the Strategy Committee.

The primary duties of the Strategy Committee are to provide strategic guidance and advice in relation to the Company's business development.

The Strategy Committee held 1 meeting during the Reporting Period. The following is a summary of work performed by the Committee during the Reporting Period:

- reviewed the Company's strategy, long-term and short-team goals, and provide improving advices;
   and
- review the Company's commercial model, R&D strategy and business development strategy and provide strategies guidance.

#### Company's Culture

The Board believes that corporate culture underpins the long-term business, economic success and sustainable growth of the Group. A strong culture enables the Company to deliver long-term sustainable performance and fulfil its role as a responsible corporate citizen. The Company is committed to developing a positive and progressive culture that is built on its Purpose, Mission, Vision, strategy and core values.

During 2024, the Company continued to strengthen its cultural framework by focusing on the following:

- Mission: To empower patients worldwide with affordable, high-quality biopharmaceuticals.
- Vision: To be a premier global biopharmaceutical company.
- Strategy: To discover new medicines through innovation and deliver them through our global platforms.
- Values: Integrity, Learning Agility, Dedication, Cooperation.

The Board sets and promotes the above corporate culture and expects and requires all employees to reinforce such culture. All of our new employees are required to attend orientation and training programs so that they have a better understanding of our corporate culture, structure and policies, learn relevant laws and regulations, and raise their quality awareness. The Company has developed a series of programs to train our employees and management. In addition, from time to time, the Company will invite external experts to provide training to our management personnel to improve their relevant knowledge and management skills.

The Company also rewards employees and teams with outstanding performance not only based on business performance but also based on core values. Through these approaches, the management and employees integrate their development with the realization of the Company's mission and vision, which do contribute to the Company's performance and growth.

The Board annually reviews the Company's business model, strategy and goals and evaluate the performance to ensure the long-term sustainable development of the Company. The Board considers that the corporate culture and the purpose, values and strategy of the Group are aligned.

### **Board Diversity Policy**

The Company has adopted a board diversity policy (the "**Diversity Policy**") in accordance with the Corporate Governance Code, which sets out the approach to achieve diversity of the Board. The Company embraces the benefits of having a diverse Board to maintain the Company's competitive advantage and enhance its ability to attract, retain and motivate employees from the widest possible pool of available talent.

Pursuant to the Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of aspects, including, but not limited to, gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. The Company is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered. The Nomination Committee will discuss and agree periodically on the measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption.

At present, the Board considered an appropriate balance of diversity perspectives of the Board is maintained and the Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

During the Reporting Period, the Board has reviewed and considered the implementation of the Diversity Policy to be effective. The Diversity Policy is well implemented as evidenced by the fact that there are both female and male Directors from a diverse age group with experience from different industries and sectors. The Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of business management, internal control,

biopharmaceuticals R&D, medicinal chemistry, CMC, sales and marketing, investment management and finance. They obtained degrees in various areas including business administration, molecular genetics, biochemical engineering, material medica and medical. Gender diversity of the Board stands at 25%, representing two female out of eight Directors. The Board targets to maintain at least the current level of female representation and will continue to regularly review the number of female representation on the Board with the ultimate goal of achieving gender diversity.

In addition, the Board diversity has been embedded in the Directors nomination process and criteria and Board succession planning considerations to further enhance the Board diversity.

### **Workforce Diversity**

The total gender diversity of the Group is balanced, at 51%, representing 2,886 females out of 5,659 employees (including senior management). The Group has a strong focus on promoting gender diversity in the workforce, the Company targets to maintain the current level of female representation and will continue to regularly review the percentage of female representation in the workforce with the ultimate goal of achieving gender diversity. To support the achievement of these Workforce Diversity, specific initiatives have included a review of the recruitment process, with job descriptions and postings amended to motivate a broader applicant pool, as well as changes to applicant screening and interviews. In addition, to support diversity across all facets, the Group is enhancing diversity and inclusion efforts through employee networks, mentoring programmes, equitable hiring practices, policies and awareness raising events and training for all employees to support inclusive behaviours. In addition, as an important force in the Company's development, female enjoyed equal development opportunities and specific humanistic care.

### **Director Nomination Policy**

On 6 December 2018, the Company adopted a director nomination policy (the "Director Nomination Policy") in accordance with the Corporate Governance Code. The Director Nomination Policy sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

The Nomination Committee shall identify, consider and recommend to the Board appropriate candidates to serve as Directors and to make recommendations to the Shareholders. The ultimate responsibility for selection and appointment of Directors rests with the entire Board.

The Director Nomination Policy sets out the non-exhaustive factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- reputation for integrity;
- professional qualifications and skills;
- accomplishment and experience in the pharmaceutical and biologics markets;
- commitment in respect of available time and relevant interest;
- independence of proposed independent nonexecutive Directors; and
- diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge, and length of service.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

In general, the nomination process of Directors is as follows:

#### **Appointment of New Directors:**

- The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to external recruiting agents, internal promotion, redesignation etc.
- The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria of directorship to determine whether such candidate is qualified and suitable for the directorship of the Company.
- If the process yields one or more desirable candidates, the Nomination Committee and/ or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to Shareholders in respect of the proposed election of Director at the general meeting.

#### Re-election of Director at General Meeting:

- The Nomination Committee and/or the Board should review the overall contribution and services to the Company of the retiring Director and the level of participation and performance on the Board.
- The Nomination Committee and/or the Board should also review and determine whether the retiring Director continues to meet the criteria of directorship.
- The Nomination Committee and/or the Board should then make recommendation to Shareholders in respect of the proposed re-election of Director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

In terms of succession planning, the following considerations will be used by the Nomination Committee in making recommendations:

- required knowledge, skills and experience at a full Board composite level to effectively fulfil the Board's legal role and responsibilities;
- an appropriate balance of diversity across the Board;
- personal qualities of each candidates;
- continuity through a smooth succession of Directors; and
- compliance with the relevant legal and regulatory requirements.

The Nomination Committee will review the Director Nomination Policy, as and when appropriate, and recommend revision to the Board for consideration and approval.

### **Corporate Governance Function**

The Board is responsible for performing the functions set out in code provision of the Corporate Governance Code.

The Board would review the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the Corporate Governance Code and disclosure in its Corporate Governance Report.

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

### **Dividend Policy**

On 6 December 2018, the Company adopted a dividend policy (the "Dividend Policy") in accordance with the Corporate Governance Code. The Company does not have any pre-determined dividend payout ratio and intends to retain most, if not all, of available funds and any future earnings to operate and expand the business of the Company. Dividends may only be declared and paid out of the profits and reserves of the Company lawfully available for distribution (including share premium), and in no circumstances may a dividend be paid if this would result in the Company being unable to pay its debts as they fall due in the ordinary course of business. The Dividend Policy also outlines the factors that the Board should take into account in determining any dividend for distribution to the Shareholders, including future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Board considers relevant. Any future dividend payments to the Shareholders will also depend upon the availability of dividends received from the Group's subsidiaries.

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

### **Board Independence Policy**

The Company recognizes that Board independence is key to good corporate governance. As part of the established governance framework, the Group has adopted the board independence mechanisms (the "Board Independence Mechanisms") during 2024, which demonstrates the Company's commitment to high standards of corporate governance, and making good governance integral to the Company's culture.

According to the Board Independence Mechanisms, the Board, Board committees or individual Directors may seek such independent professional advice, views and input as considered necessary to fulfil their responsibilities and in exercising independent judgement when making decisions in furtherance of their Directors' duties at the Company's expense. Independent professional advice shall include legal advice and advice of accountants and other professional financial advisers on matters of law, accounting, tax and other regulatory matters.

In the event that independent professional advice, views and input are considered necessary, the Board, Board committees or individual Directors shall communicate with the company secretary to start the Board Independence Mechanism, providing background and details of the relevant incidents and/ or transactions, and the issues involved which would require independent views and input. They may direct any questions, queries, concerns or specific advice to be sought to the company secretary who will then contact the Company's professional advisers (including legal advisers, accountants, independent auditor, internal control adviser) or other independent professional parties to obtain such independent professional advice within a reasonable period of time. Any advice obtained through the Board Independence Mechanism shall be duly documented and made available to other members of the Board.

Despite having obtained any information or advice from the chairperson of the Board and/or any independent professional advisers through the Board Independence Mechanism, the Directors are expected to exercise independent judgement in forming their decisions.

During the Reporting Period, the Board has reviewed and considered the implementation of the Board Independence Mechanism to be effective.

The Company adopted the anti-corruption and whistleblowing policy (the "Anti-corruption and Whistleblowing Policy") in 2023, which outlines the principles and guidelines that the Company intends to apply to promote and support anti-corruption laws and regulations and establishes a whistleblowing policy and system for employees and those who deal with the Company to raise concerns, in confidence and anonymity with the internal control department of the Company, which will then report to the Audit Committee about any material improprieties related to the Company. These policies are reviewed from time to time to ensure their relevance and appropriateness to the Group's business, corporate strategy and stakeholder expectations.

## Directors' Responsibility in Respect of the Financial Statements

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

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

## Continuous Professional Development of Directors

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

Every newly appointed Director should receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Dr. Shun Lu (appointed on 9 February 2024), Ms. Qian Zhang (appointed on 3 May 2024) and Mr. Nick Chen (appointed on 3 May 2024) obtained legal advice on 7 February 2024, 19 April 2024 and 15 April 2024, respectively, as required under rule 3.09D of the Listing Rules from the legal advisor of the Company and confirmed they understood their obligations as the director of a listed company.

During the Reporting Period, 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.

During the Reporting Period, all of the Directors, namely Dr. De-Chao Michael Yu, Mr. Ronald Hao Xi Ede, Ms. Qian Zhang, Dr. Charles Leland Cooney, Ms. Joyce I-Yin Hsu, Dr. Kaixian Chen (resigned on 27 December 2024), Mr. Gary Zieziula, Dr. Shun Lu and Mr. Nick Chen attended the training/seminar/conference arranged by the Company or other external parties or reading relevant materials. The content of such training related to the duties of directors, on-going obligations of listed companies and climate change and sustainable development.

### **Auditors' Responsibility and Remuneration**

The Company appointed Deloitte Touche Tohmatsu as the external auditor for the year ended 31 December 2024. A statement by Deloitte Touche Tohmatsu about their reporting responsibilities for the financial statements is included in the Independent Auditors' Report on pages 100 to 105.

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

Services rendered for the Company	Total Fees paid and payable RMB'000
Audit services:	
Annual audit services	3,777
Assurance services of review of interim result	1,100
Non-audit services:	
Tax advisory services	1,092
Total	5,969

## Risk Management and Internal Controls

The Board acknowledges that it is responsible for the Company's risk management and internal control systems and reviewing their effectiveness. The risk management and internal control measures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. During the Reporting Period, the Board had conducted an semi-annual review of the effectiveness of the risk management internal control system of the Company (including all material controls, including financial, operational and compliance controls) and considered the system effective and adequate.

The Company has established a complete risk management and internal control system, comprising internal control environment, risk assessment, control activities, information and communication, and supervision, to ensure the legality and compliance of the Group's operations, asset security, truthfulness and completeness of financial reports and related information, continuous improvement of operational efficiency and effectiveness, and to safeguard the Group's long-term sustainable development strategy.

The Board is responsible for determining the goals of risk management, continuously monitoring the risk management and internal control system, and ensuring its effectiveness. The Audit Committee directly reviews and supervises the effectiveness of risk management and internal control systems, and report to the Board. The senior management is responsible for leading and organizing the establishment, implementation, and supervision of risk management and internal control system. The Company has established three lines of defense for risk management, including each of the responsible departments, management departments, and supervision departments. All three lines of defense

work together in a closed cycle providing oversight and supervision to each other. The three lines of defense comprehensively controlled risk loopholes, and effectively reducing the occurrence of risks in the Company's operational process. The Company has also established an internal audit department and has designated the relevant personnel who is responsible for identifying, analyzing, and monitoring issues related to risk management and internal control within the group, and directly report to the audit committee semi-annually.

The Company has developed a scientific and comprehensive risk assessment and monitoring process and system. Based on specific risk assessment methods, the Company regularly conducts risk identification, risk analysis, risk assessment, and risk monitoring, analyzes the root causes of major risks, determines risk warning indicators, establishes warning mechanisms, develops and implement improvement plans. The Company continuously monitors major risks and adjusts control measures based on actual situations. Based on the external macro environment, feedbacks from internal and external stakeholders, the strategy and goals, and operation and management situation, the Company determines the annual focus of the risk identification and continuously improve the risk management and internal control system. Meanwhile, we have adopted various information technology software for process operation, to further reduce risks and improve operation efficiency.

The Group has also adopted an information disclosure policy which sets out comprehensive guidelines in respect of handling and dissemination of inside information. The Board is responsible for monitoring and implementing the procedural requirements in the information disclosure policy. Release of inside information shall be overseen by the Board. Unless authorised by the Board, staff members of the Group are not permitted to disseminate inside information relating to the Group to any external parties and are not permitted to respond to media or market speculation which may materially affect the trading price or volume of the Shares on the market.

In the ordinary course of the Group's business, sensitive data is collected and stored, including, among other things, identity information about our employees, intellectual property, and proprietary business information. The Group manages and maintains our applications and data utilising on-site systems. These applications and data encompass a wide variety of business critical information including commercial information, and business and financial information. The Group has implemented relevant internal procedures and controls to ensure that such sensitive data is protected and that leakage and loss of such data is avoided. The Company established department of information security.

The Audit Committee and management together monitor the implementation of our risk management policies on an ongoing basis to ensure our policies and implementation are effective and sufficient. Arrangements are in place to identify, evaluate and manage significant risks including facilitating employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company. Our management, under the supervision of our Board or a committee of our Board takes reasonable steps to (i) monitor compliance with the code, and (ii) when appropriate, impose and enforce appropriate disciplinary measures for violations of the code.

In 2024, the Board and Audit Committee continue to review and monitor, and continually adopting new mechanisms to improve the internal control procedures and policies for the accounting of share-based payment.

### **Joint Company Secretaries**

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

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company has also externally engaged Ms. Lok Yee Chan, a senior manager of the company secretarial services department of Vistra Corporate Services (HK) Limited, as another joint company secretary to assist Ms. Wang in discharging the duties of a company secretary of the Company. Her primary contact person at the Company is Ms. Wang.

During the Reporting Period, Ms. Yanju Wang and Ms. Lok Yee Chan have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

## Shareholders' Rights

## Convening of Extraordinary General Meetings ("EGM") by Shareholders

Pursuant to article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an EGM. General meetings shall also be convened on the written requisition of any one or more Shareholders 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, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the voting rights, on a one vote per share basis, in the share capital of the Company which carries the right of voting at general meetings of the Company.

General meetings may also be convened on the written requisition of a Shareholder which is a recognized clearing house (or its nominee(s)) 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 requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the voting rights, on a one vote per share basis, in the share capital of the Company which carries the right of voting at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

## Putting Forward Proposals at General Meetings

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

As regards the procedures for shareholders to propose a candidate for election as a Director, they are available on the Company's website at www.innoventbio.com.

## Putting Forward Enquiries to the Board and Contact Details

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company.

Shareholders may send their enquiries and concerns to the Board by addressing them to the below details:

Address: 168 Dongping Street Suzhou Industrial

Park China 215123

ir@innoventabio.com

Telephone: (86) 0512-69566088

Email:

Fax: (86) 0512-69566088-8348

## Communication with Shareholders and Investors Relations

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company has adopted a shareholders' communication policy (the "Shareholders' Communication Policy"), which aims to set out the approach of the Board to provide Shareholders of the Company and other stakeholders (including potential investors) with balanced and understandable information about the Company. For details of the policy, please refer to the Company's website. In accordance with the Shareholders' Communication Policy, the Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings, annual and interim earning release meetings, road shows and other communication meetings and social networks. At the forthcoming annual general meeting, Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries.

Also, the Company discloses information and publishes periodic reports and announcements to the public on the Stock Exchange's website in a timely manner in accordance with the Listing Rules, the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and does not contain any material omission, thereby enabling Shareholders, investors as well as the public to make rational and informed decisions. To promote effective communication, the Company maintains a website at www.innoventbio.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.

The Company considers effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company has reviewed and considered the implementation of the Shareholders' communication to be effective during the Reporting Period.

## **Changes in Constitutional Documents**

On 21 June 2024, the Company adopted the fifteenth amended and restated memorandum and articles of association of the Company in substitution for and to the exclusion of the previous fourteenth amended and restated memorandum and articles of association of the Company, to (i) update and bring the Articles of Association of the Company in line with the relevant amendments made to the Listing Rules in respect of the electronic dissemination of corporate communications by listed issuers effective from 31 December 2023; and (ii) make other consequential and housekeeping amendments. For further details, please refer to the circular of the Company dated 29 May 2024.

A latest version of the Articles of Association is available on the websites of the Company and the Stock Exchange.

## Deloitte.

#### TO THE SHAREHOLDERS OF INNOVENT BIOLOGICS, INC.

(incorporated in Cayman Islands with limited liability)

### **Opinion**

We have audited the consolidated financial statements of Innovent Biologics, Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 106 to 211, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

## **Basis for Opinion**

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

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **Key audit matters**

#### How our audit addressed the key audit matters

#### Cut-off of research and development expenses

We identified the cut-off of research and development ("R&D") expenses as a key audit matter due to its significant amount and risk of not accruing R&D costs incurred for services provided by the outsourced service providers including contract research organisations and clinical trial sites (collectively referred to as the "Outsourced Service Providers") in the appropriate reporting period based on the progress of the R&D projects.

The Group incurred significant R&D expenses of RMB2,681 million as disclosed in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024, of which, RMB706 million R&D expenses were accrued as at 31 December 2024 as set out in note 26 to the consolidated financial statements. The accrued R&D expenses were service fees payable to Outsourced Service Providers.

As disclosed in note 4 to the consolidated financial statements, management of the Group applies estimate in the measurement of the progress of activities and milestones of services provided by Outsourced Service Providers on a contract-by-contract basis, which is the basis of assessing service fees to Outsourced Service Providers that had incurred and therefore should be accrued as at 31 December 2024.

Our procedures in relation to the cut-off of R&D expenses included:

- Obtaining an understanding of key controls of the management's basis and assessment in relation to the accrual process of the R&D expenses including service fees incurred to Outsourced Service Providers;
  - For the service fees incurred to contract research organisations, reading the key terms set out in research agreements and evaluating the completion status with reference to the progress reported by the representatives of the relevant contract research organisations, on a sample basis, to determine whether the service fees were recorded based on respective contract sums, progress and/or relevant milestones achieved; and
- For the service fees incurred to clinical trial sites, testing the accrual of the clinical trial related costs, on a sample basis, with reference to the clinical trial data and terms of services.

#### **Key audit matters**

#### How our audit addressed the key audit matters

#### Impairment assessment of development cost not yet available for use

We identified impairment assessment of development cost not yet available for use in intangible assets as a key audit matter due to the significance of development cost not yet available for use to the Group's consolidated financial position and the involvement of subjective judgement and management estimation in evaluating the discounted cash flow forecasts for the purpose of impairment assessments at the end of the reporting period.

As disclosed in note 16 to the consolidated financial statements, an impairment loss of RMB479 million is recognised in respect of certain development cost not yet available for use during the year ended 31 December 2024.

As disclosed in note 4 to the consolidated financial statements, management of the Group applies estimate in the recoverable amount of the cash-generating unit to which the intangible assets belong. The value in use calculation requires the Group to estimate the future cash flows expected to arising and a suitable discount rate in order to calculate the present value.

Our procedures in relation to the impairment assessment of development cost not yet available for use included:

- Obtaining an understanding of the key internal controls over the process performed by management in relation to the impairment assessment of development cost not yet available for use;
- Engaging our internal valuer expert to evaluate the appropriateness of the valuation technique, methodology and pre-tax discount rate used in value in use calculations, on a sampling basis;
- Evaluating the reasonableness of cash flow forecast models and the key assumptions adopted, including expected annual revenue growth rates, percentage of cost and operating expenses and pre-tax discount rate, on a sampling basis;
- Inquiring management and inspecting the relevant supporting documents about the expected achievement of the development milestones and the outcome of the development;
- Evaluating the sensitivity analysis performed by management on the key assumptions used in the cash flow forecasts to assess the potential impacts on the impairment assessment; and
- Evaluating the adequacy of the disclosures related to the impairment assessment of development cost not yet available for use in the consolidated financial statements.

#### Other Information

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

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

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

#### Responsibilities of Directors and Those Charged with Governance for the **Consolidated Financial Statements**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors 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 are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial **Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the directors of the Company's 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 activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Cheung, Wilfred.

**Deloitte Touche Tohmatsu** Certified Public Accountants Hong Kong 26 March 2025

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
		кмв ооо	HIVID UUU
Revenue from contracts with customers	5	9,421,888	6,206,070
Cost of sales	0	(1,510,210)	(1,136,266)
0031 01 34163		(1,310,210)	(1,100,200)
Gross profit		7,911,678	5,069,804
Other income	6	535,907	552,350
Other gains and losses	7	250,000	81,164
Research and development expenses	,	(2,681,074)	(2,227,556)
Administrative and other expenses		(738,046)	(750,278)
Selling and marketing expenses		(4,346,892)	(3,100,693)
Royalties and other related payments		(901,538)	(670,578)
Share of results of an associate	18	(41,009)	_
Finance costs	8	(67,647)	(98,624)
Loss before tax	9	(78,621)	(1,144,411)
Income tax (expense)/credit	12	(16,010)	116,498
Loss for the year		(94,631)	(1,027,913)
Other comprehensive income			
Item that will not be reclassified to profit or loss			
Fair value gain on investment in equity instruments at fair			
value through other comprehensive income ("FVTOCI")		60,985	15,731
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		(17,039)	(1,660)
Other comprehensive income for the year,			
net of income tax		43,946	14,071
Total comprehensive expense for the year		(50,685)	(1,013,842)
Total comprehensive expense for the year		(50,065)	(1,013,042)
Lane man alterna	40		
Loss per share	13	(0.07)	(0.00)
- Basic (RMB Yuan)	,	(0.06)	(0.66)
Diluted (DMP Vuon)		(0.04)	(0.66)
- Diluted (RMB Yuan)		(0.06)	(0.66)

## **Consolidated Statement of Financial Position**

At 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	14	5,279,611	4,289,734
Right-of-use assets	15	367,631	366,650
Intangible assets	16	1,282,603	1,270,267
Investment in an associate	18	858,991	_
Equity instruments at FVTOCI	19	-	218,301
Prepayments for acquisition of long-term assets		146,661	195,519
Prepayments and other receivables	22	352,363	283,116
Other financial assets	23	2,766,905	575,788
Term deposits	24	275,000	_
		11,329,765	7,199,375
Current assets	0.0		000.000
Inventories	20	822,167	968,088
Trade receivables	21	1,184,407	1,005,891
Prepayments and other receivables	22	382,523	484,377
Other financial assets	23	375,555	917,534
Bank balances and cash	24	7,508,185	10,052,095
		10,272,837	13,427,985
Current liabilities			
Trade and bills payables	25	357,677	372,549
Other payables and accrued expenses	26	3,340,852	2,467,771
Contract liabilities	27	256,411	416,166
Borrowings	28	405,100	1,195,155
Lease liabilities	29	8,829	25,175
		4,368,869	4,476,816
Net current assets		5,903,968	8,951,169
Total assets less current liabilities		17,233,733	16,150,544

# **Consolidated Statement of Financial Position**

At 31 December 2024

	NOTES	2024 RMB′000	2023 RMB'000
Non-current liabilities			
Contract liabilities	27	567,780	450,312
Borrowings	28	2,412,354	2,326,777
Lease liabilities	29	4,760	73,422
Subsidized grants	30	647,292	509,739
Other financial liabilities	31	460,960	262,713
Provisions for reinstatement cost		22,858	
		4,116,004	3,622,963
Net assets		13,117,729	12,527,581
Capital and reserves			
Share capital	32	113	112
Reserves		13,117,616	12,527,469
Total equity		13,117,729	12,527,581

The consolidated financial statements on pages 106 to 211 were approved and authorised for issue by the board of directors on 26 March 2025 and are signed on its behalf by:

> Yu, De-Chao Michael **DIRECTOR**

Ede, Hao Xi Ronald DIRECTOR

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Share	Share	FVTOCI	Other	Translation	Share-based	Accumulated	
	capital	premium	reserve	reserve	reserve	reserve	losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000 (note)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	105	24,705,638	(120,885)	(313,652)	(18,451)	1,216,849	(14,739,655)	10,729,949
Loss and other comprehensive income			, , ,	, ,	, , ,		, , , ,	
(expense) for the year	_	_	15,731	-	(1,660)	-	(1,027,913)	(1,013,842)
Recognition of equity-settled								
share-based payment	-	-	-	-	-	574,197	-	574,197
Issue of ordinary shares (note 32(a))	5	2,161,480	-	-	-	-	-	2,161,485
Issuance of restricted shares (note 32(c))	1	323,601	-	-	-	(323,602)	-	-
Exercise of share options (note 32(b))	1	133,777	_	_	-	(57,986)	_	75,792
At 31 December 2023	112	27,324,496	(105,154)	(313,652)	(20,111)	1,409,458	(15,767,568)	12,527,581
At 1 January 2024	112	27,324,496	(105,154)	(313,652)	(20,111)	1,409,458	(15,767,568)	12,527,581
Loss and other comprehensive income								
(expense) for the year	-	-	60,985	-	(17,039)	-	(94,631)	(50,685)
Recognition of equity-settled								
share-based payment	-	-	-	-	-	556,521	-	556,521
Issuance of restricted shares (note 32(e))	_*	245,949	-	-	-	(245,949)	-	-
Exercise of share options (note 32(d))	1	152,179	-	-	-	(67,868)	-	84,312
Disposal of equity instruments at FVTOCI (note 19)	_	_	44,169	_	_	-	(44,169)	_
							· · · · · · · · · · · · · · · · · · ·	
At 31 December 2024	113	27,722,624	-	(313,652)	(37,150)	1,652,162	(15,906,368)	13,117,729

Note: Other reserve included 1) effect of put option granted to non-controlling shareholders to convert their equity interests in a subsidiary to the preferred shares of the Company; 2) differences between the carrying amounts of net assets attributable to the additional non-controlling interests at the date of issuance of subsidiary's equity and the relevant proceeds received; 3) portion of deemed capital contribution over restricted shares or options granted to employees of subsidiary attributable to noncontrolling interests and 4) effect of exercise of put option granted to non-controlling shareholders.

Amount is less than RMB1,000.

# **Consolidated Statement of Cash Flows**

For the year ended 31 December 2024

	2024	2023
	RMB'000	RMB'000
ODEDATING ACTIVITIES		
OPERATING ACTIVITIES  Loss before tax	(70 (21)	(4 4 4 4 4 4 4 4 )
	(78,621)	(1,144,411)
Adjustments for:	22.007	OFO
Loss on disposal of property, plant and equipment	22,987	952
Depreciation of property, plant and equipment	293,334	275,595
Amortisation of intangible assets	94,837	74,887
Impairment of intangible assets	632,574	115,359
Depreciation of right-of-use assets	31,597	34,621
Net foreign exchange gains	(134,569)	(60,824)
Gain from changes in fair value of other financial assets	(170,021)	(00,007)
measured at fair value through profit or loss ("FVTPL")	(179,031)	(30,807)
Share of results of an associate	41,009	- -
Share-based payment expenses	556,521	574,197
Research and development expenses borne by partners of joint operations	(32,005)	42,826
Subsidized grants income related to asset	(11,014)	(9,540)
Interest income	(423,454)	(452,837)
Interest on bank borrowings	64,253	93,303
Interest on lease liabilities	3,394	5,321
Loss from changes in fair value of other financial liabilities	27.202	0.515
measured at FVTPL	36,323	9,515
(Reversal) write-down of inventories	(34,709)	101,849
Operating cash flows before movements in working capital	883,426	(369,994)
Decrease in inventories	180,630	358,945
Increase in trade receivables	(178,516)	(430,622)
Increase in prepayments and other receivables	(212,351)	(108,989)
(Decrease) increase in trade and bills payables	(14,872)	46,927
Increase in other payables and accrued expenses	660,056	675,755
Decrease in contract liabilities	(42,287)	(137,529)
Increase (decrease) in subsidized grants	11,095	(1,098)
Cash generated from operations	1,287,181	33,395
Income tax refund	-	144,516
Income tax paid	(157)	(30,101)
NET CASH FROM OPERATING ACTIVITIES	1,287,024	147,810

# Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
INVESTING ACTIVITIES		
Interest received	660,464	306,302
Placement of term deposits with maturity dates over three months	(7,688,061)	(8,413,504)
Release of term deposits with maturity dates over three months	8,842,722	9,244,320
Placement of pledged bank deposit	(192,121)	(747,000)
Release of pledged bank deposits	915,107	807,444
Purchase of financial assets at FVTPL	(1,997,610)	(164,141)
Proceeds on disposal of financial assets at FVTPL	484,968	_
Purchase of other financial assets at amortised cost	(849,913)	(836,822)
Proceeds on disposal of other financial assets at amortised cost	858,296	_
Payments for leasehold land	(63,328)	(1,725)
Proceed from disposal of leasehold land		16,230
Purchase of intangible assets	(676,419)	(262,350)
Purchase of property, plant and equipment	(965,665)	(1,119,385)
Proceeds from disposal of property, plant and equipment	270	54
Acquisition of investment in an associate	(900,000)	_
Receipt of subsidized grants related to property, plant and equipment	137,472	206,196
Proceeds of equity instruments at FVTOCI	279,286	- (0.4.004)
Repayment to a partner of joint operations	(10,879)	(34,281)
NET CASH USED IN INVESTING ACTIVITIES	(1,165,411)	(998,662)
FINANCING ACTIVITIES		
Interest paid	(122,425)	(127,613)
New borrowings raised	515,571	1,335,549
Repayment of borrowings	(1,220,049)	(917,050)
Repayment of lease liabilities	(25,965)	(31,799)
Payment of transaction costs attributable to issuance of new shares	-	(17,839)
Proceeds from issue of ordinary shares	-	2,179,324
Proceeds from exercise of share options	84,312	75,792
Proceeds from other partners of investment funds consolidated	161,924	90,893
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(606,632)	2,587,257
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(485,019)	1,736,405
CASH AND CASH EQUIVALENTS AT 1 JANUARY	2,745,693	1,016,165
Effects of foreign exchange rate changes	12,682	(6,877)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER (note 24)	2,273,356	2,745,693

For the year ended 31 December 2024

#### 1. **GENERAL INFORMATION**

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in research and development of antibody and protein medicine products, sale and distribution of pharmaceutical products, and provision of consultation and research and development services. The Company and its subsidiaries are collectively referred to as the Group.

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING **STANDARDS**

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

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

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

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

For the year ended 31 December 2024

# 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (Continued)

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

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

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor

and its Associate or Joint Venture<sup>1</sup>

Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and

Measurement of Financial Instrument<sup>3</sup>

Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity<sup>3</sup>

Amendments to IFRS Accounting Standards Annual Improvements to IFRS Accounting

Standards – Volume 11<sup>3</sup>

Amendments to IAS 21 Lack of Exchangeability<sup>2</sup>

IFRS 18 Presentation and Disclosure in Financial Statements<sup>4</sup>

- Effective for annual periods beginning on or after a date to be determined.
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2026.
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2027.

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

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

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

For the year ended 31 December 2024

## BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

### 3.1 Basis of preparation of consolidated financial statements

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

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

#### Basis of consolidation

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

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

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

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

For the year ended 31 December 2024

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

## 3.2 Material accounting policy information

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

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

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

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

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

#### Investment in an associate

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

For the year ended 31 December 2024

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

## 3.2 Material accounting policy information (Continued)

#### Investment in an associate (Continued)

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of an associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any longterm interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

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

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

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

#### Revenue from contracts with customers

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

For the year ended 31 December 2024

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

## 3.2 Material accounting policy information (Continued)

#### Asset acquisition

When the Group acquires an asset that do not constitute a business, the Group recognises the individual identifiable asset acquired using purchase price. Such a transaction does not give rise to goodwill or bargain purchase gain.

#### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

#### Cash and cash equivalents

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

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

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

For the year ended 31 December 2024

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

## 3.2 Material accounting policy information (Continued)

#### Government grants

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

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

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

### **Employee benefits**

#### **Retirement benefit costs**

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

### Short-term employee benefits

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

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

For the year ended 31 December 2024

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

## 3.2 Material accounting policy information (Continued)

#### Share-based payments

#### Equity-settled share-based payment transactions

Shares/share options granted to employees

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

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

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

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

#### **Taxation**

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

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

For the year ended 31 December 2024

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

## 3.2 Material accounting policy information (Continued)

#### Taxation (Continued)

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

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

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

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

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

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

For the year ended 31 December 2024

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

## 3.2 Material accounting policy information (Continued)

### Taxation (Continued)

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

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

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

#### Property, plant and equipment

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

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

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

For the year ended 31 December 2024

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

## 3.2 Material accounting policy information (Continued)

### Property, plant and equipment (Continued)

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

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

#### Intangible assets

#### Intangible assets acquired separately

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

#### Research and development expenditure

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

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

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

For the year ended 31 December 2024

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

## 3.2 Material accounting policy information (Continued)

#### Intangible assets (Continued)

#### Research and development expenditure (Continued)

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

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

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

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

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

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

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

For the year ended 31 December 2024

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

## 3.2 Material accounting policy information (Continued)

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

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

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

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average method. Net realisable value represents estimated selling price for inventories less estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale. Trial batches manufactured prior to regulatory approval (including raw materials cost) is charged to research and development expenses when they are produced.

For the year ended 31 December 2024

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

## 3.2 Material accounting policy information (Continued)

#### **Borrowing costs**

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

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

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

#### Leases

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

#### The Group as a lessee

Allocation of consideration to components of a contract

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

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

Short-term leases and leases of low-value assets

The Group applies the recognition exemption for leases of office equipment which are low-value assets. Lease payments on leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

For the year ended 31 December 2024

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

## 3.2 Material accounting policy information (Continued)

## Leases (Continued)

#### The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- an estimate of costs to be incurred by the Group in restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

#### Refundable rental deposits

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

#### Lease liabilities

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

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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

For the year ended 31 December 2024

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

## 3.2 Material accounting policy information (Continued)

#### Leases (Continued)

#### The Group as a lessee (Continued)

Lease liabilities (Continued)

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

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

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

#### Lease modifications

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

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

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

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

For the year ended 31 December 2024

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

## 3.2 Material accounting policy information (Continued)

#### **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

#### **Restoration provisions**

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised at the date of inception of the lease at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

#### Financial instruments

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

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

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

For the year ended 31 December 2024

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

## 3.2 Material accounting policy information (Continued)

#### Financial instruments (Continued)

#### Financial assets

Classification and subsequent measurement of financial assets

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

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

All other financial assets the Group holds are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is not held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

#### Amortised cost and interest income

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

For the year ended 31 December 2024

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

## 3.2 Material accounting policy information (Continued)

#### Financial instruments (Continued)

#### Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve, and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

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

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets (including term deposits, trade receivables, rental deposits, other receivables, investment notes and bank balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

For the year ended 31 December 2024

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

## 3.2 Material accounting policy information (Continued)

#### Financial instruments (Continued)

#### Financial assets (Continued)

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

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

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed either individually for debtors with significant balances or collectively with appropriate groupings.

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

(i) Significant increase in credit risk

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

For the year ended 31 December 2024

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

## 3.2 Material accounting policy information (Continued)

#### Financial instruments (Continued)

#### Financial assets (Continued)

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

- Significant increase in credit risk (Continued) In particular, the following information is taken into account when assessing whether credit risk has increased significantly:
  - an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
  - significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor:
  - existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
  - an actual or expected significant deterioration in the operating results of the debtor; and
  - an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

For the year ended 31 December 2024

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

## 3.2 Material accounting policy information (Continued)

## Financial instruments (Continued)

#### Financial assets (Continued)

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

Definition of default

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

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

#### Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower; (a)
- a breach of contract, such as a default or past due event; (b)
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

#### Write-off policy

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

For the year ended 31 December 2024

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

## 3.2 Material accounting policy information (Continued)

#### Financial instruments (Continued)

#### Financial assets (Continued)

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

Measurement and recognition of ECL

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

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

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

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

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

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

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

For the year ended 31 December 2024

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

## 3.2 Material accounting policy information (Continued)

#### Financial instruments (Continued)

#### Financial assets (Continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item (note 7) as part of the net foreign exchange gains;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item as part of the gain/(loss) from changes in fair value of other financial assets measured at FVTPL (note 7);
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the fair value through other comprehensive income.

#### Financial liabilities and equity

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to accumulated losses.

#### Classification as debt or equity

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

#### Equity instruments

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

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

For the year ended 31 December 2024

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

## 3.2 Material accounting policy information (Continued)

## Financial instruments (Continued)

#### Financial liabilities and equity (Continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

#### Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPI.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated loss upon derecognition of the financial liability.

For the year ended 31 December 2024

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

## 3.2 Material accounting policy information (Continued)

#### Financial instruments (Continued)

#### Financial liabilities and equity (Continued)

Financial liabilities at amortised cost

Financial liabilities including trade and bills payables, other payables and borrowings are subsequently measured at amortised cost using the effective interest method.

#### Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other gains and losses' line item in profit or loss (note 7) as part of foreign exchange gains for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

#### Derecognition of financial liabilities

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

## 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF **ESTIMATION UNCERTAINTY**

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

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

### Critical judgement in applying accounting policies

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

For the year ended 31 December 2024

## CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF **ESTIMATION UNCERTAINTY (Continued)**

## Critical judgement in applying accounting policies (Continued)

#### Capitalisation of research and development expenditure

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

## Key sources of estimation uncertainty

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

### Research and development expenses accrued

The Group incurred significant R&D expenses of RMB2,681 million as disclosed in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024, of which, RMB706 million R&D expenses were accrued as at 31 December 2024 as set out in note 26 to the consolidated financial statements. The Group rely on Outsourced Service Providers to conduct, supervise and monitor the Group's ongoing research and development projects. Determining the amounts of service fees payable to Outsourced Service Providers up to the end of each reporting period requires management of the Group to estimate and measure the progress of activities and milestones of services provided by Outsourced Service Providers on a contract-by-contact basis, which is the basis of assessing service fees to Outsourced Service Providers that had incurred and therefore should be accrued up to the end of each reporting period.

#### Impairment assessment of development cost not yet available for use

Development cost not yet available for use are tested annually for impairment, or more frequently, if events or changes in circumstances indicate that they might be impaired. The Group capitalised expense in respect of the licenses for a few particular molecules with the goal of developing and commercializing.

Determining whether development cost is impaired requires an estimation of recoverable amount of the cashgenerating unit to which the intangible assets belong, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arising from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further loss may arise.

During the year ended 31 December 2024, an impairment loss of RMB479,303,000 (2023: RMB115,359,000) is recognised in respect of certain development costs not yet available for use. Details of the assessment of impairment of intangible assets are disclosed in note 16.

For the year ended 31 December 2024

## CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF **ESTIMATION UNCERTAINTY (Continued)**

## Key sources of estimation uncertainty (Continued)

#### Deferred tax asset

No deferred tax asset has been recognised on the tax losses of RMB7,118 million (2023: RMB8,995 million) and temporary differences of RMB5,970 million (2023: RMB5,507 million) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. The uncertainty would depend on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are more than expected, a material recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a recognition takes place.

#### Provision of ECL for trade receivables

Trade receivables with significant balances are assessed for ECL individually. In addition, for trade receivables which are individually insignificant, collective assessment is adopted. Management of the Group estimates the amount of lifetime ECL of trade receivables based on collective assessment through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, ageing and/or past due status of respective trade receivables. Estimated loss rates are based on default rates over the expected life of the debtors and are adjusted for forward-looking information.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in note 38.

### Recognition of revenue arising from collaboration

The Group entered into collaboration agreements and to provide licences to customers. Upfront fee, development milestone fee and other consideration received are recorded under contract liabilities. The Group transfers the contract liabilities to licence fee income over time on a systematic basis that is consistent with the customer receives and consumes the benefits. During the year ended 31 December 2024, licence fee income arising from collaboration of RMB251,606,000 (2023: RMB442,331,000) was recognised based on the actual sales against the total budgeted sales during the commercialisation period. Management revises its total budgeted sales from time to time based on changes in facts and circumstances.

#### Fair value measurements of financial instruments

As at 31 December 2024, certain of the Group's Level 3 unlisted equity investments and investments in preference shares amounting to RMB576,026,000 (2023: RMB364,327,000) are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See Note 38c for further disclosures.

For the year ended 31 December 2024

## REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT **INFORMATION**

# (i) Disaggregation of revenue from contracts with customers and segment information Disaggregation of revenue from contracts with customers

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	2024 RMB'000	2023 RMB'000
Timing of revenue recognition		
A point in time		
Sales of pharmaceutical products	8,227,869	5,728,314
Licence fee income	837,580	5,098
	9,065,449	5,733,412
Overtime		
Research and development service fee income	93,783	30,327
Licence fee income	262,656	442,331
	356,439	472,658
	9,421,888	6,206,070

## Segment information

For the purpose of resource allocation and assessment of segment performance, the chief executive officer of the Company, being the chief operating decision maker, focuses and reviews on the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies set out in note 3. Accordingly, the Group has only one single operating segment and except for entity-wide disclosures, major customers and geographic information, no further analysis of the segment is presented.

For the year ended 31 December 2024

# 5. REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION (Continued)

# (i) Disaggregation of revenue from contracts with customers and segment information (Continued)

#### Geographical information

Substantially all of the Group's operations and non-current assets are located in the People's Republic of China ("PRC"). An analysis of the Group's revenue from external customers, analysed by their respective country/region of operation, is detailed below:

#### Revenue by geographical location

	2024 RMB'000	2023 RMB'000
The PRC United States of America ("USA") Other	8,983,416 411,594 26,878	5,753,345 442,601 10,124
	9,421,888	6,206,070

#### Information about major customers

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

	2024 RMB'000	2023 RMB'000
Customer A (note)	4,259,365	3,295,831

Note: Customer A is a multinational group. Revenue from customer A is mainly from sales of pharmaceutical products and licence fee income.

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

#### Sales of pharmaceutical products

For the sale of pharmaceutical products, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customer's specific location. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. Under the Group's standard contract terms, customers can only return or request refund if the goods delivered do not meet required quality standards. Following the delivery, the customer bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer. The normal credit term is 45 – 60 days upon delivery.

For the year ended 31 December 2024

## REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT **INFORMATION (Continued)**

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

### Sales of pharmaceutical products (Continued)

As at 31 December 2024, all outstanding sales contracts are expected to be fulfilled within 12 months after the end of the reporting period. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

#### Licence fee income - over time

The Group entered into collaboration and other agreements and to provide licences to customers. Upfront fee, development milestone fee and other consideration received are recorded under contract liabilities. The Group transfers the contract liabilities to licence fee income over time on a systematic basis that is consistent with the customer receives and consumes the benefits.

### Licence fee income - a point in time

The Group provides licence of its patented intellectual property ("IP") to customers. Licence fee income is recognised at a point in time upon the customer obtains control on the usage of the IP.

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

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

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

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

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

For the year ended 31 December 2024

## REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT **INFORMATION (Continued)**

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

#### Research and development agreements with customers

The Group entered into research and development agreements with customers. The Group earns revenues by providing research services to the customers. Contract duration is over a year. Upfront payments (if any) received by the Group was initially recognised as a contract liability. Services revenue is recognised as a performance obligation satisfied over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group uses units produced/services transferred to the customer to date (output method) to measure progress towards complete satisfaction of these performance obligations. Payment for services is not due from the customer until the related payment milestone is completed and then a contract asset is transferred to trade receivables.

## 6. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Interest income Subsidized grants (note)	423,454 112,453	452,837 99,513
	535,907	552,350

Note: Subsidized grants include subsidies which are specifically for (i) the capital expenditure incurred for plant and machinery, which are recognised over the useful lives of the related assets; and (ii) the incentive and other subsidies for research and development activities and interest subsidies, which are recognised upon compliance with the attached conditions; and (iii) incentive which has no specific conditions attached to the grants.

For the year ended 31 December 2024

### 7. OTHER GAINS AND LOSSES

	2024 RMB'000	2023 RMB'000
Loss on disposal of property, plant and equipment Gain from changes in fair value of other financial assets	(22,987)	(952)
measured at FVTPL (note 23)	179,031	30,807
Loss from changes in fair value of other financial liabilities measured at FVTPL	(36,323)	(9,515)
Net foreign exchange gains	130,279	60,824
	250,000	81,164

### 8. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on bank borrowings	124,273	126,214
Interest on lease liabilities	3,394	5,321
Total borrowing costs	127,667	131,535
Less: amounts capitalised in the cost of qualifying assets (note)	(60,020)	(32,911)
	67,647	98,624

Note: Borrowing costs capitalised during the year arose on special loans.

For the year ended 31 December 2024

### 9. LOSS BEFORE TAX

	2024 RMB'000	2023 RMB'000
Loss before tax has been arrived at after charging:		
Directors' emoluments (note 11)	196,113	171,327
Other staffs costs:		
Salaries and other allowances	1,166,099	1,146,899
Performance related bonus	848,024	693,356
Retirement benefit scheme contributions	290,462	284,370
Share-based payment expenses	412,818	448,017
Total staff costs	2,913,516	2,743,969
Depreciation of property, plant and equipment	293,334	275,595
Amortisation of intangible assets	94,837	74,887
Depreciation of right-of-use assets	31,597	34,621
Capitalised in inventories	(162,284)	(134,281)
	257,484	250,822
Auditors' remuneration	3,777	3,280
Cost of inventories recognised as an expense		
(exclude impairment losses)	1,216,771	1,126,738
(Reversal) write-down of inventory, included in cost of sales	(34,709)	101,849
Intangible assets impairment loss, included in cost of sales	153,271	-
Intangible assets impairment loss, included in R&D expense	479,303	115,359

### 10. DIVIDENDS

No dividend was paid or proposed for the shareholders of the Company during the years ended 31 December 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

For the year ended 31 December 2024

## 11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS **Directors**

Details of the emoluments paid or payable to the directors of the Company and the chief executive of the Company by the group entities during the reporting period are as follows:

#### Year ended 31 December 2024

	Fees RMB'000	Salaries and other allowances RMB'000	Performance related bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors:					
Yu, De-Chao Michael (" <b>Dr. Yu</b> ")	_	2,897	37,702	_	40,599
Ede, Hao Xi Ronald (" <b>Mr. Ede</b> ")	_	2,642	4,511	_	7,153
Zhang, Qian (note a)	_	1,944	736	111	2,791
	-	7,483	42,949	111	50,543
Independent non-executive directors:					
Cooney, Charles L.	400	_	_	_	400
Hsu, I-Yin Joyce	400	_	_	_	400
Chen, Kaixian (note c)	400	_	_	_	400
Chen, Shuyun (note b)	267	-	-	_	267
Zieziula Gary	400	-	-		400
	1,867	-	-	_	1,867
	1,867	7,483	42,949	111	52,410

For the year ended 31 December 2024

## 11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

### **Directors (Continued)**

Year ended 31 December 2023

	Fees RMB'000	Salaries and other allowances RMB'000	Performance related bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors:					
Dr. Yu	_	2,897	33,547	_	36,444
Mr. Ede		2,592	4,511		7,103
		5,489	38,058	_	43,547
Independent non-executive directors:					
Cooney, Charles L.	400	_	_	_	400
Hsu, I-Yin Joyce	400	_	_	_	400
Chen, Kaixian	400	_	_	_	400
Zieziula Gary	400		_		400
	1,600	-	_		1,600
	1,600	5,489	38,058	_	45,147

#### Notes:

- Zhang, Qian was appointed as an executive director of the Company on 3 May 2024.
- Chen, Shuyun was appointed as a non-executive director of the Company on 3 May 2024.
- Chen, Kaixian resigned as independent non-executive director on 27 December 2024.

For the year ended 31 December 2024

### 11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

### **Directors (Continued)**

In addition, share-based payment expenses of RMB95,173,000 (2023: RMB99,562,000), RMB25,539,000 (2023: RMB24,306,000), RMB17,118,000 (2023: RMB0), RMB913,000 (2023: RMB409,000), RMB913,000 (2023: RMB409,000), RMB365,000 (2023: RMB164,000), RMB172,000 (2023: Nil) and RMB3,510,000 (2023: RMB1,330,000) are respectively recognised in connection with the amortisation of share options and restricted shares charges on the employee stock option plan ("ESOP") and restricted shares ("RS") granted to Dr. Yu, Mr. Ede, Qian Zhang, Cooney, Charles L., Hsu, I-Yin Joyce, Chen, Kaixian, Chen Shuyun and Zieziula Gary.

The executive directors' emoluments shown above were for their services as directors of the Company in connection with management of the affairs of the Company and Group.

The independent non-executive directors' and non-executive director's emoluments shown above were for their services as directors of the Company.

Dr. Yu is also the chief executive of the Company, and his emoluments disclosed above included those services rendered by him as the chief executive.

Performance related bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

There was no arrangement under which a director of the Company or the chief executive waived or agreed to waive any remuneration during the both years.

#### **Employees**

The five highest paid individuals of the Group during the year included three directors (2023: two directors) of the Company, details of whose emoluments are set out above. The emoluments of the remaining two (2023: three) highest paid individuals who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 [ 2024 RMB'000	December 2023 RMB'000
Salaries and other allowances	16,732	22,819
Performance related bonus	13,529	14,460
Share-based payment expenses	3,124	129,861
Retirement benefits scheme	734	891
	34,119	168,031

For the year ended 31 December 2024

## 11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

### **Employees (Continued)**

The emoluments of these five highest paid individuals during the reporting period were fell within the following bands:

		individuals 31 December
	2024	2023
HK\$8,000,001 to HK\$8,500,000	1	_
HK\$13,500,001 to HK\$14,000,000	-	1
HK\$21,500,001 to HK\$22,000,000	1	_
HK\$29,000,001 to HK\$29,500,000	1	_
HK\$31,500,001 to HK\$32,000,000	-	1
HK\$34,500,001 to HK\$35,000,000	-	1
HK\$35,500,001 to HK\$36,000,000	1	_
HK\$141,000,001 to HK\$141,500,000	-	1
HK\$148,500,001 to HK\$149,000,000	1	_
HK\$150,500,001 to HK\$151,000,000	-	1
	5	5

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to any of the directors of the Company nor the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

During the years ended 31 December 2024 and 2023, no payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable. Further, no consideration was provided to or receivable by third parties for making available directors' services. There are also no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities.

For the year ended 31 December 2024

### 12. INCOME TAX EXPENSE/(CREDIT)

	2024 RMB'000	2023 RMB'000
Current tax		
Income tax	620	224
Over provision in prior years	-	(887)
Withholding tax (note)	15,390	(115,835)
	16,010	(116,498)

Note: The amount in 2023 included RMB144.5 million tax refund for income tax withhold in 2020 from license fee income with a USA based customer.

The Company is tax exempt under the laws of the Cayman Islands.

Innovent Biologics (HK) Limited ("Innovent HK") is subject to Hong Kong profits tax on profits sourced in Hong Kong. Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of a qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. Innovent HK did not have tax assessable profit subject to Hong Kong Profits Tax for both years.

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

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation regulations of the EIT Law, the basic tax rate of the Company's PRC subsidiaries is 25%.

Innovent Suzhou has been accredited as a "High and New Technology Enterprise" by the Science and Technology Bureau (the "STB") of Jiangsu Province and relevant authorities on 12 December 2022, and has been registered with the local tax authorities for enjoying the reduced 15% Enterprise Income Tax rate (the "EIT rate") for a term of three years from 2022 to 2024.

In addition, Innovent Suzhou is subject to withholding tax on licence fee income received from a USA based customer amounting to RMB15,390,000 (2023: RMB28,328,000) for the year ended 31 December 2024.

The Group is operating in certain jurisdictions where the Pillar Two Rules are effective/enacted but not effective. However, as the Group's consolidated annual revenue is expected to be less than EUR 750 million, the management of the Group has not made relevant disclosures of qualitative and quantitative information about the Group's exposure to the Pillar Two income taxes.

For the year ended 31 December 2024

### 12. INCOME TAX EXPENSE/(CREDIT) (Continued)

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

	2024 RMB'000	2023 RMB'000
Loss before tax	(78,621)	(1,144,411)
Tax charge at the PRC EIT rate of 25%	(19,655)	(286,103)
Tax effect of expenses not deductible for tax purpose	510,080	420,523
Tax effect of income not taxable for tax purpose	(147,610)	(130,118)
Effect of research and development expenses that		
are additionally deducted (note)	(410,334)	(356,520)
Tax effect of tax losses not recognised	166,684	230,232
Tax effect of deductible temporary differences not recognised	557,855	122,210
Utilisation of deductible temporary differences previously not recognised	(21,225)	_
Utilisation of tax losses previously not recognised	(635,175)	_
Withholding tax on license fee income	15,390	(115,835)
Over provision in prior years	-	(887)
Tax charge (credit) for the year	16,010	(116,498)

Note: Pursuant to Caishui [2023] circular No. 7, Innovent Suzhou and 蘇州信達生物科技有限公司 Innovent Biologics Technology (Suzhou) Co., Ltd.\* ("Innovent Technology") and 信達細胞製藥(蘇州)有限公司 Innovent Cells Pharmaceuticals (Suzhou) Co., Ltd. \* enjoy super deduction of 200% (2023: 200%) on qualified research and development expenditures for the year ended 31 December 2024.

As at 31 December 2024, the Group has unused tax losses of RMB7,118 million (2023: RMB8,995 million) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

<sup>\*</sup> English name for identification only

For the year ended 31 December 2024

### 12. INCOME TAX EXPENSE/(CREDIT) (Continued)

The unrecognised tax losses will be carried forward and expire in years as follows:

	2024 RMB'000	2023 RMB'000
2024	_	3,563
2025	47,825	47,825
2026	95,339	95,963
2027	387,807	387,807
2028	416,675	1,894,308
2029 onward	4,605,260	5,349,039
Indefinite	1,564,726	1,216,654
	7,117,632	8,995,159

As at 31 December 2024, the Group has deductible temporary differences of RMB5,970 million (2023: RMB5,507 million). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

For the year ended 31 December 2024

### 13. LOSS PER SHARE

#### (a) Basic

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

	Year ended 3	31 December
	2024	2023
Loss (RMB'000)		
Loss for the year attributable to owners of the Company for		
the purpose of basic loss per share	(94,631)	(1,027,913)
Number of shares		
Weighted average number of ordinary shares for		
the purpose of basic loss per share	1,627,460,846	1,559,637,004

The computation of basic loss per share for the year ended 31 December 2024 and 2023 included the vested but unissued restricted shares, but excluded any treasury shares and shares held for share award schemes of the Company.

#### (b) Diluted

#### 31 December 2024 and 2023

The Company had two categories of potential ordinary shares which are restricted shares awarded under the 2018 Restricted Shares Plan (the "2018 RS Plan"), 2020 Restricted Shares Plan (the "2020 RS Plan"), 2024 Share Scheme (the "2024 Scheme - RS") and the shares options awarded under the Pre-IPO Share Incentive Plan (the "Pre-IPO Plan"), Post-IPO share option scheme (the "Post-IPO ESOP") and 2024 Share Scheme (the "2024 Scheme - ESOP"), as details set out in note 33. As the Group incurred losses for the period ended 31 December 2024 and 2023, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, dilutive loss per share for the period ended 31 December 2024 and 2023 is the same as basic loss per share.

For the year ended 31 December 2024

## 14. PROPERTY, PLANT AND EQUIPMENT

	<b>Buildings</b> RMB'000	Leasehold improvement RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	<b>Total</b> RMB'000
COST							
At 1 January 2023	402,460	107,657	2,405,049	112,040	6,114	1,138,734	4,172,054
Additions	210	2,682	4,594	110	-	1,146,434	1,154,030
Transfer	_	12,532	126,967	3,554	68	(143,121)	-
Disposal	-	(1,059)	(136)	(434)	-	-	(1,629)
Exchange adjustments	-	11	421	32	_	442	906
At 31 December 2023	402,670	121,823	2,536,895	115,302	6,182	2,142,489	5,325,361
Additions	-	63,194	13,512	15,389	644	1,210,199	1,302,938
Transfer	1,299,278	244,758	419,861	33,086	_	(1,996,983)	-
Disposal	-	(3,155)	(4,668)	(3,630)	-	(16,503)	(27,956)
Exchange adjustments	-	12	438	29	-	101	580
At 31 December 2024	1,701,948	426,632	2,966,038	160,176	6,826	1,339,303	6,600,923
DEDDECIATION							
DEPRECIATION At 1 January 2023	59,803	82,791	537,845	74,533	5,586	_	760,558
Provided for the year	10,933	9,392	241,262	14,487	(479)		275,595
Disposal	-	(119)	(70)	(434)	(+10)	_	(623)
Exchange adjustments	-	1	76	20	-	_	97
At 31 December 2023	70,736	92,065	779,113	88,606	5,107	-	1,035,627
Provided for the year Disposal	16,835	15,228 (2,308)	248,326 (3,421)	12,741 (2,085)	204		293,334 (7,814)
Exchange adjustments	_	(2,300)	146	(2,005)	_	_	165
At 31 December 2024	87,571	104,988	1,024,164	99,278	5,311	-	1,321,312
CARRYING VALUE							
At 31 December 2024	1,614,377	321,644	1,941,874	60,898	1,515	1,339,303	5,279,611
At 01 December 2002	004.004	00.750	1 757 700	00.000	1.075	0 140 400	4 000 704
At 31 December 2023	331,934	29,758	1,757,782	26,696	1,075	2,142,489	4,289,734

For the year ended 31 December 2024

### 14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment except for construction in progress, after taking into account of the residual value, are depreciated on a straight-line basis at the following rate per annum:

2% Buildings

Leasehold improvement Over the shorter of the term of the lease, or 5%

Plant and machinery 7% - 20% Furniture, fixtures and equipment 20 - 80% Motor vehicles 25%

As at 31 December 2024, the Group has pledged property, plant and equipment with a net book value of RMB1,755 million (2023: RMB1,805 million), to secure borrowings as disclosed in the note 28.

#### 15. RIGHT-OF-USE ASSETS

	Land use right RMB'000	Leasehold buildings RMB'000	Total RMB'000
As at 31 December 2024	254 470	12.152	247 421
Carrying amount	354,479	13,152	367,631
As at 31 December 2023			
Carrying amount	275,582	91,068	366,650
For the year ended 31 December 2024			
Additions	86,186	_	86,186
Disposal	-	(54,445)	(54,445)
Depreciation charge	(7,289)	(24,308)	(31,597)
Exchange adjustments	-	837	837
	78,897	(77,916)	981
For the year ended 31 December 2023			
Additions	1,725	_	1,725
Disposal	(16,230)	_	(16,230)
Depreciation charge	(5,786)	(28,835)	(34,621)
Exchange adjustments	_	1,126	1,126
	(20,291)	(27,709)	(48,000)

For the year ended 31 December 2024

### 15. RIGHT-OF-USE ASSETS (Continued)

	2024 RMB'000	2023 RMB'000
Expense relating to short-term leases	31	22
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	1,414	701
Total cash outflow for leases	90,738	34,247

For the years ended 31 December 2024 and 2023, the Group leases lands and various offices for its operations. Lease contracts are entered into for fixed term of 1 year to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group has obtained the land use right certificates for all leasehold lands in PRC.

The Group regularly entered into short-term leases for offices. As at 31 December 2024, the portfolio of shortterm leases is similar to the portfolio of short-term leases to which the short-term lease expenses disclosed in this note.

In addition, lease liabilities of RMB13,589,000 are recognised with related right-of-use assets of RMB13,152,000 as at 31 December 2024 (2023: lease liabilities of RMB98,597,000 are recognised with related right-of-use assets of RMB91,068,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Such leased assets may not be used as security for borrowing purposes.

As at 31 December 2024, the Group has pledged right-of-use assets with a net book value of RMB269 million (2023: RMB276 million) to secure borrowings as disclosed in the note 28.

For the year ended 31 December 2024

### **16. INTANGIBLE ASSETS**

	Development cost	Intellectual property	Software	Total
	RMB'000	RMB'000	RMB'000	RMB'000
COST				
At 1 January 2023	1,206,262	_	37,113	1,243,375
Addition	259,055		3,295	262,350
At 31 December 2023	1,465,317	_	40,408	1,505,725
Addition	450,516	287,536	1,731	739,783
Disposals			(256)	(256)
At 01 December 0004	1.015.022	207.527	41.002	2 245 252
At 31 December 2024	1,915,833	287,536	41,883	2,245,252
AMORTISATION				
At 1 January 2023	38,145	_	7,067	45,212
Charge for the year	69,334	_	5,553	74,887
Impairment loss	115,359	_		115,359
At 31 December 2023	222,838	_	12,620	235,458
Charge for the year	85,300	7,225	2,312	94,837
Impairment loss	632,574	-	2,012	632,574
Eliminated on disposal	-		(220)	(220)
At 04 December 0004	040.740	7.005	44.740	0/2/40
At 31 December 2024	940,712	7,225	14,712	962,649
CARRYING VALUES				
At 31 December 2023	1,242,479		27,788	1,270,267
At 31 December 2024	975,121	280,311	27,171	1,282,603

Except for certain license rights and capitalized development expense not yet available for use, intangible assets are amortised on a straight-line basis over the following periods:

Development cost 10 years Software 3-10 years Intellectual property 16.5 years

For the year ended 31 December 2024

### 16. INTANGIBLE ASSETS (Continued)

During the year ended 31 December 2024, the Group capitalised expense amounted to RMB450,516,000 (2023: RMB259,055,000), in respect of the licenses for a few particular molecules with the goal of developing and commercialising them as pharmaceutical products. Such intangible assets have finite useful lives and will start to amortise after available for use.

### (a) Development cost not yet available for use

Development cost not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired. During the year ended December 31 2024, the directors of the Company have performed impairment assessment of all development cost not yet available for use and an impairment loss of RMB479,303,000 (2023: RMB115,359,000) is recognised in respect of certain development costs not yet available for use based on value in use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to a cash-generating unit for which the estimates of future cash flows have not been adjusted.

The impairment loss has been included in profit or loss in the research and development expenses line item.

The cash flow projections of the value-in use calculation is based on financial budgets approved by management of the Group.

The following table sets out the key assumptions for the value in use calculation of the cash-generating units that have material impairment loss recognised in current year.

	2024 RMB'000	2023 RMB'000
Pipeline A		
Pre-tax discount rate	21.1%	21.3%
Expected annual revenue growth rates	2% - 186%	-5% - 117%
Average percentage of cost and operating expenses	65%	51%
Pipeline B		
Pre-tax discount rate	21.1%	21.3%
Expected annual revenue growth rates	-55% - 147%	-36.9% - 104%
Average percentage of cost and operating expenses	80%	59%

As at December 31 2024 development costs with carrying amount RMB398,413,000 (2023: RMB546,615,000) is not yet available for use.

For the year ended 31 December 2024

### 16. INTANGIBLE ASSETS (Continued)

#### (b) Development cost available for use

In view of fiercer market competition and expected decline in sale volume in a product, the directors of the Company consider there is impairment indicator in respect of certain development cost available for use. During the year ended December 31 2024, the directors of the Company have performed impairment assessment of certain development cost available for use and consequently determined an impairment loss of RMB153,271,000 (2023: Nil) based on value in use. The impairment loss has been included in profit or loss in the cost of sales line item.

Those calculations use cash flow projections based on financial budgets approved by the management of the Group.

The following table sets out the key assumptions for the value in use calculation of the cash-generating unit that has material impairment recognised in current year.

	2024 RMB'000
Pipeline C Expected annual revenue growth rates	-21%4%
Pre-tax discount rate Average percentage of cost and operating expenses	21.1% 79%

After considering the impairment loss recognized, as at December 31 2024, development costs with carrying amount RMB576,708,000 (2023: RMB695,864,000) is available for use.

For the year ended 31 December 2024

### 17. PARTICULARS OF SUBSIDIARIES

Details of the Company's principal operating subsidiaries as at 31 December 2024 and 2023 are as follows:

	Place and date of incorporation/	Issued and paid-up share n/ capital/registered capital			Shareholding/ equity interests attributable to the Company as at		
Name of subsidiaries	registration/ operations	31 December 2024	31 December 2023	31 December 2024	31 December 2023	Principal activities	
Directly held: Innovent HK	Hong Kong 17 May 2011	Issued capital of HK\$10,000 and paid-up capital of HK\$1	Issued capital of HK\$10,000 and paid-up capital of HK\$1	100%	100%	Sales of drugs	
Innovent Biopharmaceuticals Inc.	Cayman Islands 24 April 2020	Issued capital of USD50,000 and paid-up capital USD50,000	Issued capital of USD50,000 and paid-up capital USD50,000	100%	100%	Intermediate holding company	
Fortvita Biologics Inc.	Cayman Islands 4 November 2021	Registered capital of USD50,000 and paid-up capital of nil	Registered capital of USD50,000 and paid-up capital of nil	100%	100%	Intermediate holding company	
Innovent Cells Inc.	Cayman Islands 30 April 2021	Registered capital of USD50,000 and paid-up capital of nil	Registered capital of USD50,000 and paid-up capital of nil	100%	100%	Intermediate holding company	
Innovent Biologics Capital, Inc.	Cayman Islands 7 November 2024	Registered capital of USD50,000 and paid-up capital of nil	N/A	100%	N/A	Intermediate holding company	

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## 17. PARTICULARS OF SUBSIDIARIES (Continued)

	Place and date of		paid-up share	Sharehold equity interests	attributable		
Name of subsidiaries	incorporation/ registration/ operations	capital/registered capital 31 December 31 December 2024 2023		to the Company as at 31 December 31 December 2024 2023		Principal activities	
Indirectly held:							
Innovent Suzhou	PRC 24 August 2011	Registered capital of USD152,464,750 and paid-up capital of USD152,464,750	Registered capital of USD152,464,750 and paid-up capital of USD152,464,750	100%	100%	Research and development and sales of drugs	
Innovent Technology	PRC 8 July 2013	Registered capital of RMB40,000,000 and paid-up capital of RMB40,000,000	Registered capital of RMB40,000,000 and paid-up capital of RMB40,000,000	100%	100%	Research and development and sales of drugs	
Oriza Xinda International Limited	Hong Kong 20 March 2018	Issued capital of USD50,000 and paid-up capital of nil	Issued capital of USD50,000 and paid-up capital of nil	100%	100%	Intermediate holding company	
信達生物科技有限公司 Innovent Biotechnology Co., Ltd.	PRC 20 September 2019	Registered capital of USD100,000,000 and paid-up capital of USD85,000,000	Registered capital of USD100,000,000 and paid-up capital of USD75,000,000	100%	100%	Research and development	
信達生物製藥(杭州)有限公司 Innovent Biologics (Hangzhou) Co., Ltd.*	PRC 29 September 2020	Registered capital of USD120,000,000 and paid-up capital of USD120,000,000	Registered capital of USD120,000,000 and paid-up capital of USD107,000,016	100%	100%	Manufacturing	
江蘇眾煦醫藥有限公司 Jiangsu Zhongxu Biopharmaceuticals Co., Ltd.*	PRC 16 November 2020	Registered capital of RMB20,000,000 and paid-up capital of RMB20,000,000	Registered capital of RMB20,000,000 and paid-up capital of RMB20,000,000	100%	100%	Sales of drugs	
蘇州信成私募基金管理有限公司 Suzhou Xincheng Private Equity Fund Management Co., Ltd. *	PRC 28 April 2021	Registered capital of RMB10,000,000 and paid-up capital of RMB5,000,000	Registered capital of RMB10,000,000 and paid-up capital of RMB5,000,000	100%	100%	Business service	

For the year ended 31 December 2024

## 17. PARTICULARS OF SUBSIDIARIES (Continued)

Place and date of Issued and paid-up share incorporation/ capital/registered capital			stered capital	Shareho equity interest to the Com		
Name of subsidiaries	registration/ operations	31 December 2024	31 December 2023	31 December 2024	31 December 2023	Principal activities
Indirectly held: (Continued) 蘇州信禾國清創業投資合夥企業 (有限合夥) Suzhou Xinhe Guoqing venture capital partnership (limited partnership) ("Xinhe") *	PRC 6 August 2021	Registered capital of of RMB500,000,000 Paid-up capital of of RMB340,200,000	Registered capital of of RMB500,000,000 Paid-up capital of of RMB200,500,000	13% (note)	11%	Capital service
蘇州信惠博安企業管理有限公司 Suzhou Xinhui Boan Enterprise Management Co., Ltd. *	PRC 14 April 2021	Registered capital of RMB10,000,000 and paid-up capital of RMB10,000,000	Registered capital of RMB10,000,000 and paid-up capital of RMB10,000,000	100%	100%	Business service
Fortvita Biologics (USA), Inc.	United States of America 8 June 2018	Issued capital of nil and paid-up capital of nil	Issued capital of nil and paid-up capital of nil	100%	100%	Research and development
Fortvita Biologics (Europe) Limited	England and Wales 27 July 2020	Issued capital of GBP1 and paid-up capital of GBP1	Issued capital of GBP1 and paid-up capital of GBP1	100%	100%	Research and development
Innovent Biopharmaceuticals (HK) Limited	Hong Kong 27 March 2020	Issued capital of HK\$10,000 and paid-up capital HK\$10,000	Issued capital of HK\$10,000 and paid-up capital HK\$10,000	100%	100%	Intermediate holding company
Innovent Cells (HK) Limited	Hong Kong 17 June 2021	Registered capital of HK\$10,000 and paid-up capital of HK\$10,000	Registered capital of HK\$10,000 and paid-up capital of HK\$10,000	100%	100%	Intermediate holding company
信達細胞製藥(蘇州)有限公司 Innovent Cells Pharmaceuticals (Suzhou) Co., Ltd. *	PRC 16 November 2021	Registered capital of USD50,000,000 and paid-up capital of nil	Registered capital of USD50,000,000 and paid-up capital of nil	100%	100%	Research and development
Innovent Biologics (Ireland) Limited	Ireland 1 June 2022	Registered capital of EUR 1 and paid-up capital of EUR1	Registered capital of EUR 1 and paid-up capital of EUR1	100%	100%	Business service

For the year ended 31 December 2024

## 17. PARTICULARS OF SUBSIDIARIES (Continued)

	Place and date of incorporation/	Issued and capital/reg	Shareho equity interest to the Com			
Name of subsidiaries	registration/ operations	31 December 2024	31 December 2023	31 December 2024	31 December 2023	Principal activities
Indirectly held: (Continued) 夏爾巴生物技術(杭州)有限公司 Altruist Biotechnology (Hangzhou) Limited *	PRC 24 May 2022	Registered capital of RMB5,000,000 and paid-up capital of nil	Registered capital of RMB5,000,000 and paid-up capital of nil	100%	100%	Research and development
夏爾巴生物技術(蘇州)有限公司 Altruist Biotechnology (Suzhou) Limited *	PRC 29 June 2022	Registered capital of RMB5,000,000 and paid-up capital of nil	Registered capital of RMB5,000,000 and paid-up capital of nil	100%	100%	Research and development
蘇州信成博康壹號創業投資 合夥企業(有限合夥) Suzhou Xin Cheng Bo Kang Yi Hao Venture Capital Partnership (Limited Partnership) *	PRC 24 February 2022	Registered capital of RMB50,000,000 and paid-up capital of RMB36,063,478	Registered capital of RMB50,000,000 and paid-up capital of RMB14,979,108	100%	100%	Capital service
蘇州信成博康壹號企業 管理合夥企業(有限合夥)	PRC 7 June 2022	Registered capital of RMB51,000,000 and paid-up capital of RMB40,800,000	Registered capital of RMB51,000,000 and paid-up capital of RMB20,200,000	100%	100%	Capital service
InnoPinnacle International I Inc	Cayman Islands 11 January 2021	Registered capital of USD50,000 and paid-up capital of nil	Registered capital of USD50,000 and paid-up capital of nil	100%	100%	Business service
Innopinnacle Fund I L P ("Inno Fund")	Cayman Islands 17 March 2022	Registered capital of USD70,000,000 and paid-up capital of USD38,337,995	Registered capital of USD70,000,000 and paid-up capital of USD23,086,576	49% (note)	43%	Capital service
上海信恒盈峰企業管理有限公司 Shanghai Xin Heng Ying Feng Enterprise Management Co., Ltd *	PRC 25 November 2022	Registered capital of RMB2,000,000 and paid-up capital of RMB179,495	Registered capital of RMB2,000,000 and paid-up capital of RMB179,495	100%	100%	Business service

For the year ended 31 December 2024

## 17. PARTICULARS OF SUBSIDIARIES (Continued)

	Place and date of incorporation/		paid-up share istered capital	Shareho equity interest to the Com		
Name of subsidiaries	registration/ operations	31 December 2024	31 December 2023	31 December 2024	31 December 2023	Principal activities
Indirectly held: (Continued) InnoPinnacle Fund Management Pte Ltd	Singapore 25 February 2022	Registered capital of Singapore Dollar ("SGD") 1 and paid- up capital of SGD 1	Registered capital of Singapore Dollar 1 and paid-up capital of SGD 1	100%	100%	Business service
Innovent Biologics (Singapore) PTE. LTD.	Singapore 28 February 2023	Registered capital of SGD 1 and paid-up capital of SGD 1	Registered capital of SGD 1 and paid-up capital of SGD 1	100%	100%	Research and development
Fortvita Biologics International, Inc.	Cayman Islands 7 July 2021	Registered capital of USD50,000 and paid-up capital of nil	N/A	100%	N/A	Investment holding
Fortvita Biologics Limited	Hong Kong 11 October 2021	Registered capital of USD100 and paid-up capital of USD100	N/A	100%	N/A	Research and development
杭州愛澤醫藥有限公司 Hangzhou Aize Pharmaceutical Co., Ltd.*	PRC 3 April 2024	Registered capital of RMB100,000 and paid-up capital of nil	N/A	100%	N/A	Sales of drugs
信達生物醫藥科技(杭州)有限公司 Xinda Biopharmaceutical Technology (Hangzhou) Co., Ltd.*	PRC 8 April 2024	Registered capital of USD700,000 and paid-up capital of nil	N/A	100%	N/A	Sales of drugs

None of the subsidiaries had issued any debt securities at the end of both years.

#### Note:

The Group is able to control Xinhe and Inno Fund because the Group undertake and have exclusive responsibility and full control for the conduct, management, operation and administration of the business.

English name for identification only

For the year ended 31 December 2024

#### 18. INVESTMENT IN AN ASSOCIATE

	2024 RMB'000	2023 RMB'000
Investment in an associate under equity method	858,991	_

Details of the Group's associate at the end of the reporting period are as follows:

			Proportion of ownership interest held by the Group		Proportion of vo		
Name of entity	Country of incorporation	Principal place of business	31 December 2024	31 December 2023	31 December 2024	31 December 2023	Principal activities
IASO Biotherapeutics ("Company B") (note)	The PRC	The PRC	18%	N/A	18%	N/A	Research development of drugs

Note: On July 2024, Innovent Suzhou made a capital injection into Company B at RMB900 million. After the capital injection, the Group obtained 18% equity interests in Company B. The Group is able to exercise significant influence over Company B as the Group has the right to appoint one out of the nine directors. As a result, Company B was accounted for as an associate using equity method by the Group.

In addition to the above associate in which the Group has applied equity method, the Group is able to exercise significant influence over certain investees because it has the power to appoint one director of these investees under the terms of relative investment agreements. As disclosed in note 38(c), the Group's investment in such redeemable convertible preference shares are accounted for under IFRS 9.

### 19. EQUITY INSTRUMENTS AT FVTOCI

	2024 RMB'000	2023 RMB'000
Listed		
- Equity securities (note)	-	218,301

Note: The above listed equity investments represented ordinary shares of an entity listed in Hong Kong. These investments were not held for trading, instead, they were held for long-term strategic purposes. Gain in fair value amounting to RMB60,985,000(2023: Gain in fair value amounting to RMB15,731,000) is recognised during the year ended 31 December 2024.

For the year ended 31 December 2024

#### **20. INVENTORIES**

	2024 RMB'000	2023 RMB'000
Raw materials	404,856	373,922
Work in progress	192,143	325,101
Finished goods	225,168	269,065
	822,167	968,088

### 21. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables from contracts with customers	1,184,407	1,005,891

As at 1 January 2023, trade receivables from contracts with customers amounting to RMB575,269,000.

The Group allows an average credit period of 45 to 60 days to its trade customers. The following is an aging analysis of trade receivables, presented based on the invoice date.

	2024 RMB'000	2023 RMB'000
0 - 60 days	1,184,407	1,005,891
	1,184,407	1,005,891

As at 31 December 2024 and 2023, none of the Group's trade receivables are past due as at reporting date. Details of impairment assessment of trade receivables are set out in note 38.

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### 22. PREPAYMENTS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Prepayments	82,790	38,673
Other receivables	263,094	413,715
Prepaid bonus (note)	95,789	106,998
Other tax recoverables	288,540	202,479
Rental deposits	4,673	5,628
	734,886	767,493
Analysed as:		
Non-current	352,363	283,116
Current	382,523	484,377
	734,886	767,493

#### Note:

In consideration of future performance of their duties as directors of the Company (including Dr. Yu), the Company granted bonuses to them, which comprises subscription receivables for restricted shares, subscription receivables for share options, amount due in respect of the withholding tax resulting from the restricted shares and share options subscriptions; and amount due in respect of the withholding tax resulting from the grant of the prepaid bonuses.

Based on the relevant terms of the directors' respective service agreements (which reflected the relevant contractual terms of these directors' bonus plan), the outstanding subscription receivables and the amount paid or payable for these directors of the Company in respect of the withholding tax resulting from the share subscriptions and the grant of these bonuses were converted to bonuses paid in advance to directors of the Company. These directors of the Company shall be liable to return the whole or part of the bonuses and the relevant tax paid for them if certain service and/or performance conditions are not satisfied in accordance with the relevant terms of the respective directors' service agreements.

During the year ended 31 December 2024, RMB34.5 million (2023: RMB30.3 million) was recognised as bonus expense based on the underlying terms of bonus plan and recorded under administrative expenses in accordance with the relevant terms of services agreements and RMB36.6 million (2023: RMB32.0 million) is expected to be recognised in the next twelve months and therefore, it is classified as current assets.

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#### 23. OTHER FINANCIAL ASSETS

	Current		Current Non-		Non-c	urrent
	2024	2023	2024	2023		
	RMB'000	RMB'000	RMB'000	RMB'000		
Investment notes (note a)	375,555	867,534	511,356	_		
Other investments at FVTPL						
<ul> <li>Unlisted equity investments and</li> </ul>						
preference shares (note b)	-	_	704,526	575,788		
<ul><li>Structured deposits (note c)</li></ul>	-	50,000	1,551,023	_		
	375,555	917,534	2,766,905	575,788		

#### Notes:

- The Group invested in notes issued by financial institutions with an interest rate as stated in the contract ranging from 4.08% to 5.15% per annum. These notes are classified as financial assets measured at amortised cost according to contract terms.
- The amounts represent investments in unlisted equity interest and preference shares in the PRC, the USA, the Indonesia and the Cayman Islands. Gain from changes in fair value amounting to RMB179,031,000 is recognised during the year ended 31 December 2024 (2023: RMB30,807,000). Details of fair value measurements are set out in note 38c.
- The Group invested in structured products issued by financial institutions with an expected rate of return as stated in the contract ranging from 1.05% to 5.59% per annum. These investments are classified as financial assets at FVTPL.

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## 24. BANK BALANCES AND CASH/TERM DEPOSITS

	2024 RMB'000	2023 RMB'000
Cash at bank	2,223,207	1,349,958
Cash on hand	8	108
Term deposits with maturity date less than three months	50,141	1,395,627
Cash and cash equivalents	2,273,356	2,745,693
Term deposits with maturity date over three months	5,376,391	6,456,554
Pledged bank deposits (note 28)	133,438	849,848
	7,783,185	10,052,095
Analysed as:		
Non-current	275,000	_
Current	7,508,185	10,052,095
	7,783,185	10,052,095

Bank balances carry interest at market rates ranging as follows per annum:

	2024	2023
Term deposits Cash at bank	1.55%-6.05% 0.001%-4.49%	2.80%-6.55% 0.001%-5.30%

The carrying amounts of the Group's term deposits and bank balances and cash denominated in currencies other than functional currencies of the relevant group entities at the end of the reporting period are as follows:

	2024 RMB'000	2023 RMB'000
United States Dollar ("USD") Hong Kong Dollar ("HKD") Great Britain Pound ("GBP")	5,952,271 186,385 1,988	7,551,687 233,496 324

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### 25. TRADE AND BILLS PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables Bills payables	347,543 10,134	258,100 114,449
	357,677	372,549

The average credit period on trade purchases is 0 to 90 days. Aging analysis of the Group's trade payables based on the invoice date at the end of the reporting period is as follows:

	2024 RMB′000	2023 RMB'000
0 – 30 days	140,871	171,622
31 - 60 days	159,874	44,779
Over 60 days	46,798	41,699
	347,543	258,100

Aging analysis of the Group's bills payables based on the date of issue of bills at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
0 - 90 days 91-180 days	10,134	34,023 80,426
	10,134	114,449

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### 26. OTHER PAYABLES AND ACCRUED EXPENSES

	2024 RMB'000	2023 RMB'000
Accrued expenses		
<ul> <li>Research and development expenses (note a)</li> </ul>	705,934	617,688
<ul> <li>Royalties and other related payments</li> </ul>	260,390	340,179
<ul> <li>Selling and marketing expenses</li> </ul>	657,883	471,660
<ul> <li>Legal and professional fee</li> </ul>	83,329	13,395
<ul> <li>Employee reimbursement</li> </ul>	131,090	93,700
- Others	220,017	67,962
	2,058,643	1,604,584
Amounts due to partners of joint operations (note b)	-	42,960
Interest payables	4,812	2,964
Royalties and other related payments	218,760	_
Other payables	109,880	81,948
Other tax payable	75,843	194,049
Payables in respect of acquisition of property, plant and equipment	415,646	187,251
Staff payroll payables	457,268	354,015
	3,340,852	2,467,771

#### Notes:

Amounts included accrued service fees to outsourced service providers, namely, contract research organisation and clinical trial sites.

b. The amount is unsecured, non-interest bearing and repayable on demand.

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### 27. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Amounts received in advance for		
License (note)	818,974	860,631
Research service	5,217	5,847
	824,191	866,478
Analysed by		
Current	256,411	416,166
Non-current	567,780	450,312
	824,191	866,478

As at 1 January 2023, contract liabilities amounted to RMB1,004,007,000.

#### Notes:

- During the year ended 31 December 2024, the Group received collaboration fee and milestone payment of RMB3.2 million (2023: RMB299.0 million) for granting a commercialisation licence to a customer in previous years. With the commercialisation in March 2019, the Group commenced to recognise the relevant licence fee income over time on a systematic basis that is consistent with the customer receives and consumes the benefits during the commercialisation
  - Licence fee income of RMB251.6 million was recognised during the year ended 31 December 2024 (2023: RMB442.3 million). License fee income amounting to RMB251.6 million recognized during the year ended 31 December 2024 (2023: RMB362.2 million) was included in the contract liabilities balance at the beginning of the year.
- Contract liability of RMB221.0 million was recognised relating to license to trademark. Licence fee income amounting to RMB11.1 million was recognised during the year ended 31 December 2024 (2023: Nil).

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### 28. BORROWINGS

	2024 RMB'000	2023 RMB'000
Fixed-rate borrowings – at amortised cost	2,817,454	3,521,932
Analysed as:		
Secured	1,872,976	2,327,404
Unsecured	944,478	1,194,528
	2,817,454	3,521,932
The carrying amounts of the above borrowings are repayable*:		
Within one year	405,100	1,195,155
Within a period of more than one year but not exceeding two years	299,800	350,100
Within a period of more than two years but not exceeding five years	1,858,700	1,642,712
Within a period of more than five years	253,854	333,965
	2,817,454	3,521,932
Less: Amounts due within one year shown under current liabilities	(405,100)	(1,195,155)
Amounts shown under non-current liabilities	2,412,354	2,326,777

The amounts due are based on scheduled repayment dates set out in the loan agreements.

The ranges of effective interest rates on the Group's fixed-rate borrowings are as follows:

	2024	2023
Effective interest rate:		
Fixed-rate borrowings	2.60% - 4.90%	2.60% - 4.90%

The Group pledged the following assets to secure credit facilities granted to the Group:

	2024 RMB'000	2023 RMB'000
Property, plant and equipment (note 14)	1,755,344	1,804,933
Right-of-use assets – leasehold land (note 15)	269,490	275,583
Pledged bank deposits (note 24)	133,438	849,848
	2,158,272	2,930,364

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### **29. LEASE LIABILITIES**

	2024 RMB'000	2023 RMB'000
Lease liabilities payable:		
Within one year	8,829	25,175
Within a period of more than one year but not more than two years	4,760	16,689
Within a period of more than two years but not more than five years	-	30,201
Within a period of more than five years	-	26,532
	13,589	98,597
Less: Amount due for settlement with 12 months shown		
under current liabilities	(8,829)	(25,175)
Amount due for settlement after 12 months shown under		
non-current liabilities	4,760	73,422

The weighted average incremental borrowing rates applied to lease liabilities range from 3.10% to 4.90% (2023: from 4.75% to 4.90%).

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities set out below:

	2024 RMB'000	2023 RMB'000
USD	-	65,613

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#### **30. SUBSIDIZED GRANTS**

	2024 RMB'000	2023 RMB'000
Subsidies related to property, plant and equipment (note a) Other subsidies (note b)	622,247 25,045	495,789 13,950
	647,292	509,739

#### Notes:

- The Group received subsidized grants for capital expenditure incurred for the plant and machineries. The amounts are deferred and amortised over the estimated useful lives of the respective assets.
- Other subsidies are generally provided in relation to research and development activities of the Group, which will recognise upon compliance with certain condition.

#### 31. OTHER FINANCIAL LIABILITIES

	2024 RMB'000	2023 RMB'000
The net assets attribute to other partners of investment fund consolidated	460,960	262,713

During the year ended 31 December 2024, the Group received the proceeds from other partners of investment fund consolidated amounting to RMB161,924,000 (2023: RMB90,893,000). Other loss derived from operation of funds attribute to other partners is RMB36,323,000 (2023: RMB9,515,000).

#### 32. SHARE CAPITAL

	Number of ordinary shares Amount USD'000		
Authorised At 1 January 2023, 31 December 2023 and 2024	5,000,000,000	50	

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### 32. SHARE CAPITAL (Continued)

	Number of shares	Amount USD'000	Equivalent amount of ordinary shares RMB'000
Issues and fully paid			
At 1 January 2023	1,534,406,983	15	105
Issuance of ordinary shares (note a)	68,000,000	1	5
Exercise of share options (note b)	11,391,528	_	1
Issuance of restricted shares (note c)	8,032,394		1
N. 0.4 D			440
At 31 December 2023	1,621,830,905	16	112
Exercise of share options (note d)	10,813,358	-	1
Issuance of restricted shares (note e)	5,502,741	-	-*
At 31 December 2024	1,638,147,004	16	113

Amount is less than RMB1,000.

#### Notes:

- On 12 September 2023, the Group issued 68,000,000 new ordinary shares at HK\$34.92 per share for net proceeds of HK\$2,355 million (equivalent to RMB2,161 million) (after deducting commission of HK\$1.6 million and transaction cost of HK\$17.8 million (equivalent to RMB1.5 million and RMB16.3 million)) from placing of new ordinary shares. The net proceeds received by the Group was recognised as share capital at par value of US\$0.00001 each and the remaining amount was recognised as share premium of the Company.
- During the year ended 31 December 2023, a total of 9,192,493 and 2,199,035 ordinary shares were issued to the employees in connection with the exercise of share options under the Pre-IPO plan and Post-IPO plan at an aggregate exercise price of US\$2,004,000 (equivalent to RMB14,220,000) and HK\$67,604,000 (equivalent to RMB61,572,000) respectively.
- (c) During the year ended 31 December 2023, a total of 8,032,394 restricted shares were issued to Dr. Yu, independent nonexecutive directors and other employees of the Group.
- During the year ended 31 December 2024, a total of 8,327,167 and 2,486,191 ordinary shares were issued to the employees in connection with the exercise of share options under the Pre-IPO plan and Post-IPO plan at an aggregate exercise price of US\$1,855,000 (equivalent to RMB13,136,000) and US\$10,067,000 (equivalent to RMB71,176,000) respectively.
- During the year ended 31 December 2024, a total of 5,502,741 restricted shares were issued to Dr. Yu, independent nonexecutive directors, other employees and trust plan of the Group.

For the year ended 31 December 2024

#### 33. SHARE-BASED PAYMENT TRANSACTIONS

### (i) Pre-IPO Plan

On 10 May 2012, the shareholders of the Company approved the adoption of the Pre-IPO Plan for the purpose of incentivising, retaining and rewarding certain employees, board members and individual consultant or adviser who renders bona fide services to the Company or its subsidiaries ("**Eligible Person**") for their contributions the Group's business, and to align their interests with those of the Group.

The following table discloses movements of the Company's share options held by grantees during the years:

	Number of share options			
	Directors of t	the Company	Employees	
	2024	2023	2024	2023
As at 1 January	_	_	21,079,011	30,271,504
Transfer (Note)	1,375,000	_	(1,375,000)	_
Exercised	(600,000)	_	(7,727,167)	(9,192,493)
As at 31 December	775,000	_	11,976,844	21,079,011

Note: Ms. Qian Zhang was appointed as an executive director. Her outstanding share options were reclassed from employees to directors of the Company.

As at 31 December 2024, 12,751,844 (2023: 18,681,711) outstanding options under the Pre-IPO Plan were fully vested and exercisable.

For the outstanding options, vesting period ranges from 31 October 2017 to 8 October 2024, weighted average remaining contractual life being 3.37 years (2023: 4.38 years), exercise price ranges from US\$0.04 to US\$0.30(2023: US\$0.04 to US\$0.30) and weighted average exercise price being US\$0.23(2023: US\$0.23).

The following table discloses the weighted average exercise price of the Company's share options held by grantees during the years:

	2024	2023
Exercised	US\$0.22	US\$0.22

No share appreciation right was outstanding nor issued during any of the reporting period.

The total expenses recognised in the consolidated statement of profit or loss and other comprehensive income for share options granted to directors of the Company and employees are RMB1,410,000 for the year ended 31 December 2024 (2023: RMB2,566,000).

For the year ended 31 December 2024

### 33. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

#### (ii) Post-IPO ESOP

On 13 October 2018, shareholders resolution was passed to adopt the Post-IPO ESOP. The purpose of the Post-IPO ESOP is to encourage participants to work towards enhancing the value of the Company. The total number of shares which may be issued upon exercise of all options to be granted under the Post-IPO ESOP is 111,815,071, being no more than 10% of the shares in issue on the date the shares commence trading on The Stock Exchange of Hong Kong Limited.

The following table discloses movements of the Company's share options held by grantees under post-IPO ESOP during the year:

	Number of share options			
	Directors of the Company		Employees	
	2024	2023	2024	2023
At the beginning of the period	13,421,528	11,119,356	40,693,747	35,576,603
Granted	1,276,415	2,302,172	3,528,984	11,379,270
Transfer (Note)	2,652,191	_	(2,652,191)	_
Forfeited	(16,763)	_	(3,170,112)	(4,063,091)
Exercised	-	_	(2,486,191)	(2,199,035)
At the end of the period	17,333,371	13,421,528	35,914,237	40,693,747

Note: Ms. Qian Zhang was appointed as an executive director. Her outstanding share options were reclassed from employees to directors of the Company.

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### 33. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

#### (ii) Post-IPO ESOP (Continued)

On 22 March 2024, 3 May 2024 and 14 June 2024, the Company granted a total of 4,416,644, 3,371 and 385,384 share options at nil consideration to directors and employees of the Group, subject to the accomplishment of certain non-market performance conditions respectively.

For the granted options to directors and employees, 75% of the granted options shall vest on the third anniversary of the vesting commencement date while another 25% shall vest on the fourth anniversary of the vesting commencement date, subject to the performance condition to be fulfilled. For the granted options to non-executive directors, the grant options will be vested on a straight-line basis over three years after the vesting commencement date. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The options may not be exercised until they vest. Once vested, the vested portion of the options may be exercised in whole or in part, at any time before the share options expired, i.e. ten years after the date of vesting commencement.

For the outstanding options, vesting period ranges from 14 March 2022 to 21 December 2028(2023: 14 March 2022 to 22 June 2027), weighted average remaining contractual life being 6.62 years (2023: 7.42 years), exercise price ranges from HK\$24.30 to HK\$90.05(2023: HK\$24.30 to HK\$91.05) and weighted average exercise price being HK\$40.81(2023: HK\$41.71).

As at 31 December 2024, a total of 25,981,672 (2023: 19,342,984) outstanding options under the Post-IPO ESOP were exercisable.

The following table discloses the weighted average exercise price of the Company's share options held by grantees during the periods:

	Directors of the Company 2024 2023		<b>Employees 2024</b> 2023	
Granted Forfeited Exercised	HK\$40.24	HK\$38.39	HK\$33.62	HK\$38.44
	-	-	HK\$44.18	HK\$47.02
	-	-	HK\$31.50	HK\$30.74

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# 33. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

#### (ii) Post-IPO ESOP (Continued)

#### Fair value of share options granted

Binomial Options Pricing Model was used to determine the fair value of the options granted during the year ended 31 December 2024. Key assumptions, such as expected dividend yield, post-vesting exit rate, expected exercise multiple, risk-free interest rate and expected volatility, are determined by the directors of the Company with best estimate.

The key inputs into the model were as follows:

	2024	2023
Fair value per option on grant date Weighted average share price of the	HK\$17.35 - HK\$22.66	HK\$14.24 - HK\$22.63
Company on grant date  Exercise price	HK\$36.00 - HK\$40.90 HK\$38.30 - HK\$40.90	HK\$30.25 – HK\$42.40 HK\$35.20 – HK\$42.84
Expected volatility	46.00% - 47.00%	44.00% - 46.00%
Risk-free interest rate  Expected dividend yield	3.47% - 4.02% 0%	3.10% – 3.93% 0%
Post-vesting exit rate Expected exercise multiple	0.00% - 6.60% 2.2 - 2.6	3.10% - 5.00% 2.2 - 2.6

The directors of the Company estimated the risk-free interest rate based on the yield of Hong Kong Government Bonds issued under the Institutional Bond Issuance Programme with a maturity life close to the option life of the share option. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share option. Dividend yield is based on management estimation at the grant date. The total expense recognised in the consolidated statement of profit or loss and other comprehensive income for share options granted to directors of the Company and employees are RMB147,820,000 for the year ended 31 December 2024 (2023: RMB224,414,000).

For the year ended 31 December 2024

# 33. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

#### (iii) 2024 Share scheme - ESOP

On 21 June 2024, shareholders resolution was approved to implement the 2024 Share scheme. The aim of the 2024 Share scheme is to motivate participants to contributes to increasing the Company's value. The total maximum number of ESOP and RS under 2024 Share scheme is 162,838,357 Shares.

The following table discloses movements of the Company's share options held by grantees during the periods:

	Number of share options Employees		
	<b>2024</b> 20		
At the beginning of the period	_	_	
Granted	226,500	_	
At the end of the period	226,500		

On 30 August 2024 and 5 December 2024, the Company granted a total of 170,600 and 55,900 share options at nil consideration to employees of the Group, subject to the accomplishment of certain non-market performance conditions respectively.

For the granted options to and employees, 75% of the granted options shall vest on the third anniversary of the vesting commencement date while another 25% shall vest on the fourth anniversary of the vesting commencement date, subject to the performance condition to be fulfilled. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The options may not be exercised until they vest. Once vested, the vested portion of the options may be exercised in whole or in part, at any time before the share options expired, i.e. ten years after the date of vesting commencement.

For the outstanding options, weighted average remaining contractual life being 9.73 years, exercise price ranges from HK\$38.38 to HK\$43.77 and weighted average exercise price being HK\$42.44.

The following table discloses the weighted average exercise price of the Company's share options held by grantees during the period:

	Employees 2024
Granted	HK\$42.44

For the year ended 31 December 2024

## 33. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

#### (iii) 2024 Share scheme - ESOP (Continued)

#### Fair value of share options granted

Binomial Options Pricing Model was used to determine the fair value of the options granted during the year ended 31 December 2024. Key assumptions, such as expected dividend yield, post-vesting exit rate, expected exercise multiple, risk-free interest rate and expected volatility, are determined by the directors of the Company with best estimate.

The key inputs into the model were as follows:

	2024
Fair value per option on grant date Weighted average share price of the Company on grant date Exercise price Expected volatility Risk-free interest rate Expected dividend yield Post-vesting exit rate	HK\$19.22 - HK\$20.73 HK\$38.10 - HK\$46.60 HK\$38.38 - HK\$47.77 47.00% - 47.75% 2.85% - 3.33% 0% 4.90% - 6.60%

The total expense recognised in the consolidated statement of profit or loss and other comprehensive income for share options granted to employees are RMB296,000 for the year ended 31 December 2024.

## (iv) 2018 RS Plan

On 15 October 2018, the board of directors approved the RS Plan to issue 55,907,535 restricted shares within two years of the Company's IPO. The purpose of the RS Plan is to enable the directors, officers, and other key contributors and employees of the Group to share the success of the Company and stimulate the efforts of such persons on the Group's behalf.

#### (a) Directors

The Company granted an aggregate of 6,901,796 restricted shares to Dr. Yu with nil consideration. The restricted shares shall initially be unvested and subject to repurchase by the Company upon the Repurchase Option. The restricted shares shall be vested on a 20% per annum over a 5 years vesting period and released from the Repurchase Option.

The Company granted an aggregate of 1,770,000 restricted shares to two directors with nil consideration subject to the accomplishment of certain non-market performance conditions. The restricted shares shall initially be unvested. 75% of the restricted shares shall vest on the third anniversary of the vesting commencement while another 25% shall vest on the fourth anniversary of the vesting commencement, subject to the performance condition to be fulfilled.

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# 33. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

## (iv) 2018 RS Plan (Continued)

#### (b) Employees

In 2019, the Company granted a maximum of 9,653,167 restricted shares at nil consideration to employees of the Group, subject to the accomplishment of certain non-market performance conditions respectively. The restricted shares shall initially be unvested. 50% of the restricted shares shall vest on the fifth anniversary of the vesting commencement while another 50% shall vest on the sixth anniversary of the vesting commencement, subject to the performance condition to be fulfilled.

In 2020, the Company granted a maximum of 10,691,647 restricted shares at nil consideration to employees of the Group, subject to the accomplishment of certain non-market performance conditions respectively. The restricted shares shall initially be unvested. 75% of the restricted shares shall vest on the third anniversary of the vesting commencement while another 25% shall vest on the fourth anniversary of the vesting commencement, subject to the performance condition to be fulfilled.

The following table summarised the Group's unvested restricted shares movement under 2018 RS Plan.

	2018 RS Plan		
	Number of unvested restricted shares	Weighted average grant date fair value per share HK\$	
Unvested as at 1 January 2023 Vested Forfeited	7,114,634 (4,571,536) (181,965)	40.10 37.10 43.78	
Unvested as at 31 December 2023 Vested	2,361,133 (2,361,133)	45.63 45.63	
Unvested as at 31 December 2024	-	_	

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# 33. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

## (iv) 2018 RS Plan (Continued)

Both the directors of the Company and eligible employees shall not sell, assign, transfer, pledge, hypothecate or otherwise dispose of any unvested shares and the eligible employees shall not transfer any vested shares, or any interest therein until the employees has offered the Company the right to purchase the vested shares at the same price and on the same terms and conditions as those offered to any prospective transferee.

The Group measured the fair value of the unvested restricted shares as of the grant dates and is recognised as compensation expense over the vesting period for each separately vesting portion of the unvested restricted shares. The total expense recognised in the consolidated statement of profit or loss and other comprehensive income for restricted shares granted to employees of the Group and directors of the Company are RMB7,399,000 (2023: RMB27,800,000) for the year ended 31 December 2024.

The fair value of the Company's restricted shares was determined using the closing price of each share as stated in the daily quotation sheet issued by The Stock Exchange of Hong Kong Limited on the grant date.

The 2018 RS Plan was terminated in its entirety on 12 June 2020, the adoption date of the 2020 RS Plan. Nonetheless, the rights and obligations of the grantees and the Company with respect to the restricted shares that have been granted or earmarked pursuant to the 2018 RS Plan on or before the date of termination as provided (or will be provided) in the relevant award agreements shall survive termination of the 2018 RS Plan and remain in full force and effect except otherwise provided for the relevant award agreements.

#### (v) 2020 RS Plan

On 12 June 2020, the board of directors approved the 2020 RS Plan to issue 67,152,410 restricted shares within five years. The purpose of the 2020 RS Plan is to enable the directors, officers, and other key contributors and employees of the Group, in order to assure a closer identification of the interests of such persons with those of the Group and stimulate the efforts of such persons on the Group's behalf.

On 22 March 2024, 3 May 2024 and 14 June 2024, the Company granted a total of 22,812,781 restricted shares at nil consideration to directors and employees of the Group, subject to the accomplishment of certain non-market performance conditions respectively. The restricted shares shall initially be unvested. For the granted restricted shares to directors and employees, 75% of the restricted shares shall vest in 2027 while another 25% shall vest in 2028, subject to the performance condition to be fulfilled. For the granted restricted shares to non-executive directors, the grant restricted shares will be vested on a straight-line basis over three years after the vesting commencement date.

For the year ended 31 December 2024

# 33. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

## (v) 2020 RS Plan (Continued)

The following table summarized the Group's unvested restricted shares movement under 2020 RS Plan.

	2020 RS		
	Number of unvested restricted shares	Weighted average grant date fair value per share HK\$	
Unvested as at 1 January 2023 Granted Vested	24,783,148 20,319,772 (3,375,616)	40.79 36.44 45.60	
Forfeited	(3,906,143)	37.38	
Unvested as at 31 December 2023 Granted Vested Forfeited	37,821,161 22,812,781 (2,890,494) (6,667,057)	36.40 36.07 70.11 38.36	
Unvested as at 31 December 2024	51,076,391	35.70	

Both the directors of the Company and eligible employees shall not sell, assign, transfer, pledge, hypothecate or otherwise dispose of any unvested shares and the eligible employees shall not transfer any vested shares, or any interest therein until the employees has offered the Company the right to purchase the vested shares at the same price and on the same terms and conditions as those offered to any prospective transferee.

The Group measured the fair value of the unvested restricted shares as of the grant dates which is recognized the amount as compensation expense over the vesting period for each separately vesting portion of the unvested restricted shares. The total expense recognised in the consolidated statement of profit or loss and other comprehensive income for restricted shares granted to employees of the Group and directors of the Company are RMB397,152,000 for the year ended 31 December 2024 (2023: RMB319,417,000).

The fair value of the Company's restricted shares was determined using the closing price of each share as stated in the daily quotation sheet issued by The Stock Exchange of Hong Kong Limited on the grant date.

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# 33. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

#### (vi) 2024 Share scheme - RS

On 21 June 2024, the shareholder of resolution approved the 2024 share scheme. The total maximum of ESOP and RS is 162,838,357 shares.

On 30 August 2024 and 5 December 2024, the Company granted a total of 1,171,600 restricted shares at nil consideration to employees of the Group, subject to the accomplishment of certain non-market performance conditions respectively. The restricted shares shall initially be unvested. For the granted restricted shares to employees, 75% of the restricted shares shall vest in 2027 while another 25% shall vest in 2028, subject to the performance condition to be fulfilled.

The following table summarized the Group's unvested restricted shares movement under 2024 Share scheme - RS.

	2024 Share Scheme		
	Number of unvested restricted shares	Weighted average grant date fair value per share ⊣K\$	
Unvested as at 1 January 2024	_	_	
Granted Forfeited	1,171,600 (24,000)	43.06 38.38	
Unvested as at 31 December 2024	1,147,600	43.16	

The Group measured the fair value of the unvested restricted shares as of the grant dates which is recognized the amount as compensation expense over the vesting period for each separately vesting portion of the unvested restricted shares. The total expense recognised in the consolidated statement of profit or loss and other comprehensive income for restricted shares granted to employees of the Group are RMB2,444,000 for the year ended 31 December 2024.

For the year ended 31 December 2024

#### 34. CAPITAL COMMITMENT

	2024 RMB'000	2023 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements: Acquisition of property, plant and equipment Acquisition of intangible asset	400,919 3,324	1,141,174 15,930
	404,243	1,157,104

#### 35. RETIREMENT BENEFIT PLANS

#### The PRC

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefit scheme operated by the relevant local government authority in the PRC. The subsidiaries are required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make specified contributions. The total expense recognised in profit or loss of RMB290,573,000 (2023: RMB284,370,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

The Company does not operate any other defined contribution schemes, and as such, there is no forfeited contributions, nor does the Company employ any actuary for defined benefit plans.

#### 36A. TRANSACTIONS AND BALANCES WITH DR. YU

Historically, the Group used certain domain names which are owned by Dr. Yu for free. On 11 June 2018, the Group and Dr. Yu formalised the arrangement and entered into agreement pursuant to which Dr. Yu agreed to license his rights in the domain names to Innovent Suzhou for use by it and the Group in connection with business and operations on an exclusive and royalty-free basis for a term commencing from the date of the agreement until such times that Dr. Yu ceases to hold shares or ceases to be a director of the Company. Such rights in the domain names are not transferable to any third parties.

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### 36B. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors of the Company and other members of key management was as follows:

	2024 RMB'000	2023 RMB'000
Short-term benefits	50,543	43,547
Share-based payment expenses	137,830	123,868
	188,373	167,415

The remuneration of key management personnel is determined by the management of the Company having regard to the performance of individuals and market trends.

#### 37. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to its shareholders and maintaining an adequate capital structure. The Group's overall strategy remain unchanged from prior year.

The capital structure of the Group consists of debts, which includes bank borrowings and lease liabilities disclosed in note 28, net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company regularly reviews the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of the capital. The Group will balance its overall capital structure through the new shares issues as well as the issue of new debt and redemption of existing debts.

For the year ended 31 December 2024

#### 38. FINANCIAL INSTRUMENTS

#### 38a. Categories of financial instruments

	2024 RMB'000	2023 RMB'000
Financial assets		
Amortised cost	10,122,270	12,344,863
Measured at FVTPL	2,255,549	625,788
Equity instruments at FVTOCI	-	218,301
Financial liabilities		
Amortised cost	3,924,229	4,209,604
Measured at FVTPL	460,960	262,713

#### 38b. Financial risk management objectives and policies

The Group's financial instruments include term deposits, trade receivables, rental deposits, other receivables, other financial assets, equity instruments at FVTOCI, bank balances and cash, trade and bills payables, other payables, amounts due to partners of joint operations, borrowings and other financial liabilities. Details of these financial instruments are disclosed in the respective notes.

The risks associated with the Group's financial instruments and the policies on how to mitigate these risks are set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### Market risk

#### **Currency risk**

Certain bank balances and cash, other financial asset, trade and other receivables, term deposits and trade and other payables are denominated in foreign currencies of respective group entities which expose the Group to foreign currency risk. Management monitors foreign exchange exposure and considers hedging significant foreign exchange of the Group exposure.

The carrying amounts of certain significant foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
USD	8,754,605	4,783,539	(45,235)	(682,469)

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# 38. FINANCIAL INSTRUMENTS (Continued)

#### 38b. Financial risk management objectives and policies (Continued)

#### Market risk (Continued)

#### **Currency risk (Continued)**

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase in RMB against the relevant foreign currency. 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax loss where RMB strengthens 5% against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on the loss. The disclosure below only reflects the impact of USD, as impacts from the remaining relevant foreign currency are insignificant.

	2024 RMB'000	2023 RMB'000
Impact of USD on loss for the year	435,469	205,054

The directors of the Company considered the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the exposure at the end of the reporting period does not reflect the exposure during the reporting period.

#### Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities (note 29), fixed-rate borrowings (note 28), investment notes (note 23), and cash flow interest rate risk in relation to term deposits and bank balances (note 24). The Company currently does not enter into any hedging instrument for both of the fair value interest rate risk and cash flow interest rate risk.

#### Sensitivity analysis

Bank balances and term deposits are excluded from sensitivity analysis as the directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances and term deposits is insignificant because the current market interest rates are relatively low and stable.

#### Other price risk

The Group is exposed to equity price risk through its investments in equity instruments measured at FVTPL and FVTOCI. Management of the Group monitors the price risk and will consider hedging the risk exposure should the need arise.

For the year ended 31 December 2024

# 38. FINANCIAL INSTRUMENTS (Continued)

## 38b. Financial risk management objectives and policies (Continued)

#### Credit risk and impairment assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, bank balances, other receivables, investment notes, other loans and rental deposits and term deposits.

In order to minimise credit risk, the Group has tasked its finance team to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. Management uses publicly available financial information and the Group's own historical repayment records to rate other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL  – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL  – not credit-impaired	12m ECL
Doubtful	There have been significant increase in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL  – not credit-impaired	Lifetime ECL  – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL  – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

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# 38. FINANCIAL INSTRUMENTS (Continued)

#### 38b. Financial risk management objectives and policies (Continued)

#### Credit risk and impairment assessment (Continued)

#### Trade receivables arising from contracts with customers

The Group has concentration of credit risk as 55.44% (2023: 59.9%) and 63.98% (2023: 66.4%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on collective assessment. Except for debtors with significant balances, which are assessed for impairment individually, the remaining trade receivables collectively assessed based on shared credit risk characteristics by reference to repayment histories for customers.

Trade receivables with significant outstanding balances with aggregate gross carrying amount of RMB1,032,931,000 as at 31 December 2024 (2023: RMB883,057,000) are assessed individually. The balances is from counterparties which has low risk of default and usually settled within credit period. The exposure to credit risk for the balance is assessed within lifetime ECL (non-credit impaired). The remaining trade receivables with gross carrying amount of RMB151,476,000 as at 31 December 2024 (2023: RMB122,834,000) are grouped based on shared credit risk characteristics by reference to the Group's internal credit ratings because these customers with common risk characters. In the opinion of the directors, the impairment loss for the trade receivables from the customers is insignificant.

#### Other receivables, other loans, and rental deposits

For the purpose of impairment assessment for other receivables, other loans and rental deposits, the loss allowance is measured at an amount equal to 12m ECL. In determining the ECL for these financial assets, the directors of the Company have taken into account the financial positions of the counterparties in estimating the probability of default of each of the other receivables and other current assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. The directors of the Company considered that the 12m ECL allowance is insignificant.

#### Bank deposits and other financial assets

The credit risk on liquid funds and investment notes of the Group is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

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# 38. FINANCIAL INSTRUMENTS (Continued)

# 38b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Bank deposits and other financial assets (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	2024 Gross carrying amount RMB'000	2023 Gross carrying amount RMB'000
Financial asset at amortised cost Rental deposits	22	N/A	Lower risk (note a)	12m ECL	4,673	5,628
Bank balances/ Term deposits	24	A1 – A3	Lower risk	12m ECL	7,783,177	10,051,987
Other receivables	22		Lower risk (note a)	12m ECL	263,094	413,715
Trade receivables  - contracts with customers	21	N/A	Low risk (note c) N/A (note b)	Lifetime ECL (collective assessment) Lifetime ECL	151,476	122,834 883,057
Investment Note	23	A1 – A3	Low risk	12m ECL	886,911 10,122,262	867,534

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# 38. FINANCIAL INSTRUMENTS (Continued)

#### 38b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

#### Bank deposits and other financial assets (Continued)

Notes:

- For the purposes of internal credit risk management, the Group uses repayment history or other relevant information (a) to assess whether credit risk has increased significantly. As at 31 December 2024 and 2023, the balances of rental deposits, other loans, other receivables are not past due and the credit risk of these balances are considered as low
- For trade receivables with significant balances, the amount is individually assessed at lifetime ECL. The default risk of these debtors is low after considering the credit worthiness and past payment history of these debtors and forward-looking information available at the end of the reporting period. As at 31 December 2024 and 2023, expected credit loss is considered as insignificant.
- Except for debtors with significant outstanding balances, the Group determines the ECL on the remaining trade receivables by using a collective assessment, grouped by past due status. The following tables provides information about the exposure to credit risk for trade receivables which are assessed based on collective assessment within lifetime ECL (not credit-impaired).

#### **Gross carrying amount**

	2024	2023
	Trade	Trade
	receivables	receivables
	RMB'000	RMB'000
Current (Low risk)	151,476	122,834

#### Liquidity risk

For management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilisation of borrowings, and renews the borrowings upon expiry based on the actual operation requirement of the Group. The Group relies on bank borrowings as a significant source of liquidity.

As at 31 December 2024, the Group has available unutilised specific loan facilities of RMB1,061,896,000 (2023: RMB2,620,018,000).

The following table details the Group's remaining contractual maturity for its financial liabilities which has been drawn up based on the undiscounted cash flows based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are variable rate, the undiscounted amount is derived from weighted average interest rate at the end of the reporting period.

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# 38. FINANCIAL INSTRUMENTS (Continued)

# 38b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity table

	Weighted average effective interest rate %	Repayable on demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1 <b>- 2</b> years RMB'000	<b>2 - 5</b> years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
At 31 December 2024								
Trade and bills payables	_	336,569	21,108	_		_	357,677	357,677
Other payables	_	749,098	-	_	_	_	749.098	749,098
Borrowings – fixed rate	3.86	63,696	444,679	339,287	1,947,996	381,328	3,176,986	2,817,454
		1,149,363	465,787	339,287	1,947,996	381,328	4,283,761	3,924,229
Lease liabilities	4.78	3,074	6,886	4,834	-	-	14,794	13,589
At 31 December 2023								
Trade and bills payables	-	250,300	122,249	-	-	_	372,549	372,549
Other payables	-	315,123	_	-	-	-	315,123	315,123
Borrowings – fixed rate	3.75	128,622	1,173,922	422,215	1,693,167	408,596	3,826,522	3,521,932
		694,045	1,296,171	422,215	1,693,167	408,596	4,514,194	4,209,604
Lease liabilities	4.87	8,242	22,144	19,725	35,925	28,120	114,156	98,597

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# 38. FINANCIAL INSTRUMENTS (Continued)

#### 38c. Fair value measurements of financial instruments

The Company is responsible to determine the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs, the Company established the appropriate valuation techniques and inputs to the model. The valuation was reviewed and approved by the Chief Financial Officer. The valuation process and results are discussed with the directors twice a year for interim and annual financial reporting. The valuation processes were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

The fair value of financial assets (except for those set out below) are determined in accordance with generally accepted pricing models based on the discounted cash flow analysis using prices from observable current market transactions.

#### Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair value of these financial assets are determined (in particular, the valuation techniques and inputs used).

Fin	ancial assets	31 Dec	at ember	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
		2024 RMB'000	2023 RMB'000				
(1)	Equity instruments at FVTOCI	-	218,301	Level 1	Active market quoted transaction price	N/A	N/A
(2)	Other financial assets – investment in preference shares	162,910	37,452	Level 3 (Note e)	Back-solve from recent transaction price market multiple	DLOM-discount of lack of marketability/ IPO/Redemption/ Liquidation probability/ Expected option life/Risk free rate/ Expected volatility	The higher the DLOM is, the lower the fair value is (note a). The higher Expected volatility, the higher the value is. The lower the risk free rate, the higher the fair value is. The higher the IPO probability, the higher the fair value is.

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# 38. FINANCIAL INSTRUMENTS (Continued)

## 38c. Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

-inancial assets	as 31 Dec	Fair value as at 31 December		Valuation techniques and key inputs	Significant unobservable inputs	fair	
	2024 RMB'000	2023 RMB'000					
3) Other financial assets – investment in preference shares (note g)	82,079	61,586	Level 3 (Note f)	Back-solve from recent transaction price market multiple	DLOM-discount of lack of marketability/ IPO/Redemption/ Liquidation probability/ Expected option life/Risk free rate/ Expected volatility	The higher the DLOM is, the lower the fair value (note a). The higher expected volatility, the higher the fair value is. The lower the risk free rate, the higher the fair value is. The higher the IPO probability, the higher the fair value is.	
4) Other financial assets – investment in preference shares (note g).	76,353	59,378	Level 3	Back-solve from recent transaction price market multiple	DLOM-discount of lack of marketability/ IPO/Redemption/ Liquidation probability/ Expected option life/Risk free rate/ Expected volatility	The higher the DLOM is, the lower the fair value. The higher expected volatility, the higher the fair value is. The lower the risk free rate, the higher the fair value is. The higher the IPO probability, the higher the fair value is (note b).	

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# 38. FINANCIAL INSTRUMENTS (Continued)

## 38c. Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

(Co	ontinued)						
Fin	ancial assets	Fair v as 31 Dec 2024 RMB'000		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
(5)	Other financial assets – investment in preference shares	41,759	39,626	Level 3 (Note e)	Back-solve from recent transaction price market multiple	DLOM-discount of lack of marketability/ IPO/Redemption/ Liquidation probability/ Expected option life/Risk free rate/ Expected volatility	The higher the DLOM is, the lower the fair value (note a). The higher expected volatility, the higher the fair value is. The lower the risk free rate, the higher the fair value is. The higher the IPO probability, the higher the fair value is.
(6)	Other financial assets – investment in preference shares	35,097	33,008	Level 3 (Note e)	Back-solve from recent transaction price market multiple	DLOM-discount of lack of marketability/ IPO/Redemption/ Liquidation probability/ Expected option life/Risk free rate/ Expected volatility	The higher the DLOM is, the lower the fair value (note a). The higher expected volatility, the higher the fair value is. The lower the risk free rate, the higher the fair value is. The higher the IPO probability, the higher the fair value is.

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# 38. FINANCIAL INSTRUMENTS (Continued)

## 38c. Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair v as 31 Dec 2024 RMB'000	at	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
(7) Other financial assets – investment in preference shares	34,215	32,361	Level 3	Market comparison approach - reference to Price-to-cumulative Research & Development Expenses multiple ("P/R&D multiple")	DLOM-discount of lack of marketability/ P/R&D multiple/Expected option life/Risk free rate/expected volatility	The higher the DLOM is, the lower the fair value is (note a). The higher the P/R&D is, the higher the fair value is (note c). The higher the expected volatility, the higher the fair value is. The lower the risk free rate, the higher the fair value is.
(8) Other financial assets – investment in preference shares	31,768	22,039	Level 3	Back-solve from recent transaction price market multiple	DLOM-discount of lack of marketability/ IPO/Redemption/ Liquidation probability/ Expected option life/Risk free rate/ Expected volatility	The higher the DLOM is, the lower the fair value (note a). The higher expected volatility, the higher the fair value is. The lower the risk free rate, the higher the fair value is. The higher the IPO probability, the higher the fair value is.

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# 38. FINANCIAL INSTRUMENTS (Continued)

## 38c. Fair value measurements of financial instruments (Continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	as	value at ember 2023 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
(9) Other financial assets – investment in preference shares	31,198	35,932	Level 3	Back-solve from recent transaction price market multiple	DLOM-discount of lack of marketability/ IPO/Redemption/ Liquidation probability/ Expected option life/Risk free rate/ Expected volatility	The higher the DLOM is, the lower the fair value (note a). The higher expected volatility, the higher the fair value is. The lower the risk free rate, the higher the fair value is. The higher the IPO probability, the higher the fair value is.
(10) Other financial assets – investment in preference shares (note g)	25,918	60,766	Level 3	Equity allocation (31 December 2023: Back-solve from recent transaction price market multiple)	IPO/Redemption/ Liquidation probability/ Expected option life/Risk free rate/ Expected Volatility (31 December 2023: DLOM- discount of lack of marketability/ IPO/Redemption/ Liquidation probability/ Expected option life/Risk free rate/ Expected Volatility)	The higher the DLOM is, the lower the fair value. The higher expected volatility, the higher the fair value is. The lower the risk free rate, the higher the fair value is. The higher the IPO probability, the higher the fair value is (note d).

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# 38. FINANCIAL INSTRUMENTS (Continued)

## 38c. Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair v as 31 Dec 2024 RMB'000	at	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
(11) Other financial assets – investment in preference shares	23,845	14,165	Level 3 (Note e)	Back-solve from recent transaction price market multiple	DLOM-discount of lack of marketability/ IPO/Redemption/ Liquidation probability/ Expected option life/Risk free rate/ Expected volatility	The higher the DLOM is, the lower the fair value (note a). The higher expected volatility, the higher the fair value is. The lower the risk free rate, the higher the fair value is. The higher the IPO probability, the higher the fair value is.
(12) Other financial assets – investment in preference shares	19,761	15,000	Level 3 (Note f)	Back-solve from recent transaction price market multiple	DLOM-discount of lack of marketability/ IPO/Redemption/ Liquidation probability/ Expected option life/Risk free rate/ Expected volatility	The higher the DLOM is, the lower the fair value (note a). The higher expected volatility, the higher the fair value is. The lower the risk free rate, the higher the fair value is. The higher the IPO probability, the higher the fair value is.

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# 38. FINANCIAL INSTRUMENTS (Continued)

## 38c. Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets		value at ember 2023 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
(13) Other financial assets – investment in preference shares	7,464	7,083	Level 3 (Note e)	Back-solve from recent transaction price market multiple	DLOM-discount of lack of marketability/ IPO/Redemption/ Liquidation probability/ Expected option life/Risk free rate/ Expected volatility	The higher the DLOM is, the lower the fair value (note a). The higher expected volatility, the higher the fair value is. The lower the risk free rate, the higher the fair value is. The higher the IPO probability, the higher the fair value is.
(14) Other financial assets – investment in preference shares	3,659	3,541	Level 3 (Note f)	Back-solve from recent transaction price market multiple	DLOM-discount of lack of marketability/ IPO/Redemption/ Liquidation probability/ Expected option life/Risk free rate/ Expected volatility	The higher the DLOM is, the lower the fair value (note a). The higher expected volatility, the higher the fair value is. The lower the risk free rate, the higher the fair value is. The higher the IPO probability, the higher the fair value is.

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# 38. FINANCIAL INSTRUMENTS (Continued)

## 38c. Fair value measurements of financial instruments (Continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

(Continued)  Financial assets	as	value at :ember 2023 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
(15) Other financial assets – investment in preference shares	-	121,449	Level 3	Market comparison approach - reference to Price-to-cumulative Research & Development Expenses multiple ("P/R&D multiple")	DLOM-discount of lack of marketability/ P/R&D multiple/Expected option life/Risk free rate/expected volatility	The higher the DLOM is, the lower the fair value is. The higher the higher the fair value is. The higher the expected volatility, the higher the fair value is. The lower the risk free rate, the higher the fair value is.
(16) Other financial assets – unlisted equity investment	-	32,402	Level 3	Income approach - in this approach, the discounted cash flow method was used to estimate the return from the underlying assets (31 December 2023: Market comparison approach - reference to Price-to-cumulative Research & Development Expenses multiple ("P/R&D multiple"))	Discount rate (31 December 2023: DLOM-discount of lack of marketability/ P/R&D multiple/Expected option life/Risk free rate/expected of lack of volatility)	The higher the DLOM is, the lower the fair value is. The higher the P/R&D is, the higher the fair value is. The higher the expected volatility, the higher the fair value is. The lower the risk free rate, the higher the fair value is.

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# 38. FINANCIAL INSTRUMENTS (Continued)

## 38c. Fair value measurements of financial instruments (Continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair v as 31 Dec 2024 RMB'000	at	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
(17) Other financial assets – investment in preference shares and unlisted equity investments	73,500	-	Level 2	Recent transaction price	N/A	N/A
(18) Other financial assets – investment in preference shares and unlisted equity Investments (note g)	55,000	-	Level 2	Recent transaction	N/A	N/A
(19) Other financial assets – structured deposit	1,551,023	50,000	Level 2	Income approach - in this approach, the discounted cash flow method was used to estimate the return from the underlying assets	N/A	N/A

For the year ended 31 December 2024

# 38. FINANCIAL INSTRUMENTS (Continued)

## 38c. Fair value measurements of financial instruments (Continued)

investments would decrease/increase as followings

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Note a: A slight increase in the DLOM used in isolation would result in a slight decrease in the fair value measurement of unlisted equity investment. If the DLOM was 5% higher/lower while holding all other variables constant, the carrying amount as at 31 December 2024 and 31 December 2023 of such

Financial assets reference number	Impact on carrying amount as at 31 December 2024 – DLOM/+5% RMB'000	Impact on carrying amount as at 31 December 2024 – DLOM/-5% RMB'000
(2) Other financial assets – investment		
in preference shares	(10,352,000)	10,344,000
<ul><li>(3) Other financial assets – investment in preference shares</li><li>(5) Other financial assets – investment</li></ul>	(4,070,000)	4,095,000
in preference shares	(2,306,000)	2,300,000
(6) Other financial assets – investment in preference shares	(1,953,000)	1,940,000
(7) Other financial assets – investment in preference shares	(937,000)	880,000
<ul><li>(8) Other financial assets – investment in preference shares</li><li>(9) Other financial assets – investment</li></ul>	(1,762,000)	1,770,000
in preference shares	(1,686,000)	1,647,000
(11)Other financial assets – investment in preference shares	(1,462,000)	1,456,000
(12)Other financial assets – investment in preference shares	(988,000)	1,425,000
(13)Other financial assets – investment in preference shares	(541,000)	540,000
(14)Other financial assets – investment in preference shares	(256,000)	256,000

For the year ended 31 December 2024

# 38. FINANCIAL INSTRUMENTS (Continued)

## 38c. Fair value measurements of financial instruments (Continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Note a: (Continued)

Financial assets reference number	Impact on carrying amount as at 31 December 2023 – DLOM/+5% RMB'000	Impact on carrying amount as at 31 December 2023 – DLOM/-5% RMB'000
<ul><li>(2) Other financial assets – investment in preference shares</li><li>(3) Other financial assets – investment in preference</li></ul>	Nil	Nil
shares  (5) Other financial assets – investment in preference shares	Nil Nil	Nil Nil
<ul><li>(6) Other financial assets – investment in preference shares</li><li>(7) Other financial assets – investment in preference</li></ul>	Nil	Nil
shares (8) Other financial assets – investment in preference	(882,000)	882,000
shares  (9) Other financial assets – investment in preference shares	(1,057,000)	1,057,000 1,418,000
<ul><li>(11)Other financial assets – investment in preference shares</li><li>(12)Other financial assets – investment in preference</li></ul>	Nil	Nil
shares (13)Other financial assets – investment in preference shares	Nil Nil	Nil Nil
(14)Other financial assets – investment in preference shares	Nil	Nil

For the year ended 31 December 2024

# 38. FINANCIAL INSTRUMENTS (Continued)

#### 38c. Fair value measurements of financial instruments (Continued)

- (i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)
  - Note b: A slight increase in the IPO probability used in isolation would result in a slight decrease in the fair value measurement of unlisted equity investment. If the IPO probability was 5% higher/lower while holding all other variables constant, the carrying amount of the unlisted equity investment would decrease/increase by RMB490,000 as at 31 December 2024.
  - Note c: A slight increase in the P/R&D multiple used in isolation would result in a slight increase in the fair value measurement of unlisted equity investment and vice versa. If the P/R&D multiple was 5% higher/lower while all other variables remain constant, the carrying amount of the unlisted equity investment would increase/decrease by RMB708,000 as at 31 December 2024.
  - Note d: A slight increase in the IPO probability used in isolation would result in a slight increase in the fair value measurement of unlisted equity investment and vice versa. If the IPO probability was 5% higher/lower while all other variables remain constant, the carrying amount of the unlisted equity investment would increase/decrease by RMB29,000 as at 31 December 2024.
  - Note e: The fair value hierarchy was transferred from Level 2 to Level 3 because there were new equity transactions occurred with different rights with those owned by the Group during the year ended 31 December 2024.
  - Note f: The fair value hierarchy was transferred from Level 2 to Level 3 because no new equity transaction occurred for the year ended 31 December 2024.
  - Note g: The Group has the power to appoint one director of this company under the terms of relative investment agreements.

For the year ended 31 December 2024

# 38. FINANCIAL INSTRUMENTS (Continued)

#### 38c. Fair value measurements of financial instruments (Continued)

### (ii) Reconciliation of Level 3 fair value measurement

The following table presents the reconciliation of Level 3 measurements of financial assets at FVTPL during the years.

	RMB'000
At 1 January 2023	216,238
Transferred from level 2	146,297
Fair value loss recognized in profit or loss	1,792
At 31 December 2023	364,327
Transferred from level 2	211,461
Purchased	99,313
Disposals	(198,333)
Fair value loss recognized in profit or loss	99,258
At 31 December 2024	576,026

## (iii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amount of the Group's financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

For the year ended 31 December 2024

# 39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest payables RMB'000 (note 26)	Lease liabilities RMB'000 (note 29)	Borrowings RMB'000 (note 28)	Total RMB'000
At 1 January 2023	4,363	125,075	3,103,433	3,232,871
Financing cash flows (note)	(127,613)	(31,799)	418,499	259,087
Interest expenses	126,214	5,321	_	131,535
At 31 December 2023				
and 1 January 2024	2,964	98,597	3,521,932	3,623,493
Financing cash flows (note)	(122,425)	(25,965)	(704,478)	(852,868)
Termination of lease	-	(62,437)	-	(62,437)
Interest expenses	124,273	3,394	_	127,667
At 31 December 2024	4,812	13,589	2,817,454	2,835,855

Note: The cash flows from interest payables, lease liabilities, and borrowings make up the net amount of proceeds and repayments in consolidated statement of cash flows.

For the year ended 31 December 2024

# 40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE **COMPANY**

	2024 RMB'000	2023 RMB'000
Non-community country		
Non-current assets Intangible assets	35,518	
Investment in subsidiaries	6,429,385	5,434,151
Other financial assets	1,946,877	273,996
Equity instruments at FVTOCI	-	218,301
Prepayments and other receivables	4,114	6,171
Amounts due from subsidiaries	13,169,709	11,129,721
	21 505 402	17.060.240
	21,585,603	17,062,340
Current assets		
Prepayments and other receivables	279,609	398,179
Amounts due from subsidiaries	1,607,596	1,818,687
Bank balances	3,295,405	5,512,009
Other financial assets	-	511,163
	5,182,610	8,240,038
Current liabilities		
Other payables and accrued expenses	22,560	12,267
Amounts due to subsidiaries	706,945	539,730
	729,505	551,997
Net current assets	4,453,105	7,688,041
Net assets	26,038,708	24,750,381
Capital and reserves		
Share capital	113	112
Reserves	26,038,595	24,750,269
Total equity	26,038,708	24,750,381

For the year ended 31 December 2024

# 40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE **COMPANY (Continued)**

The movement of the reserves of the Company are as follows:

	Share	FVTOCI	Share-based	Accumulated	
	premium	reserve	reserve	losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 4 January 2000	04.705.000	(100,005)	1 010 010	(4.070.704)	04 407 044
At 1 January 2023	24,705,638	(120,885)	1,216,849	(4,373,761)	21,427,841
Profit and total comprehensive		15 701		105 000	510.061
income for the year	0 161 400	15,731	-	495,230	510,961
Issuance of ordinary shares (note 32 a)	2,161,480	_	_	_	2,161,480
Recognition of equity-settled			E74 107		E74 107
Share-based payment	-	_	574,197	_	574,197
Issuance of restricted shares	323,601	_	(323,602)		(1)
Exercise of share options	133,777		(57,986)		75,791
At 31 December 2023	27,324,496	(105,154)	1,409,458	(3,878,531)	24,750,269
At 1 January 2024	27,324,496	(105,154)	1,409,458	(3,878,531)	24,750,269
Profit and total comprehensive					
income for the year	-	60,985	-	586,509	647,494
Recognition of equity-settled					
Share-based payment	-	-	556,521	-	556,521
Issurance of restricted shares	245,949	-	(245,949)	_	-
Exercise of share options	152,179	-	(67,868)	_	84,311
Disposal of equity instruments					
at FVTOCI (note 19)	-	44,169	-	(44,169)	-

## 41. EVENTS AFTER THE END OF THE REPORTING PERIOD

Except as disclosed elsewhere of the consolidated financial statements, no important events affecting the Company occurred since the end of the reporting period and up to the date of this annual report.

# Five Year Financial Summary

# **Condensed Consolidated Income Statements of Profit or Loss**

	For the year ended 31 December				
	2020	2021	2022	2023	2024
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
		(Restated)			
Revenue from contracts with customers	3,843,819	4,269,729	4,556,380	6,206,070	9,421,888
Cost of Sales	(387,761)	(505,337)	(930,990)	(1,136,266)	(1,510,210)
Other income	246,787	196,881	279,735	552,350	535,907
Other gains and losses	(479,965)	(72,784)	774,340	81,164	250,000
Research and development expenses	(1,851,453)	(2,322,513)	(2,871,220)	(2,227,556)	(2,681,074)
Administrative and other expenses	(436,872)	(806,010)	(835,488)	(750,278)	(738,046)
Selling and marketing expenses	(1,340,861)	(2,620,142)	(2,590,765)	(3,100,693)	(4,346,892)
Royalties and other related payments	(384,057)	(719,077)	(450,763)	(670,578)	(901,538)
Finance costs	(68,350)	(62,464)	(101,698)	(98,624)	(67,647)
Share of results of an associate	_	_	_	_	(41,009)
Income tax credit (expense)	(139,708)	(87,038)	(8,801)	116,498	(16,010)
Loss for the year	(998,421)	(2,728,755)	(2,179,270)	(1,027,913)	(94,631)

# Five Year Financial Summary

# **Condensed Consolidated Statements of Financial Position**

	For the year ended 31 December				
	2020	2021	2022	2023	2024
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Current assets	9,466,681	11,550,849	11,506,708	13,427,985	10,272,837
Inventories	705,658	1,347,240	1,428,882	968,088	822,167
Trade receivables	475,378	968,405	575,269	1,005,891	1,184,407
Prepayments and other receivables	164,515	213,261	336,521	484,377	382,523
Other financial assets	357,297	644,848	3,213	917,534	375,555
Bank balances and cash	7,763,833	8,377,095	9,162,823	10,052,095	7,508,185
Current liabilities	1,485,851	3,050,047	3,499,198	4,476,816	4,368,869
Trade and bills payables	120,620	195,050	325,622	372,549	357,677
Other payables and accrued expenses	973,634	2,051,624	1,820,977	2,467,771	3,340,852
Contract liabilities	120,440	355,506	434,911	416,166	256,411
Borrowings	255,000	365,000	888,000	1,195,155	405,100
Lease liabilities	16,157	22,273	26,392	25,175	8,829
Tax Payables	_	60,594	3,296	-	-
Net current assets	7,980,830	8,500,802	8,007,510	8,951,169	5,903,968
Non-current assets	2,368,315	4,692,864	6,082,137	7,199,375	11,329,765
Non-current liabilities	1,569,375	2,863,269	3,359,698	3,622,963	4,116,004
Net assets (liabilities)	8,779,770	10,330,397	10,729,949	12,527,581	13,117,729
Total equity (deficiency of total equity)	8,779,770	10,330,397	10,729,949	12,527,581	13,117,729

"1L" or "first-line" first-line

"2L" or "second-line" second-line

"3L" or "third line" third-line

"2018 RS Plan" the Innovent Biologics, Inc. 2018 Restricted Share Plan adopted by the

Company on 15 October 2018

"2020 RS Plan" the Innovent Biologics, Inc. 2020 Restricted Share Plan adopted by the

Company on 12 June 2020

"2024 Share Scheme" the share incentive scheme of the Company adopted by the Company on 21

June 2024

"AACR" American Association for Cancer Research

"AD" atopic dermatitis

American Diabetes Association "ADA"

"ADC(s)" antibody-drug conjugate(s)

"AGM" or "Annual General

Meeting"

the annual general meeting of the Company to be held on 25 June 2025

"APAO" Asia-Pacific Academy of Ophthalmology

"AGT" angiotensinogen

"Articles of Association" the fifteenth amended and restated articles of association of the Company

adopted on 21 June 2024, as amended from time to time

"ASCO" American Society of Clinical Oncology

"ASK Pharm" Jiangsu Aosaikang Pharmaceutical Co. Ltd. (002755.SZ)

"associate(s)" has the meaning ascribed thereto under the Listing Rules

"Audit Committee" the audit committee of the Company

"BCMA" B cell maturation antigen

"Board" or "Board of Directors" the board of directors of our Company

"BTD" Breakthrough Therapy Designations

"BTK" Bruton tyrosine kinase

"CAR" chimeric antigen receptor

"CD40L" Cluster of differentiation 40 ligand

"Corporate Governance Code" or

"CG Code"

the Corporate Governance Code set out in Appendix C1 to the Listing Rules,

as amended from time to time

"China" or the "PRC" the People's Republic of China

"CLDN18.2" Claudin18.2

"CMC" chemistry, manufacturing and controls

"Company", "our Company" or

"the Company"

Innovent Biologics, Inc. 信達生物製藥, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 28 April 2011

"Companies Ordinance" the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as

amended, supplemented or otherwise modified from time to time

"connected person(s)" has the meaning ascribed to it under the Listing Rules

"connected transactions" has the meaning ascribed to it under the Listing Rules

"Controlling Shareholder(s)" has the meaning ascribed thereto under the Listing Rules

"CRC" colorectal cancer

"CSE" Chinese Society of Endocrinology

"CTLA-4" cytotoxic T lymphocyte antigen 4

"CVM" cardiovascular and metabolism

"Director(s)" the director(s) of our Company

"DLL3" Delta-like ligand 3

"Dr. Yu" Dr. De-Chao Michael Yu, our Chief Executive Officer, Chairman and executive

Director

"EASD" European Association for the Study of Diabetes

"EBITDA" earnings before interest, taxes, depreciation and amortization

"EGFR" epidermal growth factor receptor

"Eli Lilly" or "Lilly" Eli Lilly and Company, a U.S. company, organized and existing under the laws

of the State of Indiana on 17 January 1901, having a place of business at Lilly

Corporate Center, Indianapolis, Indiana 46285 (NYSE: LLY)

"EMC" endometrial cancer

"Employee Participants" has the meaning ascribed to it in the Listing Rules

"ESG" environmental, social and governance

"ESMO" European Society For Medical Oncology

"FGFR" fibroblast growth factor receptor

"FTD" Fast Track Desingations

"FVTOCI" fair value through other comprehensive income

"FVTPL" fair value through profit or loss

"GC" gastric or gastroesophageal adenocarcinoma

"GCG" glucagon

"GI" Gastrointestinal Cancers

"GLP-1" glucagon-like peptide-1

"Group", "our Group", the Company and its subsidiaries from time to time or, where the context "the Group", so requires, in respect of the period prior to our Company becoming the "we", "us" or "our" holding company of its present subsidiaries, such subsidiaries as if they were

subsidiaries of our Company at the relevant time

"HER2" human epidermal growth factor receptor 2

"Hong Kong" or "HK" the Hong Kong Special Administrative Region of the PRC

"Hong Kong dollars" or Hong Kong dollars, the lawful currency of Hong Kong

"HK dollars" or "HK\$"

"IASO Bio" IASO Biotherapeutics

"ICE" International Congress of Endocrinology

"IFRS" International Financial Reporting Standards, as issued from time to time by the

International Accounting Standards Board

"IGF-1R" insulin-like growth factor-1 receptor

"Incyte" Incyte Biosciences International Sàrl, a subsidiary of Incyte Corporation (the

shares of which are listed on the Nasdaq Global Select Market (Ticker Symbol:

INCY))

"IL-23p19" interleukin 23 p19 subunit

"ImmVirX" ImmVirX Pty Limited

"INED(s)" independent non-executive Director(s)

"IND" investigational new drug or investigational new drug application, also known as

clinical trial application in China

"Innovent HK" Innovent Biologics (HK) Limited, a company incorporated under the laws of

Hong Kong on 17 May 2011 and one of the Company's principal subsidiaries

"Innovent Suzhou" Innovent Biologics (Suzhou) Co., Ltd. (信達生物製藥(蘇州)有限公司), a

company established under the laws of the PRC on 24 August 2011 and one

of the Company's principal subsidiaries

"IO" immuno-therapy

"IPO" initial public offering

"KRAS G12C" Kirsten rat sarcoma viral oncogene homolog G12C

"Latest Practicable Date" 22 April 2025, being the latest practicable date to ascertain certain information

set out in this annual report prior to its publication

"LFC" liver fat content

"LG Chem" LG Chem Life Sciences

"Listing" the listing of the Shares on the Main Board of the Stock Exchange

"Listing Date" 31 October 2018, the date on which the Shares are listed and on which

dealings in the Shares are fist permitted to take place on the Stock Exchange

"Listing Rules" the Rules governing the Listing of Securities on the Stock Exchange, as

amended, supplemented or otherwise modified from time to time

"LBITDA" loss before interest, tax, depreciation and amortization

"Main Board" the stock exchange (excluding the option market) operated by the Stock

Exchange which is independent from and operates in parallel with the GEM of

the Stock Exchange

"Model Code" the Model Code for Securities Transactions by Directors of Listed Issuers set

out in Appendix C3 to the Listing Rules

"MRCT" multi-regional clinical trial

"MSI-H/dMMR" microsatellite instability-high or mismatch repair-deficient

"nAMD" neovascular age-related macular degeneration

"NDA" new drug application

"NMPA" China National Medical Products Administration (國家藥品監督管理局),

successor to the China Food and Drug Administration (國家食品藥品監督管理

總局)

"Nomination Committee" the nomination committee of the Company

"Non-IFRS" non-International Financial Reporting Standards

"NRDL" the National Reimbursement Drug List

"NSCLC" non-small cell lung cancer

"NYSE" the New York Stock Exchange

"OX40L" OX40 ligand

"PASI" Psoriasis Area Severity Index

"PCSK-9" Proprotein convertase subtilisin/kexin type 9

"PD-1" programmed cell death protein 1

"PD-L1" PD-Lgand 1

"PDAC" pancreatic cancer

"PoC" Proof-of-Concept

"Post-IPO ESOP" the post-IPO share option scheme adopted by the Company on 12 June 2018

"Pre-IPO Plan" the pre-IPO share incentive plan adopted by the Company on 10 May 2012,

as amended from time to time

"PROC" platinum-resistant ovarian cancer

"pSS" Sjögren's syndrome

"R&D" research and development

"Remuneration Committee" the remuneration committee of the Company

"RET" rearranged drug transfection

"Restricted Shares" restricted share(s), being a contingent right to receive Share(s) awarded under

the RS Plan

"RMB" or "Renminbi" Renminbi, the lawful currency of PRC

"Reporting Period" the year ended 31 December 2024

"ROS1" Proto-oncogene tyrosine-protein kinase 1

"SanegeneBio" SanegeneBio USA Inc.

"SCLC" small cell lung cancer

"Service Provider" has the meaning ascribed to it in the Listing Rules

"SFO" Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as

amended, supplemented or otherwise modified from time to time

"Share(s)" ordinary share(s) in the share capital of our Company, currently with a par

value of US\$0.00001 each

"Shareholder(s)" holder(s) of the Share(s)

"siRNA" small interfering ribonucleic acid

"SITC" Society for Immunotherapy of Cancer

"sPGA" Static Physician's Global Assessment

"Stock Exchange" The Stock Exchange of Hong Kong Limited

"subsidiary" or "subsidiaries" has the meaning ascribed to it thereto in section 15 of the Companies

Ordinance

"substantial shareholder" has the meaning ascribed to it in the Listing Rules

"T2D" type 2 diabetes

"TED" thyroid eye disease

"TKI" tyrosine kinase inhibitor

"TSLP" thymic stromal lymphopoietin

"United States" or "U.S." the United States of America, its territories, its possessions and all areas

subject to its jurisdiction

"US dollars", "U.S. dollars",

"US\$" or "USD"

United States dollars, the lawful currency of the United States

"U.S. FDA" or "FDA" The U.S. Food and Drug Administration

"VEGF" vascular endothelium growth factor

"WCLC" World Conference on Lung Cancer

"WOC" World Ophthalmology Congress

"XOI" Xanthine oxidase inhibitor

"%" per cent

# Innovent 信达生物制药



# Innovent

Address: 168 Dongping Street, Industrial Park,

Suzhou, Jiangsu Province