



# Akesobio

康方生物科技(開曼)有限公司

**Akeso, Inc.**

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 9926

## 2024 Annual Report 年報



# CONTENTS

## Page

2	Company Profile
3	Definitions
7	Corporate Information
9	Chairwoman's Statement
11	Financial Highlights
12	Management Discussion and Analysis
37	Directors and Senior Management
44	Report of Directors
96	Corporate Governance Report
113	Independent Auditor's Report
119	Consolidated Statement of Profit or Loss and Other Comprehensive Income
121	Consolidated Statement of Financial Position
123	Consolidated Statement of Changes in Equity
125	Consolidated Statement of Cash Flows
127	Notes to Financial Statements
202	Five-Year Financial Summary



# COMPANY PROFILE

Akeso, Inc. is a biopharmaceutical company dedicated to the research, development, manufacturing and commercialization of innovative antibody drugs that are affordable to patients worldwide. Since the Company's inception, the Company has established an end-to-end comprehensive drug development platform (ACE Platform), encompassing fully integrated drug discovery and development functions, including target validation, antibody drug discovery and development, CMC production process development, and GMP compliant production. The Company has also successfully developed a bi-specific antibody drug development technology (Tetrabody technology) that can overcome three CMC challenges in the development and manufacturing of bi-specific antibodies: 1. low expression levels, 2. process development hurdles, and 3. antibody stability and druggability.

The Company currently has a portfolio of over 50 innovative programs covering the therapeutic areas of oncology, autoimmune and metabolic diseases. Among these programs are 7<sup>1</sup> approved products independently developed by the Company and 1 product under NDA review by the NMPA. We are conducting Phase III clinical trials of 12 products, and Phase I/II clinical trials of other 12 products. 15 of the products are potential global first-in-class (FIC) or best-in-class (BIC) bi-specific antibodies/polyclonal antibodies/bi-specific ADCs. The Company's vision is to become a leading global biopharmaceutical company through focused innovation in R&D, the establishment of world class manufacturing, and continued expansion of commercial network.

1 開坦尼® (cadonilimab, PD-1/CTLA-4), 依達方® (ivonescimab, PD-1/VEGF), ANNIKO® (penpulimab, PD-1), 伊喜寧® (ebronucimab, PCSK9), 愛達羅® (ebdarokimab, IL-12/IL-23), 普佑恒™ (pucotenlimab, PD-1) which was licensed out to Lepu Biopharma Co., Ltd. (stock code: 2157.HK) and 科泰萊® (tagitanlimab, PD-L1) which was licensed out to Sichuan Kelun-Biopharmaceutical Research Institute Co., Ltd.

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

“2021 RSU Scheme”	the restricted share unit scheme adopted by the Company on December 6, 2021 and amended on June 30, 2024
“AACR”	American Association for Cancer Research
“AD Pharma”	AD Pharmaceuticals Co., Ltd. (康融東方(廣東)醫藥有限公司), a limited liability company incorporated under the laws of the PRC on February 22, 2017 and one of the Company's subsidiaries
“AD Pharma Guangzhou”	AD Pharmaceutical Guangzhou Co., Ltd. (康融東方(廣州)生物醫藥有限公司), a limited liability company incorporated under the laws of the PRC on March 20, 2018 and one of the Company's subsidiaries
“Akeso Biopharma”	Akeso Biopharma Co., Ltd. (中山康方生物醫藥有限公司), a limited liability company incorporated under the laws of the PRC on March 19, 2012 and one of the Company's subsidiaries
“Akeso Pharma”	Akeso Pharma Co., Ltd. (康方藥業有限公司), a limited liability company incorporated under the laws of PRC on August 10, 2017 and one of the Company's subsidiaries
“Akeso R&D Institute”	Akeso Research and Development Institute Co., Ltd. (中山康方創新藥物研究院有限公司), a limited liability company incorporated under the laws of the PRC on July 18, 2016 and one of the Company's subsidiaries
“Akeso Tiancheng”	Akeso Tiancheng Guangdong Co., Ltd. (康方天成(廣東)製藥有限公司), a limited liability company incorporated under the laws of the PRC on May 16, 2016 and one of the Company's subsidiaries
“Articles of Association”	fifth amended and restated articles of association of the Company adopted by special resolution passed on May 19, 2023
“ASCO”	American Society of Clinical Oncology
“ASCO GI”	ASCO Gastrointestinal Cancers Symposium
“Audit Committee”	audit committee of the Board
“Board of Directors” or “Board”	board of Directors
“BVI”	British Virgin Islands
“CDE”	the Center for Drug Evaluation of NMPA (中華人民共和國國家藥品監督管理局藥品評審中心)
“Chia Tai Tianqing”	Chia Tai Tianqing Pharmaceutical Group Co., Ltd. (正大天晴藥業集團股份有限公司), a subsidiary of Sino Biopharmaceutical Limited (the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1177)) and a shareholder of CTTQ-Akeso, a non-wholly owned and significant subsidiary of the Group

## Definitions

“China” or “PRC”	the People's Republic of China, which, for the purpose of this report and for geographical reference only, excludes Hong Kong, the Macao Special Administrative Region and Taiwan
“CMC”	chemistry, manufacturing and controls processes, including manufacturing techniques, impurities studies, quality controls and stability studies
“Company”	Akeso, Inc. (康方生物科技(開曼)有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on January 30, 2019
“Corporate Governance Code”	Corporate Governance Code set out in Appendix C1 to the Listing Rules
“CSCO”	Chinese Society of Clinical Oncology
“CTTQ-Akeso”	CTTQ-Akeso (Shanghai) Biomed. Tech. Co., Ltd. (正大天晴康方(上海)生物醫藥科技有限公司), a limited liability company incorporated under the law of the PRC on August 30, 2019 and a non-wholly owned and significant subsidiary
“Director(s)”	director(s) of the Company
“EADV”	European Academy of Dermatology and Venereology
“EMA”	European Medicines Agency
“ESMO”	European Society for Medical Oncology
“ESOP Trust”	a trust established by the Company by entering into a trust deed with Zedra Trust Company (Cayman) Limited as trustee of the trust, and Dr. XIA Yu as the enforcer of the trust is able to exercise voting rights attached to the Shares held by the ESOP Trust
“FDA”	Food and Drug Administration of the United States
“GMP”	good manufacturing practice
“Group”, “we”, “us” or “our”	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board

“IGCS”	International Gynecologic Cancer Society
“IND”	investigational new drug or investigational new drug application, also known as clinical trial application in China
“Independent Third Party”	a person or entity who is not a connected person of the Company under the Listing Rules
“LI LLC”	Kampfire LLC, a limited liability company incorporated in the State of Nevada of the U.S. on June 4, 2019, with 100% of its voting shares held by Dr. LI Baiyong
“LI Trust”	Sunny Beach Living Trust, a trust created under the laws of California of the U.S. on June 19, 2019, with its trustee being Dr. LI Baiyong and its beneficiaries being certain of Dr. LI Baiyong's family members
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“LYG Tianqing”	Lianyungang Chia Tai Tianqing Medicine Co., Ltd. (連雲港正大天晴醫藥有限公司), a wholly-owned subsidiary of Chia Tai Tianqing
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“NDA”	new drug application
“NMPA”	the National Medical Products Administration of the PRC (中華人民共和國國家藥品監督管理局)
“Pre-IPO RSU Scheme”	the restricted share unit scheme adopted by the Company on August 29, 2019 and terminated on June 30, 2024
“Prospectus”	the prospectus of the Company dated April 14, 2020
“R&D”	research and development
“Reporting Period”	the financial year ended December 31, 2024
“RMB”	Renminbi, the lawful currency of the PRC
“RSU(s)”	restricted share unit(s)
“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) with nominal value of US\$0.00001 each in the share capital of the Company

## Definitions

“Share Option Scheme”	the share option scheme adopted by the Company on June 28, 2022 and amended on June 30, 2024
“Shareholder(s)”	holder(s) of the Share(s)
“sNDA”	supplemental new drug application
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SUMMIT”	Summit Therapeutics Inc., a company incorporated under the law of the State of Delaware, the United States, and whose shares are listed on Nasdaq (NASDAQ: SMMT)
“TACE”	transcatheter arterial chemoembolization
“Tetrabody”	a portmanteau of the phrase “tetravalent antibody”, which refers to our proprietary technology for the design and production of innovative tetravalent bi-specific antibodies (with four antigen-binding sites in each antibody molecule)
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States
“WANG LLC”	Blazing Rosewood LLC, a limited liability company incorporated in the State of Nevada of the U.S. on June 4, 2019, with 100% of its voting shares held by Dr. WANG Zhongmin Maxwell
“WANG Trust”	Mahogany Living Trust, a trust created under the laws of California of the U.S. on June 19, 2019, with its trustee being Dr. WANG Zhongmin Maxwell and its beneficiaries being certain of Dr. WANG Zhongmin Maxwell’s family members
“WCLC”	World Lung Cancer Conference
“XIA LLC”	Golden Oaks LLC, a limited liability company incorporated in the State of Nevada of the U.S. on June 4, 2019, with 100% of its voting shares held by Dr. XIA Yu
“XIA Trust”	Gemstone Living Trust, a trust created under the laws of California of the U.S. on June 11, 2019, with its trustee being Dr. XIA Yu and its beneficiaries being certain of Dr. XIA Yu’s family members
“Zhong Kang Tai He”	Zhong Kang Tai He Beijing Bioscience Co. Ltd. (中康泰和(北京)生物科技有限公司), a limited liability company incorporated under the laws of the PRC on September 14, 2018 and one of the Company’s subsidiaries
“%”	per cent

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Dr. XIA Yu  
(Chairwoman, president and chief executive officer)  
Dr. LI Baiyong  
Dr. WANG Zhongmin Maxwell  
Mr. XIA Yu (Ph.D.)  
(resigned with effect from June 30, 2024)  
Dr. ZHANG Peng  
(appointed with effect from June 30, 2024)

### Non-executive Directors

Dr. ZHOU Yi  
(resigned with effect from June 30, 2024)  
Mr. XIE Ronggang

### Independent Non-executive Directors

Dr. ZENG Junwen  
Dr. XU Yan  
Mr. TAN Bo

## AUDIT COMMITTEE

Mr. TAN Bo (Chairman)  
Dr. ZENG Junwen  
Dr. XU Yan

## REMUNERATION COMMITTEE

Dr. ZENG Junwen (Chairman)  
Dr. XIA Yu  
Dr. XU Yan

## NOMINATION COMMITTEE

Dr. XIA Yu (Chairwoman)  
Dr. ZENG Junwen  
Dr. XU Yan

## COMPANY SECRETARY

Ms. LEUNG Wai Yan

## AUTHORIZED REPRESENTATIVES

Dr. XIA Yu  
Ms. LEUNG Wai Yan

## AUDITOR

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

## LEGAL ADVISORS

As to Hong Kong and United States laws:  
Cooley HK

As to Cayman Islands law:  
Campbells

## PRINCIPAL BANKS

In Hong Kong:  
CMB Wing Lung Bank Limited  
Hongkong and Shanghai Banking Corporation Limited

In the PRC:  
Industrial and Commercial Bank of  
China Limited, Zhongshan Branch  
China Merchants Bank, Zhongshan Branch  
China Merchants Bank, Guangzhou Branch  
Shanghai Pudong Development Bank Corporation  
Limited, Guangzhou Branch

## REGISTERED OFFICE

Floor 4, Willow House  
Cricket Square  
Grand Cayman KY1-9010  
Cayman Islands

## CORPORATE HEADQUARTERS

No. 6, Shennong Road  
Torch Development Zone  
Zhongshan City  
Guangdong Province 528437  
PRC

## **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Room 1901, 19/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

## **CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE**

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

## **HONG KONG BRANCH SHARE REGISTRAR**

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

## **STOCK CODE**

9926

## **COMPANY'S WEBSITE**

[www.akesobio.com](http://www.akesobio.com)

## **LISTING DATE**

April 24, 2020

## CHAIRWOMAN'S STATEMENT

Dear Shareholders,

On behalf of Akeso's Board of Directors, I would like to express my sincere gratitude for your continuous trust and support over the past year.

The Company obtained marketing approval of three new products and two new indications for marketed products, while submitting five NDA/sNDA for five products. We are conducting over 25 registrational/Phase III trials across 24 products globally. Across all dimensions of delivering innovative life-saving therapies to patients — drug discovery, clinical development, biologics manufacturing, commercialization, and corporate operations — the Company had set new historical milestones. These key milestones solidifies our strategic blueprint in cutting-edge therapeutic innovation, global clinical development, and international market expansion. These accomplishments underscore the robust momentum on providing patient life benefits fueled by our original innovation.

**Successful Commercial Execution.** Despite challenges such as price change for our innovative drugs and investment upgrades to our commercial operations, the commercial sales of the Company in 2024 reached a record high of over RMB2 billion. Two first-in-class bi-specific antibodies, cadonilimab and ivonescimab, were successfully included in China's NRDL. This positions us for a new phase of commercialization growth in 2025, centered on hospital markets. The recent approvals of ebronucimab (PCSK9 inhibitor) and ebdarokimab (China's first self-developed IL-12/IL-23 inhibitor) marked the official launch of the Company's non-oncology business.

**Expanding Product Portfolio to Reshape Global Clinical Landscape.** To date, the Company has initiated a series of Phase III and exploratory clinical trials of two first-in-class bi-specific antibodies, cadonilimab and ivonescimab, covering over 40 indications. These studies across multiple cancer types is a key driver for Akeso's international leadership in the next generation of tumor immunotherapy.

Cadonilimab, approved for recurrent or metastatic cervical cancer and first-line gastric cancer, addresses an unmet medical need in PD-L1 low/negative expression populations. The sNDA for cadonilimab as a first-line treatment of cervical cancer is under final review. The Company has initiated 8 registrational/Phase III clinical trials in cadonilimab, covering gastric cancer, lung cancer, liver cancer and cervical cancer, and 3 of the Phase III clinical trials have achieved positive results so far. Cadonilimab is also in over 20 Phase II clinical trials.

Ivonescimab was approved in 2024 for advanced non-squamous NSCLC progressed after EGFR-TKI treatment. It also made global headlines with its Phase III study in first-line PD-L1 positive advanced NSCLC (HARMONi-2) trial results. After Akeso presented data from the HARMONi-2 study showing ivonescimab as the first drug to demonstrate superiority over pembrolizumab in a randomized, double-blind Phase III study for PD-L1-positive NSCLC, the Company was seen by international journals and media as a leader in China's biotech innovation. The Phase III (HARMONi-6) trial also demonstrated statistically significant and clinically meaningful PFS benefits of ivonescimab in combination with chemotherapy versus tislelizumab in combination with chemotherapy in first-line squamous-NSCLC. Through 3 Phase III trials, including 2 head-to-head studies vs. approved PD-1 therapies, ivonescimab has meaningfully improved on the current standard of care and commercial potential in NSCLC immunotherapy.

## Chairwoman's Statement

In 2024, the Company also expanded clinical development of ivonescimab into first-line colorectal cancer, biliary tract cancer, head and neck squamous cell carcinoma, triple-negative breast cancer, and pancreatic cancer, to challenge global standards of care (SOC) and reshape the oncology immunotherapy paradigm. Our partner SUMMIT is also accelerating global clinical development of ivonescimab to further expand its availability to patients around the World. We are conducting over 12 Phase III trials of ivonescimab, including 6 head-to-head studies vs. PD-(L)1 setting, and over 20 Phase II trials, to position ivonescimab's leadership in global clinical development.

**The strategic deployment of novel mechanisms and therapeutic approaches has become increasingly prominent.** While advancing the development of late-stage clinical assets, the company has also achieved remarkable milestones in exploring new mechanisms and therapies. Ligufalimab emerged as the world's first CD47 monoclonal antibody to initiate a Phase III clinical trials for solid tumor treatment. Multiple pioneering candidates have entered clinical development, including the Company's first self-developed ADC AK138D1, the world's first clinical stage Trop-2/Nectin4 bi-specific ADC AK146D1, the world's first clinical-stage IL-4R/ST2 bispecific antibody, along with mRNA therapeutic candidates. These advancements in novel therapeutics and first-in-class candidates have synergistically enriched Akeso's pipeline portfolio and reinforced the company's competitive edge across multiple therapeutic domains.

**These innovative and clinically significant breakthroughs in first-in-class therapeutic development have emphatically established the Company's competitive advantage and influence in the global market.**

Looking ahead to 2025, Akeso will remain steadfastly committed to addressing global clinical unmet need, solidifying our foundation in original drug discovery, and expanding our commercialization efforts. We are accelerating the global clinical development of our self-developed novel drugs, with cadonilimab and ivonescimab as our two key backbone therapies. With unwavering confidence and passion, we eagerly anticipate collaboration with our partners to forge a new chapter of global bispecific therapeutic leadership for Akeso!

**Dr. XIA Yu**

*Chairwoman, president and chief executive officer*

## 1. REVENUE

The Group's revenue decreased by 53.08% from RMB4,526.3 million for the year ended December 31, 2023 to RMB2,123.9 million for the year ended December 31, 2024. In 2024, the Group's total commercial sales, net of distribution cost reached RMB2,002.4 million, increased by 24.88% from RMB1,603.5 million in 2023. License income for the year ended December 31, 2024 amounted to RMB121.6 million, primarily consisting of the upfront payment received from SUMMIT for the amendment to the existing collaboration and license agreement between us and SUMMIT announced on June 3, 2024.

## 2. GROSS PROFIT

The Group's gross profit decreased by 58.23% from RMB4,393.0 million for the year ended December 31, 2023 to RMB1,834.9 million for the year ended December 31, 2024. The decrease was mainly attributable to the upfront payment received in 2023 from SUMMIT as part of our collaboration and license agreement with SUMMIT. The gross profit from commercial sales for the year ended December 31, 2024 was RMB1,713.3 million, representing an increase of 16.53% from the gross profit from commercial sales of RMB1,470.2 million for the year ended December 31, 2023.

## 3. PROFIT/LOSS FOR THE YEAR

For the reasons discussed above, loss for the year was RMB501.1 million for the year ended December 31, 2024, as compared to a profit of RMB1,942.4 million for the year ended December 31, 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Company recorded revenue of approximately RMB2,123.9 million, of which commercial sales, net of distribution cost, were approximately RMB2,002.4 million, representing an increase of 24.88% as compared to RMB1,603.5 million for the same period last year. The increase was mainly attributable to the continuous sales growth of 開坦尼® (cadonilimab, PD-1/CTLA-4), as well as the positive sales contribution from 依達方® (ivonescimab, PD-1/VEGF) since its official marketing approval in May 2024. Both products have generated extensive market demand due to their superior clinical profile and best-in-class therapeutic value for cancer patients.

In addition, the Company also received license income from multiple collaboration partners during the Reporting Period, totaling approximately RMB121.6 million, with the largest contribution coming from the upfront payment received from SUMMIT.

## ONCOLOGY

### 開坦尼® (cadonilimab, PD-1/CTLA-4)

Cadonilimab currently is approved in second line cervical cancer. Cadonilimab is also in clinical studies for 20 indications through combination therapies, and the Company has initiated 28 clinical trials for major tumor types, including cervical cancer, gastric cancer, lung cancer, liver cancer, and esophageal cancer. Clinical data for various indications have been published in international medical conferences and journals, and have been included in authoritative clinical guidelines and expert consensus.

#### **First approved indication included in the NRDL**

In November 2024, cadonilimab was successfully included in the latest version of the National Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance Drug List (“NRDL”) published by the National Healthcare Security Administration of the PRC, with the indication for patients with recurrent or metastatic cervical cancer who have progressed after platinum-based chemotherapy. The latest version of the NRDL has been effective since January 1, 2025.

#### **First-line gastric cancer approved, first-line cervical cancer soon to be approved**

The sNDA for cadonilimab in combination with chemotherapy as a first-line treatment of unresectable, locally advanced, recurrent or metastatic gastric or gastroesophageal junction (G/GEJ) adenocarcinoma was approved by the NMPA in September 2024.

- The results of the Phase III clinical trial were presented in an oral presentation at the 2024 AACR annual meeting, and the full data were published in the leading international medical journal *Nature Medicine*.
- Cadonilimab has been included as a first-line therapy for gastric cancer in the *CSCO Clinical Guidelines for the Diagnosis and Treatment of Gastric Cancer, 2024*, the *CSCO Immune Checkpoint Inhibitor Clinical Practice, 2024*, and the *Expert Consensus on Gastric Cancer Immunotherapy Based on PD-L1 Protein Expression Levels*.

The sNDA for cadonilimab in combination with chemotherapy with or without bevacizumab as a first-line treatment of persistent, recurrent, or metastatic cervical cancer (regardless of PD-L1 expression level/status) is in the final review stage by the NMPA.

- The results of the Phase III clinical trial were presented in an oral presentation at the 2024 IGCS annual global meeting, and published in leading international medical journals, including *The Lancet* and *Nature Reviews Clinical Oncology*.

Cadonilimab brings a safer and more efficacious first-line immunotherapy to gastric cancer and cervical cancer patients. Cadonilimab effectively addresses the current efficacy gap of PD-(L)1 products in populations with PD-L1 low or negative expression, and provides clinical benefit in a wider cancer patient population, regardless of tumor PD-L1 expression/status.

### **Advancement of multiple Phase III clinical trials for major indications**

Akeso advanced multiple Phase III clinical trials of cadonilimab for major indications, and continued to expand its therapeutic potential. The Phase III clinical trials of cadonilimab in China include:

Lung cancer:

- We continued the patient enrollment in the Phase III clinical trial of cadonilimab in combination with chemotherapy versus tislelizumab in combination with chemotherapy as a first-line treatment of locally advanced or metastatic non-small-cell lung cancer (NSCLC) with PD-L1 negative expression.
- We continued the patient enrollment in the Phase III clinical trial of cadonilimab versus sugemalimab for unresectable locally advanced NSCLC with disease progression after concurrent/sequential chemoradiotherapy.

Gastric cancer:

- We continued the patient enrollment in the Phase III clinical trial of cadonilimab in combination with pulocimab (AK109, VEGFR-2) and chemotherapy for the treatment of advanced G/GEJ patients who have progressed after first-line treatment with PD-(L)1 inhibitor in combination with chemotherapy. The Phase II data were presented in an oral presentation at the 2024 ASCO annual meeting.

Liver cancer:

- The patient enrollment in the Phase III clinical trial of cadonilimab monotherapy as an adjuvant treatment for postoperative hepatocellular carcinoma has been completed.
- We continued the patient enrollment in the Phase III clinical trial of cadonilimab in combination with lenvatinib and transcatheter arterial chemoembolization (TACE) for intermediate to advanced unresectable hepatocellular carcinoma (uHCC). The Phase II data were published at the 2024 ASCO GI.

### **Actively expand the global value of cadonilimab**

The international development strategy for cadonilimab will include replacing current standard of care in multiple cancer types, combining cadonilimab with other therapeutic agents, and targeting cancer types that can benefit from cadonilimab's differentiation from the current PD-1/L1 treatments. We will continue to expand clinical access and commercial potential of cadonilimab for patients worldwide.

### **依達方® (ivonescimab, PD-1/VEGF)**

Ivonescimab is currently approved or in clinical studies across 18 indications, including its use in combination therapies. The Company has initiated over 27 clinical trials, including 12 Phase III clinical trials and 7 head-to-head studies. These trials cover various tumor types, including lung cancer, biliary tract cancer, head and neck squamous cell carcinoma, breast cancer, colorectal cancer and pancreatic cancer. During the Reporting Period, a number of important clinical data were published in international medical conferences and journals.

### **New drug approval, inclusion in NRDL, reshaping a new pattern of treatment of NSCLC after EGFR-TKI resistance**

In May 2024, 依達方® in combination with chemotherapy for the treatment of EGFR mutated locally advanced or metastatic non-squamous NSCLC progressed after EGFR-TKI treatment was granted marketing approval by the NMPA. 依達方® is the second bi-specific antibody independently developed by the Company that has entered the commercialization stage. In November 2024, the approved indication was successfully included in the latest version of the NRDL, which became effective on January 1, 2025. Currently, 依達方® is available and widely prescribed in many medical institutions and hospitals across major cities in all the provinces across China. Based on initial feedback from prescribing physicians, ivonescimab is reshaping a new pattern of treatment for NSCLC patients after EGFR-TKI resistance.

In June 2024, the results of the Phase III clinical trial for ivonescimab (AK112-301/HARMONi-A) for the treatment of NSCLC after EGFR-TKI resistance were presented at the 2024 ASCO annual meeting and published in the leading international medical journal, the *Journal of the American Medical Association (JAMA)*. The therapy has been included in the *CSCO Clinical Guidelines for the Diagnosis and Treatment of Non-Small Cell Lung Cancer, 2024* and the *Chinese Treatment Guidelines for Stage IV Primary Lung Cancer (2024)*.

**AK112-303/HARMONi-2 data presented at the WCLC, sNDA approved**

AK112-303/HARMONi-2, the Phase III clinical trial of ivonescimab monotherapy versus pembrolizumab monotherapy as a first-line treatment of NSCLC with PD-L1 positive expression, demonstrated that ivonescimab has statistically and clinically meaningful superiority over pembrolizumab. The clinical results from the AK112-303/HARMONi-2 study was presented as a late-breaking presentation at the Presidential Symposium at the 2024 WCLC. Ivonescimab is the world's first and only drug to show superior efficacy compared with pembrolizumab monotherapy in a Phase III head-to-head setting. In March 2025, the results of the study were published in the leading international medical journal, *The Lancet*.

In April 2025, the sNDA of ivonescimab for this indication has been approved by the NMPA. Ivonescimab is expected to become the new standard of care in first-line treatment of NSCLC as a chemo-free therapy, bringing safer and more effective therapy to patients.

**Advancement of 7 Phase III clinical trials covering 6 tumor types**

The Company continues to advance the clinical development of ivonescimab for lung cancer and several other indications. The ongoing key Phase III clinical trials include:

## Lung cancer:

- The Phase III clinical trial (AK112-306) of ivonescimab in combination with chemotherapy versus tislelizumab in combination with chemotherapy as a first-line treatment of locally advanced or metastatic squamous NSCLC met primary endpoint in PFS.
- The Phase III clinical trial of ivonescimab in combination with chemotherapy versus chemotherapy for the treatment of PD-(L)1 resistant NSCLC was initiated.

## Biliary tract cancer:

- We continued the patient enrollment in the Phase III clinical trial of ivonescimab in combination with chemotherapy versus durvalumab in combination with chemotherapy as a first-line treatment of advanced biliary tract cancer. The Phase II data of this trial were published at the 2024 ASCO annual meeting.

## Head and neck squamous cell carcinoma:

- We continued the patient enrollment in the Phase III clinical trial of ivonescimab in combination with ligufalimab (AK117, CD47) versus pembrolizumab as a first-line treatment of recurrent/metastatic head and neck squamous cell carcinoma (HNSCC) with PD-L1 positive expression. The Phase II data of this trial were published at the 2024 ESMO annual meeting.

## Breast cancer:

- We continued the patient enrollment in the Phase III clinical trial of ivonescimab in combination with chemotherapy versus chemotherapy as a first-line treatment of locally advanced unresectable or metastatic triple-negative breast cancer with PD-L1 negative expression. The Phase II data of this trial were published at the 2024 ESMO annual meeting.

### Colorectal cancer:

- The Company initiated the Phase III clinical trial of ivonescimab in combination with chemotherapy versus bevacizumab in combination with chemotherapy as a first-line treatment of metastatic colorectal cancer. The Phase II data of this trial were published at the 2024 ESMO annual meeting.

### Pancreatic cancer:

- The Company is currently initiating the Phase III clinical trial of ivonescimab in combination with chemotherapy versus chemotherapy as a first-line treatment of pancreatic cancer.

The superior efficacy and safety demonstrated by ivonescimab over other cancer therapeutics have supported its significant potential as a backbone immuno-oncology (IO) therapeutic agent, and also helps increase its clinical value and commercial market further through combination with other therapies.

### ***Global advancement of multiple phase III clinical trials of lung cancer, strategic collaboration on IO+ADC 2.0 development***

Overseas, our partner SUMMIT is actively promoting the clinical development of ivonescimab. As of now, three global Phase III multi-regional clinical trials for lung cancer are in progress.

- The patient enrollment in the global Phase III MRCT (HARMONi) of ivonescimab in combination with chemotherapy for treatment of EGFR-mutated locally advanced or metastatic nsq-NSCLC patients who have progressed after the third generation EGFR-TKI treatment has been completed.
- SUMMIT continued the patient enrollment of the global Phase III MRCT (HARMONi-3) of ivonescimab in combination with chemotherapy versus pembrolizumab in combination with chemotherapy as a first-line treatment of NSCLC (including squamous and non-squamous histology).
- SUMMIT is initiating the global Phase III MRCT (HARMONi-7) of ivonescimab versus pembrolizumab monotherapy as a first-line treatment of NSCLC with PD-L1 high expression (TPS $\geq$ 50%).

Partners have formed strategic alliances and are advancing global collaborative development of ivonescimab.

- In June 2024, we entered into an amendment to the license agreement with SUMMIT, pursuant to which SUMMIT obtained additional exclusive rights to develop and commercialize ivonescimab in Central America, South America, the Middle East and Africa. The Company strengthened its partnership with SUMMIT to facilitate the clinical development, regulatory approval and commercial processes of ivonescimab in various regions around the world, with the intent to bring ivonescimab to patients around the world.
- In July 2024, SUMMIT and M.D. Anderson Cancer Center announced a 5-year strategic collaboration to accelerate the global clinical development of ivonescimab involving multiple tumor types including renal cell carcinoma, colorectal cancer, breast cancer, skin cancer and glioblastoma.
- In February 2025, SUMMIT announced a clinical trial collaboration with Pfizer Inc. (NYSE: PFE) to jointly evaluate ivonescimab in combination with Pfizer's antibody-drug conjugates (ADCs) across multiple solid tumor settings to explore the great synergistic potential and broad commercial value of the "IO+ADC" combination therapy. The studies combining ivonescimab with Pfizer's ADCs are planned to begin in the middle of this year.

### **Ligufalimab (AK117, CD47)**

#### ***The world's first Phase III registrational trial of CD47 for the treatment of solid tumors initiated***

HNSCC:

- We continued the patient enrollment in the Phase III clinical trial of AK117 in combination with ivonescimab versus pembrolizumab monotherapy as a first-line treatment of recurrent/metastatic HNSCC with PD-L1 positive expression, which is the world's first Phase III registrational trial of CD47 for the treatment of solid tumors. The Phase II data of this trial were published at the 2024 ESMO annual meeting.

Other tumors:

- The Phase II data of AK117 in combination with ivonescimab and chemotherapy as a first-line treatment of biliary tract cancer were published at the 2024 ASCO annual meeting.
- The Phase II data of AK117 in combination with ivonescimab and chemotherapy as a first-line treatment of colorectal cancer were published at the 2024 ESMO annual meeting.

### ***Patient enrollment of global Phase II MRCT of hematological tumors in progress, new clinical trials initiated in China***

Overseas:

- We continued the patient enrollment in the global Phase II MRCT of AK117 in combination with azacitidine as a first-line treatment of myelodysplastic syndrome (MDS).

China:

- We continued the patient enrollment in the Phase II clinical trial of AK117 in combination with azacitidine and venetoclax as a first-line treatment of acute myeloid leukemia (AML).
- We continued the patient enrollment in the Phase I/II clinical trial of AK117 in combination with AK129 (PD-1/LAG-3) for the treatment of recurrent or refractory classical Hodgkin lymphoma (cHL) patients who have progressed after PD-(L)1 treatment.

### **Pulocimab (AK109, VEGFR-2)**

#### ***Positioning in the post-IO treatment market, patient enrollment of the Phase III clinical trial of pulocimab in combination with cadonilimab in progress***

- We continued the patient enrollment in the Phase III clinical trial of pulocimab in combination with cadonilimab and chemotherapy for the treatment of advanced G/GEJ patients who have progressed after first-line treatment with PD-(L)1 inhibitor in combination with chemotherapy. The Phase II data of the trial were presented in an oral presentation at the 2024 ASCO annual meeting.

**ANNIKO® (penpulimab, PD-1)**

***New indications approved***

- In April 2024, the NMPA approved the third indication of ANNIKO® for the treatment of recurrent or metastatic nasopharyngeal carcinoma (NPC) patients who have progressed after second-line or subsequent systemic therapies.
- In March 2025, the NMPA approved the fourth indication of ANNIKO® in combination with chemotherapy as a first-line treatment of recurrent or metastatic NPC.
- In April 2025, the FDA approved penpulimab for the first-line treatment of recurrent or metastatic non-keratinizing NPC and for metastatic non-keratinizing NPC with disease progression on or after platinum-based chemotherapy and with at least one other prior line of therapy.

***Fifth sNDA submitted***

- In November 2024, the sNDA for ANNIKO® in combination with anlotinib as a first-line treatment of advanced hepatocellular carcinoma has been accepted by the NMPA. This is the fifth indication application submitted for ANNIKO®.

**科泰萊® (tagitanlimab, PD-L1)**

- In December 2024, 科泰萊®, which was licensed out to Sichuan Kelun Biopharmaceutical Research Institute Co., Ltd. by the Company, obtained the marketing approval for the treatment of recurrent or metastatic NPC patients who have progressed after second-line or subsequent chemotherapy.
- In January 2025, the NMPA approved the sNDA for 科泰萊® in combination with chemotherapy as a first-line treatment of recurrent or metastatic NPC.

### METABOLIC AND AUTOIMMUNE THERAPEUTIC FIELDS

In the non-oncology therapeutic areas, we have clinical candidates with broad market potential in metabolic and autoimmune diseases. The Company will develop therapeutic candidates in these diseases with a focus on patient affordability, market accessibility, and competitive differentiation.

#### 伊喜寧® (ebronucimab, PCSK9)

In September 2024, the NMPA approved the NDA for 伊喜寧® (ebronucimab, PCSK9) for the treatment of primary hypercholesterolemia and mixed hyperlipidemia, and heterozygous familial hypercholesterolemia (HeFH).

#### 愛達羅® (ebdarokimab, IL-12/IL-23)

In April 2025, the NMPA approved the NDA for 愛達羅® (ebdarokimab, IL-12/IL-23) for the treatment of moderate-to-severe plaque psoriasis. The long-term safety and efficacy data of the Phase III clinical trial were published at the 2024 EADV congress.

#### Gumokimab (AK111, IL-17)

##### ***NDA submitted***

In January 2025, the NDA for gumokimab was accepted by the NMPA for the treatment of moderate-to-severe plaque psoriasis. The full data of the Phase III clinical trial were presented at the 16th Annual Meeting of the Chinese Society for Immunology.

##### ***Phase III clinical trial in progress***

The patient enrollment of the Phase III clinical trial of gumokimab for the treatment of ankylosing spondylitis has been completed.

#### Manfidokimab (AK120, IL-4R $\alpha$ )

The patient enrollment of the Phase III clinical trial of manfidokimab for the treatment of moderate-to-severe atopic dermatitis has been completed.

## NEW CLINICAL STAGE ASSETS

### New Clinical Stage Oncology Pipeline

- AK135 (IL-1RAP)'s Phase I clinical trial for the treatment of chemotherapy-induced peripheral neuropathy (CIPN) has been initiated. Currently, there are no approved drugs available for CIPN, and the existing clinical treatments demonstrate limited clinical benefit.
- AK137 (CD73/LAG-3) is the Company's seventh bi-specific antibody in the oncology field. We continued the patient enrollment of the Phase I clinical trial for the treatment of advanced malignant tumors. AK137 is expected to offer novel therapeutic potential through strategic combination with internal pipeline to overcome limitations of current standard of cares.
- AK138D1 (HER3 ADC) is the Company's first ADC to enter the clinical stage. We have initiated the Phase I clinical trial in Australia for the treatment of advanced malignant tumors. In addition, a series of clinical trials of AK138D1 in combination with cadonilimab or ivonescimab for the "IO+ADC 2.0" therapy are in preparation.
- AK146D1 (Trop2/Nectin4 ADC) is the Company's first bi-specific ADC to enter the clinical stage. Its IND application was accepted by the CDE in March 2025.

### New Clinical Stage Non-Oncology Pipeline

- AK139 (IL-4R $\alpha$ /ST2) is the Company's first bi-specific antibody in the non-oncology field. Its IND application was accepted by the CDE in February 2025. AK139 is positioned for exploration across multiple indications in respiratory and dermatological diseases, including asthma, COPD and atopic dermatitis.

The Company remains committed to advancing the clinical development and therapeutic exploration across its diversified pipeline.

### Clinical development plan of products pipeline

As at the date of this report, the Company had a pipeline of over 50 innovative programs covering the therapeutic areas of oncology, autoimmune and metabolic diseases. 24 of those programs are at clinical and commercial stages, including 15 potential global first-in-class or best-in-class bi-specific antibodies/polyclonal antibodies/bi-specific ADCs.

Immuno-oncology is one of the Company's focused therapeutic areas. Our products and candidates undergoing clinical trials include 開坦尼® (cadonilimab, PD-1/CTLA-4), 依達方® (ivonescimab, PD-1/VEGF) and ANNIKO® (penpulimab, PD-1) which have been approved for marketing, and ligufalimab (AK117, CD47), drebuxelimab (AK119, CD73), pulocimab (AK109, VEGFR-2), AK115 (NGF), AK127 (TIGIT), AK129 (PD-1/LAG-3), AK130 (TIGIT/TGF- $\beta$ ), AK131 (PD-1/CD73), AK132 (CLDN18.2/CD47), and AK135 (IL-1RAP), AK137 (CD73/LAG-3), AK138D1 (HER3 ADC) and AK146D1 (Trop2/Nectin4 ADC) which have recently entered the clinical stage. These products and candidates cover broad indications, including solid tumors and hematological tumors. With cadonilimab and ivonescimab as our two cornerstone I/O agents, we expect to cover a broad number of indications with large market potential through combination therapies with both independently developed candidates as well as products from external sources.

伊喜寧® (ebronucimab, PCSK9), our innovative product targeting metabolic diseases, has obtained marketing approval in September 2024. In the field of autoimmune diseases, we have a broad pipeline. 愛達羅® (ebdarokimab, IL-12/IL-23) has obtained marketing approval in April 2025. The NDA of gumokimab (AK111, IL-17) is under regulatory review. We are also actively advancing the clinical research and exploration of other products, including manfidokimab (AK120, IL-4R) and AK139 (IL-4R $\alpha$ /ST2).

The following chart highlights the clinical development plan of the Company's main product portfolio as at the date of this report:

Oncology	Target	MOA	Phase Ia	Phase Ib/II	Pivotal / Phase III	NDA	Approved
開坦尼® (cadonilimab)	PD-1/CTLA-4	BsAb	adv. solid tumor	PDAC, ESCC, 2L NSCLC, 1L PD-L1(-) NSCLC, HCC, 2L GC...		1L GC, 1L CC, 2/3L CC	
依達方® (ivonescimab)	PD-1/VEGF	BsAb	adv. solid tumor	1L PDAC, 1L CRC, 1L TNBC, 1L HNSCC, 1L BTC, 1L sq-NSCLC...		1L PD-L1(+) NSCLC, EGFR-TKI progressed nsq-NSCLC	
安尼可® (penpulimab)	PD-1	mAb	adv. solid tumor	SCLC, thyroid cancer, UC...		1L HCC, 1L NPC, 3L NPC, 1L sq-NSCLC, cHL	
普佑恒™ (pucotenilimab)*	PD-1	mAb				adv. solid tumor, melanoma	
科泰萊® (tagitanilimab)*	PD-L1	mAb				1L NPC, 3L NPC	
ligufalimab (AK117)	CD47	mAb	adv. malignant tumor	2L cHL, 1L AML, 1L MDS...	1L HNSCC		
pulocimab (AK109)	VEGFR-2	mAb	adv. solid tumor	2L HCC, 2L NSCLC...	PD-(L)1 progressed GC		
dreboxelimab (AK119)	CD73	mAb	adv. solid tumor	CRC, NSCLC			
AK127	TIGIT	mAb	adv. solid tumor	HCC			
AK129	PD-1/LAG-3	BsAb	adv. solid tumor	2L cHL, GC			
AK130	TIGIT/TGF-β	BsAb	adv. solid tumor	BTC, HCC			
AK131	PD-1/CD73	BsAb	adv. solid tumor				
AK132	CLDN18.2/CD47	BsAb	adv. solid tumor				
AK135	IL-1RAP	mAb	CIPN				
AK137	CD73/LAG-3	BsAb	adv. malignant tumor				
AK138D1	HER3	ADC	adv. malignant tumor				
AK146D1	Trop2/Nectin4	ADC	adv. malignant tumor				

  

Metabolism/ auto-immunity	Target	MOA	Phase Ia	Phase Ib/II	Pivotal / Phase III	NDA	Approved
伊喜寧® (ebronucimab)	PCSK9	mAb					
愛達羅® (ebdarokimab)	IL-12/IL-23	mAb		ulcerative colitis		primary HC and mixed hyperlipidemia, HeFH	
gumokimab (AK111)	IL-17	mAb			ankylosing spondylitis	psoriasis	
manfidokimab (AK120)	IL-4R α	mAb		adolescent atopic dermatitis	atopic dermatitis		
AK115	NGF	mAb		pain			
AK139	IL-4R α/ST2	BsAb	respiratory/dermatological diseases				

Note: highlighted indications are at NDA stage or marketed

\* License-out assets

**Warning under Rule 18A.08(3) of the Listing Rules:** There is no assurance that the successful commercialization of 開坦尼® (cadonilimab, PD-1/CTLA-4), 依達方® (ivonescimab, PD-1/VEGF), ANNIKO® (penpulimab, PD-1), 伊喜寧® (ebronucimab, PCSK9) and 愛達羅® (ebdarokimab, IL-12/IL-23) will continue. There is also no assurance that ligufalimab (AK117, CD47), pulocimab (AK109, VEGFR-2), drebuxelimab (AK119, CD73), AK115 (NGF), AK127 (TIGIT), AK129 (PD-1/LAG-3), AK130 (TIGIT/TGF- $\beta$ ), AK131 (PD-1/CD73), AK132 (CLDN18.2/CD47), AK135 (IL-1RAP), AK137 (CD73/LAG-3), AK138D1 (HER3 ADC), AK146D1 (Trop2/Nectin4 ADC), gumokimab (AK111, IL-17), manfidokimab (AK120, IL-4R $\alpha$ ) and AK139 (IL-4R $\alpha$ /ST2) will ultimately be successfully developed, marketed and/or commercialized by the Company. As at the date of this report, no material adverse changes had occurred with respect to the regulatory approvals we had received in relation to our drug candidates.

## HUMAN RESOURCES MANAGEMENT

As at December 31, 2024, we had a total of 3,035 employees. With the strategic goal of building our integrated platform of R&D, manufacturing and commercialization, the Company continues to recruit additional employees and upgrade the employee training and development system. Akeso is committed to creating a diverse, fair, open and inclusive platform for employees. The following table sets forth the Company's employees by function:

Function	Number of employees as at December 31, 2024	Number of employees as at December 31, 2023
R&D Pre-clinical	329	320
R&D Clinical	700	679
Manufacturing, quality assurance and quality control	814	687
Sales and marketing	816	788
General and administrative	376	304
<b>Total</b>	<b>3,035</b>	<b>2,778</b>

## MANUFACTURING FACILITIES

At present, the Company has a production capacity of 94,000L, which can ensure large-scale capacity supply for us and our partners. We have a continuous and steady capacity expansion plan to support our future clinical development and commercial requirements. Our GMP compliant manufacturing facilities are designed and validated according to the FDA, the EMA, and the NMPA regulations to support the entire drug development process from drug discovery to process development, GMP-compliant and commercial manufacturing, which will effectively support the Company's clinical and commercialization development.

Our key manufacturing facilities are highlighted below:

- ✓ Greater Bay Area Technology Park (Zhongshan): The site has facilities for biopharmaceutical R&D, production and sales, with a total planned capacity of over 100,000L. The site has one of the most advanced biopharmaceutical manufacturing facilities in the world with a production capacity in operation of 55,000L as of March 2025, including 40,000L of stainless-steel reactors and the advanced filling linkage system, and 15,000L of single-use bioreactors.
- ✓ Knowledge City Biopharmaceutical Base (Guangzhou): The production capacity in operation was 36,000L.
- ✓ National Health Technology Park (Zhongshan): The production capacity in operation was 3,000L.

### FUTURE DEVELOPMENT

The Chinese biotech industry is undergoing profound changes. At this pivotal period, Akeso will continue to invest in state of the art upgrades in our commercial infrastructure to maintain our leadership position. We will continue to focus on innovation and clinical execution across the Company's multiple innovative products globally. Our mission is to redefine treatment landscape, to elevate China's biotech innovation to global standards, and to deliver life-changing therapies to patients worldwide.

In 2025, with two in-house developed first-in-class bi-specific antibodies, 開坦尼® (cadonilimab, PD-1/CTLA-4) and 依達方® (ivonescimab, PD-1/VEGF), successfully included in the NRDL, we have entered a new phase of commercialization. The global potential of these innovative therapies are becoming ever more evident, supported by multiple ongoing global multicenter clinical trials. Moving forward, Akeso will advance our strategy of “commercialization” and “globalization”, increase R&D investments, and accelerate the clinical development of our globally competitive assets. This will be enhanced by our efforts to integrate end-to-end global development, manufacturing, and commercialization to provide best-in-class treatment options for patients.

#### **Comprehensive commercialization system upgrade: rapid growth, best-in-class quality and sustainable growth**

With the inclusion of cadonilimab and ivonescimab in the NRDL and further approval of first-line indications, we have entered into the next phase of commercialization. We have completed a comprehensive upgrade of our commercialization infrastructure, anchored in a “patient-centric” philosophy and the “IO 2.0” scientific promotion strategy. Leveraging NRDL coverage and approved indications, we aim to achieve rapid market access, accelerating ramp-up, and dominant penetration.

Through systematic market deployment and professionalized operational system, we are confident these foundational efforts will fuel sustained growth in 2025 and beyond, driving rapid growth, best-in-class-quality, and sustainable development.

#### **Global clinical synergy: maximizing global market potential**

Building on cadonilimab and ivonescimab as cornerstone IO bi-specific antibodies, we are reinforcing their first-mover advantages and broad-spectrum efficacy. Strategic combinations with our in-house or industry-leading ADC therapies, and other novel modalities will expand our footprint across diverse indications.

- We are rapidly advancing more than 28 clinical trials of cadonilimab across 20 indications, including gastric cancer, liver cancer, lung cancer and esophageal cancer, to further consolidate and deepen our competitive advantage. Global pan-tumor value exploration of cadonilimab is in progress.
- We are expanding coverage of ivonescimab across multiple types of tumors through over 27 clinical trials across 18 indications to demonstrating its clinical and commercial potential. As part of our global efforts, we will assist our partner SUMMIT to accelerate ongoing global trials of cadonilimab and broaden indications beyond lung cancer.

We are expediting the clinical development and commercialization of multiple innovative drugs globally, committed to uncovering their clinical value and market potential.

- Ligufalimab (AK117, CD47): The world's first Phase III clinical trial of CD47 for the treatment of solid tumors has been initiated. The global Phase II MRCT of ligufalimab for the treatment of hematologic cancers is currently progressing on schedule. We initiated several additional Phase II clinical trials.
- Pulocimab (AK109, VEGFR2): Strategically positioned in the post-IO market, the registrational Phase III clinical trial is currently progressing on schedule. On-going Phase II clinical trials across multiple tumor types have generated positive data for continued development.

### **First-in-class molecules accelerating, ADC platform deliverables emerging**

In oncology, Akeso is running Phase I/II clinical trials of our early stages assets, such as AK129 (PD-1/LAG-3), AK130 (TIGIT/TGF- $\beta$ ), AK131 (PD-1/CD73), AK132 (CLDN18.2/CD47), AK135 (IL-1RAP) and AK137 (CD73/LAG-3). Through monotherapy and combination therapies, a wider range of indications are covered. Early data are expected to be presented at international medical conferences and journals.

We are advancing our ADC platform into the clinic. The global Phase I clinical trial of AK138D1 (HER3 ADC) for the treatment of advanced malignant tumors has been initiated, and the IND application for AK146D1 (Trop2/Nectin4 ADC) has been submitted. We will advance additional ADC candidates into the clinical stage in the coming years, leveraging combination therapies with our backbone bi-specific antibodies to address unmet needs across multiple solid tumor indications.

In the autoimmune field, ebdarokimab (AK101, IL-12/IL-23) has obtained marketing approval, and the NDA for gumokimab (AK111, IL-17) is under regulatory review. In addition, we will advance the Phase III clinical trials for gumokimab for the treatment of ankylosing spondylitis and manfidokimab (AK120, IL-4R $\alpha$ ) for the treatment of atopic dermatitis, respectively. We are expediting the IND application of early-stage products such as AK139 (IL-4R $\alpha$ /ST2), the first in-house developed bi-specific antibody product for autoimmune diseases.

### FINANCIAL REVIEW

#### 1. Commercial Sales

The Group's total commercial sales, net of distribution cost increased by 24.88% from RMB1,603.5 million for the year ended December 31, 2023 to RMB2,002.4 million for the year ended December 31, 2024. The growth was primarily attributable to the commercialization of 依達方® (ivonescimab, PD-1/VEGF), which was approved in May 2024. Leveraging its outstanding clinical value, ivonescimab has provided the Company with a new growth driver.

#### 2. License Income

The Group's license income for the year ended December 31, 2024, was RMB121.6 million, compared to RMB2,922.8 million for the year ended December 31, 2023. The decrease was primarily due to the upfront payment received and recognized in 2023 under the collaboration and license agreement with SUMMIT for ivonescimab (PD-1/VEGF). In 2024, the license income from SUMMIT declined.

#### 3. Cost of Sales

The cost of sales increased by 116.92% from RMB133.2 million for the year ended December 31, 2023 to RMB289.0 million for the year ended December 31, 2024. The increase was mainly attributable to the increased sales volume of 開坦尼® (cadonilimab, PD-1/CTLA-4) and the approval and commercialization of 依達方® (ivonescimab, PD-1/VEGF). Cost of sales of the Group mainly represents cost of raw materials, direct labor, depreciation of plant and machinery and other manufacturing overhead.

#### 4. Gross Profit

The Group's gross profit decreased by 58.23% from RMB4,393.0 million for the year ended December 31, 2023 to RMB1,834.9 million for the year ended December 31, 2024. It was mainly attributable to the changes in license income. The gross profit from commercial sales increased by 16.53% from RMB1,470.2 million for the year ended December 31, 2023 to RMB1,713.3 million for the year ended December 31, 2024.

#### 5. Other Income and Gains, Net

Other income and gains, net decreased by 19.42% from RMB454.2 million for the year ended December 31, 2023 to RMB366.0 million for the year ended December 31, 2024, which was mainly due to the fluctuation in exchange gains and government subsidies.

The Group's other income and gains, net primarily consists of exchange gains, subsidies received from local governments for the purpose of compensation for expenses arising from R&D activities and award for capital expenditure incurred on construction of production facilities, bank interest income, and investment income from financial products.

## 6. Research and Development Expenses

Research and development expenses decreased by 5.29% from RMB1,254.0 million for the year ended December 31, 2023 to RMB1,187.7 million for the year ended December 31, 2024. This reduction was primarily attributable to the Group's expansion and enhancement of its in-house clinical team in recent years, which has enabled the internalization of some research services previously outsourced to external clinical service providers. These initiatives allowed the Group to control R&D expenditures while expanding its clinical capabilities.

The Group's pipeline development and NDA approvals achieved progress on multiple fronts, with multiple first-in-class or globally leading products achieving critical milestones; ivonescimab (PD-1/VEGF), the world's first bi-specific drug, received marketing approval in May 2024; cadonilimab (PD-1/CTLA-4 bispecific antibody, AK104) expanded its indications, with first-line gastric cancer treatment approval granted in September 2024; ebronucimab (anti-PCSK9 monoclonal antibody, AK102), the Group's first non-oncology drug to reach commercial stage, was approved in September 2024. Multiple new pipelines obtained IND approvals, including AK135 (IL-1RAP biologic), AK137 (CD73/LAG-3 bispecific antibody), and AK138D1 (HER3 ADC).

The Group's research and development expenses primarily consisted of: (i) clinical trial sites fees, central laboratory bioanalysis fees, third-party assessment fees, costs associated with purchasing reference listed drugs and concomitant drugs, third-party contract fees signed by clinical trial site management service providers and other trial related service providers; (ii) employee salaries and related benefit costs in connection with our research and development activities; (iii) third-party contracting costs relating to testing expenses for pre-clinical programs; and (iv) costs associated with purchasing raw materials for research and development of our drug candidates.

## 7. Selling and Marketing Expenses

Selling and marketing expenses increased by 12.51% from RMB890.4 million for the year ended December 31, 2023 to RMB1,001.8 million for the year ended December 31, 2024. The increase was primarily attributed to the accelerated commercialization process and the enhanced academic promotion capabilities of the Group.

## 8. Administrative Expenses

Administrative expenses increased by 1.77% from RMB200.1 million for the year ended December 31, 2023 to RMB203.6 million for the year ended December 31, 2024.

Administrative expenses primarily consisted of employee salaries and benefits, depreciation and amortization expenses, professional fees, taxes, and other administrative expenses including travel expenses and other expenses associated with administrative activities.

## 9. Finance Costs

Finance costs decreased by 21.53% from RMB87.0 million for the year ended December 31, 2023 to RMB68.3 million for the year ended December 31, 2024. The decrease was mainly due to lower interest rates.

### 10. Profit/Loss for the Year

For the reasons discussed above, the Group recorded a loss of RMB501.1 million for the year ended December 31, 2024, compared to a profit of RMB1,942.4 million for the year ended December 31, 2023.

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

In 2024, we actively expanded financing channels and enhanced operational capabilities to strengthen cash reserves, providing robust capital support for the Company's research and development and commercial expansion.

As at December 31, 2024, the Group's current assets were RMB8,691.6 million, comprising RMB7,343.9 million in cash, cash equivalents, time deposits, and financial products, with other current assets amounting to RMB1,347.7 million.

The total balance of cash, cash equivalents, time deposits, and financial products is RMB7,343.9 million as at December 31, 2024, an increase of RMB2,449.4 million from the total balance of RMB4,894.4 million as at December 31, 2023.

As at December 31, 2024, the Group's current liabilities were RMB1,686.6 million, which included RMB425.2 million in trade payables, RMB715.1 million in other payables and accruals, and RMB535.5 million in interest-bearing bank and other borrowings.

As at December 31, 2024, the Group had short-term loan and mid-long-term loan due within next one year of RMB535.5 million and long-term loans of RMB3,406.1 million, among which, interest rate of commercial bank borrowings ranged from 1.2% to 4.35% based on annual interest rate over or below loan prime rate (LPR).

The Group follows a conservative set of cash management and treasury policies to manage its capital resources and mitigate potential risks.

## 12. Pledge of Assets

As at December 31, 2024, the Group had a total of RMB1,455.2 million of buildings and land use right pledged to secure its loans and banking facilities.

## 13. Key Financial Ratios

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

	As at December 31, 2024	As at December 31, 2023
Quick ratio <sup>(1)</sup>	4.73	4.39
Gearing ratio <sup>(2)</sup>	Not meaningful <sup>(2)</sup>	Not meaningful <sup>(2)</sup>

Notes:

(1) Quick ratio is calculated by dividing current assets less inventories as at a given date by current liabilities as at such date.

(2) Gearing ratio is calculated using interest-bearing bank and other borrowings less cash and bank balance divided by total equity and multiplied by 100%. Gearing ratio is not meaningful as our interest-bearing bank and other borrowings less cash and cash equivalents were negative.

## 14. Significant Investments

As at December 31, 2024, the Group did not hold any significant investments. Except as disclosed in this report, the Group did not have other plans for significant investments or capital assets as at the date of this report.

## 15. Material Acquisitions and Disposals

On February 8, 2024, the Company, Akeso Biopharma Co., Ltd.\* (中山康方生物醫藥有限公司) (an indirect wholly-owned subsidiary of the Company) (the “**Purchaser**”), Dawnrays Biotechnology Capital (Asia) Limited (東瑞生物投資發展(亞洲)有限公司) (the “**Vendor**”), Dawnrays Pharmaceutical and AD Pharmaceuticals Co., Ltd.\* (康融東方(廣東)醫藥有限公司) (“**AD Pharmaceuticals**”) entered into an equity transfer agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, 35% of the equity interest in AD Pharmaceuticals at a consideration of RMB267.4 million (the “**Acquisition**”). The Acquisition has been completed and AD Pharmaceuticals has become an indirect wholly-owned subsidiary of the Company. For details of the Acquisition, please refer to the announcements of the Company dated February 9, 2024 and March 4, 2024.

Save as disclosed above, the Group did not have material acquisitions or disposals of subsidiaries, associates and joint ventures for the year ended December 31, 2024.

### 16. Contingent Liabilities

The Group did not have any material contingent liabilities as at December 31, 2024.

### 17. Capital Commitments

The capital commitments of the Group as at December 31, 2024 were RMB734.0 million, as compared to RMB770.0 million as at December 31, 2023. This was primarily attributable to the development of world-class manufacturing equipment in Greater Bay Area Technology Park (Zhongshan) and Knowledge City Biopharmaceutical Base (Guangzhou). The projects are both currently progressing on schedule and parts of both sites are already in operation. Concurrently, construction continues at the Shanghai R&D Center and the Guangzhou R&D Center.

### 18. Foreign Exchange Risk Exposure

For the year ended December 31, 2024, the Group mainly operated in China and the majority of its financial transactions were settled in RMB, the functional currency of the Company's primary subsidiaries.

As at December 31, 2024, a portion of the Group's cash and cash equivalents were dominated in Hong Kong dollars and in US dollars. Except for certain cash and cash equivalents, time deposits, financial products, other receivables, payables, other payables and accrued expenses denominated in foreign currencies, the Group did not have significant foreign exchange risk exposure from its operations during the Reporting Period.

The Group currently does not have a foreign currency hedging policy. However, we manage our foreign exchange risk by performing regular reviews of our net foreign exchange exposure, and may potentially use forward contracts to eliminate the foreign exchange risk exposures if such needs arise.

### 19. Employees and Remuneration

As at December 31, 2024, the Group had a total of 3,035 employees, as at December 31, 2023, the Group had a total of 2,778 employees.

The total remuneration cost incurred by the Group was RMB950.1 million for the year ended December 31, 2024, and RMB847.1 million for the year ended December 31, 2023. The increase in remuneration cost was primarily attributable to the increase in the number of employees, which led to an increase in employees' salaries and benefits.

The remuneration of the employees of the Group comprises salaries, bonuses, employees' provident fund and social security contributions, other welfare payments and equity-settled share award and share option expenses. In accordance with applicable PRC laws, the Group 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 Group's employees. We provide training and development programs to employees, including new hire orientation and continuous on-the-job training in order to maintain and improve the knowledge and skill levels of our employees.

The Company adopted the Pre-IPO RSU Scheme on August 29, 2019. For details, please refer to the section headed “D. Share Incentive Schemes — 1. Restricted Share Unit Scheme” in Appendix IV to the Prospectus. The Pre-IPO RSU Scheme was terminated in accordance with the rules of the Pre-IPO RSU Scheme on June 30, 2024. For details, please refer to the announcement of the Company dated June 5, 2024, and the circular of the Company dated June 6, 2024, respectively. After the termination of the Pre-IPO RSU Scheme, no further awards might be granted thereunder, while the awards already granted before the termination shall remain valid and continue to vest in accordance with the rules of the Pre-IPO RSU Scheme.

The Company also adopted the 2021 RSU Scheme on December 6, 2021. For details, please refer to the announcement of the Company dated December 7, 2021. The 2021 RSU Scheme was amended on June 30, 2024. For details, please refer to the announcement of the Company dated June 5, 2024, and the circular of the Company dated June 6, 2024, respectively.

The Company also adopted the Share Option Scheme on June 28, 2022. For details, please refer to the circular of the Company dated June 1, 2022. The Share Option Scheme was amended on June 30, 2024. For details, please refer to the announcement of the Company dated June 5, 2024, and the circular of the Company dated June 6, 2024, respectively.

## USE OF NET PROCEEDS

### (a) Use of Net Proceeds from the 2022 Placing

On July 15, 2022, an aggregate of 24,000,000 new Shares were issued at a price of HK\$24.27 per Share to not less than six professional, institutional or other investors who are Independent Third Parties pursuant to the placing agreement (the “**2022 Placing Agreement**”) dated July 8, 2022 (the “**2022 Placing**”), representing approximately 2.85% of the enlarged issued share capital of the Company immediately upon completion of the 2022 Placing.

The placing price of HK\$24.27 per Share represented (i) a discount of approximately 7.0% to the closing price of HK\$26.10 per Share as quoted on the Stock Exchange on the last full trading day prior to the date of the 2022 Placing Agreement, and (ii) a discount of approximately 5.5% to the average closing price of approximately HK\$25.67 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to and including the last full trading day prior to the date of the 2022 Placing Agreement.

The net placing price (after deducting related costs and expenses borne by the Company) was approximately HK\$24.03 per Share. The net proceeds raised from the 2022 Placing were approximately HK\$576.65 million.

The following table sets forth the status of use of net proceeds from the 2022 Placing as at December 31, 2024:

Item	Percentage	Amount of net proceeds allocated (HK\$' million)	Net proceeds unutilized as at January 1, 2024 (HK\$' million)	Net proceeds utilized during the year ended December 31, 2024 (HK\$' million)	Net proceeds unutilized as at December 31, 2024 (HK\$' million)
Marketing and commercialization of 開坦尼® (cadonilimab, PD-1/CTLA-4)	40%	230.6	–	–	–
Expediting the Phase III clinical trials of ivonescimab (PD-1/VEGF), including head-to- head trial with pembrolizumab for 1L PD-L1(+) NSCLC, and for EGFR TKI failed NSCLC	20%	115.3	–	–	–
Expediting several Phase III clinical trials of cadonilimab (PD-1/CTLA-4) including for 1L gastric cancer, 1L cervical cancer, and etc., to substantiate marketing activities for cadonilimab	20%	115.3	–	–	–
Expediting the Phase III trials and NDA application for ebronucimab (AK102, PCSK9) and ebdarokimab (AK101, IL-12/IL-23)	10%	57.7	16.7	16.7	–
Other general corporate purposes where appropriate	10%	57.7	–	–	–
<b>Total</b>	<b>100%</b>	<b>576.6</b>	<b>16.7</b>	<b>16.7</b>	<b>–</b>

Further details of the 2022 Placing are set out in the announcements of the Company dated July 8, 2022 and July 15, 2022, respectively. During the year ended December 31, 2024, the net proceeds from the 2022 Placing were used according to the intentions and in the same manner and proportions as previously disclosed by the Company in the announcement dated July 8, 2022. As at December 31, 2024, the net proceeds from the 2022 Placing had been fully utilized.

#### (b) Use of Net Proceeds from the March 2024 Placing

On March 28, 2024, an aggregate of 24,800,000 new Shares with an aggregate nominal value of US\$248 were issued at a price of HK\$47.65 per Share to not less than six professional, institutional or other investors who are Independent Third Parties pursuant to the placing agreement (the “**March 2024 Placing Agreement**”) dated March 21, 2024 (the “**March 2024 Placing**”), representing approximately 2.86% of the enlarged issued share capital of the Company immediately upon completion of the March 2024 Placing.

The placing price of HK\$47.65 per Share represented (i) a discount of approximately 6.02% to the closing price of HK\$50.70 per Share as quoted on the Stock Exchange on the last full trading day prior to the date of the March 2024 Placing Agreement, and (ii) a discount of approximately 6.81% to the average closing price of approximately HK\$51.13 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to and including the last full trading day prior to the date of the March 2024 Placing Agreement.

The net placing price (after deducting related costs and expenses borne by the Company) was approximately HK\$47.18 per Share. The net proceeds raised from the March 2024 Placing were approximately HK\$1,170.18 million.

The following table sets forth the status of use of net proceeds from the March 2024 Placing as at December 31, 2024:

Item	Percentage	Amount of net proceeds allocated (HK\$' million)	Net proceeds utilized during the year ended December 31, 2024 (HK\$' million)	Net proceeds unutilized as at December 31, 2024 (HK\$' million)
R&D in terms of: (a) various pre-clinical programs advancing to IND stage; (b) development of technology platforms (i.e., ADC platform); and (c) expediting the global clinical trial of cadonilimab (PD-1/CTLA-4), ligufalimab (AK117, CD47), etc.	65%	760.6	345.5	415.1
Commercialization of cadonilimab and ivonescimab	25%	292.6	292.6	–
Other general corporate purposes where appropriate	10%	117.0	117.0	–
<b>Total</b>	<b>100%</b>	<b>1,170.2</b>	<b>755.1</b>	<b>415.1</b>

Further details of the March 2024 Placing are set out in the announcements of the Company dated March 21, 2024 and March 28, 2024, respectively. During the year ended December 31, 2024, the net proceeds from the March 2024 Placing were used according to the intentions and in the same manner and proportion as previously disclosed by the Company in the announcement dated March 21, 2024.

The balance of unutilized net proceeds of approximately HK\$415.1 million has been deposited into the Company's bank account. The Company expects that such net proceeds shall be utilized by December 31, 2025. 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.

### (c) Use of Net Proceeds from the October 2024 Placing

On October 21, 2024, an aggregate of 31,700,000 new Shares with an aggregate nominal value of US\$317 were issued at a price of HK\$61.28 per Share to not less than six professional, institutional or other investors who are Independent Third Parties pursuant to the placing agreement (the “**October 2024 Placing Agreement**”) dated October 11, 2024 (the “**October 2024 Placing**”), representing approximately 3.53% of the enlarged issued share capital of the Company immediately upon completion of the October 2024 Placing.

The placing price of HK\$61.28 per Share represented (i) a discount of approximately 4.99% to the closing price of HK\$64.50 per Share as quoted on the Stock Exchange on the last full trading day prior to the date of the October 2024 Placing Agreement, and (ii) a discount of approximately 11.30% to the average closing price of approximately HK\$69.09 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to and including the last full trading day prior to the date of the October 2024 Placing Agreement.

The net placing price (after deducting related costs and expenses borne by the Company) was approximately HK\$60.70 per Share. The net proceeds raised from the October 2024 Placing were approximately HK\$1,924.20 million.

## Management Discussion and Analysis

The following table sets forth the status of use of net proceeds from the October 2024 Placing as at December 31, 2024:

Item	Percentage	Amount of net proceeds allocated (HK\$' million)	Net proceeds utilized during the year ended December 31, 2024 (HK\$' million)	Net proceeds unutilized as at December 31, 2024 (HK\$' million)
Global and China clinical development of core products, and other clinical pipeline products in oncology and immunology	70%	1,346.9	27.6	1,319.3
Commercialization of existing approved products	20%	384.8	279.2	105.7
General corporate use	10%	192.4	20.1	172.3
<b>Total</b>	<b>100%</b>	<b>1,924.2</b>	<b>326.9</b>	<b>1,597.3</b>

Further details of the October 2024 Placing are set out in the announcements of the Company dated October 13, 2024 and October 21, 2024, respectively. During the year ended December 31, 2024, the net proceeds from the October 2024 Placing were used according to the intentions and in the same manner and proportion as disclosed in the announcement dated October 13, 2024.

The balance of unutilized net proceeds of approximately HK\$1,597.3 million has been deposited into the Company's bank account. The Company expects that such net proceeds shall be utilized by June 30, 2026. 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.

# DIRECTORS AND SENIOR MANAGEMENT

## DIRECTORS

### Executive Directors

**Dr. XIA Yu (夏瑜)**, the key founder of the Group, aged 58, was appointed as the chairwoman, president and chief executive officer of the Group since its inception on March 19, 2012, and she was re-designated as the executive Director and appointed as the chairwoman, president and chief executive officer of the Company on November 16, 2019. In these roles, Dr. XIA has been mainly responsible for the overall strategic and operational management of the Company. Dr. XIA also holds the following positions with the other members of the Group and has been primarily responsible for these companies' decision-making:

- director, president, chief executive officer and chairwoman of Akeso Biopharma (since March 2012);
- director of Akeso Tiancheng (since May 2016);
- director and general manager of Akeso R&D Institute (since July 2016);
- director and general manager of AD Pharma (since February 2017);
- director, general manager (since August 2017) and chairwoman (since November 2018) of Akeso Pharma;
- executive director and general manager of AD Pharma Guangzhou (since March 2018);
- chairwoman and general manager of Zhong Kang Tai He (since September 2018); and
- general manager of CTTQ-Akeso (since August 2019).

Over the years, Dr. XIA has served important roles in numerous influential organizations, including a member of the Special Committee for Monoclonal Antibody of the China Medicinal Biotech Association, a committee member of the Special Committee for Science and Technology Innovation of China Overseas Returnee Entrepreneur Investment Association, an advisory committee member of the Chinese Antibody Society, and a director of Tongxieyi Antibody Talent Club. Dr. XIA has also received numerous awards and recognitions for her contributions to both the pharmaceutical industry and commercial enterprises, such as “The Seventh National Overseas Returnee Contributions Award” in June 2018, and the Innovative and Entrepreneurial Talent awarded by the Ministry of Science and Technology of the PRC in March 2014. In July 2015, Dr. XIA and her team were awarded the “Top Chinese Overseas Returnee Star-up Company” by the Overseas Chinese Affairs Office of the State Council, and Dr. XIA was also recognized for her role as the team leader of selected innovation and entrepreneurial team winners of the Pearl River Talents Scheme of Guangdong Province in April 2018.

Mr. XIA Yu (Ph.D.) (夏羽) is the brother of Dr. XIA (夏瑜).

**Dr. LI Baiyong (李百勇)**, a co-founder of the Group, aged 56, was appointed as the vice president and chief scientific officer of the Group since its inception in March 2012. Dr. LI was re-designated as an executive Director and was appointed as the senior vice president and chief scientific officer of the Company on November 16, 2019. Dr. LI has been the executive vice president and chief scientific officer of the Company since 2021. Dr. LI has been mainly responsible for leading scientific direction, drug discovery and development, and participating in overall strategic planning and business direction. Dr. LI has over 25 years of experience in the therapeutics biologics industry. Dr. LI also holds the following positions with other members of the Group:

- director (since March 2012), vice president and chief scientific officer (since April 2012) of Akeso Biopharma;
- director, vice president and chief scientific officer of AD Pharma (since February 2017);
- director and deputy general manager of Akeso Pharma (since November 2018); and
- director of Zhong Kang Tai He (since September 2018).

Prior to the establishment of the Group, Dr. LI worked at Pfizer Inc. in the U.S. from 1999 to late 2011, where he led drug discovery work on a series of cancer immune therapy new drug projects. His last position at Pfizer was associate director, focusing on oncology research and leading a series of key innovative immuno-oncology therapy projects.

Prior to joining Pfizer, Dr. LI was a post-doctoral research fellow with Dr. Richard Flavell, a world-renowned immunologist, the department head of the Immunology department at Yale University and a member of the U.S. National Academy of Science, with the focus of his studies in the field of T cell immunology.

Dr. LI obtained his bachelor's degree in biochemistry from Nankai University (南開大學) in the PRC in 1991. He subsequently obtained his Ph.D. degree in molecular and cell biology from the Pennsylvania State University in the U.S. in 1996.

Dr. LI was recognized as a Level 5 talent of the Shortage of High Level Talents of Zhongshan (中山市第五層次緊缺適用高層次人才) in December 2014, and was selected in the Pearl River Talents Scheme (珠江人才計劃) in April 2017. In May 2019, Dr. LI was an awardee in the Zhongshan Top Talents Program (中山市拔尖人才).

**Dr. WANG Zhongmin Maxwell (王忠民)**, a co-founder of the Group, aged 56, was appointed as the vice president of the Group since its inception in March 2012, and he was re-designated as an executive Director and was appointed as the senior vice president of the Company on November 16, 2019. Dr. WANG has been mainly responsible for clinical operations, sourcing and legal affairs. Dr. WANG has served as a director of Akeso Biopharma since March 2012, a vice president of AD Pharma since February 2017, and a director of Akeso Pharma since November 2018.

Prior to the establishment of the Group, Dr. WANG had extensive experience for over 24 years in the therapeutics biologics industry. He served as the senior research scientist from June 2002 and as a consultant starting from January 2006 at New Century Pharmaceuticals Inc. in the US, and was responsible for advising on structure determination and modelling of drug targets. Dr. WANG joined Trimeris Inc. as a senior consultant in February 2006 and later, he also served an executive consultant at Ardea Biosciences Inc. from February 2007 to October 2008, mainly responsible for structure-based drug development with Kinases. After returning to China, he joined Crown Bioscience Inc. (中美冠科生物技術有限公司) in January 2009 as senior director and was responsible for the management of the structural biology group and for the business development of protein science department. From January 2011 to May 2012, Dr. WANG served as the deputy general manager of Taicang CrownBio Analytical and Testing Company Limited (中美冠科生物技術(太倉)有限公司).

Dr. WANG obtained his bachelor's degree in physics from University of Science and Technology of China (中國科學技術大學) in the PRC in July 1991. He subsequently pursued his master's degree in physics at Northeastern University in the U.S. Dr. WANG obtained his Ph. D. degree in structural & computational biology and molecular biophysics from Baylor College of Medicine in the U.S. in May 1998. He had published eight scientific papers in international peer-reviewed journals and is the inventor of five patents during his stay in the U.S.

Dr. WANG was a recipient of the Pearl River Talents Scheme (珠江人才計劃) in April 2017. He has also been recognized as a Level 3 talent of the Shortage of High Level Talents of Zhongshan (中山市第三層次緊缺適用高層次人才) in December 2017. In May 2019, Dr. WANG was an awardee in the Zhongshan Top Talents Program (中山市拔尖人才).

**Dr. ZHANG Peng (張鵬)**, a co-founder of the Group, aged 49, was appointed as the vice president of the Group in April 2012 and currently serves as the senior vice president of the Company. Dr. ZHANG was appointed as an executive Director on June 30, 2024. Dr. ZHANG is mainly responsible for corporate operations and government affairs of the Group. Dr. ZHANG has served as a vice president of Akeso Biopharma since early 2012. He has been a director of AD Pharma since February 2017, and a director of Akeso Pharma since November 2018.

Dr. ZHANG has approximately 21 years of experience in the therapeutic biologics industry. Prior to commencing his career in the Group, Dr. ZHANG served as a teaching assistant in the Chemistry department of the University of Louisville in the U.S. from August 2001 to July 2002. From August 2002 to February 2007, he served as a teaching assistant in the Chemistry department of the University of Kentucky in the U.S. Dr. ZHANG served as a scientist in PDL BioPharma, Inc. from February 2007 to May 2008 and then as a senior director of the protein chemical department of Crown Bioscience Inc. from September 2008 to April 2012. In addition, since June 2010, he also served as the senior director and deputy general manager of Taicang CrownBio Analytical and Testing Company Limited (中美冠科生物技術(太倉)有限公司), where he was primarily responsible for general management, business development and project management.

Dr. ZHANG obtained his bachelor's degree in chemistry and master's degree in analytical chemistry from Shandong University (山東大學) in the PRC in July 1998 and June 2001, respectively. Dr. ZHANG subsequently obtained his Ph.D. in chemistry from the University of Kentucky in the U.S. in May 2007. Dr. ZHANG was selected as a member of the Pearl River Talents Scheme (珠江人才計劃) in April 2018 and recognized as a level 3 talent of the Shortage of High Level Talents of Zhongshan (中山市第三層次緊缺適用高層次人才) in February 2020. Dr. ZHANG was awarded the Most Beautiful Constructor in Zhongshan 2022 (2022年度中山最美建設者) in March 2023, and the Guangdong Province May 1st Labor Medal (廣東省五一勞動獎章) in April 2023. Dr. ZHANG was selected as one of the first directors of the Zhongshan New Social Class Federation (中山市新的社會階層人士聯合會) in July 2018.

### Non-executive Director

**Mr. XIE Ronggang (謝榕剛)**, aged 40, was appointed as a non-executive Director from August 19, 2020. Mr. XIE has around 14 years of investment experience. He obtained a bachelor's degree and a master's degree in biomedical engineering from Southeast University (東南大學) in the PRC in 2008 and 2011, respectively. Mr. XIE worked at Oriza Holdings from April 2011 to October 2015 and has been the managing director of Loyal Valley Capital since 2018.

### Independent Non-executive Directors

**Dr. ZENG Junwen (曾駿文)**, aged 63, an independent non-executive Director, is responsible for supervising and providing independent advice and judgment to the Board.

Dr. ZENG has over 25 years' experience in ophthalmic industry. From September 1984 to June 1986, Dr. ZENG was a resident physician at the Zhongshan Ophthalmic Center (the “**Zhongshan Ophthalmic Center**”) of Sun Yat-sen University (中山大學). He was appointed as adjunct assistant professor of ophthalmology and visual sciences at the University of Louisville between July 1998 and June 2001. Dr. ZENG returned to Zhongshan Ophthalmic Center in March 1998 as the director of technology development and the assistant to the head of Zhongshan Ophthalmic Center, then served as the deputy head and deputy supervisor of Zhongshan Ophthalmic Center from January 1999 until February 2002. From March 2002 to February 2012, he was the head of the optometry center at the same institution. From February 2012 to November 2017, Dr. ZENG also served as the head of ophthalmology department and optometry department of the Zhongshan Ophthalmic Center. Since November 2017, Dr. ZENG has been working as the head of refractive department of the Zhongshan Ophthalmic Center.

Dr. ZENG obtained his bachelor's degree in clinical medicine in August 1984 from Sun Yat-sen University School of Medicine in the PRC. He received his Ph.D. degree in biochemistry in May 1993 from Meharry Medical College in Nashville, the U.S. Dr. ZENG is currently licensed to practice medicine in the PRC. Dr. ZENG has served as an independent director of Doctorglass Chain Co., Ltd. (博士眼鏡連鎖股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300622), since January 2018.

**Dr. XU Yan (徐岩)**, aged 61, an independent non-executive Director, is responsible for providing independent advice and judgment to the Board.

From 1987 to 1992, Dr. XU worked as a lecturer at the Department of Management in the Beijing University of Post and Telecommunications (北京郵電大學). From September 1997 to June 2004, he first worked as a visiting assistant professor, and beginning in September 1999, as an assistant professor in the Department of Information and Systems Management, School of Business and Management of the Hong Kong University of Science and Technology (“**HKUST**”). Dr. XU served as an associate professor from July 2004, and from July 2019 onwards served as a professor in the Department of Information Systems, Business Statistics and Operations Management, School of Business and Management of HKUST. Since 2011, he has also served as the associate dean of the EMBA Program for Chinese executives, executive education and China strategy in the School of Business and Management of HKUST.

Dr. XU obtained his bachelor's degree in radio communications engineering and master's degree in communications and electronic system from the Beijing University of Post and Telecommunications in the PRC in July 1984 and July 1987, respectively. He further received his Ph.D. degree in telecommunications policy from the University of Strathclyde in the United Kingdom in July 1997.

Dr. XU has served as the independent non-executive director of China Display Optoelectronics Technology Holdings Limited (華顯光電技術控股有限公司), a company listed on the Stock Exchange (stock code: 00334), since June 2015.

**Mr. TAN Bo**, aged 51, has been an independent non-executive Director since April 2020. He is responsible for supervising and providing independent advice and judgment to the Board.

Mr. TAN has extensive experience within the financial and pharmaceutical industries, and has worked in private equity, equity research and commercial sectors. He worked as a senior analyst at Macquarie Securities Asia in Hong Kong from October 2004 to February 2006. From March 2006 to March 2007, he served as a vice president in the equity research division of Lehman Brothers Asia Limited. From April 2007 to September 2008, he served as an executive director and a member of the investment committee of Bohai Industrial Investment Fund Management Company, a private equity fund in China. From 2009 to December 2019, Mr. TAN worked at 3SBio Inc. (三生製藥), a company listed on the Stock Exchange (stock code: 1530), and served as its vice president, chief financial officer, and executive director. Mr. TAN has served as an independent non-executive director of Globe Metals & Mining, a company listed on the Australian Securities Exchange (stock code of GBE, since October 2013. Mr. TAN has served as an independent non-executive director of Everest Medicines Limited (雲頂新耀有限公司), a company listed on the Stock Exchange (stock code: 1952), since September 2020.

Mr. TAN obtained a bachelor's degree in economics from Renmin University of China (中國人民大學) in the PRC in July 1994, a master's degree in economics from the University of Connecticut in the U.S. in December 1996 and a master of international management from American Graduate School of International Management in August 1998.

### SENIOR MANAGEMENT

**Dr. XIA Yu (夏瑜)** is the president and chief executive officer of the Company. Please refer to the paragraph headed “— Directors — Executive Directors” above for her biographical details.

**Dr. LI Baiyong (李百勇)** is the executive vice president and chief scientific officer of the Company. Please refer to the paragraph headed “— Directors — Executive Directors” above for his biographical details.

**Dr. WANG Zhongmin Maxwell (王忠民)** is the senior vice president of the Company. Please refer to the paragraph headed “— Directors — Executive Directors” above for his biographical details.

**Dr. ZHANG Peng (張鵬)** is the senior vice president of the Company. Please refer to the paragraph headed “— Directors — Executive Directors” above for his biographical details.

**Mr. XIA Yu (Ph.D.) (夏羽)** is the senior vice president of the Company. Mr. XIA Yu (Ph.D.) (夏羽), aged 54, had been a Director from November 1, 2019 to June 30, 2024. Mr. XIA (Ph. D.) was re-designated as an executive Director and was appointed as the senior vice president of the Company on November 16, 2019, and is mainly responsible for manufacturing, quality and regulatory affairs. Mr. XIA (Ph.D.) joined the Group in May 2017 where he served as the vice president, and the head of the quality department of both Akeso Biopharma and AD Pharma. He has also been serving as the deputy general manager and the head of the production team of Akeso Pharma since November 2018.

Mr. XIA (Ph.D.) has published and contributed to four scientific publications. Mr. XIA (Ph.D.) is an awardee of the Pearl River Talents Scheme (珠江人才計劃) in April 2017, and has been recognized as a Level 3 talent of the Shortage of High Level Talents of Zhongshan (中山市第三層次緊缺適用高層次人才) in December 2017.

**Dr. XIA (夏瑜)** is the sister of Mr. XIA Yu (Ph.D.) (夏羽). Mr. XIA resigned as an executive Director with effect from June 30, 2024.

**Dr. Bing C. WANG (王秉中)** was appointed as the chief financial officer of the Company on July 22, 2024.

Dr. Bing WANG is an accomplished biotechnology executive who brings extensive global experience in the biopharmaceutical industry. Prior to joining the Company, Dr. Bing WANG was most recently the chief financial officer of Cellectis S.A., a France-based biopharmaceutical company that develops genome-edited CAR T cell technologies for cancer immunotherapy. Prior to joining Cellectis S.A., Dr. Bing WANG was the co-founder and chief executive officer at Refuge Biotechnologies, Inc., a biotechnology company that utilizes CRISPR-interference and CRISPR-activation to create therapeutic T cells. Prior to that, Dr. Bing WANG was a director of U.S. healthcare investment banking at Barclays Capital, where he worked on numerous mergers and acquisitions, corporate finance and other financing transactions for life sciences companies. Dr. Bing WANG also serves on the advisory board of the Healthcare and Pharmaceutical Management Program at Columbia Business School.

Dr. Bing WANG holds a Bachelor of Science degree in applied physics from Columbia University in the U.S., a Master of Arts degree and a Ph.D. degree in electrical engineering from Princeton University in the U.S., and a Master of Business Administration degree from Columbia Business School in the U.S.

## COMPANY SECRETARY

**Ms. LEUNG Wai Yan (梁慧欣)**, was appointed as a company secretary of the Company on August 23, 2022. Ms. LEUNG is currently a manager of corporate services of Vistra Corporate Services (HK) Limited. She has over 17 years of experience in providing company secretarial services to numerous listed and private companies.

Ms. LEUNG obtained a bachelor of business (administrative management) from University of South Australia and a master of laws majoring in corporate and finance law from The University of Hong Kong. She has been an associate member of The Hong Kong Chartered Governance Institute and an associate member of The Chartered Governance Institute in United Kingdom since 2009.

## CHANGES IN DIRECTORS' INFORMATION

Save as disclosed in this report, as at the date of this report, there are no other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

# REPORT OF DIRECTORS

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

## DIRECTORS

The Directors who held office during the year ended December 31, 2024 and up to the date of this report are:

### Executive Directors:

Dr. XIA Yu (夏瑜) (*Chairwoman, president and chief executive officer*)

Dr. LI Baiyong (李百勇)

Dr. WANG Zhongmin Maxwell (王忠民)

Mr. XIA Yu (Ph.D.) (夏羽) (*resigned with effect from June 30, 2024*)

Dr. ZHANG Peng (張鵬) (*appointed with effect from June 30, 2024*)

### Non-executive Directors:

Dr. ZHOU Yi (周伊) (*resigned with effect from June 30, 2024*)

Mr. XIE Ronggang (謝榕剛)

### Independent Non-executive Directors:

Dr. ZENG Junwen (曾駿文)

Dr. XU Yan (徐岩)

Mr. TAN Bo

Biographical details of the Directors and senior management of the Company are set out in the section headed “Directors and Senior Management” in this report.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Company’s subsidiaries were involved in research and development, production and commercialization of biopharmaceutical products.

The activities and particulars of the Company’s subsidiaries are shown in Note 1 to the financial statements contained herein. An analysis of the Group’s results for the year ended December 31, 2024 by principal activities of the Group is set out in the section headed “Management Discussion and Analysis” in this report.

## BUSINESS REVIEW

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group’s financial performance, an indication of likely future developments in the Group’s business and the Group’s key relationships with its stakeholders who have a significant impact on the Group and on which the Group’s success depends, is set out in the section headed “Management Discussion and Analysis” in this report. These discussions form part of this report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed “Important Events After The Reporting Period” in this report.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to achieving environmental sustainability. The Group endeavors to comply with the relevant laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, waste reduction and energy saving. For instance, the in-house facilities of the Group operate in compliance with the relevant environmental rules and regulations. The Group reviews its environmental policies on a regular basis.

Further details of the Company's environmental policies and performance are disclosed in the environmental, social and governance report of the Company for the year ended December 31, 2024 which shall be published separately.

## 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, details of which could be referred to the section headed "Regulatory Overview" in the Prospectus. The Group has compliance policies and procedures in place and would seek professional legal advice from its legal advisors to ensure that transactions and business to be performed by the Group are in compliance with the applicable laws and regulations. Save as disclosed in this report, during the year ended December 31, 2024, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

## HUMAN RESOURCES

As at December 31, 2024, the Group had a total of 3,035 (2023: 2,778) employees and the total staff costs for the Reporting Period (including Directors' emoluments) were RMB950.1 million (2023: RMB847.1 million). Remuneration of our employees is determined with reference to market conditions and individual employees' performance, qualification and experience. In line with the performance of the Group and individual employees, a competitive remuneration package is offered to retain employees, including salaries, discretionary bonuses and contributions to benefit plans (including pensions). During the Reporting Period, the relationship between the Group and our employees has been stable. We had not experienced any strikes or other labor disputes which materially affected our business activities. We provide training programs to employees, including new hire orientation and continuous on-the-job training in order to accelerate the learning progress and improve the knowledge and skill levels of our employees.

## RETIREMENT BENEFITS SCHEME

The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The employees of the PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme. During the year ended December 31, 2024, under the PRC retirement benefits scheme, no forfeited contribution would be used by the employers to reduce the existing level of contributions.

In addition, the Group has 2 employees who are required to participate in the Mandatory Provident Fund in Hong Kong. Under the Mandatory Provident Fund scheme participated by the Group (the "**MPF Scheme**"), the Group is required to make contributions at 5% of the employees' relevant income, capped at HK\$1,500 per month. The Group's employer contributions vest fully when contributed into the MPF Scheme. During the year ended December 31, 2024, there were no contributions forfeited by the Group on behalf of its employees who leave the plan prior to vesting fully in such contribution, nor had there been any utilization of such forfeited contributions to reduce future contributions. No forfeited contributions were available for utilization by the Group to reduce the existing level of contributions.

Details of the pension obligations of the Company are set out in Notes 2.4 and 6 to the financial statements contained herein.

### RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the related party transactions of the Group for the year ended December 31, 2024 are set out in Note 35 to the financial statements contained herein. For the year ended December 31, 2024, the Company conducted the following continuing connected transactions which should be disclosed pursuant to Chapter 14A of the Listing Rules.

#### A. The Exclusive Sales Agreement

On December 20, 2021, the Company's subsidiaries, CTTQ-Akeso and Akeso Biopharma, entered into an exclusive sales agreement of penpulimab Monoclonal Antibody Injection ("**MAB Products**") with Chia Tai Tianqing and LYG Tianqing (the "**Exclusive Sales Agreement**") to set forth details of the terms and conditions of the exclusive right to sell granted to Chia Tai Tianqing. Pursuant to the Exclusive Sales Agreement, (i) CTTQ-Akeso, a subsidiary of the Company, authorized LYG Tianqing (or the subsidiaries of Chia Tai Tianqing and LYG Tianqing) as the sole sales unit of MAB Products in the PRC which is fully responsible for the sales activities of MAB Products. Chia Tai Tianqing will devote resources in the market development and product promotion and sales to assist LYG Tianqing in sales network construction. CTTQ-Akeso shall pay selling and marketing costs to Chia Tai Tianqing (or the subsidiaries of Chia Tai Tianqing and LYG Tianqing) in accordance with the Exclusive Sales Agreement; and (ii) CTTQ-Akeso shall supply MAB Products to LYG Tianqing and its subsidiaries, which shall pay the purchase price to CTTQ-Akeso in accordance with the Exclusive Sales Agreement.

In light of the fact that (i) Chia Tai Tianqing holds 50% equity interest in CTTQ-Akeso, a non-wholly owned subsidiary of the Company; and (ii) LYG Tianqing is wholly-owned by Chia Tai Tianqing, each of Chia Tai Tianqing and LYG Tianqing is a connected person of the Company at the subsidiary level under Rule 14A.06(9) of the Listing Rules, and the Exclusive Sales Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company. For details, please refer to the announcements of the Company dated December 20, 2021 and January 31, 2022, respectively.

The Directors consider that the Exclusive Sales Agreement and the transactions contemplated thereunder will be beneficial to the Group given that the Group can leverage on the established sales network and resources of Chia Tai Tianqing and the commercialization of MAB Products can be facilitated.

#### **Pricing and payment terms**

Pursuant to the Exclusive Sales Agreement, CTTQ-Akeso shall supply MAB Products to LYG Tianqing and its subsidiaries, which shall pay the purchase price to CTTQ-Akeso in accordance with the Exclusive Sales Agreement. The purchase price is calculated based on the public selling price of MAB Products which will be published in the China Medical Tribune (中國醫學論壇報) or other public channels from time to time, less discounts and rebates set in accordance with the market practice in the industry. LYG Tianqing or its subsidiaries shall pay the purchase price to CTTQ-Akeso in two instalments (10% as prepayment and the remaining outstanding purchase price shall be paid 60 days after delivery of the products) according to the respective purchase agreement entered into with CTTQ Akeso.

During the effective term of the Exclusive Sales Agreement, CTTQ-Akeso, as the marketing authorization holder of MAb Products, has authorized LYG Tianqing (or the subsidiaries of Chia Tai Tianqing and LYG Tianqing) to be the sole sales unit of MAb Products in the PRC which is fully responsible for the sales activities of MAb Products in accordance with the terms and conditions of the Exclusive Sales Agreement. Chia Tai Tianqing will devote resources in the market development and product promotion and sales to assist LYG Tianqing (or the subsidiaries of Chia Tai Tianqing and LYG Tianqing) in sales network construction. The selling and marketing costs shall be payable by CTTQ-Akeso to Chia Tai Tianqing within 60 days after the end of each month on a monthly basis. The selling and marketing costs are calculated by multiplying the net sales amount (i.e. sales amount after deducting discounts and rebates set in accordance with the market practice in the industry and relevant taxes) by a fixed rate for the selling costs under the Exclusive Sales Agreement. The fixed rate for the selling costs is determined with reference to the expected market development costs, sales channel maintenance fee and other selling and marketing costs (including but not limited to staff and supplies), which is not less than 35% during the term of the Exclusive Sales Agreement.

### Annual caps

The annual caps for the transactions contemplated under the Exclusive Sales Agreement are set out below:

<b>Proposed annual caps for the year ended/ending</b>	<b>Selling and marketing service costs payable by CTTQ-Akeso to Chia Tai Tianqing (RMB million)</b>	<b>Sale of MAb Products to LYG Tianqing and its subsidiaries (RMB million)</b>
December 31, 2021	200	300
December 31, 2022	2,000	4,000
December 31, 2023	2,500	5,000
December 31, 2024	3,000	6,000
December 31, 2025	3,500	7,000
December 31, 2026	3,500	7,000
December 31, 2027	3,500	7,000
December 31, 2028	3,500	7,000
December 31, 2029	3,500	7,000
December 31, 2030	3,500	7,000
December 31, 2031	3,500	7,000
December 31, 2032	3,500	7,000
December 31, 2033	3,500	7,000
December 31, 2034	3,500	7,000
December 31, 2035	3,500	7,000
December 31, 2036	3,500	7,000
December 31, 2037	3,500	7,000
December 31, 2038	3,500	7,000
December 31, 2039	3,500	7,000

During the Reporting Period, the selling and marketing service costs payable by CTTQ-Akeso to Chia Tai Tianqing and the amount of revenue of MAb Products sales to LYG Tianqing and its subsidiaries under the Exclusive Sales Agreement were RMB20,963,000 and RMB148,270,000, respectively, which were within the proposed annual cap for the year ended December 31, 2024.

## B. The Master Materials and Services Procurement Agreement

On September 20, 2022, in relation to the Phase III registrational trial of penpulimab for the treatment of hepatocellular carcinoma (HCC), CTTQ-Akeso entered into a master materials and services procurement agreement with Chia Tai Tianqing (the “**Master Materials and Services Procurement Agreement**”). Pursuant to the Master Materials and Services Procurement Agreement, CTTQ-Akeso (and/or its subsidiaries (if applicable)) shall procure and Chia Tai Tianqing shall provide, in relation to the Phase III registrational trial of penpulimab for the treatment of HCC, (i) certain pharmaceutical and clinical medical materials (including but not limited to reagents and control drugs) (the “**Clinical Materials**”); and (ii) certain clinical trial services (including but not limit to designing clinical trial, establishing clinical trial centers, and arranging patient enrolment in clinical trial) (the “**Clinical Services**”). The Master Materials and Services Procurement Agreement shall take effect retrospectively from January 1, 2022 for a term of three years until December 31, 2024.

In light of the fact that Chia Tai Tianqing holds 50% equity interest in CTTQ-Akeso, a non-wholly owned and significant subsidiary of the Company, Chia Tai Tianqing is a connected person of the Company at the subsidiary level under Rule 14A.06(9) of the Listing Rules, and the Master Materials and Services Procurement Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company. For details, please refer to the announcement of the Company dated September 20, 2022.

The Directors consider that the Master Materials and Services Procurement Agreement and the transactions contemplated thereunder will be beneficial to the Group given that the Group can leverage on the expertise and resources of Chia Tai Tianqing on the Clinical Services. Further, the Company can achieve economies of scale through procuring Clinical Materials through Chia Tai Tianqing. The business collaboration between the Group and Chia Tai Tianqing can be further strengthened through the Master Materials and Services Procurement Agreement, in particular in respect of the R&D of penpulimab.

### ***Pricing and payment terms***

The purchase costs of the Clinical Materials shall be determined based on the actual costs incurred for the procurement or provision of the relevant Clinical Materials, without making any profit. The purchase costs of the Clinical Services shall be determined based on the actual costs incurred in connection with the provision of the relevant Clinical Services (including costs of labor involved in the provision of the Clinical Services, costs of outsourcing services and procurement costs of any materials), without making any profit. Chia Tai Tianqing shall provide the supporting documents to CTTQ-Akeso in relation to the actual costs incurred by Chia Tai Tianqing as basis of determination of the purchase costs of the Clinical Materials and Clinical Services.

The Company will only enter into an individual service agreement with Chia Tai Tianqing if the purchase costs charged by Chia Tai Tianqing in respect of the Clinical Materials and Clinical Services are not less favorable to the Company than those offered by other independent third parties in the market to the Company.

CTTQ-Akeso and Chia Tai Tianqing shall reconcile the amount of transactions semi-annually, and CTTQ-Akeso shall transfer the purchase costs of Clinical Materials and Clinical Services to Chia Tai Tianqing within 15 working days after the reconciliation or other payment date as mutually agreed by the parties.

**Annual caps**

The annual caps for the transactions contemplated under the Master Materials and Services Procurement Agreement are set out below:

Proposed annual caps for the year ended	Annual caps for the purchase costs payable by CTTQ-Akeso to Chia Tai Tianqing for the Clinical Services and Clinical Materials <sup>(1)</sup>
	(RMB'000)
December 31, 2022	58,000
December 31, 2023	69,000
December 31, 2024	69,000

*Note:*

- (1) As disclosed in the announcement of the Company dated September 20, 2022 in relation to the Master Materials and Services Procurement Agreement, the proposed annual caps for the purchase costs payable by CTTQ-Akeso to Chia Tai Tianqing for the Clinical Services were RMB50 million, RMB60 million and RMB60 million for the years ended December 31, 2022, 2023 and 2024; and the proposed annual caps for the purchase costs payable by CTTQ-Akeso to Chia Tai Tianqing for the Clinical Materials were RMB8 million, RMB9 million and RMB9 million for the years ended December 31, 2022, 2023 and 2024.

During the Reporting Period, the purchase costs payable by CTTQ-Akeso to Chia Tai Tianqing under the Master Materials and Services Procurement Agreement were RMB58,212,000, which were within the proposed annual cap for the year ended December 31, 2024.

**C. Internal Control Measures**

In order to ensure that the Company complies with the terms of the Master Materials and Services Procurement Agreement in accordance with the Listing Rules and the terms are fair and reasonable and that the Company complies with the pricing terms thereunder, and to ensure timely monitoring of the conduct of connected transactions, the Company has adopted the following internal control measures:

- (1) the finance department is responsible for monitoring the continuing connected transactions. The Company will also conduct periodic review on the guideline it adopted in relation to the conduct of connected transactions under the Listing Rules;
- (2) the finance department and the compliance department of the Company will review and consider the relevant information and materials to ensure compliance with the Listing Rules;
- (3) to ensure that the Company does not exceed the proposed annual caps under the Master Materials and Services Procurement Agreement, the finance department of the Company shall record the transaction amount at least quarterly. The Company will check with Chia Tai Tianqing on the purchase costs incurred in relation to the purchase of Clinical Materials and Clinical Services to ensure the annual caps will not be exceeded, and frequently consult the auditor of the Company on the purchase costs incurred if there is any discrepancy. In the event that the purchase costs incurred and to be incurred is expected to reach the proposed annual caps, the finance department will follow up forthwith by reporting and proposing a response to the management of the Company, and in case that an amendment to the proposed annual caps is required, report particulars to the Board and hold a Board meeting for considering the matters thereabout to ensure compliance with the requirements under the Listing Rules;

- (4) the legal department of the Company will monitor the individual transactions between the Group and Chia Tai Tianqing are conducted within the scope of the Master Materials and Services Procurement Agreement;
- (5) the finance department of the Company will regularly obtain quotations from independent third parties to determine the prevailing price being charged by independent third parties under ordinary course of business for providing the required Clinical Materials and Clinical Services in the PRC;
- (6) the independent non-executive Directors have reviewed and will continue to review the transactions under the Master Materials and Services Procurement Agreement to ensure that the terms of the transactions thereunder are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and
- (7) the auditors of the Company will review the pricing policies and annual caps of the Master Materials and Services Procurement Agreement annually.

Further, to ensure timely identification of notifiable transactions and connected transactions, the following measures have been adopted by the Company:

- (1) the Group conducts a compliance check on a monthly basis based on the checklist circulated by its legal advisor covering different aspects of compliance matters under the Listing Rules;
- (2) responsible persons had been identified at the Company and subsidiary level responsible for monitoring notifiable transactions and connected transactions. Trainings will be arranged and conducted by its legal advisor for these responsible persons on an ongoing basis on the classification and compliance requirements for notifiable transactions and connected transactions under the Listing Rules in order to strengthen and reinforce their existing knowledge in this regard;
- (3) prior to entering into any relevant potential notifiable or connected transaction, the finance team will perform size test analysis accordingly. Where disclosure threshold is met, the finance team will notify the management and external legal advisor on the details of the proposed transaction and discuss the necessary procedures for the purpose of complying with the Listing Rules;
- (4) the Company will arrange to conduct ongoing review at least semi-annually and update the record of connected persons of the Company when necessary, such that the Company will have an updated record of connected persons for the purpose of identifying potential connected transactions in the future. The Company will work more closely with its external legal advisor on all compliance issues on a timely basis, in particular before entering into any potential notifiable or connected transactions, where necessary; and
- (5) the Company will monitor the transaction amount incurred in respect of any related party transaction(s) in its management account and report to the management on a monthly basis.

The Board reviews and monitors the abovementioned internal control measures and additional measures adopted by the Company regularly to ensure the continued implementation and effectiveness of such measures. The implementation of the abovementioned internal control measures and additional measures have been reviewed by the Board during the Reporting Period and the Board considered that they are implemented effectively.

**D. Annual Review by the Independent Non-executive Directors**

Our independent non-executive Directors have reviewed the transactions under the Exclusive Sales Agreement and the Master Materials and Services Procurement Agreement and confirmed that the transactions have been entered into in the ordinary and usual course of business of the Company, on normal commercial terms or better, and in accordance with relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**E. Confirmation of the Auditor**

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditor has issued a letter containing the findings and conclusions in respect of the abovementioned continuing connected transactions (including the transactions contemplated under the Exclusive Sales Agreement and the Master Materials and Services Procurement Agreement) in accordance with Rule 14A.56 of the Listing Rules.

The auditor of the Company had informed the Board and confirmed nothing has come to their attention that would cause them to believe that the continuing connected transactions:

- (1) have not been approved by the Board;
- (2) are not carried out in accordance with the pricing policies in all material respects;
- (3) are not entered into in accordance with the related transaction agreement in any material respects; and
- (4) exceed the relevant annual caps as disclosed in this report.

Pursuant to Rule 14A.101 of the Listing Rules, each of the Exclusive Sales Agreement and the Master Materials and Services Procurement Agreement is subject to the reporting, announcement and annual review requirements and is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules (except for the independent financial advisor engaged to advise on, among others, the reason for the long period of the Exclusive Sales Agreement). The Directors also confirmed that the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of each of the Exclusive Sales Agreement and the Master Materials and Services Procurement Agreement.

Save as disclosed above, none of the related party transactions disclosed in Note 35 to the financial statements contained herein constitute any connected transaction or any continuing connected transaction which should be disclosed pursuant to Chapter 14A of the Listing Rules. The transactions between the Group and SUMMIT during the Reporting Period as set out in Note 35 to the financial statements contained herein were not connected transactions, as SUMMIT is not a connected person of the Company under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

## MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2024, the Group recognized revenue of RMB2,123.9 million, consisting of (i) total commercial sales of RMB2,044.4 million, net of distribution cost of RMB42.0 million, and (ii) license income of RMB121.6 million. Our customers primarily consist of commercial customers and distributors with good scale advantages (or group customers). We generally provide credit terms to our customers ranging from 45 to 270 days. When determining the credit term of a customer or distributor, we consider a number of factors, including its cash flow conditions and creditworthiness. We have policies in place to monitor and manage the settlement of trade receivables, and our subsequent settlement of trade receivables with our five largest customers have been in line with those with our other customers and no provisions are necessary. To monitor the settlement of our trade receivables and avoid credit losses, we conduct annual review of each customer's or distributor's financial performance, which is primarily based on the amount and aging of the trade receivables due from such customer or distributor in the respective period. During the Reporting Period, sales from the Group's five largest customers accounted for approximately 31.7% (2023: 75.4%) of the Group's total revenue. The Group's largest customer for the year ended December 31, 2024 was SUMMIT, which accounted for approximately 11.5% (2023: 64.8%) of the Group's total revenue for the year. SUMMIT was our largest customer for the year ended December 31, 2024 as we received the upfront payment of the license agreement of ivonescimab (AK112, PD-1/VEGF) from SUMMIT. The Board believes that the Company has a diverse customer base and there was no material reliance on major customers and no material related risk was noted in the Reporting Period.

To the best of the Company's knowledge, Dr. XIA Yu (夏瑜), chairwoman, president and chief executive officer of the Company, who is also a director of SUMMIT, held options to purchase 8,750 shares of SUMMIT. Save as disclosed above, none of the Directors, their respective close associates, or any Shareholder 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.

For the year ended December 31, 2024, purchases from the Group's five largest suppliers accounted for approximately 23.7% (2023: 26.2%) of the Group's total purchase. Purchases from the Group's largest supplier for the year ended December 31, 2024 accounted for approximately 6.2% (2023: 8.1%) of the Group's total purchase for the same year.

To the best of the Company's knowledge, none of the Directors, their respective close associates, or any Shareholder 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 December 31, 2024, the Group did not experience any significant disputes with its customers or suppliers.

## RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands the importance of maintaining a good relationship with its employees, suppliers, customers and other stakeholders to meet its immediate and long-term goals. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

## PRINCIPAL RISKS AND UNCERTAINTIES

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

- We may need additional capital to meet our operating cash requirements.
- We may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our drug candidates if our drug candidates fail to demonstrate safety and efficacy to the satisfaction of the regulatory authorities.
- We may not be able to identify, discover, develop new drug candidates.
- We may be unable to commercialize our drug candidates on a timely basis since clinical drug development involves a lengthy and expensive process with an uncertain outcome.
- We may not be able to protect our intellectual property rights throughout the world or prevent unfair competition by third parties.
- We sometimes work with third parties to develop our drug candidates and have entered into collaborations and may form or seek collaborations or strategic alliances in the future, which is subject to risks.

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.

## FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 202 of this report. This summary does not form part of the audited consolidated financial statements.

## ADVANCE TO ENTITY PROVIDED BY THE COMPANY

During the year ended December 31, 2024, the Company had not provided any advance to an entity which is subject to disclosure requirement under Rule 13.20 of the Listing Rules.

## BREACH OF LOAN AGREEMENT

During the year ended December 31, 2024, the Company had not breached any terms of its loan agreements for loans that are significant to its operations.

## FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES BY THE COMPANY

During the year ended December 31, 2024, the Company had not provided any financial assistance and guarantees to affiliated companies of the Company which is subject to disclosure requirement under Rule 13.22 of the Listing Rules.

## 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 OF HOLDERS OF LISTED SECURITIES**

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

## **SUBSIDIARIES**

Particulars of the Company's subsidiaries are set out in Note 1 to the financial statements contained herein.

## **PROPERTY, PLANT AND EQUIPMENT**

Details of movements in the property, plant and equipment of the Company and the Group during the year ended December 31, 2024 are set out in Note 13 to the financial statements contained herein.

## **SHARE CAPITAL**

Details of movements in the share capital of the Company during the year ended December 31, 2024 are set out in Note 28 to the financial statements contained herein.

## **SUFFICIENCY OF PUBLIC FLOAT**

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

## **DONATION**

During the year ended December 31, 2024, the Group made charitable donations of approximately RMB41.8 million (2023: RMB23.6 million).

## **DEBENTURE ISSUED**

The Group did not issue any debenture during the year ended December 31, 2024 (2023: Nil).

## **EQUITY-LINKED AGREEMENTS**

Save as disclosed in this report, no equity-linked agreements were entered into by the Group, or existed during the year ended December 31, 2024 (2023: Nil).

## **RESULTS AND DIVIDEND**

The consolidated results of the Group for the year ended December 31, 2024 are set out on pages 119 to 120 of this report.

The Board does not recommend the payment of a final dividend to the Shareholders for the Reporting Period (year ended December 31, 2023: Nil).

As at December 31, 2024, there is no arrangement that a Shareholder has waived or agreed to waive any dividend.

## PERMITTED INDEMNITY

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director, auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director, auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favor, or in which he is acquitted.

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

## RESERVES

As at December 31, 2024, the Company had distributable reserves of RMB8,257,229,000 (2023: RMB5,143,796,000). Details of the movements in the reserves of the Company during the year ended December 31, 2024 are set out in the consolidated statement of changes in equity of the financial statements contained herein.

## BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group (including the maturity profile of borrowings and committed banking facilities) as at December 31, 2024 are set out in this report and Note 25 to the financial statements contained herein. There is no material seasonality of borrowing requirements of the Group.

## DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors, excluding Dr. ZHANG Peng, has entered into a service contract with the Company for a term of three years with effect from the date on which the Shares were listed on the Stock Exchange, which shall be renewed automatically for three years unless being terminated. Dr. ZHANG Peng, an executive Director, has entered into a service contract with the Company for an initial term of three years commencing from June 30, 2024, which shall be renewed automatically for three years unless being terminated.

Each of the non-executive Directors and independent non-executive Directors has signed a letter of appointment with the Company for an initial term of 3 years with effect from the date on which the Shares were listed on the Stock Exchange subject to renewal.

All of the non-executive Directors and independent non-executive Directors, excluding Mr. XIE Ronggang, have renewed a letter of appointment with the Company for a term of three years commencing from April 20, 2023. Mr. XIE Ronggang, a non-executive Director, has renewed a letter of appointment with the Company for a term of three years commencing from August 19, 2023.

None of the Directors has a service contract which is not terminable 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 this report, 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 December 31, 2024.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended December 31, 2024, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries. From time to time our non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and biopharmaceutical industries. However, as these non-executive Directors are not members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which these Directors may hold directorships from time to time.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended December 31, 2024 was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debt securities including debentures of, the Company or any other body corporate.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

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

### Interest in Shares and underlying Shares

Name of Director/ Chief executive	Capacity/Nature of interest	Number of Shares <sup>(1)</sup>	Approximate percentage of Shares in issue <sup>(2)</sup>
Dr. XIA Yu	Interest in controlled corporation <sup>(3)</sup>	21,000,000 (L)	2.34%
	Trustee and settlor of a discretionary trust <sup>(4)</sup>	55,599,042 (L)	6.19%
	Enforcer <sup>(5)</sup>	25,683,829 (L)	2.86%
	Interest held though voting powers entrusted by other persons <sup>(6)</sup>	126,130,582 (L)	14.05%
Dr. LI Baiyong	Interest in controlled corporation <sup>(7)</sup>	7,934,640 (L)	0.88%
	Trustee and settlor of a discretionary trust <sup>(8)</sup>	42,738,554 (L)	4.76%
Dr. WANG Zhongmin Maxwell	Interest in controlled corporation <sup>(9)</sup>	31,492,881 (L)	3.51%
	Trustee and settlor of a discretionary trust <sup>(10)</sup>	11,706,442 (L)	1.30%
Dr. ZHANG Peng	Settlor of a discretionary trust <sup>(11)</sup>	32,258,065 (L)	3.59%

*Notes:*

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Based on a total of 897,575,176 Shares in issue of the Company as at December 31, 2024.
- (3) XIA LLC is a company incorporated in the United States, with all of its voting shares held by Dr. XIA Yu. Dr. XIA Yu is therefore deemed to be interested in the Shares held by XIA LLC under the SFO.
- (4) Dr. XIA Yu is the settlor and trustee of XIA Trust, with certain of her family members as beneficiaries. Dr. XIA Yu is therefore deemed to be interested in the Shares held by XIA Trust under the SFO.
- (5) Aquae Hyperion Limited holds the Shares underlying the awards under the Pre-IPO RSU Scheme for the ESOP Trust. Dr. XIA Yu acts as the settlor and enforcer of the ESOP Trust and is therefore deemed to be interested in the Shares held by Aquae Hyperion Limited under the SFO. Zedra Trust Company (Cayman) Limited is the trustee of the ESOP Trust, which indirectly holds Shares as trust property through Aquae Hyperion Limited, and is therefore deemed to be interested in the Shares held by Aquae Hyperion Limited under the SFO.
- (6) Dr. LI Baiyong, Dr. WANG Zhongmin Maxwell, Dr. ZHANG Peng, and their controlled corporations entered into agreement with Dr. XIA Yu to entrust her with their voting rights in the Shares they held.
- (7) LI LLC is a holding company incorporated in the United States, with all of its voting shares held by Dr. LI Baiyong. Dr. LI Baiyong is therefore deemed to be interested in the Shares held by LI LLC under the SFO.
- (8) Dr. LI Baiyong is the settlor and trustee of LI Trust, with certain of his family members as beneficiaries. Dr. LI Baiyong is therefore deemed to be interested in the Shares held by LI Trust under the SFO.
- (9) WANG LLC is a holding company incorporated in the United States, with all of its voting shares held by Dr. WANG Zhongmin Maxwell. Dr. WANG Zhongmin Maxwell is therefore deemed to be interested in the Shares held by WANG LLC under the SFO.
- (10) Dr. WANG Zhongmin Maxwell is the settlor and trustee of WANG Trust, with certain of his family members as beneficiaries. Dr. WANG Zhongmin Maxwell is therefore deemed to be interested in the Shares held by WANG Trust under the SFO.
- (11) Waterband Limited is a holding company incorporated in the BVI and is wholly owned by Woodband Limited. Woodband Limited is beneficially owned by Woodband Trust. Dr. ZHANG Peng is the settlor of Woodband Trust, with certain of his family members as beneficiaries. Dr. ZHANG Peng is therefore deemed to be interested in the Shares held by Waterband Limited under the SFO.

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

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

So far as is known to the Directors, as at December 31, 2024, no corporation/person (other than the Directors or chief executive of the Company) had interests of 5% or more in the issued Shares of the Company according to the register of interests required to be kept by the Company under section 336 of the SFO.

As at December 31, 2024, no person (other than the Directors or chief executive of the Company) had registered an interest or a short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

## SHARE SCHEMES ADOPTED BY THE COMPANY

### A. Pre-IPO RSU Scheme

The Company adopted the Pre-IPO RSU Scheme on August 29, 2019, the principal terms of which are set out in the section headed “D. Share Incentive Schemes — 1. Restricted Share Unit Scheme” in Appendix IV to the Prospectus.

The Pre-IPO RSU Scheme was terminated in accordance with the rules of the Pre-IPO RSU Scheme on June 30, 2024. For details, please refer to the announcement of the Company dated June 5, 2024 and the circular of the Company dated June 6, 2024. After the termination of the Pre-IPO RSU Scheme, no further awards might be granted thereunder, while the awards already granted before the termination shall remain valid and continue to vest in accordance with the rules of the Pre-IPO RSU Scheme.

#### (a) Purpose and principal terms

The purpose of the Pre-IPO RSU Scheme is to recognize and motivate the contributions the grantees under the Pre-IPO RSU Scheme (the “**Grantee(s)**”), provide incentives for them to remain with the Company, and attract suitable personnel for our further development. The principal terms of the Pre-IPO RSU Scheme are as follows:

- (i) **Award:** An award of RSU under the Pre-IPO RSU Scheme (“**Award(s)**”) gives a Participant a conditional right upon the vesting of the Award to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of vesting, as determined by the ESOP Department in its absolute discretion, less any tax, fees, levies, stamp duty and other applicable charges. An award may include, if so specified by the ESOP administration department (the “**ESOP Department**”) in its entire discretion, cash and non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares from the date that the Award is granted to the date that it vests.
- (ii) **Award Price:** Each Participant shall pay RMB1.00 as the Award price to accept the Awards granted to such Participant. No other purchase price is payable by the Participant for the Shares awarded under the RSUs.
- (iii) **Scheme Limit:** Number of shares that may be delivered under the Pre-IPO RSU Scheme are 45,270,499 Shares that are held by Aquae Hyperion Limited for the Pre-IPO RSU Scheme.
- (iv) **Participants:** Participants of the Pre-IPO RSU Scheme (the “**Participants**”) include the following:
  - a. the Employees or officers (including executive, non-executive and independent non-executive directors of the Group);
  - b. any person or entity (including but not limited to consultants engaged by the company services to the Group) that provides research, development, consultancy and other technical or operational or administrative support to the Group; and
  - c. any other persons including former employees who, in the sole opinion of the ESOP Department, have contributed or will contribute to the Company or any of its Subsidiaries.

There is no maximum limit of RSUs which may be granted to the Participants subject to the compliance of the Listing Rules.

- (v) **Term:** The Pre-IPO RSU Scheme was terminated in accordance with the rules of the Pre-IPO RSU Scheme on June 30, 2024. After the termination of the Pre-IPO RSU Scheme, no further awards might be granted thereunder, while the awards already granted before the termination shall remain valid and continue to vest in accordance with the rules of the Pre-IPO RSU Scheme.
- (vi) **Administration:** The Pre-IPO RSU Scheme shall be subject to the administration of the ESOP Department set up and authorized by the Board of the Company. The ESOP Department has the right to (i) interpret and construe the provisions of the Pre-IPO RSU Scheme, (ii) determine the persons who will be granted Awards, the terms on which Awards are granted and the time when the RSU(s) so awarded may vest, (iii) make such appropriate and equitable adjustments to the terms of the Awards granted as it deems necessary, (iv) appoint independent third party professionals and contractors to assist in the administration of the Pre-IPO RSU Scheme, delegate such powers and/or functions, and make any other decisions or determination relating to the administration of the Pre-IPO RSU Scheme as the ESOP Department deems appropriate. All decisions made by the ESOP Department is final and binding on all parties.
- (vii) **Trustee:** the ESOP Department may appoint independent trustee to assist in the administration and vesting of the Awards and has appointed Zedra Trust Company (Cayman) Limited, trustee service provider and an Independent Third Party, to administer the granting and vesting of the RSU(s).

**(b) Restrictions on grant**

No Grant shall be made to, nor shall any Grant be capable of acceptance by, any Participant at a time when the Participant would or might be prohibited from dealing in the Shares by the Listing Rules (where applicable) or by any other applicable rules, regulations or law.

A Grant must not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

- (i) the date of the meeting of the Board of the Company (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement,

no Award may be granted. Such period will cover any period of delay in the publication of a results announcement.

The ESOP Department may not grant any Awards to any Participants in any of the following circumstances:

- (i) the requisite approvals for that Grant from any applicable regulatory authorities have not been obtained;
- (ii) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the grant of the Awards or in respect the Pre-IPO RSU Scheme, unless the ESOP Department determines otherwise;
- (iii) the Grant would result in a breach by the Company, the Subsidiaries or any of the directors of any applicable securities laws, rules or regulations; or
- (iv) where such Grant would result in a breach of the limits of the Pre-IPO RSU Scheme.

### **(c) Grant to Director**

Where any Award is proposed to be granted to a director of any members of the Group, it shall not be granted on any day on which the financial results of the Company are published and during the period of:

- (i) 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

### **(d) Grant to connected persons**

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

### **(e) Grant to PRC resident**

If the Grantee is a PRC resident, he or she shall not be entitled to exercise any Award until:

- (i) to the extent applicable, any restriction or condition imposed by the relevant PRC laws, regulations and notices in relation to the subscription of or dealing in shares of overseas listed companies by PRC residents or any law, regulation or notice with similar effects have been abolished or removed or ceased to be applicable to the Participant or the Participant has obtained approval, exemption or waiver from the relevant PRC regulatory authorities for the subscription of and dealing in the Shares; and
- (ii) he or she has given a representation to the Company to the effect that he or she has satisfied all the relevant laws, regulations and notices in exercising the Award.

**(f) Rights attached to Awards**

The RSU(s) do not carry any right of a Shareholder unless and until such Shares underlying the Award are actually transferred to the Grantee upon the vesting of the RSU(s). Unless otherwise specified by the ESOP Department in its entire discretion in the Notice of Grant, Grantees do not have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Shares underlying an Award.

**(g) Awards to be personal to the Grantee**

Unless otherwise approved by the Company in writing (to the extent permitted by law), an unvested RSU shall be personal to the Grantee and shall not be assignable or transferable by the Grantee provided that following the Grantee's death, unvested RSU(s) may be transferred by will or by the laws of testacy and distribution. The terms of the Scheme and the Notice of Grant shall be binding upon the executors, administrators, heirs, successors and assigns of the Grantee.

**(h) Vesting**

Subject to the terms of the Pre-IPO RSU Scheme and the specific terms and conditions applicable to each Award, the RSU(s) granted in an Award shall be subject to a vesting period (if any) and/or the satisfaction of performance and/or other conditions (if any) to be determined by the ESOP Department in its absolute discretion. If such conditions are not satisfied, the vesting date of the RSU(s) shall be postponed for one year. If the vesting terms and conditions of the postponed RSU(s) are not satisfied at the postponed vesting date, the RSU(s) shall automatically lapse.

Upon fulfillment or waiver of the vesting period and vesting criteria (if any) applicable to a Grantee, a vesting notice shall be sent to the Grantee by the ESOP Department, or by any other means the ESOP Department so determines in its sole discretion from time to time, confirming (a) the extent to which the vesting period and conditions have been fulfilled or waived, and (b) the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of these Shares) or the amount of cash the Grantee will receive.

The Grantee is required to execute, after receiving the vesting notice, certain documents set out in the vesting notice that the ESOP Department considers necessary (which may include, without limitation, a certification to the Group that he or she has complied with all the terms and conditions set out in the Pre-IPO RSU Scheme and the Notice of Grant).

For the purposes of vesting of the RSU(s), the ESOP Department may release the RSU(s) to the selected Participants by transferring the number of underlying Shares in respect of the RSU(s) to the selected Participants in such manner as determined by it from time to time. The ESOP Department shall inform the Trustee the number of underlying Shares in respect of the RSU(s) being transferred and released to the selected Participant in the manner as determined by the ESOP Department.

If the vesting conditions are not satisfied and no waiver of such condition is granted, the RSU(s) shall be cancelled according to conditions as determined by the ESOP Department in its absolute discretion.

In the event that the Grantee fails to execute the required documents within three months after receiving the Vesting Notice, the vested RSU(s) will lapse.

Notwithstanding the foregoing, if any relevant parties of the Pre-IPO RSU Scheme would or might be prohibited from dealing in the Shares by the Listing Rules or by any other applicable laws, regulations or rules within the period specified above, the date on which the relevant Shares shall be transferred (as the case may be) to the Grantee shall occur as soon as possible after the date when such dealing is permitted by the Listing Rules or by any other applicable laws, regulations or rules.

The ESOP Department shall, in the event of among others a takeover, general offer by way of scheme of arrangement, voluntary winding up, determine at its absolute discretion whether such RSU(s) shall vest and the period within which such RSU(s) shall vest.

**(i) *Rights on a takeover***

In the event a general offer by way of voluntary offer, takeover or otherwise (other than by way of scheme of arrangement) is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the vesting date of any RSU(s), the ESOP Department shall, prior to the offer becoming or being declared unconditional, determine at its absolute discretion whether such RSU shall vest and the period within which such RSU shall vest. If the ESOP Department determines that such RSU(s) shall vest, it shall notify the Grantee that the RSU(s) shall vest and the period within which such RSU(s) shall vest.

**(j) *Rights on a scheme of arrangement***

In the event a general offer for Shares by way of scheme of arrangement is made to all the Shareholders and has been approved by the necessary number of shareholders at the requisite meetings prior to the vesting of any RSU(s), the ESOP Department shall, prior to such meetings, determine at its absolute discretion whether such RSU(s) shall vest and the period within which such RSU(s) shall vest. If the ESOP Department determines that such RSU(s) shall vest, it shall notify the Grantee that the RSU(s) shall vest and the period within which such RSU(s) shall vest.

**(k) *Rights on a voluntary winding-up***

In the event a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company prior to the vesting date of any RSU(s), the ESOP Department shall determine at its discretion whether such RSU(s) shall vest, and the period when such RSU(s) shall vest and in the latter case, the unvested RSU(s) must be vested and effected by no later than two Business Days before the day of the proposed shareholders' meeting. If the ESOP Department determines that such RSU(s) shall vest, it shall notify the Grantee that the RSU(s) shall vest and the period within which such RSU(s) shall vest.

**(l) Rights on a compromise or arrangement**

In the event of a compromise or arrangement, other than a scheme of arrangement contemplated above, between the Company and its members and/or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the ESOP Department shall determine at its discretion whether such RSU(s) shall vest, and the period when such RSU(s) shall vest. If the ESOP Department determines that such RSU(s) shall vest, it shall notify the Grantee that the RSU(s) shall vest and the period within which such RSU(s) shall vest.

**(m) Lapse and cancellation of RSU**

An unvested RSU shall be lapsed and cancelled automatically upon the earliest of:

- (i) the date of the termination of Grantee's employment or service by the Company or any of its Subsidiaries for cause;
- (ii) the date of the termination of Grantee's employment or service with the Company or the Subsidiaries is terminated for any reason other than for cause (including by reason of resignation, retirement, death, disability or non-renewal of the employment or service agreement upon its expiration for any reason other than for cause);
- (iii) the date on which the offer (or, as the case may be, revised offer) made in connection with a general or voluntary offer closes;
- (iv) the record date for determining entitlements under the scheme of arrangement referred above closes;
- (v) the date of the commencement of the winding-up of the Company;
- (vi) the date on which the Grantee commits a breach of paragraph (g) above; or
- (vii) the date on which it is no longer possible to satisfy any outstanding conditions to vesting.

Unless the ESOP Department determines otherwise in its absolute discretion, the Grantee or his/her legal personal representative is entitled to exercise vested RSU(s) by serving the application for exercising unvested RSU(s) within one month following the occurrence of the termination of Grantee's employment or service with the Company or the Subsidiaries which is terminated for any reason other than for cause (including by reason of resignation, retirement, death, Disability or non-renewal of the employment or service agreement upon its expiration for any reason other than for cause).

Subject to the applicable laws, the vested RSU(s) prior to being exercised and the underlying shares or proceeds obtained by the Grantee from exercising the vested RSU(s) less the exercise price of the Grantee's RSU(s) shall be returned by the Grantee to the Company per the ESOP Department's request following the occurrence of one of more of the following events:

- (i) the Grantee's employment is terminated by the Company or any of its Subsidiaries for Cause;
- (ii) or the Grantee either: (a) becomes an officer, director, employee, consultant, advisor, partner or stockholder or other proprietor owning more than 5% interest in any Competitor; or (b) knowingly performs any act that may confer a competitive benefit or advantage upon any Competitor, at any time before or within 12 months after the Grantee's employment is terminated by the Company or any of its Subsidiaries for any reason.

**(n) Further restrictions on RSU**

The Grantee shall not be entitled to sell, transfer or deal with the Shares underlying the RSU(s) granted pursuant to the Pre-IPO RSU Scheme upon the occurrence of one or more of the following events:

- (i) the Grantee's employment is terminated by the Company or any of its Subsidiaries for Cause; or
- (ii) the Grantee either: (a) becomes an officer, director, employee, consultant, advisor, partner or stockholder or other proprietor owning more than 5% interest in any Competitor; or (b) knowingly performs any act that may confer a competitive benefit or advantage upon any Competitor,

at any time before or within 12 months after the Grantee's employment is terminated by the Company or any of its Subsidiaries for any reason.

If the Grantee sells, transfers or deals with the Shares in breach of the above, the Grantee shall pay the Company the proceeds or consideration obtained (less the exercise price of the Grantee RSU(s)) as a result of such breach upon demand by the Company.

The ESOP Department may at any time cancel any unvested RSU granted to a Grantee subject to consent by the Grantee. Where the Company cancels unvested RSU(s) and makes a grant of new RSU(s) to the same Grantee, such Grant may only be made with available RSU(s) to the extent not yet granted (excluding the cancelled RSU(s)).

Notwithstanding the aforesaid in this paragraph, in each case, the ESOP Department may in its absolute discretion decide that any RSU(s) shall not be cancelled or determine subject to such conditions or limitations as the ESOP Department may decide.

**(o) Reorganization of capital structure**

In the event of an alteration in the capital structure of the Company, by way of capitalization of profits or reserves, bonus issue, rights issue, open offer, subdivision or consolidation of shares, reduction of the share capital, amongst others, of the Company, whilst any RSU(s) has not vested, such corresponding alterations (if any) shall be made to the number or nominal amount of Shares subject to the RSU(s) so far as unvested as the Auditors or an approved independent financial advisor shall certify in writing, either generally or as regard any particular Grantee, to have in their opinion, fairly and reasonably satisfied the requirement that such adjustments give a Participant the same proportion (or rights in respect of the same proportion) of the share capital of the Company as that to which that Grantee was previously entitled, but that no such adjustments be made to the extent that a Share would be issued at less than its nominal value.

However, in the case of any capitalization issue or share sub-division to be implemented by the Company as required for the purpose of the Global Offering, no such certification by the Auditors or a financial advisor shall be required.

**(p) Amendment of the Pre-IPO RSU Scheme**

Save for any material amendments to the Pre-IPO RSU Scheme, the Scheme may be altered in any respect by a resolution of the ESOP Department. The ESOP Department's determination as to whether any proposed alteration to the terms and conditions of the Pre-IPO RSU Scheme is material shall be conclusive, provided in each case that such decision is made in accordance with the Articles of Association and any applicable laws.

**(q) Termination of the Pre-IPO RSU Scheme**

The Board of the Company or the ESOP Department may at any time terminate the operation of the Pre-IPO RSU Scheme and in such event no further RSU(s) will be offered but in all other respects the provisions of this Scheme shall remain in full force and effect in respect of RSU(s) which are granted during the life of this Scheme and which remain unvested immediately prior to the termination of the operation of the Pre-IPO RSU Scheme.

**(r) General**

As at January 1, 2024, there were 2,142,138 RSUs outstanding under the Pre-IPO RSU Scheme. No grant was made under the Pre-IPO RSU Scheme during the Reporting Period. As at December 31, 2024, no outstanding RSU was granted to (i) the Directors, chief executive or substantial Shareholders of the Company, or their respective associates, or the five highest paid individuals during the Reporting Period, (ii) Participant with options and awards granted and to be granted in excess of the 1% individual limit, or (iii) related entity Participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the issued Shares under the Pre-IPO RSU Scheme. During the Reporting Period, the movements in the RSUs granted under the Pre-IPO RSU Scheme were as follows:

Name or category of participant	Date of grant	Outstanding as at January 1, 2024 <sup>(1)</sup>	Granted during the Reporting Period <sup>(2)</sup>	Number of Shares underlying RSUs		Cancelled during the Reporting Period	Outstanding as at December 31, 2024	Vesting period	Purchase price per RSU granted
				Vested during the Reporting Period <sup>(3)</sup>	Lapsed during the Reporting Period				
Other employee participants									
	December 18, 2020	1,797,538	–	1,597,538	200,000	–	–	1 to 4 years	HK\$0.001 or HK\$1
	January 4, 2021	46,000	–	10,000	12,000	–	24,000	1 to 5 years	HK\$1
	April 1, 2021	3,500	–	1,500	–	–	2,000	1 to 5 years	HK\$1
	June 30, 2021	1,600	–	600	–	–	1,000	1 to 5 years	HK\$1
	July 2, 2021	1,000	–	–	–	–	1,000	1 to 5 years	HK\$1
	August 9, 2021	210,000	–	6,000	8,000	–	196,000	1 to 5 years	HK\$1
	November 12, 2021	3,500	–	–	3,500	–	–	1 to 5 years	HK\$1
	January 4, 2022	25,000	–	4,000	–	–	21,000	1 to 4 years	HK\$1
	February 16, 2022	36,000	–	8,000	–	–	28,000	1 to 4 years	HK\$1
Other service providers									
	December 18, 2020	8,000	–	8,000	–	–	–	2 to 4 years	HK\$1
	July 1, 2022	10,000	–	–	–	–	10,000	1 to 3 years	HK\$1
Total		2,142,138	–	1,635,638	223,500	–	283,000		

Notes:

- (1) Include RSUs which were outstanding as at January 1, 2024 based on the date of the relevant RSU vesting documents. The outstanding RSUs granted have no exercise period.
- (2) As no RSU was granted under the Pre-IPO RSU Scheme during the Reporting Period, the disclosure requirements under Rule 17.07(1)(c) of the Listing Rules are not applicable.
- (3) The vesting of the RSUs granted are not subject to any performance target. The purchase price of the 1,635,638 RSUs vested during the Reporting Period is HK\$1 per Share. The weighted average closing price of the Shares underlying the RSUs immediately before the date on which the RSUs were vested was HK\$65.20 per Share.

The number of RSUs available for grant under the scheme limit of the Pre-IPO RSU Scheme as at January 1, 2024 was 22,436,691. The Pre-IPO RSU Scheme was terminated in accordance with the rules of the Pre-IPO RSU Scheme on June 30, 2024. After the termination of the Pre-IPO RSU Scheme, no further awards might be granted thereunder. As at the date of this report, nil Shares underlying the RSUs granted under the Pre-IPO RSU Scheme were available for issue.

The Pre-IPO RSU Scheme has no service provider sublimit under Chapter 17 of the Listing Rules.

### **B. 2021 RSU Scheme**

The Company adopted the 2021 RSU Scheme on December 6, 2021. The 2021 RSU Scheme was amended on June 30, 2024. For details, please refer to the announcement of the Company dated June 5, 2024 and the circular of the Company dated June 6, 2024, respectively.

#### **(a) Purpose**

The purpose of the 2021 RSU Scheme is to recognize the contributions by certain participants and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

#### **(b) Administration**

The 2021 RSU Scheme shall be subject to the administration of the Board and the trustee in accordance with the 2021 RSU Scheme Rules and the trust deed. The Board may by resolution delegate any or all of its powers in the administration of the 2021 RSU Scheme to any person(s) as from time to time authorized by the Board for such purpose. The decision of the Board with respect to any matter arising under the 2021 RSU Scheme (including the interpretation of any provision) shall be final and binding.

#### **(c) Duration**

Subject to any early termination as may be determined by the Board, the 2021 RSU Scheme shall be valid and effective for a term of 10 years commencing on December 6, 2021, after which period no further awards ("**Award(s)**") will be granted, but the provisions of the 2021 RSU Scheme will in all other respects remain in full force and effect and Awards that are granted from December 6, 2021 until the tenth (10th) anniversary of December 6, 2021 may continue to be exercisable in accordance with their terms of issue. The remaining life of the 2021 RSU Scheme is approximately 6.6 years.

#### **(d) Selected participants**

The selected participants ("**Selected Participant(s)**") include any Employee Participant or any Service Provider selected by the Board for participation in the 2021 RSU Scheme. In determining the eligibility of and the number of Awards to be granted to any Selected Participant who is an Employee Participant, the Board will assess their potential and/or actual contribution to the Group. For the basis of determining the eligibility of Director as Selected Participant, the Board will consider period of employment, responsibilities, time commitment, knowledge in the industry and prevailing market practice. For the basis of determining the eligibility of senior management and other employee as Selected Participant, the Board will consider individual performance, time commitment, responsibilities, work experience, professional qualifications and knowledge in the industry.

In determining the eligibility of and the number of Awards to be granted to any Selected Participant who is a Service Provider, the Board shall take into consideration matters including, but without limitation to:

- (i) the scale of their business dealings with the Group, the length of business relationships between them and the Group, the positive impacts (in terms of, including without limitation, proactively promoting/catalyzing the continuing development and growth of the Group, and bringing innovation, new talents and expertise to the Group), potential and/or actual contribution on the Group's business development, the future plans in relation to further business collaboration and generally the significance to the Group of building long-term business relationships with them;
- (ii) whether such Service Provider has a proven track record of timely delivery of services, the quality of services delivered, the scale of their business dealings with the Group, the ease of replacing such Service Provider(s) with another Service Provider which could offer similar quality and consistency in the provision of services;
- (iii) the potential and/or actual degree of involvement in and/or cooperation with the Group with regard to the number, scale and nature of projects, and the period of engagement/cooperation/business relationship with the Group;
- (iv) whether the Service Provider is regarded as a valuable human resource of the Group based on the person's work experience, professional qualifications, knowledge in the industry or other relevant factors (including without limitation technical knowhow, market competitiveness, synergy between him/her and the Group, external business connections, strategic value, and repute and credibility); and/or
- (v) the usual fees chargeable by other Service Provider in the market and the contribution of the advisors and consultants in considering whether to grant Awards to them.

**(e) Scheme limit**

The total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the 2021 RSU Scheme and any other share scheme(s) adopted by the Company must not exceed 10% (excluding treasury shares) of the issued share capital of the Company as at June 30, 2024, being 86,585,717 Shares, unless otherwise permitted by the Listing Rules or the Company obtains the approval of its Shareholders. Awards lapsed in accordance with the terms of the 2021 RSU Scheme shall not be counted as utilized for the purpose of calculating the scheme limit. No Award may be granted under the 2021 RSU Scheme if this will result in the limit being exceeded.

Within the scheme limit, the total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the 2021 RSU Scheme and any other share scheme(s) of the Company to the Service Providers must not in aggregate exceed 8,658,571 Shares, representing 1% (excluding treasury shares) of the total number of Shares in issue as at June 30, 2024.

The Company may seek the approval of its Shareholders in general meeting to refresh the scheme limit or the Service Provider sublimit subject to compliance with the requirements of the Listing Rules.

**(f) Restrictions**

No Award shall be made by the Board and no instructions to acquire any Shares shall be given to the trustee under the 2021 RSU Scheme where dealings in the Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time. Without limiting the generality of the foregoing, no such instruction is to be given and no such grant is to be made:

- (i) after an event involving inside information in relation to affairs or securities of the Company has occurred or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until such inside information has been publicly announced in accordance with the applicable laws and the Listing Rules;
- (ii) to any Selected Participant during the period commencing 30 days immediately before the earlier of (a) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the results of the Company for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (b) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement. The period during which no Award may be granted will cover any period of delay in the publication of results announcement;
- (iii) to any Director (a) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial period up to the publication date of the results; and (b) during the period of 30 days immediately preceding the publication date of the interim results for any financial period of the Company or, if shorter, the period from the end of the relevant half-year period of the financial period up to the publication date of the results; or
- (iv) in any circumstance which is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

**(g) Operation**

According to the 2021 RSU Scheme, any Award Shares shall either be (i) existing Shares transferred, gifted, assigned, or conveyed to the trust or as may be purchased by the trustee on the Stock Exchange or off the market; or (ii) new Shares to be allotted and issued to the trustee by the Company under the scheme limit; or (iii) treasury shares transferred, gifted, assigned, or conveyed to the trust subject to the Listing Rules.

The Board may from time to time cause to be paid a contributed amount to the trust by way of settlement or otherwise which shall constitute part of the trust fund, for the purchase or subscription (as the case may be) of Shares and other purposes set out in the 2021 RSU Scheme Rules and the trust deed, which shall be funded by internal resources of the Company other than the proceeds from the listing of the Shares on the Stock Exchange. Subject to prior written direction and/or consent of the Board, the trustee may accept Shares transferred, gifted, assigned, or conveyed to the trust from the Company or any party designated by the Company from time to time in such number as such party designated by the Company may at their sole discretion determine, which shall constitute part of the trust fund.

Subject to the 2021 RSU Scheme Rules, in the event that the Award Shares are to be allotted and issued as new Shares for the purpose of the trust, the Board shall cause an amount equal to the total subscription price of such new Shares to be allotted and issued be transferred from the Company's resources to the trustee according to the 2021 RSU Scheme Rules and cause to issue and allot to the trustee such number of new Shares corresponding to the aforesaid total subscription price at such issue price per Share as shall be determined by the Board, which shall be held upon trust for the relevant Selected Participant subject to the terms and conditions set out in the 2021 RSU Scheme Rules and the trust deed. The Company shall issue and allot such new Shares at not less than nominal value to the trustee. The Company shall comply with the relevant Listing Rules and the Articles of Association when allotting and issuing any new Shares and application shall be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the new Shares to be issued to the trustee. Subject to the 2021 RSU Scheme Rules, the Board may from time to time instruct the trustee in writing to purchase the Shares on the Stock Exchange and to hold them in trust for the benefit of the Selected Participants under the trust on and subject to the terms and conditions of the 2021 RSU Scheme Rules and the trust deed.

#### **(h) Grant**

Subject to the provisions of the 2021 RSU Scheme, the Board may, from time to time, at its absolute discretion select any participant for participation in the 2021 RSU Scheme as a Selected Participant, and grant such number of RSUs to any Selected Participant at such consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine. In the event that a Selected Participant or his/her/its associate(s) is a member of the Board, such person will abstain from voting on any approval by the Board of the Award to such Selected Participant. The amount of grant consideration, if any, shall be determined by the Board in its absolute discretion, based on considerations such as the prevailing closing price of the Shares, the purpose of the Awards and the contribution of the Selected Participant. Except for such grant consideration which shall be paid in such manner and on or before such deadline(s) as prescribed in the relevant grant notice, no other purchase price shall be paid for the Awards, and thus there is no period within which payments or calls must or may be made or loans for such purposes must be repaid.

Where any grant of Award is proposed to be made to any Selected Participant who is a Director (including an independent non-executive Director), chief executive, or substantial Shareholder of the Company or any of their respective associates, such grant must first be approved by the independent non-executive Directors of the Company (excluding any independent non-executive director of the Company who is intended to be the Selected Participant). Where any grant of Award to a director (other than an independent non-executive Director) or chief executive of the Company, or any of their associates would result in the Shares issued and to be issued in respect of all awards granted (excluding any awards lapsed in accordance with the terms of the relevant scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the Shares in issue (excluding treasury shares), such further grant of awards must be approved by the Shareholders in general meeting in accordance with Chapter 17 of the Listing Rules.

Where any grant of Awards to an independent non-executive Director or a substantial Shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the relevant scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue (excluding treasury shares), such further grant of Awards must be approved by the Shareholders in general meeting in the manner set out in Rule 17.04(4) of the Listing Rules.

Where any grant of Awards and any other awards to a participant would result in the Shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the relevant scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue (excluding treasury shares), such grant must be separately approved by the Shareholders in general meeting with such participant and his/her close associates (or associates if the participant is a connected person) abstaining from voting.

Prior to the vesting date, any Award made under the 2021 RSU Scheme Rules shall be personal to the Selected Participant to whom it is made and shall not be assignable or transferrable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to the RSUs referable to him pursuant to such Award, except for when a waiver is obtained from the Stock Exchange for the transfer to a vehicle (such as a trust or a private company) for the benefit of the Selected Participant and any family members of such participant that would continue to meet the purpose of the 2021 RSU Scheme and comply with other requirements of Chapter 17 of the Listing Rules and express written consent is obtained from the Board or its delegates, subject to the compliance with the Listing Rules. The Award Shares will be subject to all the provisions of the Articles of Association and will rank *pari passu* with the fully paid Shares then in issue.

### **(i) Vesting and lapse**

The Board is entitled to impose any conditions (including a period of continued service within the Group after the Award), as it deems appropriate in its absolute discretion with respect to the vesting of the RSUs on the Selected Participant. Such conditions may include, among others, performance targets (if any as determined by the Board in its absolute discretion), which may comprise a mixture of key performance indicators components (such as the business performance of the Group, which may relate to the Group's strategic objectives, operational targets and plans for future development, and financial performance of the Group, which may include financial targets of the Group on a targeted or comparative basis, and individual annual performance assessment results). The Board will conduct assessment from time to time by comparing the performance with the pre-set targets to determine whether such targets and the extents to which have been met. If, after the assessment, the Board determines that any prescribed performance targets have not been met, the Award(s) shall lapse automatically. Subject to applicable laws and regulations, the Board shall be at liberty to waive any vesting conditions. Shares underlying any RSUs granted under the 2021 RSU Scheme that lapse for any reason without having been vested and Shares underlying the unvested portion of any RSUs in case of partial vesting will, to the extent not prohibited by applicable laws and regulations, be available for subsequent Award grants under the 2021 RSU Scheme.

Subject to the terms and condition of the 2021 RSU Scheme and the fulfillment of all vesting conditions to the vesting of the RSUs on such Selected Participant and all requirements applicable to such Selected Participant as specified in the 2021 RSU Scheme and the relevant grant notice (unless waived by the Board), the respective RSUs granted to the Selected Participant pursuant to the provision of the 2021 RSU Scheme Rules shall vest in such Selected Participant in accordance with the vesting schedule as set out in the grant notice, and the trustee shall cause the Award Shares to be transferred to such Selected Participant on the vesting date. For the avoidance of doubt, (i) any long leave of absence, as the Board may determine, shall be deducted from period of service for the purpose of counting vesting period, and (ii) the minimum vesting period must be 12 months commencing from the date upon which the Award is accepted or deemed to be accepted in accordance with the 2021 RSU Scheme, save and except that with respect to a Selected Participant who is an Employee Participant, a shorter vesting period may be permitted in circumstances set out below:

- (i) grants of “make-whole” share awards to new joiners to replace the share awards they forfeited when leaving the previous employers;
- (ii) grants to a participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
- (iii) grants of Awards with performance-based vesting conditions in lieu of time-based vesting criteria;
- (iv) grants that are made in batches during a year for administrative and compliance reasons, such as Awards that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which an award would have been granted;
- (v) grants of Awards with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of 12 months; and
- (vi) grants of Awards with a total vesting period of more than 12 months, such as where the Awards may vest by several batches with the first batch to vest within 12 months of the date of grant and the last batch to vest 12 months after.

In respect of a Selected Participant who died or retired by agreement with a member of the Group at any time prior to or on the vesting date, all the RSUs of the relevant Selected Participant shall be deemed to be vested on the day immediately prior to his death or the day immediately prior to his retirement with the relevant member of the Group.

Unless otherwise specified by the Board in its entire discretion, the Selected Participants do not have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Award Shares (including those arising on a liquidation of the Company) before such Shares are transferred to such Selected Participants. If the Board in its discretion so determines that any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in relation to the Award Shares be paid to the Selected Participants even though the RSUs have not yet vested, the Board may at its discretion, subject to the 2021 RSU Scheme and Listing Rules, with or without further conditions, transfer additional Shares (which should be existing Shares as may be purchased by the trustee on the Stock Exchange or off the market) or cash award out of the trust fund representing all or part of the income or distributions (including but not limited to cash income or dividends, cash income or net proceeds of sale of non-cash and non-scrip distribution, bonus Shares and scrip dividends) declared by the Company or derived from such Award Shares during the period from the date of Award to the vesting date to a Selected Participant upon the vesting of any RSUs. In the event that an Award of RSUs becomes lapsed, the Award Shares underlying the RSUs and/or the relevant income or distributions shall remain as part of the trust fund.

**(j) Cancellation and clawback**

The Board may at any time cancel any unvested Awards previously granted to a Selected Participant. Where the Company cancels Awards and offers Awards to the same Selected Participant, the offer of such new Awards may only be made with available Awards to the extent not yet granted (excluding the cancelled Awards) within the limit as mentioned in paragraph (e) above pursuant to Rule 17.03B or Rule 17.03C of the Listing Rules. The Awards cancelled will be regarded as utilized for the purpose of calculating the limit as mentioned therein. Upon the occurrence of any of the following in relation to a Selected Participant, the Company shall propose that no further Awards shall be granted to him and shall claw back the Awards granted to such Selected Participant and such Awards shall lapse automatically: (a) the results of the economic responsibility audit and other reports proved that the Selected Participant has failed to perform duties effectively or is involved in serious misconduct or malfeasance; (b) the Selected Participant has contravened the relevant laws and regulations of PRC and/or Hong Kong or the provisions of the Articles of Association; (c) the Selected Participant has, during his tenure of office, been involved in acceptance or solicitation of bribery, corruption, theft, leakage of trade and technical secrets, conducted connected transactions and other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of the Company; (d) the Selected Participant has failed to discharge, or failed to discharge properly, his duties and thereby resulting in serious loss in assets to the Company and other serious and adverse consequences; (e) the Selected Participant is dismissed due to the breach of the relevant laws and regulations of PRC and/or Hong Kong or the provisions of the Articles of Association; or (f) the Selected Participant joins a competitor or forming a competing business after leaving the Company.

**(k) Disqualification of Selected Participant**

In the event that prior to or on the vesting date, a Selected Participant is found to be an excluded participant or is deemed to cease to be a Selected Participant, including but not limited to the following circumstances:

- (i) where such person has committed any act of fraud or dishonesty or serious misconduct, whether or not in connection with his employment or engagement by any member of the Group and whether or not it has resulted in his employment or engagement being terminated by the relevant member of the Group;
- (ii) where such person has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his assets;
- (iii) where such person has been convicted of any criminal offence; or
- (iv) where such person has been convicted of or is being held liable for any offence under or any breach of the SFO or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time,

unless agreed specifically between the Selected Participant and the Company to the extent permitted under the laws or regulations of such place or where in the view of the Board or the trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Selected Participant, the relevant Award made to such Selected Participant shall automatically lapse forthwith and the relevant Award Shares shall not vest on the relevant vesting date but shall remain part of the trust fund and such returned RSUs shall be applied by the trustee towards future Awards in accordance with the 2021 RSU Scheme Rules.

**(l) Voting rights**

The RSUs, whether vested or not, do not carry any right to vote at general meetings of the Company. Notwithstanding that the trustee is the legal registered holder of the Shares held upon trust pursuant to the trust deed, the trustee shall not exercise the voting rights attached to such Shares. For the avoidance of doubt, the trustee holding unvested Shares of the 2021 RSU Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given. Unless otherwise specified by the Board in its entire discretion, the Selected Participants do not have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Award Shares (including those arising on a liquidation of the Company) before such Shares are transferred to such Selected Participants.

**(m) Reorganization of capital structure**

In the event of any alteration in the capital structure of the Company whilst any Award remains exercisable, whether by way of capitalization of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements, such corresponding adjustments (if any) shall be made to the number of Shares subject to the 2021 RSU Scheme or any Awards granted (insofar as it is/they are unvested); and/or the grant consideration (if any), which should give a Selected Participant the same proportion of the equity capital, rounded to the nearest whole share, as that to which that Selected Participant was previously entitled, and an independent financial advisor or the auditors shall certify in writing to the Board that the adjustments satisfy the requirements set out under the note to Rule 17.03(13) of the Listing Rules, provided that no such adjustment shall be made the effect of which would be to enable any Share to be issued at less than its nominal value. The issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment. Any such adjustment shall be in compliance with the Listing Rules and such applicable rules, codes, guidance notes and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange.

The method of adjustment of number of Award Shares so far as unvested is set out as below:

**(i) Conversion of capital reserve into new Shares, issue of bonus Shares or Share subdivision**

$$Q = Q_0 \times (1 + n)$$

Where: "Q<sub>0</sub>" represents the number of Award Shares before the adjustment; "n" represents the ratio per Share of the conversion of capital reserve into new Shares, issue of bonus Shares or Share subdivision; "Q" represents the number of Award Shares after the adjustment.

**(ii) Share consolidation and reduction of share capital**

$$Q = Q_0 \times n$$

Where: "Q<sub>0</sub>" represents the number of Award Shares before the adjustment; "n" represents the ratio of consolidation or ratio of share capital reduction; "Q" represents the number of Award Shares after the adjustment.

### (iii) Rights issue

$$Q = Q_0 \times P1 \times (1 + n) \div (P1 + P2 \times n)$$

Where: “ $Q_0$ ” represents the number of Award Shares before the adjustment; “P1” represents the closing price as at the record date; “P2” represents the subscription price of the rights issue; “n” represents the ratio of allotment; “Q” represents the number of Award Shares after the adjustment.

The method of adjustment of the grant consideration (if any) is set out as below:

### (i) Conversion of capital reserve into new Shares, issue of bonus Shares or Share subdivision

$$P = P_0 \div (1 + n)$$

Where: “ $P_0$ ” represents the grant consideration of Awards before the adjustment; “n” represents the ratio per Share of the conversion of capital reserve into new Shares, issue of bonus Shares or Share subdivision; “P” represents the grant consideration of Awards after the adjustment.

### (ii) Share consolidation and reduction of share capital

$$P = P_0 \div n$$

Where: “ $P_0$ ” represents the grant consideration of Awards before the adjustment; “n” represents the ratio of consolidation or ratio of share capital reduction; “P” represents the grant consideration of Awards after the adjustment.

### (iii) Rights issue

$$P = P_0 \times (P1 + P2 \times n) \div (P1 \times (1 + n))$$

Where: “ $P_0$ ” represents the grant consideration of Awards before the adjustment; “P1” represents the closing price as at the record date; “P2” represents the subscription price of the rights issue; “n” represents the ratio of allotment; “P” represents the grant consideration of Awards after the adjustment.

**(n) Termination**

The 2021 RSU Scheme shall terminate on the earlier of (i) the tenth anniversary date from December 6, 2021; and (ii) such date of early termination as determined by the Board by a resolution of the Board, provided that such termination shall not affect any subsisting rights of any Selected Participant.

Upon termination, (i) no further grant of RSUs may be made under the 2021 RSU Scheme; (ii) all the RSUs referable to the date of expiry of the trust which are not vested shall be vested in the relevant Selected Participants and all the Award Shares shall continue to be held by the trustee and be transferred to the Selected Participants according to the 2021 RSU Scheme Rules; (iii) all Shares remaining in the trust fund shall be sold (or as otherwise determined by the Board) by the trustee within 28 business days (on which the trading of the Shares has not been suspended); and (iv) net proceeds of sale (if so sold) and such other funds and properties remaining in the trust fund managed by the trustee (after making appropriate deductions) shall be remitted to the Company forthwith (except as otherwise determined by the Board).

**(o) Alteration**

The 2021 RSU Scheme may be altered in any respect by an ordinary resolution of the Board except that (a) any alterations to the provisions of the 2021 RSU Scheme as to (i) the terms and conditions of the 2021 RSU Scheme which are of a material nature; (ii) the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Selected Participants; and (b) any change to the authority to alter the terms of the 2021 RSU Scheme of the Board, the administration committee or any other committee or subcommittee or any person(s) as from time to time authorized by the Board for the purpose of administering the 2021 RSU Scheme or the trustee, must be approved by Shareholders in general meeting.

Any change to the terms of Awards granted to a participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the options or awards was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the 2021 RSU Scheme.

The amended terms of the 2021 RSU Scheme or the Awards must still comply with the relevant requirements of the Chapter 17 of the Listing Rules.

**(p) General**

As at January 1, 2024, there were 610,000 RSUs outstanding under the 2021 RSU Scheme. The outstanding RSUs will be satisfied with existing Shares and no new Shares will be issued. No grant was made under the 2021 RSU Scheme during the Reporting Period. As at December 31, 2024, no outstanding RSU was granted to (i) the Directors, chief executive or substantial Shareholders of the Company, or their respective associates, or the five highest paid individuals during the Reporting Period, (ii) participant with options and awards granted and to be granted in excess of the 1% individual limit, or (iii) related entity participant or Service Provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the issued Shares. During the Reporting Period, the movements in the RSUs granted under the 2021 RSU Scheme were as follows:

Name or category of participant	Date of grant	Number of Shares underlying RSUs					Outstanding as at December 31, 2024	Vesting period	Purchase price per RSU granted
		Outstanding as at January 1, 2024 <sup>(1)</sup>	Granted during the Reporting Period <sup>(2)</sup>	Vested during the Reporting Period <sup>(3)</sup>	Lapsed/ forfeited during the Reporting Period	Cancelled during the Reporting Period			
Director or chief executive of the Company and their associates									
Mr. XIA Yu (Ph.D.) <sup>(4)</sup>	September 6, 2023	500,000	–	500,000	–	–	–	Within 1 year	HK\$0.001
Other employee participants									
	September 6, 2023	110,000	–	1,000	–	–	109,000	1 to 4 years	HK\$1
Total		610,000	–	501,000	–	–	109,000		

*Notes:*

- (1) The outstanding RSUs granted have no exercise period.
- (2) As no RSU was granted under the 2021 RSU Scheme during the Reporting Period, the disclosure requirements under Rule 17.07(1)(c) of the Listing Rules are not applicable.
- (3) The vesting of the RSUs granted are not subject to any performance target. The purchase price of the RSUs vested is HK\$0.001 or HK\$1 per Share. The weighted average closing price of the Shares underlying the RSUs immediately before the date on which the RSUs were vested was HK\$47.10 per Share.
- (4) Mr. XIA Yu (Ph.D.) resigned as an executive Director with effect from June 30, 2024.

The number of RSUs available for grant under the scheme limit of the 2021 RSU Scheme as at January 1, 2024 was 80,490,717. The number of RSUs (to be satisfied by issue of new Shares) available for grant under the scheme limit of the 2021 RSU Scheme and any other share scheme(s) adopted by the Company as at December 31, 2024 was 86,585,717, representing approximately 9.65% of the issued share capital of the Company. The number of RSUs (to be satisfied by issue of new Shares) available for grant under the Service Provider sublimit of the 2021 RSU Scheme and any other share scheme(s) adopted by the Company as at December 31, 2024 was 8,658,571.

## C. Share Option Scheme

The Company adopted the Share Option Scheme on June 28, 2022. The Share Option Scheme was amended on June 30, 2024. For details, please refer to the announcement of the Company dated June 5, 2024 and the circular of the Company dated June 6, 2024, respectively.

### (a) Purpose

The purpose of the Share Option Scheme is to reward eligible participants ("**Eligible Participant(s)**") for their contribution to the success of the Company, and to provide incentives to them to further contribute to the Company.

### (b) Conditions

The adoption of the Share Option Scheme is conditional upon the passing of a resolution by the Shareholders to approve the adoption and amendment of the Share Option Scheme, and to authorize the Board to grant options and to allot, issue and otherwise deal with the Shares which may be issued pursuant to the exercise of any options to be granted under the Share Option Scheme.

Upon the passing of such resolution by the Shareholders, the Company shall apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal any Shares to be issued and allotted pursuant to the exercise of options under the Share Option Scheme.

### (c) Duration and administration

Subject to paragraph (p) below, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on June 28, 2022, after which period no further share options ("**Share Option(s)**") may be granted by the provisions of the Share Option Scheme, but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Share Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. The remaining life of the Share Option Scheme is approximately 7.2 years.

The Share Option Scheme shall be subject to the administration of the Board who may delegate all or part of such administration to any other authorized agent(s) as deemed appropriate at the sole discretion of the Board. Save as otherwise provided in the Share Option Scheme, for any matters concerning the interpretation or application of the Share Option Scheme, the decision of the Board or persons to whom the Board has delegated relevant powers shall be final and binding on all parties.

**(d) Eligibility and grant of Share Options**

On and subject to the terms of the Share Option Scheme, the Board has the power but not the obligation to offer to grant to any Eligible Participant as the Board may in its absolute discretion select a Share Option to subscribe for such number of Shares as the Board may determine at the subscription price. Subject to the provisions of the Listing Rules, the Board may in its absolute discretion specify such event, time limit or conditions (if any) as it thinks fit when making such offer to the Eligible Participant, including, without limitation, conditions as to performance criteria to be satisfied by the Eligible Participant and/or the Company and/or the Group which must be satisfied before a Share Option can be exercised, provided that such terms and conditions shall not be inconsistent with any other terms and conditions of the Share Option Scheme.

The basis of eligibility of any Eligible Participant shall be determined by the Board from time to time on the basis of the Eligible Participants' contribution to the development and growth of the Group. In order for a person to satisfy the Board that he/she is qualified to be (or where applicable, continues to be qualified to be) an Eligible Participant, such person shall provide all such information as the Board may request for the purpose of assessing his/her eligibility (or continuing eligibility).

In determining the criteria for the Eligible Participant who is an employee, the Board will assess their potential and/or actual contribution to the Group. For the basis of determining the eligibility of Directors as the Eligible Participant, the Board will consider period of employment, responsibilities, time commitment, knowledge in the industry and prevailing market practice. For the basis of determining the eligibility of senior management and other employee as the Eligible Participant, the Board will consider individual performance, time commitment, responsibilities, work experience, professional qualifications and knowledge in the industry.

In determining the criteria for the Eligible Participant who is a Service Provider, the Board will take into account the following factors:

- (i) the scale of their business dealings with the Group, the length of business relationships between them and the Group, the positive impacts (in terms of, including without limitation, proactively promoting/catalyzing the continuing development and growth of the Group, and bringing innovation, new talents and expertise to the Group), potential and/or actual contribution on the Group's business development, the future plans in relation to further business collaboration and generally the significance to the Group of building long-term business relationships with them;
- (ii) whether such Service Provider has a proven track record of timely delivery of services, the quality of services delivered, the scale of their business dealings with the Group, the ease of replacing such Service Provider(s) with another Service Provider which could offer similar quality and consistency in the provision of services;
- (iii) the potential and/or actual degree of involvement in and/or cooperation with the Group with regard to the number, scale and nature of projects, and the period of engagement/cooperation/business relationship with the Group;
- (iv) whether the Service Provider is regarded as a valuable human resource of the Group based on the person's work experience, professional qualifications, knowledge in the industry or other relevant factors (including without limitation technical knowhow, market competitiveness, synergy between him/her and the Group, external business connections, strategic value, and repute and credibility); and/or
- (v) the usual fees chargeable by other Service Provider in the market and the contribution of the advisors and consultants in considering whether to grant Share Options to them.

No Share Option shall be offered or granted:

- (i) to any Eligible Participant after inside information has become to the Company's knowledge until (and including) the trading day after the Company has announced the information;
- (ii) to any Eligible Participant during the period commencing 30 days immediately before the earlier of:
  - a. the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the results of the Company for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
  - b. the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement. No Share Option shall be granted during any period of delay in publishing a results announcement.
- (iii) to any Director of the Company (except where the subscription price is to be determined by the Board at the time of exercise of the Share Option):
  - a. during the period of 60 days immediately preceding the publication of the annual results of the Company or, if shorter, the period from the end of the relevant financial year up to the publication of the results; or
  - b. during the period of 30 days immediately preceding the publication of the quarterly (if any) or half-yearly results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication of the results.

An offer of the grant of a Share Option shall be made to any grantee by letter in such form as the Board may from time to time determine specifying the number of Shares, the subscription price, the period a grantee may exercise the Share Options granted, the date by which the grant must be accepted after the offer date as specified in the offer letter (provided such offer shall be open for acceptance after the effective period of the Share Option Scheme) and further requiring the Eligible Participant to hold the Share Option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme.

A Share Option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter comprising acceptance of the offer of the grant of the Share Option duly signed by the grantee together with a payment to the Company and/or any of its subsidiaries of HK\$1 per grant (or the equivalent of HK\$1 in the local currency of any jurisdiction where the Company and/or its subsidiaries operate, as the Board may in its absolute discretion determine) by way of consideration for the grant thereof is received by the Company and/or any of its subsidiaries within the time period specified in the offer of the grant of the Share Option. The Board may in its absolute discretion determine the period within which payments or calls must or may be made or loans for such purposes must be repaid.

Upon the occurrence of any of the following in relation to a grantee, the Company shall propose that no further Share Options shall be granted to him and shall claw back the Share Options granted to such grantee which shall lapse automatically:

- (i) the results of the economic responsibility audit and other reports proved that the grantee has failed to perform duties effectively or is involved in serious misconduct or malfeasance;
- (ii) the grantee has contravened the relevant laws and regulations of PRC and/or Hong Kong or the provisions of the Articles of Association;
- (iii) the grantee has, during his tenure of office, been involved in acceptance or solicitation of bribery, corruption, theft, leakage of trade and technical secrets, conducted connected transactions and other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of the Company;
- (iv) the grantee has failed to discharge, or failed to discharge properly, his duties and thereby resulting in serious loss in assets to the Company and other serious and adverse consequences;
- (v) the grantee is dismissed due to the breach of the relevant laws and regulations of PRC and/or Hong Kong or the provisions of the Articles of Association; or
- (vi) the grantee joins a competitor or forming a competing business after leaving the Company.

**(e) Subscription price**

The subscription price in respect of any Share Option shall be a price determined by the Board at its absolute discretion and notified to any grantee (subject to any adjustments made pursuant to Share Option Scheme) which shall be not less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a business day; and
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date.

**(f) Vesting of Share Options***(i) Vesting generally*

Subject to the Share Option Scheme, the Listing Rules and any applicable law and regulations, any Share Options will become vested and exercisable and no longer be subject to forfeiture or repurchase right of the Company, according to the terms of the Share Option Scheme and under such conditions as determined by the Board and set forth in the letter containing the offer or grant of the relevant Share Option. The minimum vesting period must be 12 months commencing from the commencement date, save and except that with respect to an Eligible Participant who is an Employee Participant, a shorter vesting period may be permitted in circumstances set out below (the **“Minimum Vesting Period”**):

- a. grants of “make-whole” share awards to new joiners to replace the share awards they forfeited when leaving the previous employers;
- b. grants to a participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
- c. grants of Share Options with performance-based vesting conditions in lieu of time-based vesting criteria;
- d. grants that are made in batches during a year for administrative and compliance reasons, such as Share Options that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which an award would have been granted;
- e. grants of Share Options with a mixed or accelerated vesting schedule such as where the Share Options may vest evenly over a period of 12 months; and
- f. grants of Share Options with a total vesting period of more than 12 months, such as where the Share Options may vest by several batches with the first batch to vest within 12 months of the grant date and the last batch to vest 12 months after.

*(ii) Change of control*

If there is an event of change of control of the Company by way of a merger, a privatization of the Company by way of a scheme or by way of an offer, subject to the Minimum Vesting Period, all Share Options will become vested and exercisable immediately and no longer be subject to forfeiture or repurchase right of the Company, according to the terms of the Share Option Scheme and under such conditions as determined by the Board and set forth in the letter containing the offer or grant of the relevant Share Options unless the Board determines otherwise.

*(iii) Change of position*

In the event the position of a grantee is changed as a part of the Company or its subsidiaries' normal course of business, the Share Options granted to him or her, whether vested or not, will remain valid in accordance with the terms and conditions herein and set forth in the letter containing the offer or grant of the relevant Share Options.

*(iv) Resignation and retirement*

In the event a grantee ceases to be an Eligible Participant by reason of the termination of his/her employment, office or service other than a summary termination, or retirement of the grantee, unless otherwise provided in the grant letter or otherwise determined by the Board, (i) the unvested portion of the Share Options shall be immediately forfeited; and (ii) the vested and unexercised portion of the Share Options will remain exercisable in accordance with the terms and conditions herein and set forth in the letter containing the offer or grant of the relevant Share Options.

*(v) Dismissal*

In the event a grantee ceases to be an Eligible Participant by reason of the summary termination of his/her employment, office or service, (i) all Share Options, whether vested or not, shall be immediately forfeited; and (ii) as the Board may determine and to the extent it is practicable and permissible under the Listing Rules and any other applicable laws and regulations, all issued Shares (if any) shall be repurchased by the Company at the price equal to the amount actually paid by the grantee and all other cash and benefits received by the grantee under the granting of Share Options shall be repaid/returned to the Company or its subsidiaries as determined by the Board.

*(vi) Death or loss of ability to work*

In the event a grantee dies or loses the ability to work due to an injury as a result of the performance of his or her duty for the Company or its subsidiaries, subject to the Minimum Vesting Period, all Share Options will become vested and exercisable immediately and no longer be subject to forfeiture or repurchase right of the Company, according to the terms of the Share Option Scheme and under such conditions as determined by the Board and set forth in the letter containing the offer or grant of the relevant Share Option. In the event a grantee dies or loses the ability to work for any reason other than the performance of his or her duty for the Company, (i) the unvested portion of the Share Option shall be immediately forfeited; and (ii) the vested and unexercised portion of the Share Option shall be handled by the grantee (or his or her estate or by a person who acquires the right to exercise the Share Option by will or laws of succession).

**(g) Non-transferability**

A Share Option shall be personal to the grantee and shall not be assignable or transferrable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favor of any third party over or in relation to any Share Option, except for when a waiver is obtained from the Stock Exchange for the transfer to a vehicle (such as a trust or a private company) for the benefit of the Selected Participant and any family members of such participant that would continue to meet the purpose of the Share Option Scheme and comply with other requirements of Chapter 17 of the Listing Rules and express written consent is obtained from the Board or its delegates, subject to the compliance with the Listing Rules. Any breach of the foregoing by the grantee shall entitle the Company to cancel any outstanding entitlement of such grantee. This does not prejudice the operation of any general provision of law regarding the appointment and capacity of a nominee, attorney, trustee or other personal representative subject to the Listing Rules.

**(h) Exercise of Share Options**

A grantee (or his legal personal representative(s)) may exercise his entitlement in whole or in part in the manner as determined by the Board by giving notice in writing to the Company stating that the Share Option is thereby exercised and specifying the number of Shares to be subscribed. Unless otherwise determined by the Board and stated in the notice to a grantee, a grantee is not required to hold the Share Option for any minimum period nor achieve any performance targets before the exercise of a Share Option granted to him. The performance targets (if any as determined by the Board in its absolute discretion) may comprise a mixture of key performance indicators components (such as the business performance of the Group, which may relate to the Group's strategic objectives, operational targets and plans for future development, and financial performance of the Group, which may include financial targets of the Group on a targeted or comparative basis, and individual annual performance assessment results) which may vary among the grantees. The Board will conduct assessment from time to time by comparing the performance with the pre-set targets to determine whether such targets and the extents to which have been met. If, after the assessment, the Board determines that any prescribed performance targets have not been met, the Share Option(s) shall lapse automatically.

Subject as provided in the Share Option Scheme and any conditions specified by the Board (including the attainment of any performance targets stated therein (if any)), the grantee (or his legal personal representative(s)) may exercise his entitlement at any time or times during the period a grantee may exercise the Share Options granted (being not more than 10 years from the date of grant of the Share Option), provided that:

- (i) in the event of the grantee ceasing to be an Eligible Participant for any reason other than his death, loss of ability to work, or the summary termination of his employment, office or service, before exercising the Share Options in full, the Share Options (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless the Board otherwise determine in which event the grantee may exercise the Share Option (to the extent not already exercised) in whole or in part in accordance with the provisions of the Share Option Scheme within such period as the Board may determine following the date of such termination or, if any of the events referred to in sub-paragraphs (iii), (iv) or (v) occur during such period, exercise the Share Option pursuant to sub-paragraphs (iii), (iv) or (v) respectively;
- (ii) in the event of the grantee ceasing to be an Eligible Participant by reason of death or loss of ability to work, and none of the events which would be a ground for summary termination of his employment, office or service has occurred, the grantee or legal personal representative(s) of the grantee (as the case may be) shall be entitled within a period of 12 months from the date of such cessation (or such other period as the Board may determine) to exercise the entitlement in full as at the date of such cessation (to the extent vested but not already exercised) (provided that such exercise is during the relevant period a grantee may exercise the Share Options granted);
- (iii) if a general or partial offer (whether by way of take-over offer, share repurchase offer or otherwise in like manner other than by way of a scheme of arrangement) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror) the Company shall use its best endeavors to procure that such offer is extended to all the grantees (on the same terms mutatis mutandis, and assuming that they will become, by the exercise in full of the Share Options granted to them, Shareholders). If such offer becomes or is declared unconditional, the grantee (or his legal personal representative(s)) shall be entitled to exercise his outstanding entitlement in full at any time within a reasonable period of time as the Board may determine after the date on which such general offer becomes or is declared unconditional;

- (iv) in the event of an effective resolution being passed for the voluntary winding-up of the Company or an order of the court being made for the winding-up of the Company, notice thereof shall be given by the Company to grantees with Share Options outstanding in full or in part at such date. If a grantee immediately prior to such event had any outstanding entitlement, the grantee (or his legal personal representative(s)) may by notice in writing to the Company within 21 days after the date of such resolution elect to be treated as if the entitlement had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in the notice;
- (v) if a compromise or arrangement of any nature between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies (a “**scheme**”), the Company shall give notice thereof to all grantees on the same date as it dispatches to each member or creditor of the Company a notice summoning the meeting to consider such scheme, and thereupon each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his Share Options in whole or in part within the time or period stipulated by the Board for this purpose.

The Shares to be allotted (or transferred in the case of treasury shares) upon the exercise of a Share Option will be subject to all the provisions of the Articles of Association and will rank *pari passu* with the fully paid Shares in issue on the date of allotment (or transfer in the case of treasury shares) and accordingly will entitle the holders to participate in all dividends and other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor falls before the date of allotment.

The Share Options, whether vested or not, do not carry any right to vote at general meetings of the Company or any dividend or other rights (including those advising on the liquidation of the Company). A Share issued upon the exercise of a Share Option shall not carry voting rights until the registration of the grantee as the holder thereof. If under the terms of a resolution passed or an announcement made by the Company a dividend is to be or is proposed to be paid to holders of Shares on the register on a date prior to the date when a Share Option is effectively exercised under the terms of the Share Option Scheme, the Shares to be issued upon such exercise will not rank for such dividend. For the avoidance of doubt, a trustee holding unvested Shares of the Share Option Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

The Board may at any time cancel Share Options previously granted to, but not yet exercised, by a grantee. Where the Company cancels Share Options and offers Share Options to the same grantee, the offer of such new Share Options may only be made with available Share Options to the extent not yet granted (excluding the cancelled Share Options) within the limit approved by the Shareholders pursuant to Rule 17.03B or Rule 17.03C of the Listing Rules. The Share Options cancelled will be regarded as utilized for the purpose of calculating the limit as mentioned in paragraphs (j)(i) and (j)(ii) below.

**(i) Lapse of Share Option**

Subject to the Share Option Scheme, any Share Option or entitlement shall lapse automatically and not be exercisable on the earliest of:

- (i) the expiry of the period a grantee may exercise the Share Options granted;
- (ii) the expiry of any of the periods referred to in sub-paragraphs (i) to (v) under paragraph (h) above;
- (iii) subject to sub-paragraph (iv) under paragraph (h) above, the date of the commencement of the winding-up of the Company;
- (iv) the date on which the grantee ceases to be an Eligible Participant of the Company by reason of the summary termination of his employment, office or service on any one or more of the grounds that he has been guilty of misconduct, or providing services to or working at any competitor of the Company, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board in its absolute discretion) on any other ground on which the relevant company in the Group would be entitled to terminate his employment, office or service summarily at common law or pursuant to any applicable laws or under the grantee's service contract with relevant company in the Group;
- (v) in respect of a grantee other than an employee, the date on which the Board shall at their absolute discretion determine that (1) (aa) the grantee or his/her/its associate has committed any breach of any contract entered into between the grantee or his/her/its associate on the one part and any member of the Group on the other part; or (bb) the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally or (cc) the grantee could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and (2) the Share Option shall lapse as a result of any event specified in sub-paragraph (aa), (bb) or (cc) above;
- (vi) where the grantee is an Eligible Participant of a subsidiary, the date on which such subsidiary ceases to be a member of the Group;
- (vii) the date on which the grantee commits a breach of paragraph (g) above; or
- (viii) the occurrence or non-occurrence of any event, expiry of any period, or non-satisfaction of any condition, as specified in the letter containing the offer or grant of the relevant Share Option.

**(j) Maximum number of Shares available for subscription**

- (i) The total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the Share Option Scheme and any other share scheme(s) adopted by the Company must not in aggregate exceed 10% (excluding treasury shares) of the issued share capital of the Company as at December 31, 2024, being 89,757,517 Shares, unless otherwise permitted by the Listing Rules or the Company obtains the approval of its Shareholders in accordance with sub-paragraph (iii) below. Share Options lapsed in accordance with the terms of the Share Option Scheme or any other scheme shall not be counted for the purpose of calculating the scheme limit. No Share Option may be granted under the Share Option Scheme if this will result in the limit being exceeded.
- (ii) Subject to sub-paragraph (i) above, within the scheme limit, the total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the Share Option Scheme and any other share scheme(s) of the Company to the Service Providers must not in aggregate exceed 8,975,751 Shares, representing 1% (excluding treasury shares) of the total number of Shares in issue as at December 31, 2024.
- (iii) The Company may seek the approval of its Shareholders in general meeting to refresh the scheme limit or the Service Provider sublimit in sub-paragraphs (i) and (ii), subject to compliance with the requirements of the Listing Rules. The requirements under sub-paragraphs (i) and (ii) above do not apply if the refreshment is made immediately after an issue of securities by the Company to its Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the scheme limit or the Service Provider sublimit (as a percentage of the Shares in issue) upon refreshment is the same as the unused part of the scheme limit or the Service Provider sublimit immediately before the issue of securities, rounded to the nearest whole Share.
- (iv) Except with the approval of Shareholders in a general meeting with the prospective grantee and his/her close associates (or associates if the grantee is a connected person) abstaining from voting, no Share Option may be granted to each participant such that the total number of Shares issued and to be issued upon exercise of all Share Options and any other awards granted (excluding any options and awards lapsed in accordance with the terms of the relevant scheme) and to be granted to such person in any 12-month period up to and including the date of the latest grant in aggregate exceeds 1% (excluding treasury shares) of the Shares in issue from time to time. The Company shall send a circular to its Shareholders containing the information required under the Listing Rules. The number and terms of the Share Options to be granted to such prospective grantee shall be fixed before the Shareholders' approval of the grant of such Share Options and the date of Board meeting for proposing such further grant should be taken as the offer date for the purpose of calculating the subscription price.

**(k) Grant of Share Options to connected persons**

The approval of independent non-executive Directors of the Company (excluding any independent non-executive Director of the Company who is intended to be a grantee of the Share Option) as required under the Listing Rules will be required for each grant of Share Options to a Director, chief executive or substantial Shareholder of the Company or any of their respective associates. The Company will comply with the requirements under the Listing Rules for any grant of Share Options to any connected person.

If a grant of Share Option(s) to a substantial Shareholder or an independent non-executive Director of the Company or their respective associates will result in the total number of Shares issued and to be issued upon exercise of all the Share Options and vesting of all awards already granted and to be granted pursuant to the Share Option Scheme and any other share schemes adopted by the Company (excluding any Share Options lapsed in accordance with the terms of the relevant scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (excluding treasury shares) of the Shares in issue from time to time, such further grant of Share Option(s) or awards must be approved by the Shareholders by way of poll in general meeting. In this case, the Board shall procure that all the requirements of the Listing Rules relating to sending a circular to Shareholders are complied with. The grantee, his/her associates and all core connected persons of the Company must abstain from voting in favor at such a general meeting.

**(l) Adjustment**

In the event of any alteration in the capital structure of the Company whilst any Share Option remains exercisable, whether by way of capitalization issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements, such corresponding adjustments (if any) shall be made to:

- (i) the number of Shares subject to the Share Option Scheme or any Share Option granted (insofar as it is/they are unexercised); and/or
- (ii) the subscription price,

which should give a grantee the same proportion of the equity capital, rounded to the nearest whole share, as that to which that grantee was previously entitled, and an independent financial advisor or the auditors shall certify in writing to the Board that the adjustments satisfy the requirements set out under the note to Rule 17.03(13) of the Listing Rules, provided that:

- (i) any adjustment shall be made on the basis that the proportion of the issued share capital of the Company to which a grantee is entitled after such adjustment shall remain the same, or as nearly as possible the same as that to which he was entitled to subscribe had he exercised all the Share Options held by him immediately before such adjustment, but so that no such adjustment shall be made the effect of which would be to enable any Share to be issued at less than its nominal value, or to alter any terms of the relevant Share Option to the advantage of the grantee without the approval of the Shareholders;
- (ii) notwithstanding (i) above, any adjustments as a result of an issue of securities with a price dilutive element, such as a rights issue, open offer or capitalization issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures and any such adjustment shall comply with the supplementary guidance on Rule 17.03(13) of the Listing Rules;
- (iii) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (iv) any such adjustment shall be in compliance with the Listing Rules and such applicable rules, codes, guidance notes and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange.

Subject to other provisions in this paragraph (I), if there is any conversion of capital reserve into new Shares, issue of bonus Shares, Share subdivision, Share consolidation and reduction of share capital or rights issue prior to the exercise of the Share Options, an adjustment to the number of Share Options shall be made accordingly. The methods of adjustment are set out as below:

- (i) *Conversion of capital reserve into new Shares, issue of bonus Shares or Share subdivision*

$$Q = Q_0 \times (1 + n)$$

Where: “ $Q_0$ ” represents the number of Share Options before the adjustment; “ $n$ ” represents the ratio per Share of the conversion of capital reserve into new Shares, issue of bonus Shares or Share subdivision; “ $Q$ ” represents the number of Share Options after the adjustment.

- (ii) *Share consolidation and reduction of share capital*

$$Q = Q_0 \times n$$

Where: “ $Q_0$ ” represents the number of Share Options before the adjustment; “ $n$ ” represents the ratio of consolidation or ratio of share capital reduction; “ $Q$ ” represents the number of Share Options after the adjustment.

*(iii) Rights issue*

$$Q = Q_0 \times P1 \times (1 + n) \div (P1 + P2 \times n)$$

Where: “Q<sub>0</sub>” represents the number of Share Options before the adjustment; “P1” represents the closing price as at the record date; “P2” represents the subscription price of the rights issue; “n” represents the ratio of allotment; “Q” represents the number of Share Options after the adjustment.

Subject to other provisions in this paragraph (I), if there is any conversion of capital reserve into new Shares, issue of bonus Shares, Share subdivision, Share consolidation and reduction of share capital or rights issue prior to the exercise of the Share Options, an adjustment to the subscription price shall be made accordingly. The method of adjustment is set out as below:

*(i) Conversion of capital reserve into new Shares, issue of bonus Shares or Share subdivision*

$$P = P_0 \div (1 + n)$$

Where: “P<sub>0</sub>” represents the subscription price before the adjustment; “n” represents the ratio per Share of the conversion of capital reserve into new Shares, issue of bonus Shares or Share subdivision; “P” represents the subscription price after the adjustment.

*(ii) Share consolidation and reduction of share capital*

$$P = P_0 \div n$$

Where: “P<sub>0</sub>” represents the subscription price before the adjustment; “n” represents the ratio of consolidation or ratio of share capital reduction; “P” represents the subscription price after the adjustment.

*(iii) Rights issue*

$$P = P_0 \times (P1 + P2 \times n) \div (P1 \times (1 + n))$$

Where: “P<sub>0</sub>” represents the subscription price before the adjustment; “P1” represents the closing price as at the record date; “P2” represents the subscription price of the rights issue; “n” represents the ratio of allotment; “P” represents the subscription price after the adjustment.

**(m) Share capital**

The exercise of any Share Option shall be subject to the members of the Company in general meeting approving any necessary increase in the authorized share capital of the Company. Subject thereto, the Board shall make available sufficient authorized but unissued share capital of the Company to meet subsisting requirements on the exercise of Share Options.

**(n) Disputes**

The decision of the Board (or persons to whom the Board has delegated relevant powers) shall be final and binding on all parties regarding the interpretation or application of the Share Option Scheme. The Board may, in its sole discretion, refer any dispute arising in connection with the Share Option Scheme (whether as to the number of Shares the subject of a Share Option, the amount of the subscription price or otherwise).

**(o) Alteration**

The Share Option Scheme may be altered in any respect by an ordinary resolution of the Board except that the provisions of the Share Option Scheme as to the specific provisions of the Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees or prospective grantees except with the prior sanction of a resolution of the Company in general meeting.

Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, and any change to the terms of any Share Options granted must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Share Options was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The terms of the Share Option Scheme or the Share Options so altered must comply with Chapter 17 of the Listing Rules.

**(p) Termination**

The Company by an ordinary resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Share Options will be offered but the provisions of the Share Option Scheme shall remain in full force in all other respects. All Share Options granted but unexercised prior to such termination shall continue to be valid and exercisable in accordance with their terms of issue after the termination of the Share Option Scheme.

**(q) General**

As at January 1, 2024, there were 450,000 Share Options outstanding under the Share Option Scheme granted to six Eligible Participants. No grant was made under the Share Option Scheme during the Reporting Period. To the best knowledge of the Directors, none of the grantees is (i) a Director, chief executive or substantial Shareholder of the Company, or an associate of any of them, (ii) a participant with options and awards granted and to be granted in excess of the 1% individual limit, or (iii) a related entity participant or Service Provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the issued Shares. During the Reporting Period, the movements in the Share Options granted under the Share Option Scheme were as follows:

Category of grantee	Date of grant	Number of share options							Outstanding as at December 31, 2024	Exercise period	Exercise price of share options	Vesting period	Performance target
		Outstanding as at January 1, 2024	Granted during the Reporting Period <sup>(1)</sup>	Vested during the Reporting Period <sup>(2)</sup>	Exercised during the Reporting Period <sup>(2)</sup>	Cancelled during the Reporting Period	Lapsed/ forfeited during the Reporting Period	Expired during the Reporting Period					
Six employees in aggregate	September 6, 2023	450,000	–	74,000	18,000	–	56,000	–	376,000	10 years from the date of grant	HK\$35.08 per Share	Note 3	Note 4
<b>Total</b>		450,000	–	74,000	18,000	–	56,000	–	376,000				

## Notes:

- (1) As no Share Option was granted under the Share Option Scheme during the Reporting Period, the disclosure requirements under Rule 17.07(1)(c) of the Listing Rules are not applicable.
- (2) The weighted average closing price of the Shares immediately before the dates on which the Share Options were vested was HK\$46.69 per Share. The weighted average closing price of the Shares immediately before the dates on which the Share Options were exercised was HK\$62.05 per Share.
- (3) The Share Options granted have a mixed vesting schedule with a total vesting period (i.e. the period between the date of grant and the last vesting date) ranging from approximately 24 months to 48 months, with certain Share Options to be vested within 12 months starting from September 2023.
- (4) The vesting of the Share Options granted will be subject to the individual annual performance targets as stipulated in the respective grant letters 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, including, among others, research and development, CMC, sales and marketing, business development and general and administration, etc.

The number of Share Options available for grant under the scheme limit of the Share Option Scheme as at January 1, 2024 was 81,255,717. The number of Share Options (to be satisfied by issue of new Shares) available for grant under the scheme limit of the Share Option Scheme and any other share scheme(s) adopted by the Company as at December 31, 2024 was 86,585,717, representing approximately 9.65% of the issued share capital of the Company. The number of Share Options (to be satisfied by issue of new Shares) available for grant under the Service Provider sublimit of the Share Option Scheme and any other share scheme(s) adopted by the Company as at December 31, 2024 was 8,658,571.

#### D. Disclosure under Rule 17.07(3) of the Listing Rules

Given that during the Reporting Period, the Company (i) did not grant any Share Options under the Share Option Scheme, (ii) did not grant any RSUs under the Pre-IPO RSU Scheme, (iii) did not grant any RSUs under the 2021 RSU Scheme, and (iv) all the Shares underlying the RSUs granted under the Pre-IPO RSU Scheme have been allotted and issued and are held by the ESOP Trust, no Share may be issued in respect of any Share Options and RSUs granted under all share schemes of the Company (including the Pre-IPO RSU Scheme, the 2021 RSU Scheme and the Share Option Scheme) during the Reporting Period. As such, the disclosure requirement under Rule 17.07(3) is not applicable.

### CLARIFICATION REGARDING THE 2024 INTERIM REPORT AND THE 2024 ANNUAL RESULTS ANNOUNCEMENT

The Company wishes to address two inadvertent clerical errors in its interim report for the six months ended June 30, 2024 published on September 30, 2024 (the “**2024 Interim Report**”).

References are made to (i) the section headed “Supplementary Information — RSU Schemes and Share Option Scheme — 2. 2021 RSU Scheme — (q) General” regarding the number of RSUs (to be satisfied by issue of new Shares) available for grant under the scheme limit of the 2021 RSU Scheme as at June 30, 2024 on page 48 of the 2024 Interim Report, and (ii) the section headed “Supplementary Information — RSU Schemes and Share Option Scheme — 3. Share Option Scheme — (q) General” in relation to the number of Share Options available for grant under the scheme limit of the Share Option Scheme as at June 30, 2024 on page 61 of the 2024 Interim Report. The Company wishes to clarify that (i) the number of RSUs (to be satisfied by issue of new Shares) available for grant under the scheme limit of the 2021 RSU Scheme and any other share scheme(s) adopted by the Company as at June 30, 2024 was 86,585,717 instead of 86,149,717, and (ii) the number of Share Options (to be satisfied by issue of new Shares) available for grant under the scheme limit of the Share Option Scheme and any other share scheme(s) adopted by the Company as at June 30, 2024 was 86,585,717 instead of 86,149,717.

Save as disclosed above, all information in the 2024 Interim Report remains unchanged.

The Company wishes to address an inadvertent clerical error in its annual results announcement for the year ended December 31, 2024 published on March 30, 2025 (the “**2024 Annual Results Announcement**”).

Reference is made to the section headed “Financial Review — 19. Employees and Remuneration” regarding the total remuneration cost incurred by the Company for the year ended December 31, 2024 on page 27 of the 2024 Annual Results Announcement. The Company wishes to clarify that the total remuneration cost incurred by the Company for the year ended December 31, 2024 was RMB950.1 million instead of RMB944.7 million.

Save as disclosed above, all information in the 2024 Annual Results Announcement remains unchanged.

## COMPENSATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals in the Group are set out in Notes 8 and 9 to the financial statements contained herein.

For the year ended December 31, 2024, no emoluments were paid by the Group to or receivable by any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office and no consideration was paid by the Group to any third parties for making available Directors' services. None of the Directors has waived or agreed to waive any emoluments for the year ended December 31, 2024.

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

## CONTRACTS WITH CONTROLLING SHAREHOLDERS AND PLEDGING OF SHARES BY CONTROLLING SHAREHOLDERS

As at December 31, 2024, the Company had no controlling Shareholder and therefore (i) there was no pledge of Shares to secure the Company's debts or to secure guarantees or other support of its obligations, (ii) there was no loan agreement with covenants relating to specific performance of controlling Shareholder, and (iii) no contract of significance has been entered into among the Company or any of its subsidiaries and the controlling Shareholders during the year ended December 31, 2024 or subsisted at the end of the Reporting Period.

## 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 December 31, 2024.

## MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceeding during the year ended December 31, 2024.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

### The March 2024 Placing

On March 28, 2024, an aggregate of 24,800,000 new Shares were issued at a price of HK\$47.65 per Share to not less than six professional, institutional or other investors who are Independent Third Parties pursuant to the placing agreement (the **"March 2024 Placing Agreement"**) dated March 21, 2024 (the **"March 2024 Placing"**), representing approximately 2.86% of the enlarged issued share capital of the Company immediately upon completion of the March 2024 Placing. The placing price of HK\$47.65 per Share represented (i) a discount of approximately 6.02% to the closing price of HK\$50.70 per Share as quoted on the Stock Exchange on the last full trading day prior to the date of the March 2024 Placing Agreement, and (ii) a discount of approximately 6.81% to the average closing price of approximately HK\$51.13 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to and including the last full trading day prior to the date of the March 2024 Placing Agreement.

The net placing price (after deducting related costs and expenses borne by the Company) was approximately HK\$47.18 per Share. The net proceeds raised from the March 2024 Placing were approximately HK\$1,170.18 million.

Further details of the March 2024 Placing are set out in the announcements of the Company dated March 21, 2024 and March 28, 2024, respectively. For details of the use of proceeds from the March 2024 Placing, please refer to the section headed "Use of Net Proceeds" to be disclosed in the annual report of the Company.

### The October 2024 Placing

On October 21, 2024, an aggregate of 31,700,000 new Shares were issued at a price of HK\$61.28 per Share to not less than six professional, institutional or other investors who are Independent Third Parties pursuant to the placing agreement (the **"October 2024 Placing Agreement"**) dated October 11, 2024 (the **"October 2024 Placing"**), representing approximately 3.53% of the enlarged issued share capital of the Company immediately upon completion of the October 2024 Placing. The placing price of HK\$61.28 per Share represented (i) a discount of approximately 4.99% to the closing price of HK\$64.50 per Share as quoted on the Stock Exchange on the last full trading day prior to the date of the October 2024 Placing Agreement, and (ii) a discount of approximately 11.30% to the average closing price of approximately HK\$69.09 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to and including the last full trading day prior to the date of the October 2024 Placing Agreement.

The net placing price (after deducting related costs and expenses borne by the Company) was approximately HK\$60.70 per Share. The net proceeds raised from the October 2024 Placing were approximately HK\$1,924.20 million.

Further details of the October 2024 Placing are set out in the announcements of the Company dated October 13, 2024 and October 21, 2024, respectively. For details of the use of proceeds from the October 2024 Placing, please refer to the section headed "Use of Net Proceeds" to be disclosed in the annual report of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

## AUDITOR

The auditor of the Company has not changed in the last three years. The consolidated financial statements for the year ended December 31, 2024 have been audited by Ernst & Young, who will be proposed for reappointment at the forthcoming annual general meeting of the Company.

## CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

## IMPORTANT EVENTS AFTER THE REPORTING PERIOD

In April 2025, the NMPA approved the NDA for 愛達羅® (ebdarokimab, IL-12/IL-23) for the treatment of moderate-to-severe plaque psoriasis.

In April 2025, the Phase III clinical trial (AK112-306) of ivonescimab in combination with chemotherapy versus tislelizumab in combination with chemotherapy as a first-line treatment of locally advanced or metastatic squamous NSCLC met primary endpoint.

In April 2025, the FDA approved ANNIKO® for the first-line treatment of recurrent or metastatic non-keratinizing NPC and for metastatic non-keratinizing NPC with disease progression on or after platinum-based chemotherapy and with at least one other prior line of therapy.

In April 2025, the NMPA approved the sNDA for ivonescimab as first-line treatment of NSCLC with PD-L1 positive expression.

Save as disclosed above, the Group had no significant events after the Reporting Period.

On behalf of the Board

**Akeso, Inc.**

**Dr. XIA Yu**

*Chairwoman and executive Director*

Hong Kong, March 30, 2025

# CORPORATE GOVERNANCE REPORT

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

## CORPORATE GOVERNANCE PRACTICES

The Directors recognize the importance of good corporate governance in management and internal procedures to achieve effective accountability. The Company has adopted the code provisions as set out in the Corporate Governance Code as its own code to govern its corporate governance practices.

The Company has adopted and complied with all applicable code provisions contained in Part 2 of the Corporate Governance Code throughout the Reporting Period with the exception of code provision C.2.1.

Under code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Under the current organizational structure of the Company, Dr. XIA Yu is the chairwoman and chief executive officer of the Company. With her extensive experience in the industry, the Board believes that vesting the roles of both chairwoman and chief executive officer in the same person provides the Company with strong and consistent leadership, allows for effective and efficient planning and implementation of business decisions and strategies, and is beneficial to the business prospects and management of the Group. Although Dr. XIA Yu performs both the roles of chairwoman and chief executive officer, the division of responsibilities between the chairwoman and chief executive officer is clearly established. In general, the chairwoman is responsible for supervising the functions and performance of the Board, while the chief executive officer is responsible for the management of the business of the Group. The two roles are performed by Dr. XIA Yu distinctly. We also consider that the current structure does not impair the balance of power and authority between the Board and the management of the Company given the appropriate delegation of the power of the Board and the effective functions of the independent non-executive Directors. However, it is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.

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

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Under the current organization structure of the Company, Dr. XIA Yu is the chairwoman and chief executive officer of the Company. With her extensive experience in the industry, the Board believes that vesting the roles of both chairwoman and chief executive officer in the same person provides the Company with strong and consistent leadership, allows for effective and efficient planning and implementation of business decisions and strategies, and is beneficial to the business prospects and management of the Group. Although Dr. XIA Yu performs both the roles of chairwoman and chief executive officer, the division of responsibilities between the chairwoman and chief executive officer is clearly established. In general, the chairwoman is responsible for supervising the functions and performance of the Board, while the chief executive officer is responsible for the management of the business of the Group. The two roles are performed by Dr. XIA Yu distinctly. We also consider that the current structure does not impair the balance of power and authority between the Board and the management of the Company given the appropriate delegation of the power of the Board and the effective functions of the independent non-executive Directors. However, it is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.

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

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding dealings in the securities of the Company by the Directors and the senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities.

Upon specific enquiry, all Directors confirmed that they had complied with the Model Code throughout the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group throughout the Reporting Period.

## 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 ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximized in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to Shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

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

The Board considers that the corporate culture and the purpose, values and strategy of the Group are aligned.

## BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and makes decisions objectively in the Company's best interests. The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing such responsibilities. To better manage the Group's corporate governance performance and identify potential risks, the Board conducts annual review ensuring the effectiveness of Board independence.

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

As at the date of this report, the composition of the Board is as followings:

### Executive Directors

Dr. XIA Yu (夏瑜) (*Chairwoman, president and chief executive officer*)

Dr. LI Baiyong (李百勇)

Dr. WANG Zhongmin Maxwell (王忠民)

Dr. ZHANG Peng (張鵬)

### Non-executive Director

Mr. XIE Ronggang (謝榕剛)

### Independent Non-executive Directors

Dr. ZENG Junwen (曾駿文)

Dr. XU Yan (徐岩)

Mr. TAN Bo

The biographical details of the Directors are set out in the section headed "Directors and Senior Management" on pages 37 to 43 of this report.

Dr. ZHANG Peng confirms that he (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on June 30, 2024 and (ii) understands his obligations as a director of a listed issuer under the Listing Rules.

There is no relationship (including financial, business, family or other material/relevant relationship(s)) between the Board members.

## BOARD MEETINGS

Code provision C.5.1 of the Corporate Governance Code stipulates that board meetings should be held at least four times a year at approximately quarterly intervals with active participation of a majority of the Directors, either in person or through electronic means of communications. Code provision C.2.7 of the Corporate Governance Code requires that the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors.

During the year ended December 31, 2024, 4 Board meetings were held and the chairwoman held a meeting with the independent non-executive Directors without presence of other Directors. The Company expects to continue to convene at least four regular Board meetings in each financial year at approximately quarterly intervals in accordance with code provision C.5.1 of the Corporate Governance Code, and to hold a meeting between the chairwoman and the independent non-executive Directors without the presence of other Directors in accordance with code provision C.2.7 of the Corporate Governance Code.

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

Name of Director	Number of meeting(s) attended/number of meeting(s) held for the year ended December 31, 2024			
	Board	Audit Committee	Remuneration Committee	Nomination Committee
<b>Executive Directors:</b>				
Dr. XIA Yu	4/4	N/A	1/1	1/1
Dr. LI Baiyong	4/4	N/A	N/A	N/A
Dr. WANG Zhongmin Maxwell	4/4	N/A	N/A	N/A
Mr. XIA Yu (Ph.D.) <sup>(1)</sup>	3/3	N/A	N/A	N/A
Dr. ZHANG Peng <sup>(2)</sup>	1/1	N/A	N/A	N/A
<b>Non-executive Directors:</b>				
Dr. ZHOU Yi <sup>(3)</sup>	3/3	N/A	N/A	N/A
Mr. XIE Ronggang	4/4	N/A	N/A	N/A
<b>Independent Non-executive Directors:</b>				
Dr. ZENG Junwen	4/4	2/2	1/1	1/1
Dr. XU Yan	4/4	2/2	1/1	1/1
Mr. TAN Bo	4/4	2/2	N/A	N/A

Notes:

- (1) Mr. XIA Yu (Ph.D.) resigned as an executive Director with effect from June 30, 2024.
- (2) Dr. ZHANG Peng was appointed as an executive Director with effect from June 30, 2024.
- (3) Dr. ZHOU Yi resigned as a non-executive Director with effect from June 30, 2024.

## GENERAL MEETING

During the year ended December 31, 2024, one general meeting was held.

A summary of the attendance record of the Directors at general meeting is set out in the table below:

Name of Director	Number of meeting(s) attended/number of meeting(s) held for the year ended December 31, 2024
<b>Executive Directors:</b>	
Dr. XIA Yu	1/1
Dr. LI Baiyong	1/1
Dr. WANG Zhongmin Maxwell	1/1
Mr. XIA Yu (Ph.D.) <sup>(1)</sup>	1/1
Dr. ZHANG Peng <sup>(2)</sup>	N/A
<b>Non-executive Directors:</b>	
Dr. ZHOU Yi <sup>(3)</sup>	1/1
Mr. XIE Ronggang	1/1
<b>Independent Non-executive Directors:</b>	
Dr. ZENG Junwen	1/1
Dr. XU Yan	1/1
Mr. TAN Bo	1/1

Notes:

(1) Mr. XIA Yu (Ph.D.) resigned as an executive Director with effect from June 30, 2024.

(2) Dr. ZHANG Peng was appointed as an executive Director with effect from June 30, 2024.

(3) Dr. ZHOU Yi resigned as a non-executive Director with effect from June 30, 2024.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has reviewed the implementation and effectiveness of the issuer's policy on board diversity during the year and considered no material deficiencies were identified.

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

During the year ended December 31, 2024, the Company did not receive from the independent non-executive Directors of any subsequent change of circumstances which may affect their independence. The Company has received the annual confirmations of independence from each of the independent non-executive Directors. The Board has considered the independence of each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules and considers each of them to be independent. Each of the independent non-executive Directors has renewed a letter of appointment with the Company for a term of 3 years on April 20, 2023.

The Company has established mechanism to ensure independent views and input are available to the Board, channels are in place through formal and informal means whereby independent non-executive Directors can express their views in an open and candid manner as well as in a confidential manner, should circumstances required; these include regular Board surveys and Board reviews, dedicated meeting sessions with the chairwoman and interaction with management and other Board members including the chairwoman outside the boardroom. The mechanism to ensure independent views and input are available to the Board is reviewed annually.

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

All the Directors are subject to retirement by rotation and re-election at annual general meeting of the Company. 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 of the Company, 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 first annual general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting.

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

## 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 to safeguard the interests of the Company and the Shareholders. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. Before entering into any significant transactions or commitments on behalf of the Company, the senior management should obtain prior approval and authorization from the Board.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations. 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.

## BOARD COMMITTEES

The Board has established three committees, namely the audit committee (the “**Audit Committee**”), the remuneration committee (the “**Remuneration Committee**”) and the nomination committee (the “**Nomination Committee**”), for overseeing particular aspects of the Company's affairs. Each of these committees was established with defined written terms of reference. The terms of reference of each of these committees are available on the websites of the Company and the Stock Exchange.

### Audit Committee

The Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph A.2 and paragraph D.3 of the Corporate Governance Code. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board. The Audit Committee consists of three independent non-executive Directors, being Dr. ZENG Junwen, Dr. XU Yan and Mr. TAN Bo. The chairman of the Audit Committee is Mr. TAN Bo. Mr. TAN Bo holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The Audit Committee had reviewed, together with the management, the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters including a review of the audited consolidated financial statements of the Group for the year ended December 31, 2024.

During the year ended December 31, 2024, the Audit Committee has convened two meetings. The attendance record of the Directors at the meetings of the Audit Committee is set out in the table on page 99 of this report.

During the meetings, the Audit Committee reviewed the annual results for the year ended December 31, 2023 and the interim results for the six months ended June 30, 2024 and the related report of the Company and its subsidiaries and discuss matters with respect to the accounting policies and practices adopted by the Company.

During the year ended December 31, 2024, the Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor.

### Remuneration Committee

The Company has established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code. The Remuneration Committee consists of one executive Director, being Dr. XIA Yu, and two independent non-executive Directors, being Dr. ZENG Junwen and Dr. XU Yan. The Remuneration Committee is chaired by Dr. ZENG Junwen. The primary duties of the Remuneration Committee include, without limitation, making recommendations to the Board on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration, determining the specific remuneration packages of all Directors and senior management, reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time, and reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

During the year ended December 31, 2024, the Remuneration Committee has convened one meeting to (i) review the remuneration policy and structure of the Company, and (ii) review and consider the remuneration packages for the Directors and senior management of the Company. During the year ended December 31, 2024, no grant was made under the share schemes of the Company (i.e., the Pre-IPO RSU Scheme, the 2021 RSU Scheme and the Share Option Scheme) which requires review by the Remuneration Committee. The attendance record of the Directors at the meeting of the Remuneration Committee is set out in the table on page 99 of this report.

The emoluments of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the individual performance and comparable market statistics.

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

Remuneration band (HK\$)	Number of persons
3,000,001–4,000,000	1
5,000,001–6,000,000	1
7,000,001–8,000,000	1
37,000,001–38,000,000	1
<b>Total</b>	<b>4</b>

### Nomination Committee

The Company has established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the Corporate Governance Code. The Nomination Committee consists of one executive Director, being Dr. XIA Yu, and two independent non-executive Directors, being Dr. ZENG Junwen and Dr. XU Yan. The chairwoman of the Nomination Committee is Dr. XIA Yu. The primary duties of the Nomination Committee include, without limitation, reviewing the structure, size and composition of the Board, assessing the independence of independent non-executive Directors, and making recommendations to the Board on matters relating to the appointment of Directors.

During the year ended December 31, 2024, the Nomination Committee has convened one meeting to (i) review the structure, size and composition of the Board, (ii) make recommendation to the Board in respect of the reappointment of Directors, (iii) assess the independence of the independent non-executive Directors, and (iv) review the Company's director nomination policy (the "**Nomination Policy**") and the Company's board diversity policy (the "**Diversity Policy**") to ensure that it is in compliance with the Listing Rules and the Corporate Governance Code. The attendance record of the Directors at the meeting of the Nomination Committee is set out in the table on page 99 of this report. The Board considered that an appropriate balance of diversity perspectives of the Board was maintained for the year ended December 31, 2024.

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 Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Nomination Policy that are necessary to complement the corporate strategy and achieve board diversity, where appropriate, before making recommendation to the Board.

### Board Diversity Policy

The Company has adopted the Diversity Policy which sets out the approach to achieve diversity of the Board. The Company embraces the benefits of having a diverse Board to enhance the quality of its performance.

Pursuant to the Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of business management, biotech, clinical research, life science, finance, investment, auditing and accounting. They obtained degrees in various areas including medicine, immunology, chemistry, chemical physics, chemical engineering, pharmaceutical analysis, economics and accounting. At present, the Board considered an appropriate balance of diversity perspectives of the Board is maintained and the Nomination Committee has set measurable objectives (in terms of professional experience, skills, knowledge, gender, age and length of service, etc.) to implement the Diversity Policy. Such objectives will be reviewed from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained.

The Board currently comprises eight members, including one female executive Director. Pursuant to the Diversity Policy, we aim to maintain at least 10% female representation in the Board and the composition of the Board satisfies this target gender ratio. We will implement policies to ensure gender diversity when recruiting staff to develop a pipeline of female senior management and potential successors to the Board. We will strive to enhance our female representation and achieve appropriate balance of gender diversity with reference to the stakeholders' expectation and international and local recommended best practices. Furthermore, we will implement comprehensive programs aimed at identifying and training our female staff who display leadership and potential, with the goal of promoting them to the senior management or the Board.

As at December 31, 2024, we had 3,035 full-time employees, of which 1,250 were male and 1,785 were female. The gender ratio in the workforce (including senior management) was approximately 41% males to 59% females. The Company is aiming to achieve a more balanced gender ratio in the workforce and targets to achieve a gender ratio in the workforce of not less than 50% males to 50% females. The Company will continue to monitor and evaluate the Diversity Policy from time to time to ensure its continued effectiveness. The Company is not aware of any mitigating factor or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

During the year ended December 31, 2024, the Nomination Committee has reviewed the diversity of the Board and considered that the Group has achieved the measurable objectives of the Diversity Policy in terms of professional experience, skills, knowledge, gender, age and length of service, etc.

We are also committed to adopting a similar approach to promote diversity of the management (including but not limited to the senior management) of the Company to enhance the effectiveness of corporate governance of the Company as a whole.

The Nomination Committee is delegated by the Board to be responsible for compliance with relevant codes governing board diversity under the Corporate Governance Code. The Board reviews the Diversity Policy annually to ensure its continued implementation and effectiveness.

## Measurable Objectives

For the purpose of implementing the Diversity Policy, the following measurable objectives were adopted:

- (i) Independence: The Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong element of independence in the Board. The independent non-executive Directors shall be of sufficient caliber and stature for their views to carry weight.
- (ii) Skills and experience: The Board possesses a balance of skills appropriate for the requirements of the business of the Company. The Directors have a mix of finance, academic and management backgrounds that taken together provide the Company with considerable experience in a range of activities.
- (iii) Gender equality: The Board consists of a female director.

Apart from the above objectives, the Diversity Policy has complied with the following requirements under the Listing Rules:

- (i) at least one-third of the members of the Board shall be independent non-executive Directors;
- (ii) at least three of the members of the Board shall be independent non-executive Directors; and
- (iii) at least one of the members of the Board shall have appropriate professional qualifications or accounting or related financial management expertise.

The Board has achieved the measurable objectives in the Diversity Policy.

## Dividend Policy

The Company has never declared or paid regular cash dividends on its Shares. The Company currently expects to retain all future earnings for use in the operation and expansion of the business and do not anticipate paying cash dividends in the foreseeable future. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Act. The declaration and payment of any dividends in the future will be determined by the Board, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions.

Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by the Board. As advised by our Cayman counsel, under the Cayman Companies Act, a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that 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. In light of our accumulated losses as disclosed in this report, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future. We may, however, pay a dividend out of our share premium account unless the payment of such a dividend would result in the Company being unable to pay our debts as they fall due in the ordinary course of business. There is no assurance that dividends of any amount will be declared to be distributed in any year.

### Nomination Policy

The Board has adopted a Nomination Policy with regard to nomination of Directors. The Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. The Nomination Committee will recommend to the Board for the appointment of a Director including an independent non-executive Director in accordance with the following selection criteria and nomination procedures:

- (i) identify individuals who are suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, having due regard to the Company's Diversity Policy, the requirements in the Company's constitutional documents, the Listing Rules and applicable laws and regulations, and the relevant candidates' contributions to the Board in terms of qualifications, skills, experiences, independence and gender diversity;
- (ii) assess the independence of independent non-executive Directors to determine their eligibility with reference to the factors set out in Rule 3.13 of the Listing Rules and any other factors deemed appropriate by the Nomination Committee or the Board. If a proposed independent non-executive Director will be holding their seventh (or more) listed company directorship, to assess his/her ability to devote sufficient time to the Board matters; and
- (iii) develop the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship, including but not limited to evaluating the balance of skills, knowledge and experience on the Board, and in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment.

The Nomination Committee will review the Nomination Policy, from time to time and as appropriate, to ensure its effectiveness.

## CORPORATE GOVERNANCE FUNCTION

The Board has delegated the functions set out in code provision A.2.1 of the Corporate Governance Code to the Audit Committee.

During the year ended December 31, 2024, the Audit Committee has reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the Corporate Governance Code 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 company secretary of the Company may from time to time and as the circumstances require provide updated written training materials relating to the roles, functions and duties of a director of a company listed on the Stock Exchange.

## DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

Pursuant to the code provision C.1.4 of the Corporate Governance Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant.

Pursuant to the code provision C.1.1 of the Corporate Governance Code, newly appointed directors of an issuer should be provided with necessary induction and information to ensure that they have a proper understanding of the issuer's operations and business as well as their responsibilities under relevant statutes, laws, rules and regulations.

During the year ended December 31, 2024 and up to the date of this report, the Directors were regularly briefed on the amendments to or updates on the relevant laws, rules and regulations.

During the year ended December 31, 2024, all Directors, namely Dr. XIA Yu, Dr. LI Baiyong, Dr. WANG Zhongmin Maxwell, Mr. XIA Yu (Ph. D.) (resigned with effect from June 30, 2024), Dr. ZHANG Peng (appointed with effect from June 30, 2024), Dr. ZHOU Yi (resigned with effect from June 30, 2024), Mr. XIE Ronggang, Dr. ZENG Junwen, Dr. XU Yan and Mr. TAN Bo, have participated in training sessions conducted by the legal advisors of the Company, and have been updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. The Directors are asked to submit a signed training record to the Company on an annual basis. In addition, continuing briefing and professional development to Directors will be arranged whenever necessary.

## AUDITOR'S RESPONSIBILITY AND REMUNERATION

The Company appointed Ernst & Young as the external auditor for the year ended December 31, 2024. A statement by Ernst & Young about their reporting responsibilities for the financial statements is included in the Independent Auditors' Report on pages 116 to 118 of this report.

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

Services rendered for the Company	Fees paid and payable RMB'000
Audit services	2,330
Non-audit services <sup>(1)</sup>	1,063
Total	3,393

Note:

(1) Non-audit services are related to interim review, ESG reporting consulting and tax advisory services.

## RISK MANAGEMENT AND INTERNAL CONTROLS

### Risk Management

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.

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

The following key principles outline the Company's approach to risk management:

- The Audit Committee will oversee and manage the overall risks associated with the Company's business operations, including (i) reviewing and approving the Company's risk management policies to ensure that it is consistent with its corporate objectives, (ii) monitoring the most significant risks associated with the Company's business operations and its management's handling of such risks, and (iii) ensuring the appropriate application of our risk management framework across the Group.
- The relevant departments, including but not limited to the business operations department, finance department and general administration department, are responsible for developing and implementing our risk management policy and carrying out our day-to-day risk management practice, such as assessing risks on key business operations, advising risk responses and optimizing risk management policies. In order to formalize risk management across the Group and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function, (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives, (iii) continuously monitor the key risks relating to their operation or function, (iv) implement appropriate risk responses where necessary, and (v) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

The risk management and internal control systems of the Company during the reporting year are reviewed on an annual basis. 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. We consider that the Directors and members of the Company's senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control. During the annual review, the Board is of the view that the risk management and internal control systems in respect of the year ended December 31, 2024 are effective and adequate.

## Internal Control

The Board is responsible for establishing and ensuring effective internal controls to safeguard the Shareholder's investment at all times. The Company's internal control policies set out a framework to identify, assess, evaluate and monitor key risks associated with its strategic objectives on an ongoing basis. The Company has adopted various measures and procedures regarding each aspect of its business operation. The Company provides training about these measures and procedures to new employees. The Company also constantly monitors the implementation of those measures and procedures. The Company maintains strict anti-corruption policies on personnel with external communication functions.

The Company will also ensure that its commercialization team complies with applicable promotion and advertising requirements, which include restrictions on promoting drugs for unapproved uses or patient populations and limitations on industry-sponsored scientific and educational activities. The Directors (who are responsible for monitoring the corporate governance of the Group), with help from the Company's legal advisors, will also periodically review its compliance status with all relevant laws and regulations.

The Audit Committee will (i) make recommendations to the Directors on the appointment and removal of external auditor, and (ii) review the financial statements and render advice in respect of financial reporting as well as oversee internal control procedures of the Group.

During the year ended December 31, 2024, the Company has regularly reviewed and enhanced its risk management and internal control systems. We believe that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control. No significant change to the system was implemented during the year ended December 31, 2024. The Company has received confirmation from the management and the Audit Committee in respect of the effectiveness of the system.

The Company has established internal audit function and risk management and internal control systems with relevant policies and procedures that we believe are appropriate for our business operations.

The Company has established procedures for identifying, handling and disseminating inside information in compliance with the SFO, including the issue of an inside information disclosure policy, the annual review and update (if necessary) of such inside information disclosure policy, pre-clearance on dealing in Company's securities by Directors and designated members of the management, notification of regular blackout period and securities dealing restrictions to relevant Directors and employees have been implemented by the Company to guard against possible mishandling of inside information within the Group.

### Whistleblowing Policy

The Company has adopted arrangement to facilitate employees and other stakeholders to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters.

The Audit Committee shall review such arrangement regularly and ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

### Anti-corruption Training

Honesty and fairness are important assets of the Group's business. The Group endeavors to maintain a high level of ethical corporate culture. The Group sends anti-corruption training rules and relevant documents to all employees via email on an annual basis, hoping to ensure that all employees comply with the Company's rules in daily operations by developing a sound risk management code and internal control code and providing integrity training.

During the Reporting Period, the Company complied with the provisions on prohibiting corruption and bribery under the "Criminal Law of the People's Republic of China" as well as any legal provisions and requirements for listed companies in Hong Kong, and was not involved in any legal prosecution of corruption.

## COMPANY SECRETARY AND PRIMARY CONTACT OF THE COMPANY

Ms. LEUNG Wai Yan ("**Ms. Leung**") has been appointed as a joint company secretary of the Company since August 23, 2022. Ms. Leung is currently a manager of corporate services of Vistra Corporate Services (HK) Limited (a company secretarial service provider). Ms. Leung remains in office and has been acting as the sole company secretary of the Company since May 3, 2023. Dr. XIA Yu, an executive Director, is the primary contact of Ms. Leung at the Company.

In compliance with Rule 3.29 of the Listing Rules, Ms. Leung has undertaken not less than 15 hours of relevant professional training to update her skills and knowledge during the year ended December 31, 2024.

## SHAREHOLDERS' RIGHTS

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

Pursuant to the Articles of Association, an EGM shall be called by notice in writing of not less than 14 days. Any two or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings of the Company (the "**Eligible Shareholder(s)**") shall at all times have the right, by written requisition to the Board or the company secretary of the Company (the "**Company Secretary**"), to require an EGM to be called by the Board for the transaction of any business specified in such requisition.

Eligible Shareholder(s) who wish to convene an EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong at Room 1901, 19/F Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, for the attention of the Company Secretary.

The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM, the agenda proposed to be included and the details of the business(es) proposed to be transacted at the EGM. The Requisition must be signed by the Eligible Shareholder(s) concerned.

The Company will check the Requisition and the identity and shareholding of the Eligible Shareholder(s) will be verified with the Company's branch share registrar. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an EGM within two months and/or include the proposal or the resolution proposed by the Eligible Shareholder(s) at the EGM after the deposit of the Requisition.

If within 21 days of the deposit of the Requisition the Board has not advised the Eligible Shareholders of any outcome to the contrary and fails to proceed to convene such EGM within a further 21 days, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the Articles of Association, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

### **Putting Forward Proposals at General Meetings**

There are no provisions under the Articles of Association or the Companies Act of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as a Director.

Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

For proposal of a person for election as Director, pursuant to Article 16.4 of the Articles of Association, no person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least seven days, commencing no earlier than the day after the dispatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the company secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

### **Putting Forward Enquiries to the Board and Contact Details**

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

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

Address: No. 6, Shennong Road, Torch Development Zone, Zhongshan City,  
Guangdong Province 528437

Email: [ir@akesobio.com](mailto:ir@akesobio.com)

### SHAREHOLDERS ENGAGEMENT

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 "**Communication Policy**") on April 7, 2020 to ensure that the Shareholders and in appropriate circumstances, the investment community at large (which include the Company's potential investors as well as analysts who report and analyze the Company's performance), are timely provided with information about the Company (including its financial performance, strategic goals and plans, material developments and corporate governance), in order to enable Shareholders to exercise their rights in an informed manner, and to enhance the communication between the Shareholders, the investment community and the Company.

The Communication Policy has set out means of communication by Shareholders and the investment community, for example, Shareholders and the investment community may at any time contact either the Company's investor relations department or the company secretary to enquire about the information published by the Company. Information uploaded by the Company to the HKEx News Website is also posted on the Company's website immediately thereafter. Such information includes announcements, circulars and notices of general meetings and other documents. Shareholders are encouraged to participate in general meetings (including annual general meetings) and to attend Shareholders' activities organized by the Company, where information about the Company, including its latest strategic plan, products and services, etc. will be communicated. The Company endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the forthcoming annual general meeting, the Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries. These channels allow us to receive feedback from our Shareholders and the investment community.

The implementation and effectiveness of the Communication Policy has been reviewed by the Board during the year ended December 31, 2024 and the Board considered that it is adequate and effective, having considered the communication channels in place provided Shareholders and investment community with information about the latest development of the Group in a timely manner, and the Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders to allow the Company to receive feedback effectively.

### CHANGES IN CONSTITUTIONAL DOCUMENTS

The Company did not make any changes to its constitutional documents during the year ended December 31, 2024.



## Independent auditor's report

To the shareholders of Akeso, Inc. 康方生物科技(開曼)有限公司

(Incorporated in the Cayman Islands with limited liability)

## OPINION

We have audited the consolidated financial statements of Akeso, Inc. 康方生物科技(開曼)有限公司 (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 119 to 201, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

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

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

## KEY AUDIT MATTERS (Continued)

### Key audit matter

### How our audit addressed the key audit matter

#### Revenue recognition

The Group recorded revenue amounting to approximately RMB2,124 million in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024. Revenue was mainly derived from sales of products, license and service contracts for the development, manufacture and commercialisation of candidate drugs.

Revenue from contracts with customers is recognised when controls of goods, licenses and services have been transferred to the customers according to the contract terms. We focus on this area due to the large transaction volume and sales amounts from sales of goods and the revenue recognition of license and services involving significant judgements and estimates made by management. Therefore, we identified the revenue recognition of sales of goods and license and service contracts as a key audit matter.

The Group's specific disclosures about revenue recognition are included in note 2.4 *Material accounting policies*, note 3 *Significant accounting judgements and estimates* and note 4 *Revenue and operating segment information* to the financial statements.

- We obtained an understanding of, evaluated the design and tested the operating effectiveness of controls over the revenue recognition;
- We obtained the sales, license and service contracts with customers, and reviewed key terms of revenue recognition to assess management's identification of performance obligations and management's estimation of the variable consideration amounts and to evaluate the timing of the revenue recognition;
- We involved internal specialists to assist us in the assessment of the methodologies and the assumptions used by management in the determination of the stand-alone selling price of each performance obligation in the license and service contracts;
- We examined the revenue records on a sample basis to check the occurrence and accuracy;
- We tested the recognition of revenue transactions close to the period end to assess whether they were recorded in the correct period;
- We tested the accuracy and completeness of the calculation for the variable consideration amounts included in the total consideration on a sample basis and assessed whether proper accounting treatment has been made by management;
- We obtained revenue and trade receivables confirmations from major customers and reviewed the reconciliation of any material difference provided by management by checking related documents, and performed alternative procedures for those confirmations with no response; and
- We inquired of management about the reasons for periodical fluctuations in revenue and identified whether there were any unusual items.

**KEY AUDIT MATTERS** (Continued)**Key audit matter****How our audit addressed the key audit matter*****Recognition of research and development expenses***

The Group incurred significant research and development (“**R&D**”) expenses of RMB1,188 million as disclosed in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024, which mainly consisted of staff costs, clinical trial expenses and service fees paid to outsourced service providers. The research and development activities with these service providers are documented in detailed agreements and typically performed over an extended period. The allocation of these R&D expenses to the appropriate reporting period based on the progress of the research and development projects involves judgements. Therefore, we identified the recognition of research and development expenses as a key audit matter.

The Group's disclosure about R&D expenses is included in note 2.4 *Material accounting policies* to the financial statements.

- We obtained an understanding of, evaluated and tested the key controls over the R&D expenses process;
- We inquired of management about the reasons for periodical fluctuations in R&D expenses and identified whether there were any unusual items;
- We reviewed the key terms set out in agreements with outsourced service providers and performed background search as well as site visits on a sample basis. We evaluated the progress of the R&D projects based on the inspection of supporting documents on a sample basis; and
- We reviewed the R&D expense payments and other supporting documents in both the current and subsequent periods in order to determine the completeness and accuracy of the R&D expenses.

### OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

### RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Hui Kin Fai, Stephen.

### **Ernst & Young**

*Certified Public Accountants*

27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

30 March 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Commercial sales	4	2,044,410	1,631,111
License income	4	121,577	2,922,775
Total income from commercial sales and licenses		2,165,987	4,553,886
Less: Distribution cost	4	(42,043)	(27,633)
Revenue	4	2,123,944	4,526,253
Cost of sales		(289,042)	(133,248)
Gross profit		1,834,902	4,393,005
Other income and gains, net	5	365,985	454,180
Research and development expenses		(1,187,690)	(1,254,023)
Selling and marketing expenses		(1,001,793)	(890,384)
Administrative expenses		(203,641)	(200,094)
Share of loss of a long-term equity investment	16	(68,509)	(191,722)
Other expenses, net		(172,087)	(281,450)
Finance costs	7	(68,260)	(86,987)
<b>(LOSS)/PROFIT BEFORE TAX</b>	6	<b>(501,093)</b>	1,942,525
Income tax expense	10	—	(174)
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<b>(501,093)</b>	1,942,351
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(106,809)	(95,025)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Translation from functional currency to presentation currency		113,399	89,139
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX</b>		<b>6,590</b>	(5,886)
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>		<b>(494,503)</b>	1,936,465

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

Year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
(Loss)/profit attributable to:			
Owners of the parent		(514,515)	2,028,300
Non-controlling interests		13,422	(85,949)
		(501,093)	1,942,351
Total comprehensive (loss)/income attributable to:			
Owners of the parent		(507,925)	2,022,414
Non-controlling interests		13,422	(85,949)
		(494,503)	1,936,465
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic	12	RMB(0.60) yuan	RMB2.42 yuan
Diluted	12	RMB(0.60) yuan	RMB2.42 yuan

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	3,230,686	2,823,982
Right-of-use assets	14(a)	319,514	338,042
Intangible assets	15	11,802	6,417
Financial assets at fair value through profit or loss	21(b)	16,314	12,039
Long-term equity investment	16	398,495	293,441
Other non-current assets	17	86,569	30,403
Total non-current assets		4,063,380	3,504,324
<b>CURRENT ASSETS</b>			
Inventories	18	706,533	391,868
Trade receivables	19	524,911	295,563
Prepayments, other receivables and other assets	20	116,291	94,918
Financial assets at fair value through profit or loss	21(a)	425,785	852,431
Cash and bank balances	22	6,918,065	4,041,986
Total current assets		8,691,585	5,676,766
<b>CURRENT LIABILITIES</b>			
Trade payables	23	425,193	354,828
Other payables and accruals	24	715,143	443,575
Interest-bearing bank and other borrowings	25	535,460	390,513
Lease liabilities	14(b)	9,665	14,514
Tax payable		1,169	1,152
Total current liabilities		1,686,630	1,204,582
<b>NET CURRENT ASSETS</b>		<b>7,004,955</b>	<b>4,472,184</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>11,068,335</b>	<b>7,976,508</b>

## Consolidated Statement of Financial Position

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	25	3,406,128	2,577,270
Contract liabilities	4	617,632	631,651
Lease liabilities	14(b)	674	8,605
Deferred income	26	290,253	240,031
Deferred tax liabilities	27	174	174
Total non-current liabilities		4,314,861	3,457,731
Net assets		6,753,474	4,518,777
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	28	63	59
Shares held for restricted share unit schemes	28	(48,604)	(63,567)
Reserves	30	6,862,494	4,755,847
		6,813,953	4,692,339
Non-controlling interests		(60,479)	(173,562)
Total equity		6,753,474	4,518,777

.....  
**Dr. XIA Yu**  
*Director*

.....  
**Dr. LI Baiyong**  
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Share capital RMB'000 Note 28	Shares held for restricted share unit schemes RMB'000 Note 28	Share premium* RMB'000 Note 28	Capital reserve* RMB'000 Note 30	Share award reserve* RMB'000 Note 29	Share option reserve* RMB'000 Note 29	Exchange fluctuation reserve* RMB'000 Note 30	Accumulated losses* RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	59	(84,452)	4,585,374	2,112,912	96,289	-	(156,891)	(3,917,664)	2,635,627	(87,613)	2,548,014
Profit for the year	-	-	-	-	-	-	-	2,028,300	2,028,300	(85,949)	1,942,351
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(95,025)	-	(95,025)	-	(95,025)
Translation from functional currency to presentation currency	-	-	-	-	-	-	89,139	-	89,139	-	89,139
Total comprehensive income for the year	-	-	-	-	-	-	(5,886)	2,028,300	2,022,414	(85,949)	1,936,465
Equity-settled share award arrangements	-	-	-	-	32,266	-	-	-	32,266	-	32,266
Equity-settled share option arrangements	-	-	-	-	-	2,032	-	-	2,032	-	2,032
Shares held for restricted share unit schemes	-	-	-	-	-	-	-	-	-	-	-
Exercise of restricted share units	-	20,885	-	-	(19,185)	-	-	(1,700)	-	-	-
At 31 December 2023	59	(63,567)	4,585,374	2,112,912	109,370	2,032	(162,777)	(1,891,064)	4,692,339	(173,562)	4,518,777

## Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Share capital	Shares held for restricted share unit schemes	Share premium*	Capital reserve*	Share award reserve*	Share option reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 28	Note 28	Note 28	Note 30	Note 29	Note 29	Note 30				
At 1 January 2024	59	(63,567)	4,585,374	2,112,912	109,370	2,032	(162,777)	(1,891,064)	4,692,339	(173,562)	4,518,777
Loss for the year	-	-	-	-	-	-	-	(514,515)	(514,515)	13,422	(501,093)
Other comprehensive loss for the year:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(106,809)	-	(106,809)	-	(106,809)
Translation from functional currency to presentation currency	-	-	-	-	-	-	113,399	-	113,399	-	113,399
Total comprehensive loss for the year	-	-	-	-	-	-	6,590	(514,515)	(507,925)	13,422	(494,503)
Acquisition of non-controlling interests	-	-	-	(367,048)	-	-	-	-	(367,048)	99,661	(267,387)
Issue of shares	4	-	2,850,556	-	-	-	-	-	2,850,560	-	2,850,560
Share issue expenses	-	-	(27,293)	-	-	-	-	-	(27,293)	-	(27,293)
Equity-settled share award arrangements	-	-	-	-	3,355	-	-	-	3,355	-	3,355
Equity-settled share option arrangements	-	-	-	-	-	3,069	-	-	3,069	-	3,069
Exercise of restricted share units	-	14,963	-	-	(16,263)	-	-	1,300	-	-	-
Exercise of share options	-	-	939	-	-	(366)	-	-	573	-	573
Share of other capital reserve of an associate	-	-	-	166,323	-	-	-	-	166,323	-	166,323
At 31 December 2024	63	(48,604)	7,409,576	1,912,187	96,462	4,735	(156,187)	(2,404,279)	6,813,953	(60,479)	6,753,474

\* These reserve accounts comprise the consolidated reserves of RMB6,862,494,000 (2023: RMB4,755,847,000) in the consolidated statement of financial position.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before tax		<b>(501,093)</b>	1,942,525
Adjustments for:			
Bank interest income	5	<b>(206,381)</b>	(119,733)
Investment income from financial products	5	<b>(27,609)</b>	(47,952)
Loss on disposal of items of property, plant and equipment	6	<b>26</b>	–
Gain upon lease payment modification	6	<b>(49)</b>	–
Depreciation of property, plant and equipment	6	<b>172,361</b>	125,323
Depreciation of right-of-use assets	6	<b>19,184</b>	15,206
Amortisation of intangible assets	6	<b>2,423</b>	2,239
Net changes in fair value of financial assets			
at fair value through profit or loss	6	<b>322</b>	(4,154)
Government grant released	5	<b>(54,283)</b>	(118,320)
Share of loss of a long-term equity investment	16	<b>68,509</b>	191,722
Foreign exchange differences, net	5	<b>(77,272)</b>	(135,887)
Equity-settled share award expenses	29	<b>3,355</b>	32,266
Equity-settled share option expenses	29	<b>3,069</b>	2,032
Finance costs	7	<b>68,260</b>	86,987
Write-down of inventories to net realisable value	6	<b>12,202</b>	4,266
Impairment of trade receivables, net	6	<b>2,548</b>	868
		<b>(514,428)</b>	1,977,388
Increase in inventories		<b>(326,867)</b>	(54,302)
Increase in trade receivables		<b>(231,896)</b>	(25,385)
Decrease in prepayments, other receivables and other assets		<b>8,107</b>	163,031
Increase in trade payables		<b>70,365</b>	45,880
Increase/(decrease) in other payables and accruals		<b>254,973</b>	(119,169)
(Decrease)/increase in contract liabilities		<b>(14,019)</b>	302,295
Increase in deferred income in respect of government grants related to income		<b>39,088</b>	105,664
		<b>(714,677)</b>	2,395,402
Cash generated (used in)/from operations		<b>187,062</b>	72,371
Bank interest received			
		<b>(527,615)</b>	2,467,773

## Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Net cash flows (used in)/from operating activities		(527,615)	2,467,773
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		(585,771)	(719,382)
Purchase of intangible assets		(7,808)	(160)
Purchases of items of land use rights		(155)	(159,948)
Purchases of a long-term equity investment		—	(155,807)
Proceeds from disposal of items of property, plant and equipment		—	2
Receipt of government grants related to assets		95,189	93,121
Purchases of financial assets at fair value through profit or loss		(1,299,415)	(8,954,911)
Proceeds from disposal of financial assets at fair value through profit or loss		1,728,986	8,303,853
Interest income from financial assets at fair value through profit or loss		29,450	47,952
Placement of time deposits with original maturity of more than three months		(1,466,913)	(2,440,324)
Placement of pledged deposits		(16,426)	(11,646)
Net cash flows used in investing activities		(1,522,863)	(3,997,250)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New bank and other borrowings		1,318,716	1,473,782
Repayment of bank and other borrowings		(356,794)	(374,847)
Proceeds from issue of shares		2,850,560	—
Share issue expenses		(27,293)	(3,378)
Acquisition of non-controlling interests		(267,387)	—
Principal portion of lease payments		(13,778)	(12,080)
Interest paid		(115,326)	(123,708)
Proceeds from exercise of share option		573	—
Withdrawal of refundable deposits		—	1,122
Net cash flows from financing activities		3,389,271	960,891
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>1,338,793</b>	<b>(568,586)</b>
Cash and cash equivalents at beginning of year		1,542,313	2,092,388
Effect of foreign exchange rate changes, net		34,636	18,511
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>2,915,742</b>	<b>1,542,313</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents as stated in the statement of financial position	22	2,915,742	1,542,313
Cash and cash equivalents as stated in the statement of cash flows		2,915,742	1,542,313

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 30 January 2019. The address of the registered office of the Company is Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries are involved in the research and development, production and sale of biopharmaceutical products.

The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 24 April 2020.

### Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Akeso (BVI), Inc. (note (a))	British Virgin Islands ("BVI")	United States dollars ("US\$") 50,000	100%	–	Investment holding
Akeso Biopharma Co., Ltd. * (中山康方生物醫藥有限公司) (note (b))	People's Republic of China ("PRC")/ Mainland China	Renminbi ("RMB") 5,000,000,000	–	100%	Product research and development, technology transfer and provision of consulting service
Akeso Pharma Co., Ltd. ("Akeso Pharma") * (康方藥業有限公司) (note (b))	PRC/Mainland China	RMB200,000,000	–	95%	Product research and development, product sales
Akeso Tiancheng Guangdong Co., Ltd. * (康方天成(廣東)製藥有限公司) (note (b))	PRC/Mainland China	RMB200,000,000	–	100%	Product research and development, technology transfer and provision of consulting service
AD Pharmaceuticals Co., Ltd. ("AD Pharmaceuticals") * (康融東方(廣東)醫藥有限公司) (note (b))	PRC/Mainland China	RMB243,800,000	–	100%	Product research and development
AD Pharmaceuticals Guangzhou Co., Ltd. * (康融東方(廣州)生物醫藥有限公司) (note (b))	PRC/Mainland China	RMB20,000,000	–	100%	Product research and development
AkesoBio Inc. (note (a))	United States of America (the "USA")	US\$333,000	–	100%	Product research and development

31 December 2024

**1. CORPORATE AND GROUP INFORMATION** (Continued)**Information about subsidiaries** (Continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Akesobio Australia Pty Ltd. (note (a))	Australia	Australian dollars ("A\$") 8,028,086	–	100%	Product research and development
Akeso Limited (note (a))	Hong Kong	Hong Kong dollars ("HK\$") 2,560,000	–	100%	Investment holding
Akeso-Sino Pharma Co., Ltd.* (康方賽諾醫藥有限公司) (note (b))	PRC/Mainland China	RMB600,000,000	–	100%	Product research and development
CTTQ-Akeso (Shanghai) Biomed. Tech. Co., Ltd. ("CTTQ-Akeso") * (正大天晴康方(上海) 生物醫藥科技有限公司) (note (b))	PRC/Mainland China	RMB689,450,000	–	50%	Product research and development, and product sales
Akeso Longyue (Guangdong) Tech. Co., Ltd. (康方隆躍(廣東)科技有限公司) (note (b))	PRC/Mainland China	RMB100,000,000	–	100%	Product research and development

*Notes:*

(a) Registered as a limited liability company.

(b) Registered as a limited liability company under PRC law.

(c) The registered capital of Akeso Biopharma Co., Ltd. and Akeso Tiancheng Guangdong Co., Ltd. of approximately RMB479,916,140 and RMB14,000,000, respectively, was unpaid as at 31 December 2024.

\* The English names of these companies represent the best effort made by the directors of the Company to translate their Chinese names as these companies have not been registered with any official English names.

None of the subsidiaries of the Group had issued any debt securities at the end of the reporting period.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

## 2. ACCOUNTING POLICIES

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations) issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

#### ***Basis of consolidation***

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

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

31 December 2024

## 2. ACCOUNTING POLICIES (Continued)

### 2.2 Changes in accounting policies and disclosures

The Group has adopted the following revised IFRS Accounting Standards for the first time for the current year's financial statements.

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

The nature and the impact of the revised IFRS Accounting Standards are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

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

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

31 December 2024

## 2. ACCOUNTING POLICIES (Continued)

### 2.3 Issued but not yet effective IFRS Accounting Standards

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

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>4</sup> No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

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

31 December 2024

## 2. ACCOUNTING POLICIES (Continued)

### 2.3 Issued but not yet effective IFRS Accounting Standards (Continued)

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed. However, the amendments are available for adoption now.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

31 December 2024

## 2. ACCOUNTING POLICIES (Continued)

### 2.3 Issued but not yet effective IFRS Accounting Standards (Continued)

*Annual Improvements to IFRS Accounting Standards — Volume 11* set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- *IFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

31 December 2024

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies

#### ***Investments in associates***

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

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

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

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

#### ***Business combinations***

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

31 December 2024

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### ***Fair value measurement***

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

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

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

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

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

31 December 2024

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### ***Impairment of non-financial assets***

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

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

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

31 December 2024

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### ***Related parties***

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

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

31 December 2024

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### ***Property, plant and equipment and depreciation***

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

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

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

Leasehold improvements	10.00% to 67.00%
Machinery and equipment	9.00% to 18.00%
Office equipment	9.00% to 30.00%
Motor vehicles	9.00% to 18.00%
Buildings	4.50% to 9.00%

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

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

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

31 December 2024

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### ***Intangible assets (other than goodwill)***

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

#### ***Software***

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of 3 to 10 years.

The useful lives of the software were assessed by the Group considering different purposes and usage of the software. The useful lives of software varied from 3 to 10 years depending on the management's plan on the usage and upgrade frequency of the respective software.

#### ***Research and development costs***

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

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

31 December 2024

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### Leases

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

#### *Group as a lessee*

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

#### (a) Right-of-use assets

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

Land use rights	50 years
Plant and buildings	2 to 3 years
Machinery	10 years

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

#### (b) Lease liabilities

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

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

31 December 2024

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### **Leases** (Continued)

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

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

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

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

#### **Investments and other financial assets**

##### *Initial recognition and measurement*

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

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

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

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

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

31 December 2024

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

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

##### *Subsequent measurement*

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

##### *Financial assets at amortised cost (debt instruments)*

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

##### *Financial assets at fair value through profit or loss*

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

31 December 2024

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### ***Derecognition of financial assets***

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

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

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

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

31 December 2024

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### ***Impairment of financial assets***

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

#### *General approach*

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

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

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### **Impairment of financial assets** (Continued)

##### *Simplified approach*

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

#### **Financial liabilities**

##### *Initial recognition and measurement*

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

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

The Group's financial liabilities include trade and other payables and interest-bearing bank and other borrowings.

##### *Subsequent measurement*

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

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

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

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

31 December 2024

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### ***Derecognition of financial liabilities***

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

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

#### ***Offsetting of financial instruments***

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

#### ***Shares held for restricted share unit schemes***

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

#### ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

#### ***Cash and cash equivalents***

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

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

#### ***Provisions***

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

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

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### **Income tax**

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

31 December 2024

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### **Income tax** (Continued)

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

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

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

#### **Government grants**

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

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

#### **Revenue recognition**

##### *Revenue from contracts with customers*

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

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

31 December 2024

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### **Revenue recognition** (Continued)

##### *Revenue from contracts with customers* (Continued)

(a) Revenue from license income

The Group generated revenue from licenses of its intellectual property (“IP”) to customers. The licenses are either sold separately or bundled together with supply of goods and technical supports. Customers would use commercially reasonable efforts to develop, manufacture and commercialise those IP and would bear the costs of development, manufacturing and commercialisation. The Group was entitled to consideration of upfront payments, future clinical development milestone payments and sales milestone payments. Upfront payments and future clinical development milestone payments were fixed and became receivable upon each milestone, i.e. grant of IP or achievement of development specified in the license contract. Sales milestone payments were based on future sales of the relevant products by customers.

At contract inception, the Group assesses the goods or services promised within each contract and determines those that are performance obligations, and assesses whether each promised good or service is distinct. And the transaction price is allocated based on the relative stand-alone selling prices of the performance obligations.

At the inception of each license contract, the Group evaluates whether the upfront payments and future clinical development milestone payments are considered probable of being achieved and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant reversal of cumulative revenue would not occur, the associated milestone value is included in the transaction price. Upfront payments and future clinical development milestone payments that are not within the control of the Group are not considered probable of being achieved until those milestones are achieved. At the end of each subsequent reporting period, the Group re-evaluates the probability of achievement of all milestones subject to constraint and, if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catchup basis, which would affect revenues and earnings in the period of adjustment.

For the license contracts in which the Group will not undertake any activities that significantly affect the IP, the customer gets a right to use the IP when the licence is granted. The Group recognises revenue at the amount estimated as above when the customer obtains the right to use the IP.

The portion of the transaction price that is allocated to performance obligations satisfied at a point in time is recognised as revenue when control of the goods or services is transferred to the counterparty. If the performance obligation is satisfied over time, the portion of the transaction price allocated to that performance obligation is recognised as revenue as the performance obligation is satisfied. The Group adopts an appropriate method of measuring progress for the purpose of recognising revenue. The Group evaluates the measure of progress at the end of each reporting period and, if necessary, adjusts the measure of performance and related revenue recognition.

Sales milestone payments are regarded as sales-based royalties and recognised as revenue only when the subsequent sale of relevant product by customer occurs.

31 December 2024

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### **Revenue recognition** (Continued)

##### *Revenue from contracts with customers* (Continued)

#### (b) Sale of products

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

The consideration paid or payable to a customer is treated as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Group. Accordingly, if the consideration payable to a customer is accounted for as a reduction of the transaction price, the Group recognises the reduction of revenue when (or as) the later of either of the following events occurs: (a) the Group recognises revenue for the transfer of the related goods or services to the customers; and (b) the Group pays promises to pay the consideration (even if the payment is conditional on a future event). That promise might be implied by the Group's customary business practices.

#### (c) Revenue from provision of services

The Group recognises revenue from provision of services only when it satisfies a performance obligation by transferring control of the promised services. The transfer of control can occur over time or at a point in time. A performance obligation is satisfied over time if it meets one of the following criteria.

- The counterparty simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.
- The Group's performance creates or enhances an asset that the counterparty controls as the asset is created or enhanced.

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 portion of the transaction price that is allocated to services satisfied at a point in time is recognised as revenue when control of the services transfers to the counterparty. If the services are satisfied over time, the portion of the transaction price allocated to that services is recognised as revenue as the services are satisfied. The Group adopts an appropriate method of measuring progress for purposes of recognising revenue from provision of services. The Group evaluates the measure of progress at the end of each reporting period and, if necessary, adjusts the measure of performance and related revenue recognised.

#### *Other income*

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

31 December 2024

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### **Contract liabilities**

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

#### **Share-based payments**

The Company operates two restricted share unit schemes and one share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. Further details of fair values are given in note 29 to the financial statements.

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

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

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

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

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

31 December 2024

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### ***Other employee benefits***

##### *Pension scheme*

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

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

#### ***Borrowing costs***

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

#### ***Dividends***

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

31 December 2024

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 Material accounting policies (Continued)

#### ***Foreign currencies***

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

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

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

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

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

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

31 December 2024

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

#### **Judgements**

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

#### ***Recognition of revenue from customers***

The Group identifies the performance obligations within the agreement and evaluates which performance obligations are distinct, which requires the use of judgement. In determining the performance obligations from licenses of IP, the Group has determined that the license and other deliverables are capable of being distinct. The license is separately identifiable in the contract and will be granted at contract inception. The license is not an input that will be integrated with the service which represents a combined output. In addition, the license and other deliverables are not highly interdependent or highly interrelated, because the delivery of the license is not dependent on the service to be provided in the future, accordingly, it is not interdependent or interrelated with the service. Consequently, the Group has allocated a portion of the transaction price to license and other deliverables based on relative standalone selling prices.

In determining the timing of recognition of revenue from licenses of IP, the Group must use judgement to determine the nature of its promise in granting a licence. The Group's promise is to provide a right to access the IP if all of the following criteria are met: (a) the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the IP to which the customer has rights; (b) the rights granted by the licence directly expose the customer to any positive or negative effects of the Group's activities identified in (a); and (c) those activities do not result in the transfer of a good or a service to the customer as those activities occur. If the licensed IP does not have those characteristics, the license contract provides a right to use this IP. Based on the nature of the license contracts, the Group considered that it would not undertake any activities that significantly affect the IP thus concluded that all the license contracts during the reporting period provided customer a right to use the IP.

At the inception of each license contract and the end of each subsequent reporting period, the Group evaluates whether the future clinical development milestone payments are considered probable of being achieved and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant reversal of cumulative revenue would not occur, the associated milestone value is included in the transaction price. The Group evaluates factors such as the scientific, clinical, regulatory, commercial, and other risks that must be overcome to achieve the particular milestone of development in making this assessment. There is considerable judgement involved in determining whether it is probable that a significant reversal of cumulative revenue would not occur. During the reporting period, the Group considered the nature of the milestone of development and concluded that future clinical development milestone payments were not within the control of the Group thus were not considered probable of being achieved until those milestones were achieved.

31 December 2024

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

#### **Judgements** (Continued)

##### ***Impairment of non-financial assets***

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each of the reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. There is certain judgements involved in determining whether indicators of impairment exist.

##### ***Consolidation of entities in which the Group holds less than a majority of voting rights***

CTTQ-Akeso was established in Chinese Mainland on 30 August 2019 with 50% of equity shares held by the Group and 50% by a third party respectively. The Group considers that it controls CTTQ-Akeso even though it owns only 50% of the voting rights. This is because the Group has the practical right to appoint the majority members of the board of directors of CTTQ-Akeso, and therefore, the directors of the Company concluded that the Group has the practical ability to direct the relevant activities of CTTQ-Akeso.

##### ***Estimation uncertainty***

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

##### ***Stand-alone selling prices of the license, supply of goods and technical supports***

The Group has a contract which provides the license together with supply of goods and technical supports to a customer. As part of the accounting for this arrangement, the Group will develop assumptions that require estimation to determine the stand-alone selling price for each performance obligation identified in the contract. In developing the stand-alone selling price for a performance obligation, the Group considers the fair value of each performance obligation, and the fair value is determined using the valuation techniques (expected cost plus a margin approach or income approach) that are appropriate in the circumstances and for which sufficient data are available to measure fair value, the key assumptions include the discount rates, royalty rates and the cost mark-up rates. The consideration allocated to each performance obligation is limited to the consideration that is not constrained.

##### ***Recognition of income taxes and deferred tax assets***

Determining income tax provision involves judgment on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised in respect of deductible temporary differences and unused tax losses. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the losses can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered. Further details are included in note 10 to the financial statements.

31 December 2024

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

#### **Estimation uncertainty** (Continued)

##### ***Useful lives and residual values of property, plant and equipment***

In determining the useful life and residual value of an item of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected age of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. The depreciation amount will be adjusted if the estimated useful life and/or the residual value of an item of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each financial year end date based on changes in circumstances. Further details are included in note 2.4 to the financial statements.

##### ***Write-down of inventories to net realisable value***

Write-down of inventories to net realisable value is made for those identified obsolete and slow-moving inventories and inventories with a carrying amount higher than net realisable value. The assessment of the provision required involves management's judgement and estimates on which are influenced by assumptions concerning future sales and usage and judgements in determining the appropriate level of inventory provisions against identified surplus or obsolete items. Where the actual outcome or expectation in future is different from the original estimate, such differences will have impact on the carrying amounts of inventories and the write-down of inventories in the period in which such estimate has been changed. Further details are included in note 6 to the financial statements.

##### ***Provision for expected credit losses on trade receivables***

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the financial statements.

31 December 2024

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

#### Estimation uncertainty (Continued)

##### ***Leases — Estimating the incremental borrowing rate***

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

##### ***Fair value of financial assets at fair value through profit or loss***

Certain financial assets are measured at fair value at the end of each reporting period, respectively.

Fair value of financial assets, i.e. investments in financial products and unlisted investment, in the absence of an active market, is estimated by using appropriate valuation techniques. Such valuations are based on certain assumptions about future cash flows, volatility and liquidity risks associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. The balance of fair value of financial assets at fair value through profit or loss at 31 December 2024 was RMB442,099,000 (2023: RMB864,470,000). Further details are included in note 21 to the financial statements.

31 December 2024

## 4. REVENUE AND OPERATING SEGMENT INFORMATION

### Revenue

An analysis of revenue is as follows:

#### Revenue from contracts with customers

##### (a) Disaggregated revenue information

	2024 RMB'000	2023 RMB'000
<b>Types of goods or services</b>		
Commercial sales	2,044,410	1,631,111
License income	121,577	2,922,775
Total income from commercial sales and licenses	2,165,987	4,553,886
Less: Distribution cost	(42,043)	(27,633)
Revenue	2,123,944	4,526,253
<b>Timing of revenue recognition</b>		
Transferred at a point in time	2,021,480	4,526,253
Transferred over time	102,464	–
Revenue	2,123,944	4,526,253

Distribution cost is relevant to the product sales, and it represents the distribution fee paid or payable by the Group to customers.

Details of contract liabilities as at 31 December 2024 and 31 December 2023 are as follows:

	2024 RMB'000	2023 RMB'000
<b>Short-term advances received from customers (included in other payables and accruals)</b>		
Sales of products	37,298	4,427
<b>Long-term advances received from customers</b>		
Sales of products	617,632	631,651
Total	654,930	636,078

Contract liabilities include long-term advances received to supply clinical and commercial licensed compounds and/or licensed products.

31 December 2024

**4. REVENUE AND OPERATING SEGMENT INFORMATION** (Continued)**Revenue** (Continued)**Revenue from contracts with customers** (Continued)*(a) Disaggregated revenue information* (Continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024 RMB'000	2023 RMB'000
Product sales	14,361	5,959

*(b) Performance obligations*

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

## Revenue from license income

The performance obligation is satisfied at a point in time when the customer obtains the rights to the underlying technology. For arrangements that include sales-based royalties, including milestone payments based on the level of sales, and the license is deemed to be the predominant item to which the royalties relate, the Company recognises revenue at a point in time when the related sales occur.

## Sale of products

The performance obligation is satisfied upon delivery of the products and payment is generally due within 1 year from delivery. Some contracts provide customers with sales rebates which give rise to variable consideration subject to constraint.

## Revenue from provision of services

The performance obligation is satisfied over time as services are rendered and payment is generally due upon completion of the services, except for new customers, where payment in advance is normally required.

**Other segment information**

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

31 December 2024

**4. REVENUE AND OPERATING SEGMENT INFORMATION** (Continued)**Other segment information** (Continued)**Geographical information***(a) Revenue from external customers*

	2024 RMB'000	2023 RMB'000
Mainland China	1,878,044	1,593,541
United States of America (the "USA")	243,644	2,931,509
Other regions	2,256	1,203
Total revenue	2,123,944	4,526,253

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

*(b) Non-current assets*

	2024 RMB'000	2023 RMB'000
Mainland China	3,648,541	3,198,771
USA	398,507	293,475
Other regions	18	39
Total non-current assets	4,047,066	3,492,285

The non-current asset information above is based on the locations of the assets and excludes financial instruments.

**Information about major customers**

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

	2024 RMB'000	2023 RMB'000
Customer A	243,644	2,931,509

31 December 2024

## 5. OTHER INCOME AND GAINS, NET

	2024 RMB'000	2023 RMB'000
Bank interest income	206,381	119,733
Investment income from financial products	27,609	47,952
Government grant released*	54,283	118,320
Foreign exchange differences, net	77,272	135,887
Others	440	32,288
Total other income and gains	365,985	454,180

\* The government grants mainly represent subsidies received from the local governments for the purpose of compensation for expenses arising from research activities and clinical trials, award for new drug development and capital expenditure incurred on certain projects.

## 6. (LOSS)/PROFIT BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Employee benefit expense (excluding directors' remuneration (note 8)):			
Wages and salaries		783,211	673,364
Pension scheme contributions <sup>#</sup>		136,921	119,464
Equity-settled share award expenses		3,069	2,463
Equity-settled share option expense		(2,006)	2,032
Total		921,195	797,323
Cost of inventories sold		289,042	133,248
Depreciation of property, plant and equipment	13	172,361	125,323
Depreciation of right-of-use assets	14	19,184	15,206
Amortisation of intangible assets*	15	2,423	2,239
Lease payments not included in the measurement of lease liabilities	14	2,902	2,554
Auditor's remuneration		2,330	2,280
Impairment of trade receivables, net**	19	2,548	868
Write-down of inventories to net realisable value**		12,202	4,266
Net changes in fair value of financial assets at fair value through profit or loss****		322	(4,154)
Loss on disposal of items of property, plant and equipment**		26	—
Gain upon lease payment modification***		(49)	—

31 December 2024

**6. (LOSS)/PROFIT BEFORE TAX** (Continued)

- \* Included in "Administrative expenses" in the consolidated statements of profit or loss and other comprehensive income.
- \*\* Included in "Other expenses, net" in the consolidated statements of profit or loss and other comprehensive income.
- \*\*\* Included in "Other income and gains, net" in the consolidated statements of profit or loss and other comprehensive income.
- \*\*\*\* Included in "Other expenses, net" (2023: "Other income and gains, net ") in the consolidated statements of profit or loss and other comprehensive income.
- # There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

**7. FINANCE COSTS**

An analysis of finance costs is as follows:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Finance cost on lease liabilities	<b>546</b>	696
Interest on bank and other borrowings	<b>97,437</b>	125,299
Total interest expense on financial liabilities		
not at fair value through profit or loss	<b>97,983</b>	125,995
Less: Interest capitalised	<b>(29,723)</b>	(39,008)
Total	<b>68,260</b>	86,987

31 December 2024

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB'000	2023 RMB'000
Fees	960	953
Other emoluments:		
Salaries, allowances and benefits in kind	16,806	13,590
Performance related bonuses	5,728	5,423
Equity-settled share award expenses	5,361	29,755
Pension scheme contributions	51	18
Subtotal	27,946	48,786
Total	28,906	49,739

During the year ended 31 December 2023, a director was granted 1,105,000 restricted share units, in respect of his service to the Group, under 2021 Restricted Share Unit Scheme of the Company, further details of which are set out in note 29 to the financial statements. The fair value of such restricted share units, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

### (a) Independent non-executive directors

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

	2024 RMB'000	2023 RMB'000
Mr. TAN Bo	320	317
Dr. ZENG Junwen	320	317
Dr. XU Yan	320	319
Total	960	953

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

31 December 2024

**8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION** (Continued)**(b) Executive directors, non-executive directors and the chief executive**

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity- settled share award expenses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
<b>2024</b>						
Executive directors:						
Dr. XIA Yu (Chief executive)	–	4,738	810	–	–	5,548
Dr. LI Baiyong	–	3,499	1,781	–	–	5,280
Dr. WANG Zhongmin Maxwell	–	2,799	1,161	–	–	3,960
Mr. XIA Yu (Ph.D.) *	–	3,070	876	5,361	19	9,326
Dr. ZHANG Peng **	–	2,700	1,100	–	32	3,832
Subtotal	–	16,806	5,728	5,361	51	27,946
Non-executive directors:						
Dr. ZHOU Yi ***	–	–	–	–	–	–
Mr. XIE Ronggang	–	–	–	–	–	–
	–	–	–	–	–	–
Total	–	16,806	5,728	5,361	51	27,946
<b>2023</b>						
Executive directors:						
Dr. XIA Yu (Chief executive)	–	4,374	2,150	–	–	6,524
Dr. LI Baiyong	–	3,464	1,552	–	–	5,016
Dr. WANG Zhongmin Maxwell	–	2,769	827	–	–	3,596
Mr. XIA Yu (Ph.D.)	–	2,983	894	29,755	18	33,650
Subtotal	–	13,590	5,423	29,755	18	48,786
Non-executive directors:						
Dr. ZHOU Yi	–	–	–	–	–	–
Mr. XIE Ronggang	–	–	–	–	–	–
	–	–	–	–	–	–
Total	–	13,590	5,423	29,755	18	48,786

\* Mr. XIA Yu (Ph.D.) resigned as an executive director of the Company on 30 June 2024.

\*\* Dr. ZHANG Peng was appointed as an executive director of the Company on 30 June 2024.

\*\*\* Dr. ZHOU Yi resigned as a non-executive director of the Company on 30 June 2024.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the reporting period.

31 December 2024

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four directors (2023: three directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2023: two) highest paid employee who are neither a director nor chief executive of the Company are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	3,303	6,563
Performance related bonuses	1,250	1,044
Share-based payment expenses	–	3,008
Pension scheme contributions	–	65
Total	4,553	10,680

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

	Number of employees	
	2024	2023
HK\$4,000,001 to HK\$4,500,000	–	1
HK\$4,500,001 to HK\$5,000,000	1	–
HK\$7,000,001 to HK\$7,500,000	–	1
Total	1	2

31 December 2024

## 10. INCOME TAX

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

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

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

The provision for corporate income tax in Mainland China is based on the statutory rate of 25% of the assessable profits in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008, except for Akeso Biopharma Co., Ltd. and Akeso Pharma Co., Ltd. which were qualified as High and New Technology Enterprises and were subject to a preferential income tax rate of 15% for the year.

The subsidiary incorporated in the USA was subject to United States federal and California income taxes at rates of 21% and 8.84%, respectively, for the year. During the year, California income tax was provided at the rate of 8.84% on the estimated assessable profits arising in the USA.

The subsidiary incorporated in the Australia is subject to Australia income tax. Australia corporate income tax has been provided at the rate of 30% on the estimated assessable profits arising in Australia.

The income tax expense of the Group is analysed as follows:

	2024 RMB'000	2023 RMB'000
Current		
Charge for the year	—	—
Deferred	—	174
Total	—	174

31 December 2024

**10. INCOME TAX** (Continued)

A reconciliation of the tax expense applicable to (loss)/profit before tax at the statutory rate for the jurisdiction in which the Group's major operating activities are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

**2024**

	Mainland China RMB'000	Others RMB'000	Total RMB'000
(Loss)/profit before tax	(610,263)	109,170	(501,093)
Tax at the statutory tax rate	(152,566)	16,965	(135,601)
Lower tax rates enacted by local authority	29,811	—	29,811
Effect of research and development expenses that are additionally deducted ( <i>note</i> )	(176,807)	—	(176,807)
Income not subject to tax	—	(44,425)	(44,425)
Expenses not deductible for tax	59,741	14,419	74,160
Tax losses utilised from previous periods	(26,506)	(2,891)	(29,397)
Unrecognised deductible temporary differences and tax losses	266,327	15,932	282,259
Tax charge at the Group's effective rate	—	—	—

**2023**

	Chinese Mainland RMB'000	Others RMB'000	Total RMB'000
Profit before tax	1,617,866	324,659	1,942,525
Tax at the statutory tax rate	404,467	106,488	510,955
Lower tax rates enacted by local authority	(206,171)	—	(206,171)
Effect of research and development expenses that are additionally deducted ( <i>note</i> )	(217,845)	(21,904)	(239,749)
Income not subject to tax	(150,176)	(43,254)	(193,430)
Expenses not deductible for tax	74,137	39,745	113,882
Tax losses utilised from previous periods	(91,611)	(83,082)	(174,693)
Unrecognised deductible temporary differences and tax losses	187,373	2,007	189,380
Tax charge at the Group's effective rate	174	—	174

*Note:* Pursuant to Caishui [2022] circular No. 28, certain subsidiaries of the Group enjoyed the super tax deduction in 100% of 2024 (2023: 100%), respectively for qualified research and development expenditures.

31 December 2024

**10. INCOME TAX** (Continued)

The Group has tax losses in Mainland China of RMB4,288,429,000 (2023: RMB4,533,802,000) that will expire in one to ten years for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses in the USA and Australia of RMB224,303,000 (2023: RMB171,196,000) in aggregate that will be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilised.

**11. DIVIDEND**

No dividend has been paid or declared by the Company during the year ended 31 December 2024 and subsequent to the end of the reporting period (2023: Nil).

**12. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 851,026,455 (2023: 837,683,779) outstanding during the year.

For the year ended 31 December 2024, as the Group incurred losses, no adjustment has been made to the basic loss per share amount in respect of a dilution as the impact of the restricted share units and share options had an anti-dilutive effect on the basic loss per share amount.

The calculation of the diluted earnings per share amounts for the year ended 31 December 2023 is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	2024 RMB'000	2023 RMB'000
<b>(Loss)/Earnings</b>		
(Loss)/Profit attributable to ordinary equity holders of the parent, used in the basic and diluted (loss)/earnings per share calculation	(514,515)	2,028,300
	<b>Number of shares</b>	
	2024	2023
<b>Shares</b>		
Weighted average number of ordinary shares outstanding during the year used in the basic (loss)/earnings per share calculation	851,026,455	837,683,779
Effect of dilution — weighted average number of ordinary shares: Share options and awarded shares	—	137,698
Total	851,026,455	837,821,477

31 December 2024

## 13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improve- ments RMB'000	Machinery and equipment RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Buildings RMB'000	Construction in progress RMB'000	Total RMB'000
<b>31 December 2024</b>							
At 1 January 2024:							
Cost	18,913	847,048	26,069	3,401	844,491	1,369,983	3,109,905
Accumulated depreciation	(13,061)	(198,505)	(8,309)	(1,258)	(64,790)	–	(285,923)
Net carrying amount	5,852	648,543	17,760	2,143	779,701	1,369,983	2,823,982
At 1 January 2024, net of accumulated depreciation	5,852	648,543	17,760	2,143	779,701	1,369,983	2,823,982
Additions	5,894	6,388	554	359	–	536,174	549,369
Interest capitalised	–	–	–	–	–	29,723	29,723
Disposals	–	–	(26)	–	–	–	(26)
Depreciation provided during the year	(4,077)	(116,448)	(7,128)	(472)	(44,236)	–	(172,361)
Transfers	–	358,340	9,836	–	576,063	(944,239)	–
Exchange realignment	–	(1)	–	–	–	–	(1)
At 31 December 2024, net of accumulated depreciation	7,669	896,822	20,996	2,030	1,311,528	991,641	3,230,686
At 31 December 2024:							
Cost	24,603	1,208,562	34,586	3,619	1,420,554	991,641	3,683,565
Accumulated depreciation	(16,934)	(311,740)	(13,590)	(1,589)	(109,026)	–	(452,879)
Net carrying amount	7,669	896,822	20,996	2,030	1,311,528	991,641	3,230,686

31 December 2024

**13. PROPERTY, PLANT AND EQUIPMENT** (Continued)

	Leasehold improve- ments <i>RMB'000</i>	Machinery and equipment <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Buildings <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
<b>31 December 2023</b>							
At 1 January 2023:							
Cost	18,524	691,334	14,821	2,721	645,989	788,033	2,161,422
Accumulated depreciation	(10,059)	(110,908)	(5,284)	(970)	(34,585)	–	(161,806)
Net carrying amount	8,465	580,426	9,537	1,751	611,404	788,033	1,999,616
At 1 January 2023, net of accumulated depreciation	8,465	580,426	9,537	1,751	611,404	788,033	1,999,616
Additions	–	6,125	4,469	193	–	899,904	910,691
Interest capitalised	–	–	–	–	–	39,008	39,008
Disposals	–	–	(2)	–	–	–	(2)
Depreciation provided during the year	(2,798)	(89,016)	(3,016)	(288)	(30,205)	–	(125,323)
Transfers	185	151,007	6,781	487	198,502	(356,962)	–
Exchange realignment	–	1	(9)	–	–	–	(8)
At 31 December 2023, net of accumulated depreciation	5,852	648,543	17,760	2,143	779,701	1,369,983	2,823,982
At 31 December 2023:							
Cost	18,913	847,048	26,069	3,401	844,491	1,369,983	3,109,905
Accumulated depreciation	(13,061)	(198,505)	(8,309)	(1,258)	(64,790)	–	(285,923)
Net carrying amount	5,852	648,543	17,760	2,143	779,701	1,369,983	2,823,982

The Group's buildings with a net carrying amount of RMB1,146,118,000 (2023: RMB643,933,000) were pledged to secure banking facilities and bank loans (note 25(a)).

31 December 2024

## 14. LEASES

### The Group as a lessee

The Group has lease contracts for various items of plant and buildings, machinery and land use rights with lease terms of 2 to 50 years used in its operations. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Plant and buildings <i>RMB'000</i>	Machinery <i>RMB'000</i>	Land use rights <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	10,834	342	151,898	163,074
Additions	22,636	–	167,532	190,168
Depreciation charge	(10,934)	(339)	(3,933)	(15,206)
Exchange realignment	6	–	–	6
At 31 December 2023 and 1 January 2024	22,542	3	315,497	338,042
Additions	1,183	–	155	1,338
Depreciation charge	(12,575)	(3)	(6,606)	(19,184)
Remeasurement resulting from lease payment modification	(682)	–	–	(682)
At 31 December 2024	10,468	–	309,046	319,514

At 31 December 2024, the Group's land used rights with a net carrying amount of approximately RMB309,046,000 (2023: RMB149,337,000) were pledged to secure banking facilities and bank loans (note 25(a)).

31 December 2024

**14. LEASES** (Continued)**The Group as a lessee** (Continued)**(b) Lease liabilities**

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	23,119	11,852
New leases	1,183	22,636
Accretion of interest recognised during the year	546	696
Payments	(13,778)	(12,080)
Remeasurement resulting from lease payment modification	(731)	–
Exchange realignment	–	15
Carrying amount at 31 December	10,339	23,119
Analysed into:		
Current portion	9,665	14,514
Non-current portion	674	8,605
Total	10,339	23,119

The maturity analysis of lease liabilities is disclosed in note 38 to the financial statements.

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

	2024 RMB'000	2023 RMB'000
Finance cost on lease liabilities	546	696
Depreciation charge of right-of-use assets	19,184	15,206
Expense relating to short-term leases	2,902	2,554
Gain upon lease payment modification	(49)	–
Total amount recognised in profit or loss	22,583	18,456

31 December 2024

**15. INTANGIBLE ASSETS**

	<b>Software</b> <i>RMB'000</i>
<b>31 December 2024</b>	
Cost at 1 January 2024, net of accumulated amortisation	<b>6,417</b>
Additions	<b>7,808</b>
Amortisation provided during the year	<b>(2,423)</b>
At 31 December 2024	<b>11,802</b>
At 31 December 2024:	
Cost	<b>20,562</b>
Accumulated amortisation	<b>(8,760)</b>
Net carrying amount	<b>11,802</b>
<b>31 December 2023</b>	
Cost at 1 January 2023, net of accumulated amortisation	8,496
Additions	160
Amortisation provided during the year	(2,239)
At 31 December 2023	6,417
At 31 December 2023:	
Cost	12,753
Accumulated amortisation	(6,336)
Net carrying amount	6,417

31 December 2024

**16. LONG-TERM EQUITY INVESTMENT**

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Long-term equity investment	<b>398,495</b>	293,441

As of 31 December 2024, the Company held 31,523,530 shares of Summit (Nasdaq symbol: SMMT), representing 4.27% of the total issued shares of Summit (31 December 2023: 4.52%). The shareholding in Summit was diluted due to Summit's private placing during the year. Dr. Xia was appointed as a director of Summit. The Group's investment in Summit is accounted for under the equity method of accounting because the Group has significant influence over Summit by way of representation on Summit's board of directors.

The Group's shareholding in the associate comprises equity shares held by the Company.

The following table illustrates the financial information of the Group's associate:

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Share of loss of a long-term equity investment	<b>(68,509)</b>	(191,722)
Share of other changes in the equity of a long-term equity investment	<b>166,323</b>	–

**17. OTHER NON-CURRENT ASSETS**

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Advance payments for property, plant and equipment	<b>72,802</b>	16,205
Others	<b>13,767</b>	14,198
Total	<b>86,569</b>	30,403

31 December 2024

**18. INVENTORIES**

	2024 RMB'000	2023 RMB'000
Raw materials	306,731	214,399
Work in progress	336,933	138,349
Finished goods	62,869	39,120
Total	706,533	391,868

**19. TRADE RECEIVABLES**

	2024 RMB'000	2023 RMB'000
Trade receivables	528,792	296,896
Impairment	(3,881)	(1,333)
Net carrying amount	524,911	295,563

The Group's trading terms with its customers are mainly on credit. The credit period is generally 45 days to 270 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables is a gross amount due from a non-controlling shareholder of a subsidiary of the Group of RMB70,831,000 (2023: RMB33,093,000), which is repayable on credit terms similar to those offered to the other customers of the Group.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months	517,650	295,364
3 to 6 months	6,813	70
6 to 9 months	200	129
9 to 12 months	145	—
more than 1 year	103	—
Total	524,911	295,563

31 December 2024

**19. TRADE RECEIVABLES** (Continued)

The movement in the loss allowance for impairment of trade receivables is as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	1,333	465
Impairment losses, net (note 6)	2,548	868
At end of year	3,881	1,333

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

**As at 31 December 2024**

		Past due			
	Current	Less than 3 month	3 to 6 months	Over 6 months	Total
Expected credit loss rate	0.73%	—	—	—	0.73%
Gross carrying amount (RMB'000)	528,792	—	—	—	528,792
Expected credit losses (RMB'000)	3,881	—	—	—	3,881

**As at 31 December 2023**

		Past due			
	Current	Less than 3 month	3 to 6 months	Over 6 months	Total
Expected credit loss rate	0.45%	—	—	—	0.45%
Gross carrying amount (RMB'000)	296,896	—	—	—	296,896
Expected credit losses (RMB'000)	1,333	—	—	—	1,333

31 December 2024

## 20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 RMB'000	2023 RMB'000
Value-added tax recoverable	65,143	52,340
Prepayments	38,753	25,672
Deposits	4,985	2,868
Other receivables	7,410	14,038
Total	116,291	94,918

The balances are interest-free and are not secured with collateral.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Long ageing balances are reviewed regularly by senior management. In view of the fact that the Group's deposits and other receivables relate to a large number of diversified counterparties, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its deposits and other receivable balances.

Other receivables and deposits had no historical default, the financial assets included in the above balances were categorised in stage 1 at the end of each year. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the years ended 31 December 2024 and 2023, the Group estimated that the expected loss rate for other receivables and deposits was minimal.

## 21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
<b>Current</b>		
Investments in financial products, at fair value (note (a))	425,785	852,431
<b>Non-current</b>		
Unlisted investment, at fair value (note (b))	16,314	12,039
Total	442,099	864,470

### (a) Investments in financial products, at fair value

These investments were financial products issued by banks. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

### (b) Unlisted investment, at fair value

The unlisted investment was classified as a financial asset at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

31 December 2024

## 22. CASH AND BANK BALANCES

	2024 RMB'000	2023 RMB'000
Cash and bank balances	6,918,065	4,041,986
Less: Restricted cash*	(28,161)	(11,743)
Time deposits with original maturity of more than three months	(3,974,162)	(2,487,930)
Cash and cash equivalents	2,915,742	1,542,313
Denominated in:		
RMB	469,985	1,134,411
United States dollars ("USD")	2,430,556	393,718
Hong Kong dollars ("HKD")	3,254	2,384
Australian dollars	11,947	11,800
Cash and cash equivalents	2,915,742	1,542,313

\* The restricted cash represents a guarantee deposit for a construction project and a deposit of credit card.

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

## 23. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months	181,010	296,890
3 to 6 months	27,937	2,428
6 months to 1 year	48,138	23,972
Over 1 year	168,108	31,538
Total	425,193	354,828

The trade payables are non-interest-bearing and are normally settled on terms of within 90 days, excepted for the balances due to a non-controlling shareholder of the Group of RMB227,479,000 (2023: RMB166,277,000), which are repayable on demand.

31 December 2024

**24. OTHER PAYABLES AND ACCRUALS**

	2024 RMB'000	2023 RMB'000
Payroll payables	283,156	151,069
Other tax payables	66,509	41,919
Contract liabilities	37,298	4,427
Other payables	328,180	246,160
Total	715,143	443,575

Other payables are unsecured, non-interest-bearing and normally repayable on demand, except for the balances due to a non-controlling shareholder of the Group of RMB237,000 (2023: RMB237,000), which are repayable within 60 days. The carrying amounts of financial liabilities included in other payables and accruals as at the end of each reporting period approximated to their fair values due to their short-term maturities.

**25. INTEREST-BEARING BANK AND OTHER BORROWINGS**

	2024			2023		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank loans — unsecured	1.20~2.50	2025	303,868	1.60~3.95	2024	288,255
Current portion of long term bank loans — secured	2.66~4.35	2025	127,636	3.90~4.45	2024	70,446
Current portion of long term bank loans — unsecured	2.44~3.40	2025	103,956	3.20~3.80	2024	31,812
Total — current			535,460			390,513
<b>Non-current</b>						
Bank loans — secured	2.66~4.35	2027-2038	2,273,780	3.90~4.45	2027~2035	1,853,803
Bank loans — unsecured	2.44~3.40	2026-2027	625,731	3.20~3.80	2025~2026	123,919
Convertible loans — secured	note (c)	note (c)	506,617	note (c)	note (c)	477,367
Loans from a non-controlling shareholder — unsecured	—	—	—	3.50	2026~2028	122,181
Total — non-current			3,406,128			2,577,270
Total			3,941,588			2,967,783

31 December 2024

**25. INTEREST-BEARING BANK AND OTHER BORROWINGS** (Continued)

	2024 RMB'000	2023 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	535,460	390,513
In the second year	275,591	113,605
In the third to fifth years, inclusive	1,320,420	528,271
Beyond five years	1,303,500	1,335,846
Subtotal	3,434,971	2,368,235
Other borrowings repayable:		
Within one year or on demand	—	—
In the second year	—	—
In the third to fifth years, inclusive	506,617	599,548
Subtotal	506,617	599,548
Total	3,941,588	2,967,783

*Notes:*

- (a) The Group's banking facilities amounted to RMB7,289,000,000 (31 December 2023: RMB3,730,000,000) in aggregate, among which facilities of RMB4,049,000,000 (31 December 2023: RMB3,580,000,000) were secured by the property, plant and equipment and land use rights of the Group with net carrying values of approximately RMB1,146,118,000 and RMB309,046,000, respectively (31 December 2023: RMB643,933,000 and RMB149,337,000, respectively) at the end of the reporting period. Such banking facilities of approximately RMB3,316,788,000 (31 December 2023: RMB2,160,138,000) have been utilised as at the end of the reporting period.
- (b) Among the Group's banking facilities mentioned in note (a), facilities of RMB1,714,000,000 (31 December 2023: RMB1,480,000,000) were also secured by the equity interest in certain subsidiaries held by the Group. Such banking facilities of approximately RMB1,334,979,000 (31 December 2023: RMB1,348,253,000) have been utilised as at the end of the reporting period.
- (c) A subsidiary of the Group has entered into convertible loan agreements with its non-controlling shareholder and borrowed convertible loans from its non-controlling shareholder since 2019. The subsidiary borrowed convertible loans of aggregate principal amounts of RMB75,000,000 in 2019, RMB75,000,000 in 2020 and RMB450,000,000 in 2023, respectively. According to the loan agreements, the convertible loans bear interest at 6.5% per annum and are secured by the equity interest in the subsidiary held by the Group. The convertible loans of RMB150,000,000 has been repaid during 2023. The convertible loans outstanding as at 31 December 2024 in principal amount was RMB450,000,000 (2023: RMB450,000,000), which will be due on 31 December 2027. Under the loan agreements, an option (the **"Convertible Right"**) to convert the unpaid principal and the related interest into ordinary shares of the subsidiary will be granted to its non-controlling shareholder under certain conditions.

The fair value of the Convertible Right was assessed to be minimal as at 31 December 2024 and 2023.

- (d) All borrowings were denominated in RMB as at 31 December 2024 and 2023.

31 December 2024

## 26. DEFERRED INCOME

	2024 RMB'000	2023 RMB'000
Government grant	290,253	240,031

The movements in deferred income for the reporting periods are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	240,031	159,566
Grants received during the year	134,277	198,785
Amount released	(84,055)	(118,320)
At end of year	290,253	240,031

The grants are related to the subsidies received from the government for the purpose of compensation for expenses arising from research activities and clinical trials, award for the new drug development and capital expenditure incurred on certain projects.

## 27. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

### Deferred tax liabilities

	Right-of-use assets RMB'000
At 31 December 2023 and 1 January 2024	3,124
Deferred tax charged to profit or loss during the year (note 10)	—
Gross deferred tax liabilities at 31 December 2024	3,124

### Deferred tax assets

	Lease Liabilities RMB'000
At 31 December 2023 and 1 January 2024	3,298
Deferred tax credited to profit or loss during the year (note 10)	—
Gross deferred tax assets at 31 December 2024	3,298

31 December 2024

**27. DEFERRED TAX** (Continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Net deferred tax liabilities recognised in the consolidated statement of financial position	174	174

**28. SHARE CAPITAL****Ordinary shares**

	2024	2023
Issued and fully paid: 897,575,176 (2023:841,057,176) ordinary shares of US\$0.00001 each	US\$8,976	US\$8,411
Equivalent to	RMB63,000	RMB59,000

31 December 2024

**28. SHARE CAPITAL** (Continued)

A summary of movements in the Company's share capital is as follows:

	Numbers of ordinary shares	Share capital amount <i>RMB'000</i>	Shares held for restricted share unit schemes <i>RMB'000</i>	Share premium <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	841,057,176	59	(84,452)	4,585,374	4,500,981
Exercise of RSUs ( <i>note a</i> )	–	–	20,885	–	20,885
At 31 December 2023 and 1 January 2024	<b>841,057,176</b>	<b>59</b>	<b>(63,567)</b>	<b>4,585,374</b>	<b>4,521,866</b>
Issue of shares ( <i>note b</i> )	<b>56,500,000</b>	<b>4</b>	<b>–</b>	<b>2,850,556</b>	<b>2,850,560</b>
Share issue expenses ( <i>note b</i> )	–	–	–	(27,293)	(27,293)
Exercise of share options ( <i>note c</i> )	<b>18,000</b>	–	–	<b>939</b>	<b>939</b>
Exercise of RSUs	–	–	<b>14,963</b>	–	<b>14,963</b>
At 31 December 2024	<b>897,575,176</b>	<b>63</b>	<b>(48,604)</b>	<b>7,409,576</b>	<b>7,361,035</b>

Notes:

- (a) During the year ended 31 December 2024, 2,149,638 RSUs (2023: 901,050 RSUs) were exercised.
- (b) On 28 March 2024, 24,800,000 new shares were placed at a price of HK\$47.65 per share to not less than six independent third parties for an aggregate cash consideration, before expenses, of HK\$1,181,720,000 (equivalent to RMB1,071,379,000). The related transaction costs amounting to HK\$11,540,000 (equivalent to RMB10,463,000) were netted off against the cash proceeds. The net proceeds were intended to be used for the business development of the Group. Details have been set out in the announcements of the Company dated 21 March and 28 March 2024.
- On 21 October 2024, 31,700,000 new shares were placed at a price of HK\$61.28 per share to not less than six independent third parties for an aggregate cash consideration, before expenses, of HK\$1,942,576,000 (equivalent to RMB1,779,181,000). The related transaction costs amounting to HK\$18,376,000 (equivalent to RMB16,830,000) were netted off against the cash proceeds. The net proceeds were intended to be used for the business development of the Group. Details have been set out in the announcements of the Company dated 13 October and 21 October 2024, respectively.
- (c) The subscription rights attaching to 18,000 share options were exercised at the subscription price of HK\$35.08 per share (note 29), resulting in the issue of 18,000 shares for a total cash consideration of HK\$631,000 (approximately RMB573,000). An amount of RMB366,000 was transferred from the share option reserve to share premium upon the exercise of the share options.

31 December 2024

## 29. SHARE-BASED PAYMENTS

### Restricted Share Unit Scheme

The Company adopted a restricted share unit scheme on 29 August 2019 (the “**RSU Scheme**”). The purpose of the RSU Scheme is to recognise and motivate the contributions of the grantees under the RSU Scheme, provide incentives for them to remain with the Group, and attract suitable personnel for the further development. Eligible participants of the RSU Scheme include employees or officers (including executive, non-executive and independent non-executive directors of the Group) as well as other core technical personnel, key personnel or other natural persons or entities that were or will be important to the development of the Group. The Company terminated the RSU Scheme on 30 June 2024. After the termination of the RSU Scheme, no further awards may be granted thereunder, while the awards already granted before the termination shall remain valid and continue to vest in accordance with the rules of the RSU Scheme.

During the years ended 31 December 2024 and 2023, no RSUs of the Company were granted to employees.

The vesting periods of these RSUs ranged from 1 month to 5 years. There is no other performance target required except the eligible participant remains as employees of the Group during the vesting period. 164,300 RSUs have been vested under the RSU Scheme during 2024 (2023: 282,400 RSUs). As at 31 December 2024, the total number of RSUs which remain outstanding under the RSU Scheme was 22,660,191 (2023: 22,436,691 RSUs). 1,639,638 RSUs have been exercised during 2024 (2023: 296,050 RSUs). 223,500 RSUs (2023: 212,000 RSUs) have been forfeited under the RSU Scheme during the year.

During the year ended 31 December 2024, the Group reversed share award expenses of approximately RMB4,587,000 related to the forfeited shares that have not been vested. During the year ended 31 December 2023, the Group amortised the difference between the fair value of the share awards and the consideration that employees have to pay to the Company over the vesting period and recognised share award expenses of approximately RMB1,188,000.

### 2021 Restricted Share Unit Scheme

The Company adopted a new restricted share unit scheme on 6 December 2021 (the “**2021 RSU Scheme**”). The purpose of the 2021 RSU Scheme is to recognise the contributions of the grantees under the 2021 RSU Scheme, and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. Eligible participants of the 2021 RSU Scheme include employees, advisors or consultants of any member of the Group.

No restricted share units have been granted under the 2021 RSU Scheme during the year (2023: 1,215,000). The fair value of the share awards is measured at the grant date at the market value of the shares. The market values of the RSUs granted during the year were determined by reference to the closing prices of listed shares as at the grant dates.

The vesting periods of these RSUs ranged from 1 month to 5 years. There is no other performance target required except the eligible participant remains as employees of the Group during the vesting period. 511,000 RSUs have been vested under the 2021 RSU Scheme during the year (2023: 605,000 RSUs). As at 31 December 2024, the total number of RSUs which remained outstanding under the RSU Scheme was 2,291,000 (2023: 2,291,000 RSUs). 510,000 RSUs have been exercised during 2024 (2023: 605,000 RSUs). No RSUs have been forfeited or cancelled under the 2021 RSU Scheme during the years ended 31 December 2024 and 2023.

31 December 2024

**29. SHARE-BASED PAYMENTS** (Continued)**2021 Restricted Share Unit Scheme** (Continued)

During the year, the Group amortised the difference between the fair value of the share awards and the consideration that employees have to pay to the Company over the vesting period and recognised share award expenses of approximately RMB7,875,000 which was charged to the statement of profit or loss and other comprehensive income (2023: RMB31,078,000).

**Share Option Scheme**

The Company adopted a share option scheme on 28 June 2022 (the “**Share Option Scheme**”). The purpose of the Share Option Scheme is to reward certain eligible participants for their contribution to the success of the Company, and to provide incentives to them to further contribute to the Company.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Scheme as an equity-settled plan.

The following share options were outstanding under the Scheme during the year:

	Weighted average exercise price <i>HK\$ per share</i>	Number of options <i>'000</i>
At 1 January	35.08	450
Exercise during the year	35.08	(18)
Forfeited during the year	35.08	(56)
At 31 December	35.08	376

The share options granted to the grantees have a mixed vesting schedule with a total vesting period ranges from approximately 24 months to 48 months, with certain Share options to be vested within 12 months of the Grant date.

The weighted average remaining contractual life of the share options outstanding as at 31 December 2024 was 9 years.

No share options have been granted during the year. The Group recognised a share option expense of RMB3,069,000 during the year (2023: RMB2,032,000).

31 December 2024

**29. SHARE-BASED PAYMENTS** (Continued)**Share Option Scheme** (Continued)

The directors of the Company used the binomial option pricing model to determine the fair value of the share options as at the respective grant dates, which is to be expensed over the relevant vesting period. The following table lists the inputs to the model used:

	2023
Dividend yield (%)	—
Expected volatility (%)	71.39
Historical volatility (%)	71.39
Risk-free interest rate (%)	3.80
Expected life of options (year)	10
Weighted average share price (HK\$ per share)	34.65

At the date of approval of these financial statements, the Company had 89,305,718 share options outstanding under the Share Option Scheme, which represented approximately 9.95% of the Company's shares in issue as at that date.

**30. RESERVES**

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

**Capital reserve**

The Group's capital reserve mainly includes the share premium of the ordinary shares issued in connection with the IPO and share issue expenses, the share premium of the ordinary shares transferred from preferred shares, equity-settled share award, share of other changes in the equity of an associate and the accumulated effects of the other equity transactions (i.e. the changes in non-controlling interests without losing control of a subsidiary).

**Exchange fluctuation reserve**

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of entities of which the functional currency is not RMB.

31 December 2024

### 31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,183,000 (2023: RMB22,636,000) and RMB1,183,000 (2023: RMB22,636,000), respectively, in respect of lease arrangements for plant and building.

During the year ended 31 December 2023, the Group had a non-cash addition to a long-term equity investment of US\$45,900,000 (approximately RMB325,096,000) which was deemed as a portion of the upfront payment in relation to a license contract arrangement of the Group.

#### (b) Changes in liabilities arising from financing activities

##### 2024

	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	2,967,783	23,119	2,990,902
Changes from financing cash flows	846,596	(13,778)	832,818
New leases	—	1,183	1,183
Remeasurement resulting from modification of lease payment	—	(731)	(731)
Interest expense	127,209	—	127,209
Finance costs on lease liabilities	—	546	546
At 31 December 2024	3,941,588	10,339	3,951,927

##### 2023

	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2023	1,867,257	11,852	1,879,109
Changes from financing cash flows	975,227	(12,080)	963,147
New leases	—	22,636	22,636
Foreign exchange movement	—	15	15
Interest expense	125,299	—	125,299
Finance costs on lease liabilities	—	696	696
At 31 December 2023	2,967,783	23,119	2,990,902

31 December 2024

**31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS** (Continued)**(c) Total cash outflow for leases**

The total cash outflow for leases included in the statement of cash flows is as follows:

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Within operating activities	<b>2,902</b>	2,554
Within investing activities	<b>155</b>	167,532
Within financing activities	<b>13,778</b>	12,080
Total	<b>16,835</b>	182,166

**32. CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 31 December 2024.

**33. PLEDGE OF ASSETS**

Details of the Group's assets pledged for the Group's bank and other borrowings and overdrafts and contract execution are included in notes 13, 14(a), 22 and 25, respectively, to the financial statements.

**34. COMMITMENTS**

(a) The Group had the following capital commitments at the end of the reporting period:

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Contracted, but not provided for:		
Plant and machinery	<b>734,040</b>	769,990

(b) The Group does not have various lease contracts that have not yet commenced as at 31 December 2024 and 2023.

31 December 2024

### 35. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with a non-controlling shareholder and its subsidiaries during the year: (i) revenue of net product sales amounted to RMB148,270,000 (2023: RMB117,116,000); (ii) selling and marketing expenses of RMB20,963,000 (2023: RMB120,000); and (iii) costs of RMB58,212,000 related to the purchase of clinical services and medical materials (2023: RMB106,783,000).

The above transactions are determined by reference to the market price and mutually agreed between the parties. The related party transactions of all the above items also constitute Continued connected transactions as defined in Chapter 14A of the Listing Rules.

The Group had the following transactions with Summit during the year: (i) license income amounted to RMB99,385,000 (2023: RMB2,915,199,000); (ii) sales of products and materials amounted to RMB41,795,000 (2023: RMB16,310,000); (iii) service fee income amounted to RMB102,463,000 (2023: RMB24,374,000).

- (b) During the year, the Group acquired the remaining 35% equity interest in AD Pharmaceuticals Co., Ltd. ("**AD Pharmaceuticals**"), a subsidiary of the Group, from Dawnrays Biotechnology Capital (Asia) Limited, a non-controlling shareholder, at a consideration of RMB267,387,000 (the "**Acquisition**"). Upon completion of the Acquisition, AD Pharmaceuticals became a wholly-owned subsidiary of the Group. Details have been set out in the announcements of the Company dated 9 February 2024 and 4 March 2024.

(c) **Compensation of key management personnel of the Group:**

During the year, the Company did not identify any personnel as key management other than the directors of the Company. Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

31 December 2024

### 36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

**2024**

#### Financial assets

	Financial assets at amortised cost <i>RMB'000</i>	Financial assets at fair value through profit or loss <i>RMB'000</i>	Total <i>RMB'000</i>
Trade receivables	524,911	—	524,911
Financial assets included in prepayments, other receivables and other assets	12,395	—	12,395
Financial assets at fair value through profit or loss	—	442,099	442,099
Cash and bank balances	6,918,065	—	6,918,065
Total	7,455,371	442,099	7,897,470

#### Financial liabilities

	Financial liabilities at amortised cost <i>RMB'000</i>
Trade payables	425,193
Financial liabilities included in other payables and accruals	328,180
Interest-bearing bank and other borrowings	3,941,588
Lease liabilities	10,339
Total	4,705,300

31 December 2024

**36. FINANCIAL INSTRUMENTS BY CATEGORY** (Continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (Continued)

2023

**Financial assets**

	Financial assets at amortised cost <i>RMB'000</i>	Financial assets at fair value through profit or loss <i>RMB'000</i>	Total <i>RMB'000</i>
Trade receivables	295,563	–	295,563
Financial assets included in prepayments, other receivables and other assets	16,906	–	16,906
Financial assets at fair value through profit or loss	–	864,470	864,470
Cash and bank balances	4,041,986	–	4,041,986
Total	4,354,455	864,470	5,218,925

**Financial liabilities**

	Financial liabilities at amortised cost <i>RMB'000</i>
Trade payables	354,828
Financial liabilities included in other payables and accruals	246,160
Interest-bearing bank and other borrowings	2,967,783
Lease liabilities	23,119
Total	3,591,890

31 December 2024

### 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:				
Investments in financial products	425,785	852,431	425,785	852,431
Unlisted investment	16,314	12,039	16,314	12,039
<b>Total</b>	<b>442,099</b>	<b>864,470</b>	<b>442,099</b>	<b>864,470</b>

Management has assessed that the fair values of cash and bank balances, trade payables, financial assets included in prepayments, other receivables and other assets, current interest-bearing bank and other borrowings, current lease liabilities and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for annual financial reporting.

The fair values of the non-current portion of interest-bearing bank and other borrowings and the non-current portion of lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2024 and 2023 were assessed to be insignificant.

The fair values of the financial products issued by the banks have been estimated by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair value of the unlisted investment designated at fair value through profit or loss has been estimated using a market based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such price to earnings ("P/E") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted investment to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

31 December 2024

### 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a sensitivity analysis as at 31 December 2024 and 2023:

	Valuation technique	Significant unobservable inputs	Amount of unobservable inputs	Relationship of unobservable input to fair value
Financial asset at fair value through profit or loss: Unlisted investment	Valuation multiples	Average P/E multiple of peers	2024: 12.7 (2023:13.8)	The higher the ratio, the higher the fair value
		Discount for lack of marketability	2024: 18% (2023: 18%)	The higher the percentage, the lower the fair value

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

#### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss:				
Investments in financial products	–	425,785	–	425,785
Unlisted investment	–	–	16,314	16,314
Total	–	425,785	16,314	442,099

31 December 2024

### 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

#### Fair value hierarchy (Continued)

#### Assets measured at fair value: (Continued)

As at 31 December 2023

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss:				
Investments in financial products	–	852,431	–	852,431
Unlisted investment	–	–	12,039	12,039
Total	–	852,431	12,039	864,470

#### Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 31 December 2024 and 2023.

31 December 2024

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, lease liabilities, financial assets at fair value through profit or loss, cash and cash equivalents, pledged deposits and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as other receivables, trade payables and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The directors reviews and agrees policies for managing each of these risks and they are summarised below.

#### Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US\$ exchange rate, with all other variables held constant, of the Group's profit/(loss) before tax (due to changes in the fair values of monetary assets and liabilities).

#### ***Increase/(decrease) in profit/(loss) before tax***

	2024 RMB'000	2023 RMB'000
Increase in the US\$ rate by 5%	50,801	25,063
Decrease in the US\$ rate by 5%	(50,801)	(25,063)

#### Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which primarily comprise cash and cash equivalents, pledged deposits and time deposits, trade receivables and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

31 December 2024

**38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (Continued)**Credit risk** (Continued)**Maximum exposure and year-end staging**

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

**As at 31 December 2024**

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	—	—	—	524,911	524,911
Financial assets included in prepayments, other receivables and other assets					
— Normal**	12,395	—	—	—	12,395
Cash and bank balances					
— Not yet past due	6,918,065	—	—	—	6,918,065
Total	6,930,460	—	—	524,911	7,455,371

31 December 2024

**38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (Continued)**Credit risk** (Continued)**Maximum exposure and year-end staging** (Continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	—	—	—	295,563	295,563
Financial assets included in prepayments, other receivables and other assets					
— Normal**	16,906	—	—	—	16,906
Cash and bank balances					
— Not yet past due	4,041,986	—	—	—	4,041,986
Total	4,058,892	—	—	295,563	4,354,455

\* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the consolidated financial statements.

\*\* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

31 December 2024

**38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (Continued)**Liquidity risk**

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain continuity of funding. The maturity profile of the Group's financial liabilities as at 31 December 2024 and 2023, based on the contractual undiscounted payments, is as follows:

**As at 31 December 2024**

	On demand RMB'000	Within 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	–	9,782	678	–	10,460
Interest-bearing bank and other borrowings	–	645,045	2,410,576	1,430,556	4,486,177
Trade payables	265,122	160,071	–	–	425,193
Financial liabilities included in other payables and accruals	–	328,180	–	–	328,180
<b>Total</b>	<b>265,122</b>	<b>1,143,078</b>	<b>2,411,254</b>	<b>1,430,556</b>	<b>5,250,010</b>

**As at 31 December 2023**

	On demand RMB'000	Within 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	–	15,043	8,722	–	23,765
Interest-bearing bank and other borrowings	–	474,931	1,655,101	1,516,597	3,646,629
Trade payables	177,592	177,236	–	–	354,828
Financial liabilities included in other payables and accruals	–	246,160	–	–	246,160
<b>Total</b>	<b>177,592</b>	<b>913,370</b>	<b>1,663,823</b>	<b>1,516,597</b>	<b>4,271,382</b>

31 December 2024

**38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (Continued)**Capital management**

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

**39. EVENT AFTER THE REPORTING PERIOD**

There is no significant event after the reporting period.

31 December 2024

#### 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
<b>NON-CURRENT ASSET</b>		
Investment in a subsidiary	2,257	2,257
Long-term equity investment	398,495	293,441
Financial assets at fair value through profit or loss	9,039	12,039
Total non-current assets	409,791	307,737
<b>CURRENT ASSETS</b>		
Due from subsidiaries	5,478,940	5,371,299
Prepayments, other receivables and other assets	3,397	6,997
Financial assets at fair value through profit or loss	1,648	568,715
Cash and bank balances	5,756,684	2,597,529
Total current assets	11,240,669	8,544,540
<b>CURRENT LIABILITIES</b>		
Due to subsidiaries	3,120,115	3,550,183
Other payables and accruals	2,596	5,939
Total current liabilities	3,122,711	3,556,122
<b>NET CURRENT ASSETS</b>	8,117,958	4,988,418
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	8,527,749	5,296,155
Net assets	8,527,749	5,296,155
<b>EQUITY</b>		
Share capital	63	59
Shares held for restricted share unit schemes	(48,604)	(63,567)
Reserves (note)	8,576,290	5,359,663
Total equity	8,527,749	5,296,155

31 December 2024

**40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY** (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Capital reserve* RMB'000	Share award reserve RMB'000	Share option reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	4,585,374	1,731,270	96,289	–	15,326	(1,147,389)	5,280,870
Loss for the year	–	–	–	–	–	(23,759)	(23,759)
Other comprehensive income for the year:							
Translation from functional currency to presentation currency	–	–	–	–	89,139	–	89,139
Total comprehensive income for the year	–	–	–	–	89,139	(23,759)	65,380
Equity-settled share award arrangements	–	–	32,266	–	–	–	32,266
Equity-settled share option arrangements	–	–	–	2,032	–	–	2,032
Exercise of restricted share units	–	–	(19,185)	–	–	(1,700)	(20,885)
At 31 December 2023 and 1 January 2024	<b>4,585,374</b>	<b>1,731,270</b>	<b>109,370</b>	<b>2,032</b>	<b>104,465</b>	<b>(1,172,848)</b>	<b>5,359,663</b>
Profit for the year	–	–	–	–	–	121,608	121,608
Other comprehensive income for the year:							
Translation from functional currency to presentation currency	–	–	–	–	113,399	–	113,399
Total comprehensive income for the year	–	–	–	–	113,399	121,608	235,007
Issue of shares	2,850,556	–	–	–	–	–	2,850,556
Share issue expenses	(27,293)	–	–	–	–	–	(27,293)
Equity-settled share award arrangements	–	–	3,355	–	–	–	3,355
Equity-settled share option arrangements	–	–	–	3,069	–	–	3,069
Exercise of restricted share units	–	–	(16,263)	–	–	1,300	(14,963)
Exercise of share options	939	–	–	(366)	–	–	573
Share of other capital reserve of an associate	–	166,323	–	–	–	–	166,323
At 31 December 2024	<b>7,409,576</b>	<b>1,897,593</b>	<b>96,462</b>	<b>4,735</b>	<b>217,864</b>	<b>(1,049,940)</b>	<b>8,576,290</b>

**41. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the board of directors on 30 March 2025.

## FIVE-YEAR FINANCIAL SUMMARY

	For the year ended December 31,				
	2020	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Operating results</b>					
Revenue	–	225,626	837,656	4,526,253	<b>2,123,944</b>
Other income and gains, net	123,524	116,273	158,613	454,180	<b>365,985</b>
Research and development expenses	(768,589)	(1,122,957)	(1,323,098)	(1,254,023)	<b>(1,187,690)</b>
Selling and marketing expenses	–	(179,149)	(552,661)	(890,384)	<b>(1,001,793)</b>
Administrative expenses	(253,029)	(243,517)	(199,007)	(200,094)	<b>(203,641)</b>
(Loss)/profit for the year	(1,320,579)	(1,258,126)	(1,422,216)	1,942,351	<b>(501,093)</b>
	As at December 31,				
	2020	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial position</b>					
Non-current assets	854,843	1,653,533	2,437,477	3,504,324	<b>4,063,380</b>
Current assets	3,001,326	3,152,256	3,058,471	5,676,766	<b>8,691,585</b>
Non-current liabilities	235,759	869,828	1,586,798	3,457,731	<b>4,314,861</b>
Current liabilities	169,971	655,695	1,361,136	1,204,582	<b>1,686,630</b>
Net assets	3,450,439	3,280,266	2,548,014	4,518,777	<b>6,753,474</b>

