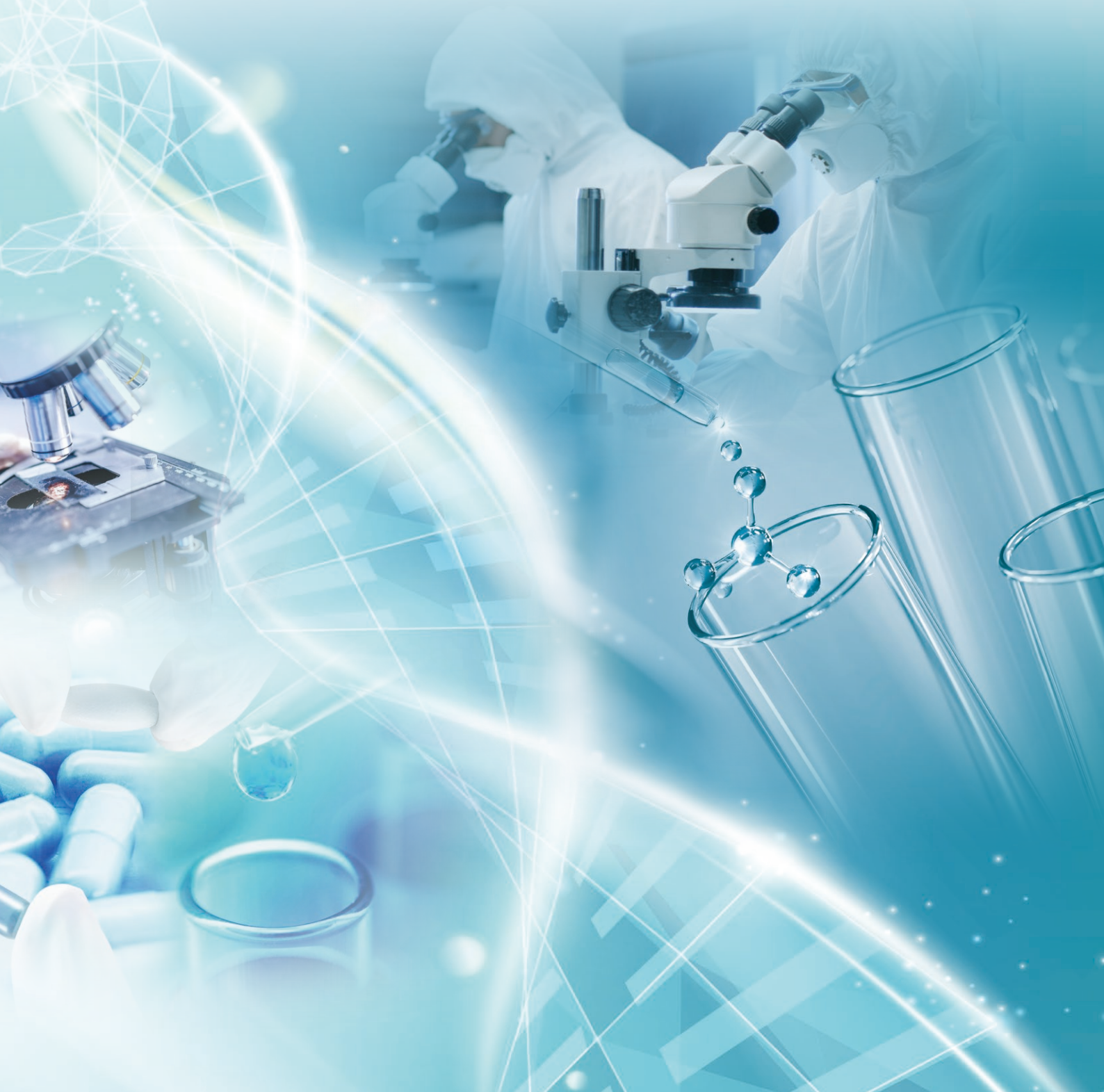
Immunotech Biopharm Ltd
永泰生物製藥有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 6978

2024
ANNUAL REPORT



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr TAN Zheng *(Chairman)*
Dr WANG Yu *(CEO and CTO)*

Non-executive Directors

Mr TAO Ran
Mr WANG Ruihua
Mr YANG Fan
Mr WANG Donghu

Independent non-executive Directors

Professor WANG Yingdian
Mr NG Chi Kit
Ms PENG Sujiu

COMPANY SECRETARY

Mr YANG Ning *(resigned on 26 July 2024)*
Mr CHEN Ran *(appointed on 26 July 2024 and resigned on 2 December 2024)*
Ms LEUNG Shui Bing *(appointed on 26 July 2024)*

AUTHORISED REPRESENTATIVES

Mr TAN Zheng
Mr YANG Ning *(resigned on 26 July 2024)*
Mr CHEN Ran *(appointed on 26 July 2024 and resigned on 2 December 2024)*
Ms LEUNG Shui Bing *(appointed on 2 December 2024)*

AUDIT COMMITTEE

Mr NG Chi Kit *(Chairman)*
Mr TAO Ran
Professor WANG Yingdian

REMUNERATION COMMITTEE

Professor WANG Yingdian *(Chairman)*
Ms PENG Sujiu
Mr NG Chi Kit

NOMINATION COMMITTEE

Mr TAN Zheng *(Chairman)*
Ms PENG Sujiu
Professor WANG Yingdian

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F, One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISER

As to Hong Kong law
Eric Chow & Co. in Association with Commerce & Finance Law Offices
3401, Alexandra House
18 Chater Road, Central
Hong Kong

Corporate Information

PRINCIPAL BANKS

China Construction Bank, Beijing Branch, BDA Sub-Branch
Building 55
2 Jingyuan North Street
Beijing Economic-Technological Development Area ("**BDA**")
Beijing, the PRC

Bank of Communications, Hong Kong Branch
16/F, Lee Garden Five
18 Hysan Avenue
Causeway Bay
Hong Kong

China CITIC Bank, Beijing Branch, Xinxing Sub-Branch
Xinxing Hotel
17 Middle West Third Ring Road
Haidian District
Beijing, the PRC

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

8/F, Block 1
Guosheng Technology Park
No.1 Kangding Street
BDA
Beijing, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

REGISTERED OFFICE

P.O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
P.O. Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

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

STOCK CODE

6978

COMPANY'S WEBSITE

www.eaal.net

DATE OF LISTING

10 July 2020

Corporate Profile

OVERVIEW

The Company is a leading cellular immunotherapy biopharmaceutical company in China focusing on the research, development, and commercialisation of T cell immunotherapy for almost 18 years. EAL® – its Core Product Candidate – is a multi-target cellular immunotherapy product with more than a decade of track record of clinical application, and has shown efficacy in the treatment of various types of cancer. EAL®-related research began in 2006, and the Company has improved upon the cell culture system and methods, and developed our proprietary, patented technology platform for the production of EAL® cells.

The Company selected the prevention of postsurgical recurrence of liver cancer as the clinical indication for the clinical trial of EAL®. It plans to submit the application for the commercialisation of EAL® in the PRC market after achieving statistically significant result for its clinical trials.

The Company's product pipeline features major classes of cellular immunotherapy products, including both non-genetically-modified and genetically-modified products, as well as both multi-target and single-target products. Other than EAL®, the main product candidates include 6B11, the CAR-T cell series and the TCR-T cell series.

Composed of experienced cancer immunologists, the core technology team is equipped with industry foresight and sensitivity. The R&D organisational structure encompasses early research, pre-clinical studies, clinical studies, and commercialised production and management, allowing for rapid implementation of our product R&D efforts.

The Company has also established technology platforms necessary for the R&D of cellular immunotherapy products and in place an organisational and management platform for clinical trials.

Business and Financial Highlights

BUSINESS HIGHLIGHTS

Clinical trials

Non-genetically modified cell product pipeline

EAL®

EAL® is a broad-spectrum anti-tumour cellular immunotherapy product with more than a decade of track record of clinical application in the treatment of cancer. It is a preparation of activated and expanded T cells originally taken from a patient's autologous peripheral blood and cultured using the patented methods. The main active component of the product is $CD8^+$ cytotoxic T cells and its cell surface marker is the CD3 molecule.

As at the date of this report, the Group has completed the enrolment of 430 targeted subjects for the Phase II clinical trial. Based on the Group's recent communication with the CDE, in February 2025, the CDE has agreed that the Group may submit an application for conditional approval for EAL®. In March 2025, EAL® was granted priority review in China. As at the date of this report, the conditional NDA for the Group's core product candidate EAL® has been accepted by the CDE of the NMPA.

6B11-OCIK Injection

6B11-OCIK Injection is an injection of ovarian cancer autologous cytotoxic T Lymphocyte. 6B11 is the monoclonal anti-idiotypic antibody prepared by Beijing Weixiao with COC166–9 immunised mice with monoclonal antibody to mimic ovarian cancer-related antigen OC166-9. The use of 6B11 can induce specific anti-ovarian cancer humoral and cellular immune antibodies in vitro, which can be cultured and proliferated in vitro (6B11-OCIK Injection) and infused back to the subject to achieve the purpose of specifically killing tumour cells.

As at the date of this report, the Group has completed the enrolment of six targeted patients for the Phase I clinical trial for 6B11-OCIK Injection and has completed the preliminary analysis and the interim results of the ongoing clinical trial. The Group will conduct the Phase II clinical trials at the appropriate time according to operational arrangements.

CAR-T cell product pipeline

CAR-T-19 Injection

The CAR-T-19 series forms the core of CAR-T cell product pipeline. CAR-T-19 Injection is indicated for the treatment of pediatric and young adult patients up to and including the age of 25 with B-ALL. The CAR-T-19 Injection product candidate has shown efficacy in a clinical study, and the IND application for the product candidate with B-cell acute lymphoblastic leukaemia (B-ALL) as the clinical indication was accepted for processing by the CDE in August 2019.

In December 2020, the Group received an approval of the IND for clinical trials of CAR-T-19 Injection from the CDE. Following the IND approval, the Company has commenced the Phase I clinical trial process for the CAR-T-19 Injection and presented the Phase I clinical trial protocol and proposed timetable in a kick-off conference meeting, which took place in Beijing on 25 February 2021. In October 2023, the Company applied to the CDE for end-of-Phase I clinical trial meetings application and started the Phase II clinical trial work.

Business and Financial Highlights

CAR-T-19 Injection was granted breakthrough therapy designation for treatment of patients aged 25 and under with relapsed/refractory B-ALL by the CDE. The designation was granted based on the solid clinical efficacy and safety data of CAR-T-19 Injection. It will expedite the clinical development of CAR-T-19 Injection and accelerate its early access to the patients. CDE's breakthrough therapy designation is designed to expedite the clinical development of innovative drugs presenting significant clinical advantages. Drug candidates with breakthrough therapy designation may be considered for conditional approval and priority review when submitting a new drug application.

As at the date of this report, the Group has completed the enrolment of 47 targeted patients for the Phase II clinical trial for CAR-T-19 Injection.

Denocabtagene Ciloleucel Injection

Denocabtagene Ciloleucel Injection, originally known as RC19D2, CAR-T-19-D2 and CAR-T-19-DNR, targets immunosuppressive molecule TGF-ß, is an injection for the treatment of patients with relapsed and refractory diffuse large B-cell lymphoma. The injection has the goal of overcoming CAR-T cells' pain points in terms of the lack of persistence, the lack of efficacy in the treatment of solid tumours, and tumour recurrence. In March 2023, the Group has obtained implied approval on clinical trial for the Denocabtagene Ciloleucel Injection from the NMPA.

As at the date of this report, the Company has completed the enrolment of 12 targeted patients for the Phase I clinical trial for the Denocabtagene Ciloleucel Injection.

aT19 Injection

The active component of the aT19 Injection product candidate is autologous T cells genetically modified to express CD19. The gene introduced therein is an encoded gene structure that can express human CD19 protein. The reinfusion of the aT19 Injection after injecting the CAR-T-19 Injection has the potential to reactivate CAR-T cells, restart the proliferation of CAR-T cells, and induce more immune memory cells, thereby increasing the chance of killing trace amounts of residual CD19-positive tumour cells and of preventing recurrence. Through multiple stimulations from CD19 antigen, the number of CAR-T cells with immune memory function may also increase, thereby prolonging the immune surveillance duration of CAR-T cells and reducing the probability of recurrence of CD19-positive tumours.

As at the date of this report, the Group has received an approval of the IND for the Phase I clinical trial from the CDE for the aT19 Injection in February 2024. The Group will conduct the Phase I clinical trials at the appropriate time according to operational arrangements.

Based on the technology of the CAR-T-19 Injection, the Denocabtagene Ciloleucel Injection and aT19 Injection product candidates have the ultimate goal of overcoming CAR-T cells' pain points in terms of the lack of persistence, the lack of efficacy in the treatment, and tumour recurrence. If verified, the technology underlying these two product candidates may be used in the genetic modification of other CAR-T and TCR-T cell products targeting solid tumours.

Business and Financial Highlights

TCR-T cell product pipeline

The Group has a number of TCR-T cell product candidates under pre-clinical studies, with the relevant target indications including the clear cell renal cell carcinoma, and viral infections such as CMV and EBV.

TCR-T-CMV injection for the treatment of refractory CMV infections post-hematopoietic stem cell transplantation was submitted for a pre-IND meeting in January 2025.

Pre-clinical research on YT007 injection for the treatment of advanced clear cell renal cell carcinoma has largely been completed.

FINANCIAL HIGHLIGHTS

Other income increased by approximately RMB23.2 million or approximately 220.4% from approximately RMB10.5 million for the year ended 31 December 2023 to approximately RMB33.8 million for the year ended 31 December 2024.

Other gains and losses, net decreased by approximately RMB94.6 million or approximately 88.9% from losses of approximately RMB106.5 million for the year ended 31 December 2023 to losses of approximately RMB11.8 million for year ended 31 December 2024.

Research and development expenses decreased by approximately RMB23.1 million or approximately 13.0% from approximately RMB177.3 million for the year ended 31 December 2023 to approximately RMB154.2 million for the year ended 31 December 2024.

Administrative expenses decreased by approximately RMB8.7 million or approximately 16.3% from approximately RMB53.2 million for the year ended 31 December 2023 to approximately RMB44.5 million for the year ended 31 December 2024.

Loss before tax decreased by approximately RMB149.1 million or approximately 44.4% from approximately RMB335.5 million for the year ended 31 December 2023 to approximately RMB186.4 million for the year ended 31 December 2024.

Loss and total comprehensive expense for the year decreased by approximately RMB148.1 million or approximately 44.2% from approximately RMB335.5 million for the year ended 31 December 2023 to approximately RMB187.3 million for the year ended 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

BUSINESS REVIEW

R&D of the product candidates

The following chart summarises the product candidates and their R&D status as at the date of this report:

Product Category		Product Code	Therapeutic Area	Indications	Early Research	Pre-clinical Studies	IND	Clinical Stage		NDA
								Clinical Phase I	Clinical Phase II/III	
Non-genetically Modified Products		EAL®	Solid Tumours	Liver cancer after surgery						
				Gastric cancer after surgery						
		6B11		Platinum resistant ovarian cancer (OC)						
Genetically Modified Products	CAR-T	CAR-T-19	Hematologic Malignancies	Relapsed/refractory B-cell acute lymphoblastic leukemia (r/r B-ALL) under 25 years of age						
		Denocabtagene Ciloleucel Injection		Relapsed or refractory diffuse large B-cell lymphoma						
	TCR-T	YT003	Post-transplantation Infections	CMV infection after hematopoietic stem cell transplantation						
		YT008		EBV infection after hematopoietic stem cell transplantation/Chronic active EBV infection						
		YT007	Solid Tumours	Clear cell renal cell carcinoma (ccRCC)						
	VAC	VAC-aT19	Hematologic Malignancies	Sequential CD19 CAR-T for relapsed or refractory B hematologic malignancies						

Cautionary statement required by Rule 18A.08(3) of the Listing Rules: The Company may not be able to ultimately develop and market the Core Product Candidates (including Core Products) successfully.

Non-genetically modified cell product pipeline

EAL®

EAL® is a broad-spectrum anti-tumour cellular immunotherapy product with more than a decade of track record of clinical application in the treatment of cancer. It is a preparation of activated and expanded T cells originally taken from a patient's autologous peripheral blood and cultured using the Group's patented methods. The main active component of the product is $CD8^+$ cytotoxic T cells, and its cell surface marker is the CD3 molecule.

As at the date of this report, the Group has completed the enrolment of 430 targeted patients for the Phase II clinical trial.

Based on the Group's recent communication with the CDE, in February 2025, the CDE has agreed that the Group may submit an application for conditional approval for EAL®. In March 2025, EAL® was granted priority review in China. As at the date of this report, the conditional NDA of the Group's core product candidate EAL® has been accepted by the CDE of the NMPA.

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As at the date of this report, the Group has completed the enrolment of six targeted subjects for the Phase I clinical trial for 6B11-OCIK Injection and has completed the preliminary analysis and the interim results of the ongoing clinical trial. The Group will conduct the Phase II clinical trials at the appropriate time according to operational arrangements.

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In December 2020, the Group received an approval of the IND for clinical trials of CAR-T-19 Injection from the CDE. Following the IND approval, the Group has commenced Phase I clinical trial process for the CAR-T-19 Injection and presented the Phase I clinical trial protocol and proposed timetable in a kick-off conference meeting, which took place in Beijing, the PRC on 25 February 2021. In October 2023, the Group applied to the CDE for the commencement of the Phase II clinical trial work.

CAR-T-19 Injection was granted breakthrough therapy designation for treatment of patients aged 25 and under with relapsed/refractory B-ALL by the CDE. The designation was granted based on the solid clinical efficacy and safety data of CAR-T-19 Injection. It will expedite the clinical development of CAR-T-19 Injection and accelerate its early access to the patients. CDE's breakthrough therapy designation is designed to expedite the clinical development of innovative drugs presenting significant clinical advantages. Drug candidates with breakthrough therapy designation may be considered for conditional approval and priority review when submitting a new drug application.

As at the date of this report, the Group has completed the enrolment of 47 targeted patients for the Phase II clinical trial for CAR-T-19 Injection.

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As at the date of this report, the Group has completed the enrolment of 12 targeted patients for the Phase I clinical trial for the Denocabtagene Ciloleucel Injection.

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The active component of the aT19 Injection product candidate is autologous or after stem cell transplantation T cells genetically modified to express CD19. The gene introduced therein is an encoded gene structure that can express human CD19 protein. The reinfusion of the aT19 Injection after injecting the CAR-T-19 Injection has the potential to reactivate CAR-T cells, restart the proliferation of CAR-T cells, and induce more immune memory cells, thereby increasing the chance of killing trace amounts of residual CD19-positive tumour cells and of preventing recurrence. Through multiple stimulations from CD19 antigen, the number of CAR-T cells with immune memory function may also increase, thereby prolonging the immune surveillance duration of CAR-T cells and reducing the probability of recurrence of CD19-positive tumours.

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Based on the technology of the CAR-T-19 Injection, the Denocabtagene Ciloleucel Injection and aT19 Injection product candidates have the ultimate goal of overcoming CAR-T cells' pain points in terms of the lack of persistence, the lack of efficacy in the treatment, and tumour recurrence. If verified, the technology underlying these two product candidates may be used in the genetic modification of other CAR-T and TCR-T cell products targeting solid tumours.

TCR-T cell product pipeline

TCR-T cell therapy is an immunotherapy based on the reinfusion of tumour antigen-specific T cells. The Group established single-cell sequencing-based technology platform to obtain different HLA-restricted TCR coding sequences for specific antigens. Subsequently, the TCR genes are inserted into the self-constructed lentiviral vector for transduction into T cells, and then the killing effect on tumour cells is confirmed by an in vitro and in vivo model. In this way, the Group intends to finally prepare a gene database for TCRs where different antigenic specificities presented by common HLA could be recognised.

The Group has a number of TCR-T cell product candidates under pre-clinical studies, with the relevant target indications including the clear cell renal cell carcinoma, and viral infections such as CMV and EBV.

TCR-T-CMV injection for the treatment of refractory CMV infections post-hematopoietic stem cell transplantation was submitted for a pre-IND meeting in January 2025.

Pre-clinical research on YT007 injection for the treatment of advanced clear cell renal cell carcinoma has largely been completed.

Cautionary statement required by Rule 18A.05 of the Listing Rules: the Company cannot guarantee that the Core Product Candidate and other product candidates will ultimately be successfully developed and marketed.

Management Discussion and Analysis

The Group's facilities

The Group has a total area of approximately 27,604 sq.m. for a R&D and manufacturing centre in Beijing, the PRC, which includes a quality inspection building and clean laboratory. Such facilities are capable of supporting the pre-clinical and clinical R&D of cellular immunotherapy product candidates, as well as the early production needs upon marketing approval for the product candidates. All these facilities have been issued clean facility (area) inspection reports by the Beijing Institute for Drug Control. Leadman manufacturing shop and the Guosheng Laboratory in Beijing have the capacity to handle approximately 40,000 samples per year, and can satisfy the needs from the clinical trials for its product pipeline for two to three years, as well as the early production needs from the commercialisation of EAL®.

In order to expedite the clinical trials and prepare for the future commercialisation roadmap, the Group is planning to establish R&D and production centres in densely-populated areas in China in view of the six-hour transportation radius for EAL®, namely:

- Northern China region:
  - On 17 June 2021, the commencement ceremony for the construction of the R&D and industrialisation base took place, which marked the official launch of the construction project of the Group's R&D and industrialisation base in Beijing, the PRC. The expected investment for the Beijing production centre would amount to approximately RMB1.2 billion, which is expected to be financed by a bank loan. After completion, it is expected to reach an annual production capacity of over 200,000 batches of cells, covering the domestic Northern and Northeast markets in China.
- Eastern China region:
  - In February 2021, Beijing Yongtai entered into a cooperation framework agreement with the Shaoxing Binhai New Area Management Committee* (紹興濱海新區管理委員會) in relation to, among others, establishing the proposed R&D and production centre of EAL® for the Eastern China region, the proposed joint establishment of academician workstations with universities and research institutions in the PRC, the proposed land development regarding the project and the proposed establishment of the Industry Fund, targeted at the investments in the upstream and downstream industrial chain of, among other things, cellular immunotherapy. At present, the total investment for the project is expected to be approximately RMB1.0 billion. The first phase of construction of proposed R&D and production centre of EAL® for the Eastern China region is expected to complete within 48 months after obtaining the relevant land title certificate. As at the date of this report, the Group has started the construction of the production centre in Shaoxing.
  - On 11 May 2022, Shanghai Yongtai Immunobiological Products Co Ltd (上海永泰免疫生物製品有限公司) as the leasee, entered into a land use rights grant contract with Shanghai Songjiang Bureau of Planning and Natural Resources* (上海市松江區規劃和自然資源局) as the leasor, in relation to lease a land located in Shanghai Songjiang Industrial Area, with a total site area of approximately 21,848.6 sq.m. (the "**Land**"). The Land is for industrial use and the term of the land use right for the Land is 20 years from the delivery date of the Land. The Company intends to use the Land for R&D centre of the product candidates in Eastern China region.

Quality assurance

The Group has formulated the quality management documentation in accordance with GMP, covering production process procedures, product quality standards, equipment and facilities operation procedures, inspection procedures, sample retention and sampling management procedures, personnel training, environmental monitoring, verification and confirmation, deviation inspection, and quality risk control management procedures. The Group has standardised the selection, purchase, inspection, release, production process, inspection process, product storage, and transportation of the materials used in the products to ensure full compliance with relevant laws and regulations and GMP requirements. Under the Group's quality management procedures, final products can be released only after the quality inspection, in order to ensure that the products meet the relevant standards and intended use.

In particular, the production of EAL® has achieved standardisation. The Group has developed comprehensive standards in relation to the production process in order to ensure that the product is of consistent quality.

To ensure the final products meet the quality standards, all quality issues during the production process are documented, escalated to, and reviewed by senior management. The Group also conduct a formal risk assessment and justification in accordance with the standards and procedures under the quality management system and policies.

The head of the quality department reports directly to the CEO. There are two sub-teams within the quality department and they are responsible for quality assurance and quality control respectively. As at 31 December 2024, the Company had 39 staff members in the quality department.

Future and outlook

Expedite the commercialisation of EAL®

The Group plans to fully advance the preparation work for the post-marketing commercialisation of EAL®, including but not limited to fully advancing the work in relation to government affairs, hospital access, marketing, medical, sales, etc.

Advance the pre-clinical studies for pipeline products

The Group plans to continue to invest into the CAR-T and TCR-T cell product pipelines.

For example, patients often suffer from viral infections after hematopoietic stem cell transplantation (HSCT)/solid organ transplant (SOT). Cytomegalovirus (CMV) infection is a major cause of morbidity and mortality among those patients and is one of the most common risk factors. By genetically transducing general T cells with TCR genes that specifically recognise CMV-associated antigens, there is a potential for the treatment of CMV infection-related life-threatening diseases.

Management Discussion and Analysis

Enhance the technology platform and strengthen the product pipeline

The Company is committed to continuing its studies on cellular immunotherapy products appropriate for different tumour types and stages with improved efficacy compared to currently-available products.

In the area of tumour antigens for individualisation of solid tumours, the Company intends to identify antigen-specific TCRs suitable for different individuals, with a view to ultimately constructing a gene database for TCRs targeting of tumour neoantigens in an effort to conduct research into molecule-specific TCR-T cell products for the treatment of solid tumours. Such research would target at the area of life-threatening diseases caused by viruses such as CMV and EBV.

Develop viral vector production and early-stage R&D services business

The Company has established the viral vector production system, which meets the pharmaceutical production quality standards under GMP requirements. The viral vectors that the Company has produced meet the requirements for biological products and can be produced in scale. At present, domestic CAR-T cells companies often order viral vectors from abroad.

Due to the high degrees of individualisation and the nature as biological active products, cellular immunotherapy products are subject to R&D carried out through a systematic technology platform covering cell preparation, cell quality control, cell potency studies, cell safety studies, etc. In the absence of such platform, the productisation of the cells would be difficult. The Group began to carry out CDMO business during the Reporting Period, based on the systematic technology platform established by the Group for the R&D of cellular immunotherapy products, and it can provide customised services according to the needs of customers.

Expand strategic collaboration on the basis of organic growth

Based on endogenous growth, the Company plans to expand strategic cooperation to seek the sale, technology transfer and strategic cooperation of existing and research products. The Company will also continue to seek new potential directions for the development of cellular immunotherapy products and explore opportunities for mergers and acquisitions and strategic cooperation.

Management Discussion and Analysis

FINANCIAL REVIEW

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

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Other income	**33,788**	10,547
Other gains and losses, net	**(11,813)**	(106,458)
Administrative expenses	**(44,540)**	(53,223)
Research and development expenses	**(154,240)**	(177,326)
Finance costs	**(7,493)**	(8,519)
Other expenses	**(2,119)**	(500)
Loss before tax	**(186,417)**	(335,479)
Income tax expense	**(926)**	–
Loss and total comprehensive expense for the year	**(187,343)**	(335,479)
Loss and total comprehensive expense for the year attributable to:		
Owners of the Company	**(186,912)**	(334,819)
Non-controlling interests	**(431)**	(660)
	(187,343)	(335,479)
Loss per share (RMB)		
Basic	**(0.36)**	(0.65)
Diluted	**(0.36)**	(0.65)

Other income

Other income of the Group increased by approximately 220.4% from approximately RMB10.5 million for the year ended 31 December 2023 to approximately RMB33.8 million for the year ended 31 December 2024, which was primarily due to the increase in government grants during the Reporting Period.

Management Discussion and Analysis

Set out below are the components of other income for the periods indicated:

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Income from provision of cell cryopreservation services (Note a)	**710**	710
Income from provision of technical services	**2,409**	590
Interest income on bank deposits	**874**	2,817
Interest income on rental deposits	**197**	192
Government grants (Note b)	**29,369**	6,216
Others	**229**	22
Total	**33,788**	10,547

Note a: Cell cryopreservation is the process whereby cells are preserved by cooling to very low temperatures.

Note b: Government grants related to research and development activities, compensations of the capital expenditure from local PRC government.

Other gains and losses, net

Other gains and losses, net of the Group decreased by approximately 88.9% from losses of RMB106.5 million for the year ended 31 December 2023 to losses of RMB11.8 million for the year ended 31 December 2024, primarily due to the changes in fair value losses for financial assets measured at fair value (including the equity interest in Shaoxing Yongsheng Equity Investment Partnership (LP)* (紹興永晟股權投資合夥企業(有限合夥)), the changes in fair value gains for other financial liabilities (convertible bonds), the loss resulting from the termination of the TCR800 licensing agreement, and the compensation payment for the new facilities in Daxing during the Reporting Period.

Business development expenses

The Company did not incur any business development expenses for the year ended 31 December 2024, which was primarily due to larger scale of Phase II clinical trial for EAL® based on which the Company has classified all the business development expenses relevant to such clinical trial to the R&D expenses.

Administrative expenses

Administrative expenses of the Group decreased by approximately 16.4% from approximately RMB53.2 million for the year ended 31 December 2023 to approximately RMB44.5 million for the year ended 31 December 2024, which was primarily due to the decrease in staff costs and professional fees.

The Group's administrative expenses primarily include staff costs, professional fees including fees paid to contractors and recruiters, depreciation expenses of the right-of-use assets for the leases, vehicles and office equipment, travel and hospitality fees and others.

Management Discussion and Analysis

Research and development expenses

Research and development expenses of the Group decreased by approximately 13.0% from approximately RMB177.3 million for the year ended 31 December 2023 to approximately RMB154.2 million for the year ended 31 December 2024, which was primarily due to increase in materials for research and development project, depreciation and amortisation, partially offset by decrease in contracting costs and staff costs.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Materials for research and development project	**16,135**	15,125
Staff costs	**50,342**	54,193
Share Option	**–**	–
Contracting costs	**27,299**	46,883
Depreciation and amortisation	**46,829**	41,849
Service fee	**4,661**	3,855
Energy fee	**6,522**	8,464
Others	**2,452**	6,957
Total	**154,240**	177,326

Finance costs

Finance costs of the Group decreased by approximately 12.0% from approximately RMB8.5 million for the year ended 31 December 2023 to approximately RMB7.5 million for the year ended 31 December 2024, which was primarily due to decrease in interest expenses on lease liabilities recognised pursuant to IFRS 16.

Other expenses

Other expenses of the Group increased by approximately 323.8% from approximately RMB0.5 million for the year ended 31 December 2023 to approximately RMB2.1 million for the year ended 31 December 2024, which was primarily due to increase in costs for provision of technical services.

Loss before tax

For the above reasons, the loss before tax of the Group decreased by approximately 44.4% from approximately RMB335.5 million for the year ended 31 December 2023 to approximately RMB186.4 million for the year ended 31 December 2024.

Management Discussion and Analysis

Income tax expense

For the year ended 31 December 2024, the Company is not subject to any income tax in the Cayman Islands. No Hong Kong profit tax was provided for as there was no estimated assessable profit of the Hong Kong subsidiary, which was subject to Hong Kong profit tax during the Reporting Period. The subsidiaries located in the PRC, were generally subject to the statutory enterprise income tax at a rate of 25% on the assessable profits according to the PRC Enterprise Income Tax Law. Beijing Yongtai, one of the PRC subsidiaries, was accredited as a High And New Technology Enterprise for a three-year period commencing from 2 December 2024. Yongtai Ruike was also accredited as a High And New Technology Enterprise for a three-year period commencing from 20 December 2023. Accordingly, Beijing Yongtai and Yongtai Ruike enjoyed a lower tax rate of 15% during the Reporting Period.

Liquidity and capital resources

The bank balances and cash decreased by approximately RMB5.2 million from approximately RMB52.2 million at 31 December 2023 to approximately RMB47.0 million at 31 December 2024, which was primarily due to the consumption of cash for R&D.

INDEBTEDNESS

Lease liabilities

As at 31 December 2024, the lease liabilities were approximately RMB116.5 million. The lease liabilities were secured by rental deposits and unguaranteed.

Contingent liabilities, charge of assets and guarantees

In February 2023, the Company completed issuance of the Convertible Bonds. The Convertible Bonds are secured by the security for the Company's payment obligations and the performance of Company's obligations in respect of the Convertible Bonds. The security includes the assets mortgage and the share mortgages. The assets mortgage includes the mortgage of: (1) a land use right; and (2) other pledged assets including certain equipment and financial assets at fair value through profit or loss, of the Group. The share mortgages include the Shares charged by Tan Zheng Ltd and Tan Yue Yue Ltd under the transaction documents, which amounts to 19,285,714 Shares held by Tan Zheng Ltd and 6,714,286 Shares held by Tan Yue Yue Ltd.

Save as disclosed above, the Company did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, loans, borrowings, lease liabilities, liabilities under acceptance or other similar indebtedness, any guarantees or other material contingent liabilities as at 31 December 2024.

Management Discussion and Analysis

CAPITAL STRUCTURE

The Shares were listed on the Main Board of the Stock Exchange on 10 July 2020, and 100,000,000 Shares were issued at the offer price of HK$11.00 per share by way of Global Offering.

Subsequently, the Company announced that the over-allotment option described in the Prospectus was partially exercised by the joint representatives, on behalf of the international underwriters, on 31 July 2020, in respect of an aggregate of 14,584,000 Shares representing approximately 14.58% of the total number of the Shares initially available under the Global Offering before any exercise of the over-allotment option to facilitate the return to Tan Zheng Ltd of the borrowed Shares under the stock borrowing agreement which were used to cover over-allocations in the international offering. There was no change in the capital structure of the Group since then. The share capital of the Group only comprises ordinary shares. As at 31 December 2024, the total issued share capital of the Company was US$514,584 divided into 514,584,000 Shares.

The capital structure of the Group was 102.9% debt and –2.9% equity as at 31 December 2024, compared with 79.8% debt and 20.2% equity as at 31 December 2023.

Completion of issue of Convertible Bonds under specific mandate

On 20 February 2023, the Board announces that all the conditions precedent under the Subscription Agreement have been fulfilled that the Convertible Bonds in the aggregated principal amount of RMB300 million have been issued to the Investor. The Convertible Bonds are convertible into the Company's ordinary shares of US$0.001 each at an initial Conversion Price of HK$4.81 per Conversion Share (subject to adjustments). The Conversion Shares has been issued by the Company pursuant to the specific mandate granted to the Directors at the extraordinary general meeting held on 11 January 2023 which authorised the Company to issue and allot up to 68,493,150 Shares to the Investor. The interest rate is 6% per annum on the outstanding principal amount of the Convertible Bonds.

The reasons for the issue of Convertible Bonds are as follows: the Company is in need of capital for its operation and R&D of pipeline and commercialisation of its products. The Company wants to seek an experienced and reputable business partner in the industry to assist its R&D and commercialisation of its products. As the Investor was one of the cornerstone investors of the Listing and is familiar with the business of the Company, the Directors consider the issue of the Convertible Bonds to raise funds will provide an opportunity for the Company to enhance its working capital and financial position and support the business development of the Group. They also consider that the issue of the Convertible Bonds is an appropriate means of raising additional capital for the Company since it will not have an immediate dilution effect on the shareholding of the existing Shareholders. The Company has considered alternative financing methods such as internal cash resources or bank financing that was available to the Company. Given that the Company is currently still in pre-revenue stage, most commercial banks in the PRC were only available to provide fundings under the condition that the Company has achieved positive cash flow. Taking into consideration the prevailing market condition, the financial position of the Group, and the Company's funding needs for its operation, R&D and commercialisation of its products, the Directors consider that it is a prudent way to issue the Convertible Bonds, even the Shareholders may suffer dilution effects under the Convertible Bonds upon conversion of the Conversion Shares (if any).

Details of the Convertible Bonds are set out in the circular of the Company dated 16 December 2022.

Management Discussion and Analysis

On 18 December 2024, the Company was informed by the Investor that it has agreed to transfer (the "**Transfer**") its entire holding of the Convertible Bonds in the aggregate principal amount of RMB300 million to Tibet Jiaze Venture Capital Co., Ltd (西藏嘉澤創業投資有限公司) (the "**Transferee**"). The transfer price of the Convertible Bonds is RMB300 million. Completion of the Transfer is subject to the fulfillment of several conditions precedent, including, among others, written notice and consent from the Company, necessary internal approvals from both parties, requisite approvals from the Stock Exchange (if required), execution of all related documents, and completion of foreign direct investment procedures as mandated by relevant authorities. The Transfer is expected to be completed within five working days following the fulfillment of all conditions. After fulfilment of the conditions precedent, and upon completion of the Transfer, the Convertible Bonds will be held by the Transferee in accordance with the terms of the Convertible Bonds. The terms of the Convertible Bonds remain unchanged despite the Transfer.

In February 2023, the Company received the aggregate principal amount of RMB300 million, of which (a) approximately RMB102.3 million will be applied for EAL® clinical trial and the Company is expected to utilise the remaining fund by the first half of the year 2025; and (b) approximately RMB197.7 million will be applied for the construction costs of new R&D and production centres and the Company is expected to utilise the remaining fund by the end of 2025.

As at 31 December 2024, the Company utilised a total of approximately RMB256.6 million of the proceeds. The table below sets out the planned applications of the net proceeds from the Convertible Bonds and actual usage up to 31 December 2024:

Use of proceeds	**Allocation of the net proceeds from the Convertible Bonds** (RMB million)	**Unutilised amount as at 1 January 2024** (RMB million)	**Utilised amount up to 31 December 2024** (RMB million)	**Utilised amount (from 1 January 2024 to 31 December 2024)** (RMB million)	**Unutilised amount as at 31 December 2024** (RMB million)	**Expected timeline of full utilisation of the remaining proceeds from the Convertible Bonds**
EAL® clinical trial	102.3	43.2	102.3	43.2	0.00	
Construction costs of new R&D and production centres	197.7	117.7	154.3	74.3	43.4	By the end of 2025
Total	300.0	160.9	256.6	117.5	43.4	

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

As at 31 December 2024, financial assets at FVTPL amounted to approximately RMB10.5 million, representing approximately 1.9% of the total assets of the Group.

On 20 March 2023 and 20 June 2023, the Group (through its indirect wholly-owned subsidiary, Beijing Yongtai) subscribed for certain certificates of deposits issued by Minsheng Bank with its idle own funds in the principal amount of RMB110.0 million in aggregate. On 20 July 2023, 20 March 2024, 20 June 2024 and 20 December 2024, the Group disposed of ten out of the 11 certificates of deposits in four instalments by on-market sale through Minsheng Bank at an aggregate consideration of approximately RMB103.7 million. As at the date of this report, the Group continues to hold one certificates of deposits in the total amount of RMB10.0 million. For further details, please refer to the announcement of the Company dated 20 June 2024.

None of the investment that was designated as financial assets at FVTPL in the Group's investment portfolio had a carrying amount that accounts for 5% or more of the Group's total assets as at 31 December 2024.

Save as disclosed above and as at the date of this report, there were no significant investments held by the Group or future plans regarding significant investment or capital assets

Strategy for future investments

The Group will continue to pursue long-term business and profitability growth in line with its corporate mission and goals. The Group will continue to adopt prudent capital management and liquidity risk management to preserve adequate buffer to meet the performance of its investments and the market trends to adjust its investment strategies challenges ahead.

Save as disclosed above and as at the date of this annual report, there were no significant investments held by the Group or future plans regarding significant investment or capital assets.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2024, the Company had a total of 154 employees in the PRC. The total amount of employee remuneration of the Group (including directors' remuneration) for the year was approximately RMB70.1 million (2023: approximately RMB77.0 million).

The following table sets forth the number of the employees for each function as at 31 December 2024:

Function	Number of Employees
General management and administration	19
R&D	14
Senior management	10
Production, purification, equipment and safety	56
Quality	39
Clinical support and business development	16
Total	154

Management Discussion and Analysis

The Group has designed an evaluation system to assess the performance of the employees periodically. Such system forms the basis of the determinations of whether an employee should receive a salary raise, bonus, or promotion. The Company believed the salaries and the bonuses the employees receive are competitive with market rates.

The Group places strong emphasis on providing training to the employees in order to enhance their technical and product knowledge. The Group designs and offer different training programmes for the employees in various positions.

The Group makes contributions to the social insurance and housing provident fund for all the employees in the PRC.

FOREIGN EXCHANGE

Foreign currency risk refers to the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which our Group conducts business may affect the financial condition and results of operation. The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollars. The conversion of foreign currencies into RMB, including Hong Kong dollars, has been based on rates set by the People's Bank of China. The Group seeks to limit our exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position. During the Reporting Period, the Group did not enter into any currency hedging transactions.

SELECTED FINANCIAL RATIO

The following table sets out certain selected financial ratios as at the balance sheet dates indicated:

	Year ended 31 December	
	2024	2023
Current ratio[(1)]	**0.20**	0.40
Quick ratio[(2)]	**0.19**	0.39
Gearing ratio[(3)]	**–**	–

Notes:

(1) Current ratio equals current assets divided by current liabilities as at the end of the year.

(2) Quick ratio equals (a) current assets less materials for R&D project divided by (b) current liabilities as at the end of the year.

(3) Gearing ratio equals total borrowings divided by total equity as at the end of the year. As at 31 December 2024, the Group had no interest-bearing borrowings, such that the gearing ratio is not applicable for the year ended 31 December 2024.

The current ratio decreased from 0.40 as at 31 December 2023 to 0.20 as at 31 December 2024 and the quick ratio decreased from 0.39 as at 31 December 2023 to 0.19 as at 31 December 2024, the decrease in both ratios were primarily due to the decrease in financial assets at FVTPL of the Group from approximately RMB124.8 million as at 31 December 2023 to approximately RMB10.5 million as at 31 December 2024.

Directors and Senior Management

DIRECTORS

Executive Directors

Mr Tan Zheng (譚錚) ("**Mr Tan**"), aged 47, was first appointed as a Director in April 2018, and was re-designated as an executive Director and the Chairman in August 2019. He is mainly responsible for overall strategic planning and business direction of our Group. Mr Tan is currently pursuing an executive master in business administration from United Business Institutes China. Through working with various pharmaceutical companies, Mr Tan has accumulated over 20 years of experience in leading commercialisation efforts or marketing and sales within the PRC Pharmaceutical industry. From June 1998 to June 2004, he worked at Shanxi Buchang Pharmaceutical Co., Ltd. (陝西步長製藥有限公司), a PRC company listed on the Shanghai Stock Exchange (stock code: 603858.SH), principally engaged in the development and manufacturing of medical drugs, where his last position was an office supervisor at their Tianjin office. From June 2004 to January 2013, Mr Tan served as an office supervisor at the Beijing office of Shanxi Kanghui Pharmaceutical Co., Ltd (陝西康惠控股有限公司), principally engaged in the research, development and production of pharmaceuticals products. Between January 2013 and August 2015, Mr Tan worked at Wuhan Heer Medical Technology Development Co., Ltd.* (武漢呵爾醫療科技發展有限公司), a PRC company engaged in, among other things, the development and manufacture of cancer screening and analysis systems, first as an office supervisor at the Beijing office and subsequently as a deputy general manager, where he was responsible for sales, supervision and management of daily matters. Mr Tan has been a director of JY Research Holdings Limited, the offshore intermediate holding company of our PRC subsidiaries; Hamiyang, the holding company of JY Research Holdings Limited; and the chairman of Ankang Ruihe Biomedical Technology (Beijing) Co Ltd, an indirect wholly- owned subsidiary of our Company, since their respective incorporation. He became the director of Beijing Yongtai, one of our major PRC subsidiaries, in September 2015. Mr. Tan has also been appointed as the chief strategy officer of BrainAurora Medical Technology Limited since December 2020 and appointed as a director of BrainAurora Medical Technology Limited in April 2023, a company listed on Main Board of the Stock Exchange (stock code: 6681) and re-designated as its chairman of the board and executive director in July 2023.

Dr Wang Yu (王歈) ("**Dr Wang**"), aged 57, is an executive Director and the CEO and CTO of our Group. As an executive Director, she works with other members of our Board to oversee our overall operations, set our corporate policies, and develop our business. Also, as our CEO, Dr Wang is responsible for (i) formulating our R&D plans and strategies, including the overall visions and directions for our R&D of EAL® and R&D of CAR-T and TCR-T; and (ii) managing our day-to-day operation. As our CTO, Dr Wang is responsible for (i) supervising the clinical R&D activities in respect of liver cancer indication for EAL®; (ii) managing the R&D efforts to expand the clinical indications for EAL®; and (iii) leading our R&D team in exploring and developing CAR-T and TCR-T related therapies and product candidates. Dr Wang received a bachelor's degree of science in pharmaceutical chemistry and a master's degree of science in physiology from Beijing Medical University (now known as Peking University Health Science Centre (北京大學醫學部)) in the PRC in July 1989 and November 1992, respectively. Dr Wang obtained a Ph.D. in immunology from Peking University (北京大學), the PRC, in July 2002. Dr Wang has over 25 years of experience in medical research. After graduating from the Beijing Medical University in 1992, Dr Wang worked as a researcher with a number of research institutions in China and abroad, including Beijing Medical University, Georgetown University, Peking University Health Science Centre, and Beijing Cancer Hospital (北京腫瘤醫院) affiliated with Peking University. She

Directors and Senior Management

joined Beijing Yongtai in November 2006 as its director, CEO and CTO. From December 2003 to November 2006, she was also a deputy director of the Cancer Biological Therapy and Diagnosis Centre in Beijing Cancer Hospital (北京腫瘤醫院). From September 2014 to December 2018, Dr Wang served as a deputy director of Laboratory of Oncology, Chinese PLA General Hospital (中國人民解放軍總醫院), which is a key laboratory of the Ministry of Education, PRC, where she directed the R&D of the laboratory. During the same period, Dr Wang continued to provide direction and input to our research effort as our technology adviser and was subsequently appointed as our CEO and CTO in December 2018. Dr Wang is also a council member of the Beijing Society for Immunology (北京免疫學會) of the PRC from December 2011 to December 2015, a council member of China Medicinal Biotechnology Association (中國醫藥生物技術協會) from May 2013 to May 2017, the deputy director of oncology committee of the Chinese Research Hospital Association (中國研究型醫院學會) of the PRC since November 2015, and the deputy director of tumour Immunotherapy committee of the Beijing Breast Disease Society (北京乳腺病防治學會) of the PRC since December 2015. Dr Wang was a member of the editorial board of Progress in Microbiology and Immunology (微生物學免疫學進展) from January 2011 to December 2013, a member of the editorial board Chinese Journal of Microbiology and Immunology (中華微生物學和免疫學雜誌) since December 2013 and a member of the editorial board of Chinese Journal of Biologicals (中國生物製品學雜誌) from August 2013 to August 2018.

NON-EXECUTIVE DIRECTORS

Mr Tao Ran (陶然) ("**Mr Tao**"), aged 59, was appointed as a non-executive Director in August 2021, was appointed as the vice president of CR Pharma in June 2021 and appointed as executive Director in September 2021. He is concurrently a director of China Resources Jiangzhong pharmaceutical Group Co., Ltd., a director of China Resources Zizhu Pharmaceutical Co., Ltd, a director of China Resources Pharmaceutical Commercial Group Company Limited, a director of China Resources Biomedical Co., Ltd., a chairman of the supervisory board of China Resources Sanjiu Medical & Pharmaceutical Company Limited (華潤三九醫藥股份有限公司) and a chairman of the supervisory board of Dong-E-E-Jiao Company Limited (東阿阿膠股份有限公司). Mr Tao served as the chairman and director of China Resources Boya Bio-pharmaceutical Group Co. Ltd. (華潤博雅生物製藥集團股份有限公司) (the shares of which are listed on the Shenzhen Stock Exchange, Stock Code: 300294.SZ) from January 2022 to November 2023. Prior to that, Mr Tao was a manager of CR Pharma, a senior manager of investment division and a deputy general manager of China Resources Textiles (Holdings) Co., Ltd. and a senior director of strategic development division and the general manager of strategic development division of CR Pharmaceutical. Mr Tao holds a bachelor's degree in Engineering awarded by Shanghai Jiao Tong University, China and a master's degree in Economics awarded by Beihang University, China.

Directors and Senior Management

Mr Wang Ruihua (王瑞華) ("**Mr Wang**"), aged 61, graduated from Hebei University of Science and Technology with a bachelor's degree in inorganic chemical engineering in 1983 and obtained a master's degree in accounting from the Chinese University of Hong Kong in 2007. Mr Wang has over 40 years of experience in finance and business. He has held a number of senior management positions in Tasly Pharmaceutical Group Co., Ltd* (天士力醫藥集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600535.SH) from October 2001 to August 2023. From 1996 to 2001, he was the chief of finance of Tianjin Riban Float Glass Co., Ltd.* (天津日板浮法玻璃有限公司). Prior to that, he has successively held various positions in Ministry of Chemical Industry Changsha Design and Research Institute* (化工部長沙化學礦山設計院), Qinhuangdao Glass Industry Research and Design Institute* (秦皇島玻璃工業研究設計院), and the SCIVIC Engineering Corporation* (機械工業部第四設計院). Mr Wang is a Chinese certified public accountant, a senior and a certified asset appraiser in the PRC.

Mr Yang Fan (楊帆) ("**Mr Yang**"), aged 44, graduated from Carleton University with a bachelor's degree in economic in 2004 and obtained a master's degree in business administration from Cheung Kong Graduate School of Business in 2012. He further obtained an executive master's degree of business administration from Guanghua School of Management of Peking University in 2020. Mr Yang has over 19 years of experience in corporate finance. Since 2016, he has held a number of senior management position in Tasly Financial Leasing Co., Ltd* (天士力融資租賃有限公司) and currently serves as its director and president. From 2014 to 2016, he served as the executive director of the aviation investment division of China Minsheng Investment Co., Ltd.* (中國民生投資股份有限公司) and the director of CM Luxembourg Investment S.A. Prior to that, Mr Yang has held various senior and managerial positions in a number of financial leasing corporation and financial institutions.

Mr Wang Donghu (王東虎), aged 70, graduated from Renmin University of China with a master's degree of business administration in 2003. Mr Wang Donghu has over 21 years of experience in pharmaceutical and biotechnology industries in the PRC. Since 2003, he has held a number of senior management positions in NKY Medical, a PRC based company listed on the Shenzhen Stock Exchange (stock code: 300109.SZ) and currently serves as a director of NKY Medical.

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Professor Wang Yingdian (王英典) ("**Professor Wang**"), aged 63, was appointed as an independent non-executive Director in June 2020 and taking effect from 29 June 2020. He is mainly responsible for providing independent opinion and judgment to our Board. Professor Wang obtained a bachelor's degree in biology and a master's degree in physiology of plants in Northeast Normal University (東北師範大學) in the PRC in July 1983 and July 1988, respectively. In March 1997, he received a Ph.D. in crop production from Iwate University in Japan. Professor Wang has over 30 years of experience in academia with a research focus on development biology and biotechnology. Professor Wang has been a distinguished professor of College of Life Sciences at Beijing Normal University (北京師範大學) since September 2002 and was an independent non-executive director of Beijing Beilu Pharmaceuticals Company (北京北陸藥業股份有限公司) (stock code: 300016.SZ), a China-based company listed on Shenzhen Stock Exchange, principally engaged in the research, development, production and distribution of pharmaceutical product since June 2019. Since November 2020, he has served as an independent non-executive director of Beijing Northland Biotechnology Co., Ltd.* (北京諾思蘭德生物技術股份有限公司) (stock code: 430047.BJ), a Chinese company listed on the Beijing Stock Exchange, which is mainly engaged in the research, development, and production of innovative drugs and sales.

Mr Ng Chi Kit (吳智傑) ("**Mr Ng**"), aged 52, was appointed as an independent non-executive Director in June 2020 and taking effect from 29 June 2020. He is mainly responsible for providing independent opinion and judgment to our Board. Mr Ng obtained a bachelor of arts in accountancy in Hong Kong Polytechnic University in November 1997. He has been a member of the Hong Kong Institute of Certified Public Accountants since January 2003 and a fellow member of the Association Chartered Certified Accountants since June 2006. Mr Ng has over 21 years of experience in accounting and audit. He worked at Nelson Wheeler from August 1997 to February 2000. He joined Nelson Wheeler as an audit intermediate and was promoted to audit semi-senior in August 1998. From March 2000 to November 2009, He worked at the assurance and advisory business services department in Ernst & Young where he initially served as a staff accountant, and was promoted to senior accountant in October 2001. He was later promoted to senior manager in October 2006. Mr Ng has been serving as an independent non-executive director and a member of the audit committee of Chaowei Power Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 951) and principally engaged in the manufacture and sale of lead-acid motive batteries, lithium-ion batteries and other related products, since February 2017. He worked as the chief financial officer and company secretary of Suchuang Gas Corporation Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1430), from December 2010 to July 2022. He had been an independent non-executive director of Great Wall Motor Company Limited, a company listed on Main Board of the Stock Exchange (stock code: 2333), from May 2017 to June 2023.

Directors and Senior Management

Ms Peng Sujiu (彭素玖) ("**Ms Peng**"), aged 46, was appointed as an independent non-executive Director in June 2020 and taking effect from 29 June 2020. She is mainly responsible for providing independent opinion and judgement to our Board. Ms Peng obtained a bachelor's degree in accounting from University of South China (南華大學) in the PRC in June 2002. She obtained a medium level accountant certificate from the Shanghai Human Resources and Social Security Bureau in the PRC in August 2010. She then became a registered member of the Chinese Institute of Certified Public Accountants in February 2019. Ms Peng has over 5 years of experience in finance and accounting industry. From July 2002 to December 2005, she was a cashier at the Shanghai headquarters of Shanghai Shanxing Economic & Trading Co., Ltd (上海山興經貿有限公司), a company that sells steel coils, cold rolled plates, hot rolled plates and other related products. From April 2012 to December 2013, she was a financial manager at Shanghai Pinrui Medical Equipment Co., Ltd* (上海品瑞醫療器械設備有限公司), a PRC company principally engaged in manufacturing and developing high-tech dental equipment, where she was responsible for financial management of the company. From January 2014 to April 2016, she served as a financial manager for Shanghai JL&C Furniture Co., Ltd* (上海捷隆傢俱有限責任公司), a company engaged in household furniture manufacturing, where she was responsible for budget control and approval. Since July 2016, she has been working as a financial director of Shanghai Jianchu Medical Instrument Co., Ltd.* (上海建儲醫療器械有限公司), a company engaged in the sale of medical reagents and medical instruments, where she was responsible for overseeing the accounting and financial reporting functions of the company.

SENIOR MANAGEMENT

Mr Jung Hyun Chul (鄭鉉哲) ("**Mr Jung**"), aged 62, is the chief strategy officer of our Group. He is mainly responsible for the overall resources allocation, commercialisation planning and providing support to our R&D team. As our chief strategy officer, Mr Jung is responsible for (i) strategising and facilitating our overall resource allocation; (ii) advising on our business development and commercialisation plans and strategies, especially for our R&D of EAL®; and (iii) providing support, including introducing oversea suppliers, to our R&D team. Mr Jung received a bachelor's degree in operational management and a master's degree in business administration from Yonsei University, Korea in February 1985 and February 1987, respectively. From August 2019 to March 2023, Mr Jung was executive Director of the Company. Prior to joining our Group, from November 1988 to July 1989, Mr Jung served at S-oil Corporation (stock code: 010950), a company listed on Korea Stock Exchange, principally engaged in producing petroleum, petrochemical, and lubricant products. Between November 1991 and April 1995, he served at Korea Industry Securities Co., Ltd* (韓國產業證券有限公司), a company principally engaged in securities trading and investments, where he was responsible for analysing chemical industry and producing reports on it. Mr Jung joined Beijing Yongtai, one of our major PRC subsidiaries, in November 2006 as its director and since then, has been focusing on the business development and strategic aspects of our business. Mr Jung served as the chief executive director and director at Pharos Vaccine, a company based in Korea whose principal business is R&D of cell therapy products in Korea from April 2011 until his resignation in March 2019 with a view to focusing more on our business as our chief strategy officer and executive Director. He is also the founder, director and general manager of Beijing Sainuotai Biotechnology Co Ltd (北京賽諾泰生物科技有限公司), a company incorporated in the PRC that provides consultation services on lymphocyte biosynthesis technology.

Directors and Senior Management

Mr Zhang Jian (張鍵) ("**Mr Zhang**"), aged 54, is the senior vice president of our Group, and he is responsible for managing the administrative affairs, medical services, government affairs and sales network. Mr Zhang has more than 20 years of experience in the pharmaceutical industry. From 1995 to 1998, he was a Sales Manager at the Tianjian Office of Shaanxi Buchang Pharmaceutical Co., Ltd. (陝西步長製藥有限公司), a PRC pharmaceutical company that develops and produces medical drugs. From 1998 to 2005, he worked at Jinfang Pharmaceutical Company (西安高科陝西金方藥業公司), a PRC pharmaceutical company that engages in research, development and sales of drugs, his last position was a regional marketing general manager of the Northern China region. From 2005 to January 2016, he worked as a general manager at Xi'an Xingye Pharmaceutical Co., Ltd* (西安興業醫藥有限公司), a company primarily engaged in wholesale of drugs. From August 2013 to January 2016, Mr Zhang was a general manager for Xi'an Shangwo Medical Technology Co. Ltd* (西安尚沃醫療科技有限公司) a company engaged in, among other things, sales and technology research of medical device, while he was working at Xi'an Xingye Pharmaceutical Co., Ltd* (西安興業醫藥有限公司), a PRC pharmaceutical company that engages in the sale of Chinese medicines, antibiotics and biochemicals. From February 2016 to February 2018, he worked as a general manager at Wuhan Heer Medical Technology Development Co., Ltd.* (武漢呵爾醫療科技發展有限公司), a PRC company engaged in the development and manufacture of cancer screening and analysis systems.

COMPANY SECRETARY

Ms Leung Shui Bing (梁瑞冰), was appointed as the company secretary of our Company on 26 July 2024. She is a manager of the Listing Services Department of TMF Hong Kong Limited (a global corporate services provider). She has over 20 years of experience in the company secretarial field. Ms Leung obtained a bachelor's degree in Business and Management Studies (Accounting and Finance) from University of Bradford in the United Kingdom, and a master's degree in Corporate Governance from The Open University of Hong Kong (currently known as Hong Kong Metropolitan University). She was admitted as an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Report of Directors

The Directors are pleased to present this annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

DIRECTORS

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

Executive Directors:

Mr Tan Zheng *(Chairman)*
Dr Wang Yu *(CEO)*

Non-executive Directors:

Mr Tao Ran
Mr Wang Ruihua
Mr Yang Fan
Mr Wang Donghu

Independent Non-executive Directors:

Professor Wang Yingdian
Mr Ng Chi Kit
Ms Peng Sujiu

Biographical details of the current Directors are set out in the section headed "Directors and Senior Management" on pages 23 to 28 of this annual report.

PRINCIPAL ACTIVITIES

The Group is a leading cellular immunotherapy biopharmaceutical company in China focusing on the research, development, and commercialisation of T cell immunotherapy for almost 18 years. Since its establishment in 2006, it has focused on R&D and clinical applications of cellular immunotherapy drugs for cancers and other major diseases, by applying advanced theories in immunology, cell biology, and genetics.

BUSINESS REVIEW

A fair review of the business of the Group including an analysis of the Group's financial performance and financial position during the Reporting Period and an indication of likely future developments in the Group's business and the material factors underlying its financial performance and financial position as required by section 388(2) to the Companies Ordinance (Chapter 622 of The Laws of Hong Kong) are set out in the section headed "Management Discussion and Analysis" in this annual report. These discussions form part of this report. Events affecting the Company that have occurred since the end of the Reporting Period is set out in the section headed "Events After the Reporting Period" in this annual report.

Relationship with Employees and Suppliers

The Group understands the importance of maintaining a good relationship with its employees and suppliers to meet its immediate and long-term business goals. During the Reporting Period, there was no material and significant dispute between the Group and its employees and suppliers.

Report of Directors

PRINCIPAL RISKS AND UNCERTAINTIES

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

Risks relating to our business and industry

- We may not be able to identify, discover, or in-license new product candidates, and investors may lose all of their investment in us as a result
- We may not achieve successful and timely development and regulatory approval of our product candidates, all of which are in pre-clinical or clinical development
- We incurred net losses and did not generate any revenue from the sale of our product candidates during the Reporting Period, and there is no assurance that we will become and remain profitable in the future
- Even if approved, our product candidates may fail to achieve the degree of market acceptance by physicians, patients, third-party payors, and others in the medical community necessary for commercial success
- An outbreak of diseases or epidemic may cause material disruptions to our business operations
- We may expend our limited resources to pursue a particular product candidate or indication and fail to capitalise on product candidates or indications that may be more profitable or for which there is a greater likelihood of success
- If we are unable to establish sales and marketing capabilities, we may not be successful in commercialising our product candidates
- Delays in completing and receiving regulatory approvals for our manufacturing facilities, or damage to, destruction of, or interruption of production at such facilities, could delay our development plans or commercialisation efforts
- Our future success depends on our ability to retain key executives and to attract, retain, and motivate qualified personnel
- The prior clinical application of EAL® does not guarantee its success in obtaining regulatory approval or achieving market acceptance
- We had net operating cash outflow during the Reporting Period and we expect to require additional financing to fund our operations, including our R&D and commercialisation efforts
- Raising additional capital may cause dilution to our shareholders, restrict our operations, or require us to relinquish rights to our technologies or product candidates
- Our product candidates may cause undesirable side effects
- The research, development, and commercialisation of pharmaceutical products are heavily regulated

Report of Directors

- Any of our future approved product candidates will be subject to ongoing or additional regulatory obligations and continued regulatory review
- We face substantial competition, which may result in others discovering, developing, or commercialising competing products before or more successfully than we do
- We rely on third parties to conduct our pre-clinical studies and clinical trials and we must work effectively with collaborators to develop our product candidates
- We have entered into collaborations and may form or seek collaborations or strategic alliances or enter into licensing arrangements in the future, and we may not realise the benefits of such alliances
- There may be delays or interruptions in the provision of equipment supplies critical for our clinical trials
- Product liability claims or lawsuits could cause us to incur substantial liabilities
- We partially rely on government grants to finance our R&D activities, and may be liable to repay government grants if we terminate the R&D of a product candidate

Risks relating to intellectual property rights

- We may fail to obtain and maintain patent protection for our product candidates through intellectual property rights
- Our patents could be found invalid or unenforceable if challenged in court
- We may not be able to enforce our intellectual property rights or prevent unfair competition by third parties
- We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming, and unsuccessful
- If we are sued for infringing, misappropriating, or otherwise violating intellectual property rights of third parties or engaging in unfair competition, such litigation could be costly and time-consuming and could prevent or delay us from developing or commercialising our product candidates
- Obtaining and maintaining our patent protection depend on compliance with various procedural, document submission, fee payment, and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements
- Intellectual property rights do not necessarily protect us from all potential threats to our competitive advantages
- If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed
- We may not be successful in obtaining necessary rights for our development pipeline through acquisitions and in-licences

Report of Directors

Risks relating to our operations

- We are subject to the risks of doing business globally
- We may experience difficulties in managing our growth
- Our non-compliance with certain laws and regulations regarding certain employee social welfare schemes in the PRC could lead to the imposition of fines and penalties
- If we engage in acquisitions or strategic partnerships, this may increase our capital requirements, dilute our shareholders, cause us to incur debt or assume contingent liabilities, and subject us to other risks
- If we fail to comply with applicable anti-bribery laws, our reputation may be harmed and we could be subject to penalties and significant expenses
- If we fail to comply with environmental, health, and safety laws and regulations, we could become subject to fines or penalties or incur substantial costs
- Our computer systems may fail or suffer security breaches
- We may not have adequate insurance coverage
- Fluctuations in exchange rates could result in foreign currency exchange losses and could materially reduce the value of your investment
- Our financial results for the year ended 31 December 2024 may be affected by fair value changes in the Convertible Bonds we issued
- We recognised gains from changes in fair value of financial assets at fair value through profit or loss which may not recur in the future

Risks relating to doing business in China

- The pharmaceutical industry in China is highly regulated and such regulations are subject to change which may affect approval and commercialisation of our product candidates
- Changes in PRC economic, political, and social conditions, as well as government policies may have an adverse effect on us
- Government control of currency conversion may limit our ability to use capital effectively and could negatively affect our financial condition, operations, and our ability to pay dividends, increase competition from foreign competitors, and affect the value of our net assets, earnings, and dividends in foreign currency terms
- The legal system of the PRC is not fully developed, and there are inherent uncertainties which may affect the protection afforded to our business and our Shareholders

- It may be difficult to effect service of process or to enforce foreign judgments in the PRC as most of our assets are located in the PRC
- We may be deemed to be a PRC tax resident enterprise under the EIT Law and be subject to PRC taxation on our worldwide income
- Gains on the sale of Shares and dividends on the Shares may be subject to PRC income taxes
- The Chinese tax authorities have strengthened their scrutiny over transfers of equity interests in a PRC resident enterprise by a non-resident enterprise, which may negatively affect our business and our ability to conduct mergers, acquisitions or other investments
- We rely on dividends paid by our subsidiaries for our cash needs, and limitations under the PRC laws on the ability of our PRC subsidiaries to distribute dividends to us could adversely affect our ability to utilise such funds
- Our business benefits from certain financial incentives and discretionary policies granted by local governments

Risks relating to the contractual arrangements

Please refer to "Risks relating to the Contractual Arrangements" in this report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth. For further details, please refer to the section headed "Environmental, Social and Governance Report" of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

DIVIDENDS

The Board does not recommend the distribution of a final dividend for the Reporting Period.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and the senior management of the Company are set in the "Directors and Senior Management" on pages 23 to 26 of this annual report.

Report of Directors

FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on pages 72 to 73 of this annual report. This summary does not form part of the audited consolidated financial statements.

DIRECTOR'S SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for term of three years.

Each of Mr Tao Ran, Mr Wang Ruihua, Mr Yang Fan and Mr Wang Donghu, the non-executive Directors, has signed a letter of appointment with the Company with no specific term of his appointment since the date of appointment.

Each of the independent non-executive Directors has signed a letter of appointment with the Company for term of three years.

The above appointments are always subject to the provisions of retirement and rotation of directors under the Articles of Association. None of the Directors has an unexpired service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' remuneration and the five highest paid individuals of the Group are set out in notes 12 and 13 to the consolidated financial statements in this report.

EMOLUMENT POLICY

In compliance with Rule 3.25 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules, the Company has established the Remuneration Committee to formulate remuneration policies. The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Remuneration Committee.

Each of Mr Tao Ran, Mr Wang Ruihua, Mr Yang Fan and Mr Wang Donghu is not entitled to receive any director's fee, and there were no emoluments paid by the Group to any of the directors as an inducement to join, or upon joining the Group, as compensation for loss of office. Details of the Directors' remuneration, senior management and the five highest paid individuals of the Group are set out in notes 12 and 13 to the consolidated financial statements in this annual report.

The Group has adopted the Share Option Scheme to motivate and reward its Directors and eligible employees. For further details, please refer to the section headed "Report of Directors – Share Option Scheme" of this annual report.

Report of Directors

FUNDING AND TREASURY POLICY

The Group adopts a stable, conservative approach in its finance and treasury policy, aiming to maintain an optimal financial position, the most economic finance costs, and minimal financial risks. Cash and cash equivalents are normally placed at financial institutions that the Group considers the credit risk to be low. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its business operations as well as its R&D, future investments and expansion plans.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACT OF SIGNIFICANCE

No Controlling Shareholders or their subsidiaries had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the Group to which the Company or any of its subsidiaries was a party during the Reporting Period.

DIRECTORS' MATERIAL INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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 Reporting Period.

DIRECTOR'S INTEREST IN COMPETING BUSINESS

None of the Directors had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group in the Reporting Period.

In other to eliminate any potential competition with us, Dr Wang Yu and Mr Jung Hyun Chul entered into a deed of non-competition on 9 April 2019 and 6 June 2020, respectively and pursuant to which each of them is required to devote all of his or her working time and attention to the business of our Group. Therefore, such arrangement will not affect the proper discharge and performance of their function and duties towards our Group.

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

As at 31 December 2024, there is no treasury shares held by the Company.

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares (includes the sale of treasury shares) during the Reporting Period.

Report of Directors

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

As at the date of this report, the interests and short positions of the Directors of and chief executives of the Company in the ordinary Shares, underlying Shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, are set out as follows:

(i) Interest in Shares and underlying Shares

Name	Capacity/Nature of Interest	Number of Shares held[1]	Approximate percentage of shareholding in the Company
Directors			
Mr Tan Zheng[2]	Beneficial interest	5,000,000 (L)	0.97%
	Interest in controlled corporation	180,480,000 (L)	35.07%
Dr Wang Yu[3]	Beneficial interest	23,450,000 (L)	4.56%
Chief Strategy Officer			
Mr Jung Hyun Chul[4]	Interest in controlled corporation	44,112,000 (L)	8.57%

Notes:

(1) The letter L denotes "long position" (as defined under Part XV of the SFO) of the relevant person/entity in such Shares.

(2) Mr Tan Zheng was interested as a grantee of options subscribe for up to 5,000,000 Shares under the Pre-IPO Share Option Scheme (as defined below).

Pursuant to the Proxy Arrangement, the Passive Minority Shareholders have irrevocably entrusted their voting rights at any general meeting of the Company to Tan Zheng Ltd, such that it may exercise such voting rights with absolute discretion and hence it is deemed to be interested in the Shares held by the Passive Minority Shareholder. Among the 180,480,000 Shares held by Tan Zheng Ltd, 142,080,000 Shares were entrusted by the Passive Minority Shareholders pursuant to the Proxy Arrangement. Tan Zheng Ltd is a company wholly-owned by Mr Tan Zheng. Accordingly, Mr Tan Zheng is deemed to be interested in the 180,480,000 Shares held/deemed to be interested in by Tan Zheng Ltd.

(3) Dr Wang Yu was interested as a grantee of options subscribe for up to 23,450,000 Shares under the Pre-IPO Share Option Scheme (as defined below).

(4) These Shares are held by Evodevo Ltd, a company wholly-owned by Mr Jung Hyun Chul. Accordingly, Mr Jung Hyun Chul is deemed to be interested in the Shares held by Evodevo Ltd.

Report of Directors

Save as disclosed above, as at the date of this report, none of the Directors or chief executives of the Company had any interests or short positions in the Shares or underlying Shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were 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

As at the date of this report, to the knowledge of the Directors, the following persons (other than the Director or chief executive of the Company) had an interest or a short positions in the Shares or underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register of the Company maintained under Section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares held[1]	Approximate percentage of shareholding
Tasly (Hong Kong) Pharmaceutical Investment Limited	Beneficial interest	97,102,571 (L)	18.87%
	Person having a security interest in shares	26,000,000 (L)	5.05%
Evodevo Ltd	Beneficial interest	44,112,000 (L)	8.57%
Tan Zheng Ltd[2]	Beneficial interest	38,400,000 (L)	7.46%
	Interest of a party to an agreement	142,080,000 (L)	27.61%
China Resources Company Limited[3]	Interested in controlled corporation	51,458,400 (L)	10.00%
China Resources Pharmaceutical Group Limited[3]	Interested in controlled corporation	51,458,400 (L)	10.00%
Beijing Pharmaceutical Investment and Management (BVI) Limited[3]	Beneficial interest	51,458,400 (L)	10.00%
Greater Bay Area Homeland Development Fund (GP) Limited[4]	Interested in controlled corporation	32,998,619 (L)	6.41%

Report of Directors

Name of Shareholder	Nature of Interest	Number of Shares held[1]	Approximate percentage of shareholding
Greater Bay Area Homeland Development Fund LP[4]	Interested in controlled corporation	32,998,619 (L)	6.41%
Poly Platinum[4]	Beneficial interest	32,998,619 (L)	6.41%
Tan Xiaoyang[5]	Interest of controlled corporation/ Interest of spouse	59,794,286 (L)	11.62%
Tan Xiao Yang Ltd[5]	Other	46,080,000 (L)	8.95%
Tan Yueyue[5]	Interested in controlled corporation/ Interest of spouse	59,794,286 (L)	11.62%
Zhang Junzheng[6]	Other/Interest of spouse	43,680,714 (L)	8.49%
Zhang Jun Zheng Ltd[6]	Other	41,691,428 (L)	8.10%
Wang Minhui[6]	Interested in controlled corporation/ Interest of spouse	43,680,714 (L)	8.49%
Tibet Jiaze Venture Capital Co., Ltd[7]	Beneficial Interest	68,493,150 (L)	13.31%
Jiangsu Jichuan Holding Group Co., Ltd[7]	Interested in controlled corporation	68,493,150 (L)	13.31%
Cao Fei[7]	Interested in controlled corporation	68,493,150 (L)	13.31%
Cao Longxiang[7]	Interested in controlled corporation	68,493,150 (L)	13.31%

Notes:

(1) The letter L denotes "long position" (as defined under Part XV of the SFO) of the relevant person/entity in such. As at the date of this report, the issue Shares comprised 514,584,000 Shares.

(2) Pursuant to a proxy agreement dated 29 August 2019 (the "**Proxy Agreement**"), the passive minority shareholders have irrevocably entrusted their voting rights at any general meeting of the Company to Tan Zheng Ltd, such that it may exercise such voting rights with absolute discretion and hence it is deemed to be interested in the Shares held by the passive minority shareholders.

Among the Shares, 19,285,714 Shares was pledged to the Investor pursuant to the Subscription Agreement.

(3) Beijing Pharmaceutical Investment and Management (BVI) Limited is a company wholly-owned by China Resources Pharmaceutical Group Limited which is indirectly owned as to 53.39% by China Resources Company Limited, China Resources Pharmaceutical Group Limited and China Resources Company Limited are deemed to be interested in the Shares held by Beijing Pharmaceutical Investment and Management (BVI) Limited.

(4) Poly Platinum is a wholly-controlled subsidiary of Greater Bay Area Homeland Development Fund LP (大灣區共同家園發展基金有限合夥) ("**Greater Bay Area Fund**"). According to Poly Platinum, the general partner of Greater Bay Area Fund is Greater Bay Area Homeland Development Fund (GP) Limited. Accordingly, each of Greater Bay Area Homeland Development Fund (GP) Limited and Greater Bay Area Fund is deemed to be interested in the Shares held by Poly Platinum.

(5) These 59,794,286 Shares comprises 46,080,000 Shares held by Tan Xiao Yang Ltd and 13,714,286 Shares held by a company controlled by Ms Tan Yueyue. Tan Xiao Yang Ltd is a company wholly-owned by Mr Tan Xiaoyang, who is deemed to be interested in Shares held by Tan Xiao Yang Ltd. Ms Tan Yueyue is the spouse of Mr Tan Xiaoyang and Tan Yueyue Ltd is a company wholly-owned by Ms Tan Yueyue. Among the Shares, 6,714,286 Shares held by Tan Yueyue Ltd was pledged to the Investor pursuant to the Subscription Agreement.

Mr Tan Xiaoyang and Tan Xiao Yang Ltd are the passive minority shareholders which entrusted their voting rights in the Company in Tan Zheng Ltd pursuant to the Proxy Agreement.

(6) These 43,680,714 Shares comprises 41,691,428 Shares held by Zhang Jun Zheng Ltd and 1,989,286 Shares held by a company controlled by Ms Wang Minhui. Zhang Jun Zheng Ltd is a company wholly-owned by Mr Zhang Junzheng, who is deemed to be interested in the Shares held by Zhang Jun Zheng Ltd. Ms Wang Minhui is the spouse of Mr Zhang Junzheng.

Mr Zhang Junzheng and Zhang Jun Zheng Ltd are the passive minority shareholders which entrusted their voting rights in the Company in Tan Zheng Ltd pursuant to the Proxy Agreement.

(7) Tasly (Hong Kong) Pharmaceutical Investment Limited, the holder of the convertible bonds of the Company, agreed to transfer all of its convertible bonds in the aggregate principal amount of RMB300 million to Tibet Jiaze Venture Capital Co., Ltd (the "**Transferee**"). The Transferee is a controlled subsidiary held as to approximately 94.78% by Jiangsu Jichuan Holding Group Co., Ltd, which is in turn directly owned as to 50.1% by Cao Longxiang and 49.9% by Cao Fei.

Save as disclosed above, as at the date of this report, the Directors have not been aware of any person (other than the Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would be required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register maintained under Section 336 of the SFO.

SHARE OPTION SCHEME

In order to reward the participants defined thereunder for their contribution to the Group's success and to provide them with incentives to further contribute to the Group, the Company adopted the pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") and a share option scheme (the "**Post-IPO Share Option Scheme**") on 6 June 2020.

Report of Directors

Pre-IPO Share Option Scheme

Purpose

The purpose of the Pre-IPO Share Option Scheme is to encourage certain key employees to contribute to the Group for the long-term benefits of the Company and its Shareholders and provide the Group with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to its key employees.

Who May Join

Our Directors (which expression shall, for the purpose of this paragraph, include a duly authorised committee thereof) may, at their absolute discretion, invite any employee, officer, director, contractor, advisor or consultant of the Group who is notified by the Board that he or she is eligible to the option under the Pre-IPO Share Option Scheme by reason of his or her contribution to the Group, to the extent that an offer of an award to or a receipt of such award by him or her is permitted under the applicable laws, rules of any applicable stock exchange (including without limitation the Listing Rules) and regulations or accounting or tax rules and regulations, to take up options to subscribe for Shares.

The eligibility of any of these participants to the grant of any option shall be determined by our Directors from time to time on the basis of our Directors' opinion as to the participant's contribution to the development and growth of our Group. For the avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of these participants shall not, by itself, unless our Directors otherwise so determine, be construed as a grant of option under the Pre-IPO Share Option Scheme.

Maximum Number of Shares

The total number of Shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme is 37,500,000 Shares.

Time of Acceptance and Exercise of Option

An offer shall be accepted when we receive the duly signed offer letter together with a non-refundable payment RMB1.00 (or such other sum in any currency as the Board may determine).

An option may be exercised in accordance with the terms of the Pre-IPO Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 7 years from the date of grant of the option subject to the provisions for early termination under the Pre-IPO Share Option Scheme. Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Pre-IPO Share Option Scheme for the holding of an option before it can be exercised.

Subscription Price for Shares and Consideration for the Option

The exercise price for any option granted under the Pre-IPO Share Option Scheme shall be HK$5.5 per Share.

Period of the Pre-IPO Share Option Scheme

The share options granted will vest in multiple tranches in same or different proportions as determined by our Directors. The Pre-IPO Share Option Scheme is effective for a period of 6 years from 6 June 2020 and the remaining life of the Pre-IPO Share Option Scheme as at the date of this annual report is around 2 years.

Details regarding the number of options, date of grant, vesting period, exercise period and exercise price of the share options granted under the Pre-IPO Share Option Scheme that were granted under the Share Option Scheme during the Reporting Period are set out below:

Name of the grantee	Date of grant	Vesting Period	Exercise Period	Exercise Price per share[2]	No. of share options outstanding as at the 1 January 2024	No. of share options granted during the Reporting Period	No. of share options exercised during the Reporting Period	No. of share options cancelled during the Reporting Period	No. of share options lapsed during the Reporting Period	No. of outstanding option as at 31 December 2024[1]
Tan Zheng *Chairman and executive Director*	31 December 2019	Two equal tranches on 31 December 2020 and 2021, respectively	31 December 2019 to 30 December 2026	HK$5.5	5,000,000	–	–	–	–	5,000,000
Wang Yu *Executive Director, CEO and CTO*	31 December 2019	Two equal tranches on 31 December 2020 and 2021, respectively	31 December 2019 to 30 December 2026	HK$5.5	23,450,000	–	–	–	–	23,450,000
Employees (in aggregate)	31 December 2019	Three tranches of 30%, 30% and 40% on 31 December 2020, 2021 and 2022, respectively/ Two equal tranches on 31 December 2020 and 2021, respectively (Note 1)	31 December 2019 to 30 December 2026	HK$5.5	7,480,000	–	–	–	–	7,480,000
Total					**35,930,000**	**-**	**-**	**-**	**-**	**35,930,000**

Notes:

1. For details of the vesting period of share options granted to each of the employees, please refer to Appendix IV to the Prospectus.
2. Closing price of the shares is not applicable as the shares of the Company were not listed at the date of grant.

As at the date of this report, the total number of share available for issue under the Pre-IPO Share Option Scheme is 35,930,000 Shares, representing approximately 6.98% of the total issued Shares.

Post-IPO Share Option Scheme

Purpose

The purpose of the Post-IPO Share Option Scheme is to attract and retain employees of the Group and to reward our eligible employees, our Directors and other selected participants for their past contribution to the Group.

Report of Directors

Who May Join

Our Directors (which expression shall, for the purpose of this paragraph, include a duly authorised committee thereof) may, at their absolute discretion, invite any employee, officer, director, contractor, advisor or consultant of the Group who is notified by the Board that he or she is eligible to the option under the Post-IPO Share Option Scheme by reason of his or her contribution to the Group, to the extent that an offer of an award to or a receipt of such award by him or her is permitted under the applicable laws, rules of any applicable stock exchange (including without limitation the Listing Rules) and regulations or accounting or tax rules and regulations, to take up options to subscribe for Shares.

The eligibility of any of these participants to the grant of any option shall be determined by our Directors from time to time on the basis of our Directors' opinion as to the participant's contribution to the development and growth of our Group. For the avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of these participants shall not, by itself, unless our Directors otherwise so determine, be construed as a grant of option under the Post-IPO Share Option Scheme.

Maximum Number of Shares

a) The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option scheme of our Group shall not in aggregate exceed 30.00% of the issued share capital of our Company from time to time.

b) The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option scheme of our Group shall not in aggregate exceed 10.00% of the Shares in issue on the day on which trading of the Shares commence on the Stock Exchange, such 10.00% limit represents 50,000,000 Shares (the "**General Scheme Limit**"), but excluding any Shares which may be issued upon the exercise of the Over-allotment Option.

c) Subject to paragraph (a) above and without prejudice to paragraph (d) below, our Company may issue a circular to its Shareholders and seek approval of its Shareholders in a general meeting to extend the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share options scheme of our Group shall not exceed 10.00% of the Shares in issue as at the date of approval of the limit and, for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Post-IPO Share Option Scheme and any other share option scheme of our Group) previously granted under the Post-IPO Share Option Scheme and any other share option scheme of our Group will not be counted. The circular sent by our Company to its Shareholders shall contain, among other information, the information required under the Listing Rules.

d) Subject to paragraph (a) above and without prejudice to paragraph (c) above, our Company may seek separate Shareholders' approval in a general meeting to grant options beyond the General Scheme Limit or, if applicable, the extended limit referred to in paragraph (c) above to participants specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under the Listing Rules.

Maximum Entitlement of Each Participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Post-IPO Share Option Scheme and any other share option scheme of our Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1.00% of the issued share capital of our Company for the time being (the "**Individual Limit**"). Any further grant of options in aggregate in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to our Shareholders and our Shareholders' approval in general meeting of our Company with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting.

Granting Options to Connected Persons

Any grant of options under the Post-IPO Share Option Scheme to a Director, chief executive or substantial shareholder of our Company or any of their respective associates must be approved by our Independent Non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options).

Where any grant of options to a substantial Shareholder of our Company or an independent non-executive Director or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (1) representing in aggregate over 0.10% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and (2) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet the date of the offer of grant, in excess of HK$5.0 million (or such other higher amount as may from time to time be specified by the Stock Exchange); such further grant of options must be approved by our Shareholders in a general meeting. Our Company must send a circular to its Shareholders. The grantee, his associates and all core connected persons of our Company must abstain from voting in favour of the relevant resolution at such general meeting. Any vote taken at the general meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial Shareholder or an independent non-executive Director or any of their respective associates must be approved by our Shareholders in a general meeting.

Time of Acceptance and Exercise of Option

An option may be accepted by a participant from the date of the offer of grant of the option within the offer period as set out in the relevant offer letter issued to by the Company to such participant.

An option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Post-IPO Share Option Scheme. Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Post-IPO Share Option Scheme for the holding of an option before it can be exercised.

Report of Directors

Performance Targets

Unless our Directors otherwise determine and state in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Post-IPO Share Option Scheme can be exercised.

Subscription Price

The subscription price per Share under the Post-IPO Share Option Scheme will be a price determined by our Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer of grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the global offering shall be used as the closing price for any business day falling within the period before Listing); or (iii) if the Shares are not so quoted or traded, the fair market value of a Share as determined by the compensation committee of the Board.

Period of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme is effective for a period of 10 years from 6 June 2020 and the remaining life of the Post-IPO Share Option Scheme is around 5 years.

Option Granted

No share options were granted, exercised, cancelled or lapsed under the Post-IPO Option Scheme during the period from the Listing Date to the date of this report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the businesses of the Company were entered into or existed during the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended 31 December 2024, we did not generate any revenue from product sales and the percentage of the total sales attributable to the Group's customer was nil. Our other income primarily represented (1) income received from provision of cell cryopreservation services; (2) interest income on bank deposits; (3) interest income from lease deposits; (4) government grants; and (5) technical service.

Major Suppliers

Our major suppliers primarily include (i) suppliers of our equipment and raw materials; and (ii) CROs, SMOs, and other R&D and quality evaluation service providers which we engaged to conduct clinical and pre-clinical studies on our product candidates. For the year ended 31 December 2024, purchases from the Group's five largest supplier for the year accounted for approximately 50.2% (2023: 49.5%) of the Group's total purchase amount in the same year. The Group's largest supplier for the year ended 31 December 2024 accounted for approximately 19.9% (2023: 12.3%) of the Group's total purchase amount for the same year.

PRE-EMPTIVE RIGHTS

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

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 37 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Reporting Period are set out in note 16 to the consolidated financial statements in this annual report.

TAX RELIEF AND EXEMPTION

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

DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and of the Company during the Reporting Period are set out in the consolidated statement of changes in equity and note 39 to the consolidated financial statements in this annual report.

As at 31 December 2024, the Company had distributable reserves for share premium of RMB1,402,498,000 (2023: RMB1,402,498,000).

Report of Directors

MATERIAL LITIGATION

Up to the date of approval of the consolidated financial statements, two suppliers have filed litigation against the Group for late repayment of outstanding payment. The directors have assessed the impact of the above litigation matters on the consolidated financial statements for the year ended 31 December 2024 and considered the impact to the consolidated financial statements is immaterial.

CONNECTED TRANSACTIONS

During the Reporting Period, no related party transactions disclosed in note 36 to the consolidated financial statements constituted a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules. The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the continuing connected transactions entered into by the Group during the Reporting Period.

Continuing Connected Transaction

As disclosed in the Prospectus, the following transactions of the Group constituted non-exempted continuing connected transactions for the Group for the Reporting Period. Please see "Contractual Arrangements" in the Prospectus for further details.

Non-exempt Continuing Connected Transactions

We set out below a summary of the continuing connected transactions for our Group, which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Contractual Arrangements

Beijing Yongtai entered into a series of contractual arrangements (the "**Contractual Arrangements**") with Yongtai Ruike and the Registered Shareholders of Yongtai Ruike, under which the Company gained management control cover the operations of, and enjoy substantially all the economic benefits of the business currently operating by Yongtai Ruike. The Contractual Arrangements allow the financial results of the Consolidated Affiliated Entity to be consolidated and accounted for as if they were subsidiaries of our Company.

REASONS FOR THE CONTRACTUAL ARRANGEMENT

We engage in the business of development and application of immunotherapy, including the business of development and application of CAR-T and TCR-T cell therapies (the "**Relevant Businesses**") in the PRC, which was considered to fall in the prohibited foreign-invested industries both in the Catalogue for the Guidance of Foreign Investment Industries (Revision 2017) (外商投資產業指導目錄(2017年修訂)) and the Special Administrative Measures on Access of Foreign Investment (Negative List) (Edition 2020) (外商投資准入特別管理措施(負面清單)(2020年版)), where this type of foreign investment was subject to restrictions under the PRC laws and regulations. The Relevant Businesses has been carried out by Yongtai Ruike, and thus, we could not directly or indirectly hold the equity of Yongtai Ruike. For further details of the limitations on foreign ownership in PRC companies conducting R&D and application of technologies of human stem cell and gene diagnosis and treatment, and the licensing and approval requirement applicable to our business under the PRC laws and regulations, see "Regulatory Overview – 1. Regulations on Company Establishment and Foreign Investment" in the Prospectus.

Since the Relevant Businesses were classified as foreign investment prohibited businesses under applicable PRC laws, regulations or rules, in order to comply with PRC laws and regulations and maintain effective control over our research in the R&D and application field, our Group entered into the Contractual Arrangements with Yongtai Ruike and the Registered Shareholders. Under the Contractual Arrangements, Beijing Yongtai acquired effective control over the financial and operational management and results of Yongtai Ruike and was entitled to all the economic benefits derived from the operations of Yongtai Ruike.

Summary of Major Terms of the Contractual Arrangements

A brief description of the major terms of the structured contracts under the Contractual Arrangements were as follows:

Exclusive Option and Equity Entrustment Agreement

Beijing Yongtai and the Registered Shareholders entered into an exclusive option and equity entrustment agreement on 10 September 2018 (the "**Exclusive Option and Equity Entrustment Agreement**"), pursuant to which (i) Beijing Yongtai, or any third party designated by Beijing Yongtai (the "**Designee**"), was granted an irrevocable and exclusive right to purchase from each of the Registered Shareholders all or any part of their equity interests in Yongtai Ruike at a fixed exercise price (the "**Exercise Price**") and/or from Yongtai Ruike all or any part of its assets or interests in any of its assets at the Exercise Price, and in the event of purchase of any part of its assets or interests, at a consideration with reference to the relevant portion of assets or interests to be purchased, and (ii) the Registered Shareholders irrevocably entrusted their equity interest in Yongtai Ruike and the equity interests or rights held by Yongtai Ruike to Beijing Yongtai or any Designee. Pursuant to the Exclusive Option and Equity Entrustment Agreement, in the event that the Exercise Price exceeds RMB1.00 as required by the PRC laws at the time of Beijing Yongtai exercises its purchase right, the Registered Shareholders shall return any amount of purchase price exceeding RMB1.00 to Beijing Yongtai. At Beijing Yongtai's request, the Registered Shareholders and/or Yongtai Ruike would promptly and unconditionally transfer their respective equity interest in and/or assets of Yongtai Ruike to Beijing Yongtai (or its Designee) after Beijing Yongtai exercises its purchase right. The Exclusive Option and Equity Entrustment Agreement would remain effective until the purchase right thereunder was exercised.

Report of Directors

Exclusive Business Cooperation Agreement

Beijing Yongtai, Yongtai Ruike and the Registered Shareholders entered into an exclusive business cooperation agreement on 10 September 2018 (the "**Exclusive Business Cooperation Agreement**"), pursuant to which Yongtai Ruike agreed to engage Beijing Yongtai as its exclusive provider of management, consultancy, technical support, business support and logistics services.

Under the Exclusive Business Cooperation Agreement, the service fees, subject to Beijing Yongtai's adjustment consisted of all of the profit before taxes of Yongtai Ruike. Beijing Yongtai may adjust the service fees at its sole discretion, taking into consideration of certain factors, including but not limited to the difficulty and complication of such service, the market price of the same or similar services, and operating expenses. The service fees should be paid annually by Yongtai Ruike upon receipt of the payment notice issued by Beijing Yongtai.

Pursuant to the Exclusive Business Cooperation Agreement, Beijing Yongtai had the exclusive and proprietary rights to all intellectual properties developed by Yongtai Ruike.

The Exclusive Business Cooperation Agreement should remain effective until (i) Yongtai Ruike, or its subordinate entities, branches or subsidiaries committed any breach and fail to rectify the breach within 30 days after the written notice of Beijing Yongtai; (ii) the dissolution, liquidation, bankruptcy, termination of business or business license being revoked or similar circumstances of Yongtai Ruike; (iii) 30 days after Beijing Yongtai issues a written notice to terminate the agreement; or (iv) Beijing Yongtai exercises its exclusive option to purchase the entire equity interests of the Registered Shareholders in Yongtai Ruike or the entire assets of Yongtai Ruike pursuant to the terms of the Exclusive Option and Equity Entrustment Agreement.

Share Pledge Agreement

Beijing Yongtai, Yongtai Ruike and the Registered Shareholders entered into a share pledge agreement on 10 September 2018 (the "**Share Pledge Agreement**"), pursuant to which the Registered Shareholders pledged all of their respective equity interests in Yongtai Ruike to Beijing Yongtai as collateral security to guarantee performance of their contractual obligations under the Exclusive Option and Equity Entrustment Agreement, the Exclusive Business Cooperation Agreement and the Powers of Attorney (as defined below).

The pledge in respect of the equity in Yongtai Ruike took effect upon completion of registration with the relevant administrative authorities, and was recorded on the register of shareholders and capital contribution certificate of the Registered Shareholders. If any of the items filed with the authorities under the Share Pledge Agreement were amended or updated, Yongtai Ruike should amend such items within 10 days upon the relevant events occur.

Should an event of default (as provided in the Share Pledge Agreement) occur, unless it was successfully resolved to Beijing Yongtai's satisfaction within 10 days upon being notified by Beijing Yongtai, Beijing Yongtai by issuing written notification may exercise its right of pledge immediately or any time thereafter pursuant to the Share Pledge Agreement. The Registered Shareholders agreed to irrevocably waive their pre-emptive right as existing shareholders when Beijing Yongtai exercises such right of pledge.

The Share Pledge Agreement would not terminate until (i) all obligations of Yongtai Ruike and the Registered Shareholders were satisfied in full; or (ii) Beijing Yongtai exercised its exclusive option to purchase the entire equity interests of the Registered Shareholders in Yongtai Ruike and/or the entire assets of Yongtai Ruike pursuant to the terms of the Exclusive Option and Equity Entrustment Agreement.

The pledges under the Share Pledge Agreement were duly registered with the relevant PRC legal authority pursuant to the PRC laws and regulations.

Powers of Attorney

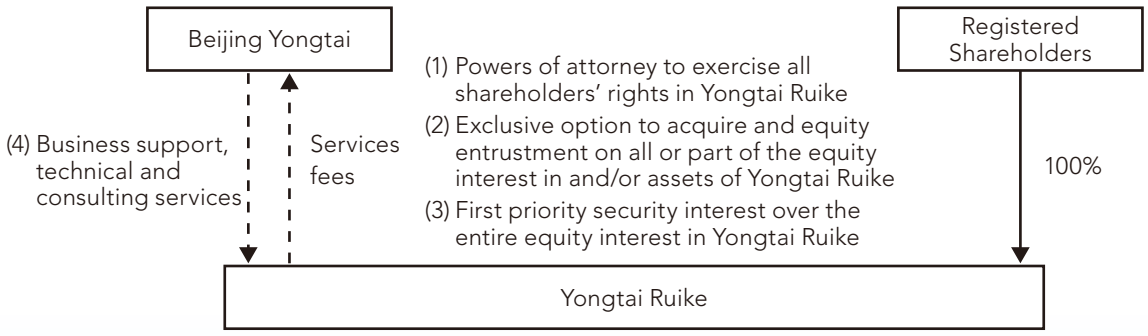
Beijing Yongtai and the Registered Shareholders entered into an irrevocable power of attorney on 10 September 2018 (the "**Powers of Attorney**"), pursuant to which the Registered Shareholders appointed Beijing Yongtai and/or its designated persons as their exclusive agent and attorney to act on their behalf on all matters concerning Yongtai Ruike and to exercise all of their rights as shareholder of Yongtai Ruike.

As a result of the Powers of Attorney, the Company, through Beijing Yongtai, was able to exercise management control over the activities that most significantly impact the economic performance of Yongtai Ruike. The Powers of Attorney would be automatically terminated on the earlier of (i) the date the Registered Shareholder ceased to be the shareholder of Yongtai Ruike; (ii) the expiry date of operating period of Yongtai Ruike; and (iii) expiry date of legally extended operating period of Yongtai Ruike (if any). In addition, the Registered Shareholders and Beijing Yongtai undertook to terminate the Powers of Attorney once Beijing Yongtai was allowed to directly hold equity interests in Yongtai Ruike and operate the relevant business once permitted under the then PRC laws.

Spousal Undertakings

The spouse of Mr Tan Zhen has executed an irrevocable undertaking dated 10 September 2018, pursuant to which the spouse of Mr Tan Zhen expressly, unconditionally and irrevocably acknowledged and undertook that (i) any equity interests held by his spouse as a Registered Shareholder in Yongtai Ruike did not fall within the scope of their communal properties; (ii) his spouse would not take any measures that are in conflict with the Contractual Arrangements; and (iii) if regulatory authorities demanded his spouse to amend the spousal undertakings, they would unconditionally cooperate in an overall and timely way.

The following simplified diagram illustrates the flow of economic benefits from Yongtai Ruike to Beijing Yongtai stipulated under the Contractual Arrangements:



Report of Directors

Apart from the above, there were no other new contractual arrangements entered into, renewed or reproduced between the Group and the Yongtai Ruike during the Reporting Period.

We have been advised by our PRC Legal Advisors that the Contractual Arrangements were not in violation of applicable PRC laws and regulations, except that the Contractual Arrangements provide that the arbitral body may award remedies over the shares and/or assets of Yongtai Ruike, injunctive relief and/or winding up of Yongtai Ruike, and that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal, while under PRC laws, an arbitral body has no power to grant injunctive relief and may not directly issue a provisional or final liquidation order for the purpose of protecting assets of or equity interests in Yongtai Ruike in case of disputes. In addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognisable or enforceable in China.

Yongtai Ruike did not record any revenue during the Reporting Period.

Notes:

(1) Please refer to "Powers of Attorney" for details.

(2) Please refer to "Exclusive Option and Equity Entrustment Agreement" for details.

(3) Please refer to "Share Pledge Agreement" for details.

(4) Please refer to "Exclusive Business Cooperation Agreement" for details.

"——" denotes direct legal and beneficial ownership in the equity interest and "-----" denotes contractual relationship.

Mitigation Actions taken by the Company

Our management worked closely with our executive Directors and our external legal counsels and advisors to monitor the regulatory environment and developments in PRC laws and regulations to mitigate the risks associated with the Contractual Arrangements.

Listing Rule Implications

The highest applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the transactions associated with the Contractual Arrangements were expected to be more than 5%. As such, the transactions would be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Waiver from the Stock Exchange

The Stock Exchange granted the Company a waiver pursuant to Rule 14A.105 of the Listing Rules from (i) strict compliance with the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements; (ii) setting a maximum aggregate annual value, i.e. an annual cap for the fees payable to Beijing Yongtai from Yongtai Ruike under the Contractual Arrangements; and (iii) fixing the term of the Contractual Arrangements to three years or less, for so long as the Shares are listed on the Stock Exchange subject to the following conditions:

a) no change without the independent non-executive Directors' approval;

b) no change without independent shareholders' approval;

c) the Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entity;

d) the Contractual Arrangements may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the Contractual Arrangements; and

e) our Group will disclose the details relating to the Contractual Arrangements on an ongoing basis.

No transactions under the Contractual Arrangements were carried out during the Reporting Period and no dividends or other distributions have been made by Consolidated Affiliated Entity to the holders of its equity interests in connection with the Contractual Arrangements during the Reporting Period.

Termination of the Contractual Arrangements

During the Reporting Period, the foreign ownership restrictions applicable to Yongtai Ruike have been relaxed, allowing Beijing Yongtai to directly hold the entire equity interest in Yongtai Ruike, which was involved in the gene therapy business in the PRC. Accordingly, pursuant to the terms of the Contractual Arrangements, the respective parties have entered into several agreements to transfer the entire equity interest in Yongtai Ruike held by the Registered Shareholders to Beijing Yongtai at a total consideration of RMB1 and unwind the Contractual Arrangements.

On 2 December 2024, Beijing Yongtai, Yongtai Ruike and the Registered Shareholders entered into the contractual arrangement termination agreement (the "**Contractual Arrangement Termination Agreement**") to unwind the Contractual Arrangements. The equity transfer in Yongtai Ruike was hence completed on 25 December 2024. Following this transfer, Beijing Yongtai holds the entire equity interest in Yongtai Ruike directly and the continuing connected transactions in relation to the Contractual Arrangements has ceased accordingly. The Board believes that the termination and unwinding of the Contractual Arrangements has no material impact on the overall business operations and financial position of the Group. The Group will continue to maintain effective control over Yongtai Ruike and receive all economic benefits generated by Yongtai Ruike following this event. Details of the reason for entering the Contractual Arrangement Termination Agreement are set out in the announcement of the Company dated 2 December 2024.

Report of Directors

Confirmation from Independent Non-executive Directors

Our independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that (i) no transactions were carried out from 1 January 2024 till 2 December 2024; (ii) no dividends or other distributions have been made by the Consolidated Affiliated Entity to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group from 1 January 2024 till 2 December 2024; (iii) no new contracts had been entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entity from 1 January 2024 till 2 December 2024; and (iv) the Contractual Arrangements were entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the relevant agreement governing the Contractual Arrangements on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Confirmation from the Company's Independent Auditor in relation to the Continuing Connected Transactions

Deloitte Touche Tohmatsu, the Company's independent Auditor, was engaged to carry out procedures on the Group's continuing connected transactions in connection with the Share Pledge Agreement and the Exclusive Business Corporation Agreement from 1 January 2024 till 2 December 2024 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Since no continuing connected transactions has taken place from 1 January 2024 till 2 December 2024, accordingly, Deloitte Touche Tohmatsu has not performed the procedures described in the Main Board Listing Rule 14A.56 with respect to the continuing connected transactions in connection with the Share Pledge Agreement and the Exclusive Business Corporation Agreement from 1 January 2024 till 2 December 2024, and Deloitte Touche Tohmatsu stated in its letter that it does not express a conclusion on such continuing connected transactions.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code contained in Appendix C1 to the Listing Rules and the Company has adopted the CG code as its own code of corporate governance. The CG Code has been applicable to the Company with effect from the Listing Date. The Board is of the view that the Company has complied with the applicable code provisions as set out in the CG Code since the Listing Date up to the date of this report. The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

Report of Directors

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 57 to 71 of this annual report.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules to regulate all dealings by Directors and relevant employees in securities of the Company and other matters covered by the Model Code.

Specific enquiry has been made to each Director and all Directors have confirmed that they have complied with the applicable standards set out in the Model Code since the Listing Date and up to the date of this report. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

RIGHTS TO ACQUIRE THE COMPANY'S SECURITIES AND EQUITY-LINKED AGREEMENTS

At no time during the Reporting Period was the Company, or any of its holding companies or subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, nor did the Company enter into any equity-linked agreement.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, no arrangement has been made by the Company or any of its subsidiaries for any Director to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate, and no rights to any share capital or debt securities of the Company or any other body corporate were granted to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised during or at the end of the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

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

USE OF NET PROCEEDS FROM LISTING AND OVER-ALLOTMENT OPTION

The Shares were listed on the Stock Exchange on 10 July 2020. Subsequently, the Company announced that the over-allotment option described in the Prospectus was partially exercised by the joint representatives, on behalf of the international underwriters, on 31 July 2020, in respect of an aggregate of 14,584,000 Shares representing approximately 14.58% of the total number of the Shares initially available under the Global Offering before any exercise of the over-allotment option to facilitate the return to Tan Zheng Ltd of the borrowed Shares under the stock borrowing agreement which were used to cover over-allocations in the international offering.

Report of Directors

After deducting the underwriting fees and commissions, other listing expenses and other expenses in connection with the exercise of the initial Global Offering and the exercise of the over-allotment option, the net proceeds amounted to approximately HK$1,127.8 million. As at the date of this report, the Company used a total of approximately HK$1,127.8 million of the proceeds, including approximately HK$385.6 million for investment in the ongoing clinical trial and commercialisation of EAL®, approximately HK$374.5 million for investments in CAR-T-19 clinical trial and TCR-T product series candidates, approximately HK$212.5 million for R&D expenditure in connection with expansion of other clinical indications for EAL®, approximately HK$95.8 million for development of other product candidates in the product pipeline including R&D expenditure and the construction costs of new R&D and production centres and approximately HK$56.4 million for working capital and other general corporate purposes. The Company intends to apply such net proceeds in accordance with the purposes as set out in the Prospectus.

The table below sets out the planned applications of the net proceeds from the global offering the over-allotment option and actual usage up to 31 December 2024:

Use of Proceeds	Allocation of the net proceeds from the Global Offering (HK$ million)	Percentage of total net proceeds (%)	Unutilised amount (as at 1 January 2024) (HK$ million)	Utilised amount (from the Listing date to 31 December 2024) (HK$ million)	Utilised amount (from 1 January 2024 to 31 December 2024) (HK$ million)	Unutilised amount (as at 31 December 2024) (HK$ million)	Expected timeline of full utilisation of the remaining proceeds from the Global Offering as at 31 December 2024[1]
For investment in the ongoing clinical trial and commercialisation of EAL®	385.6	34.2	–	385.6	–	–	Not applicable
For R&D expenditure in connection with expansion of other clinical indications for EAL®	213.2	18.9	0.7	212.5	–	0.7	By the end of 2025
For investments in CAR-T-19 clinical trial and TCR-T product series candidates	374.5	33.2	–	374.5	–	–	Not applicable
Development of other product candidates in the product pipeline including R&D expenditure and the construction costs of new R&D and production centres	98.1	8.7	2.3	95.8	–	2.3	By the end of 2025
Working capital and other general corporate purposes	56.4	5.0	–	56.4	–	–	Not applicable
Total	**1,127.8**	**100.0**	**3.0**	**1,124.8**	**–**	**3.0**	

(1) The expected timeline of full utilisation is based on the Directors' best estimation barring unforeseen circumstances.

Report of Directors

For the Company's planned usage of the use of proceeds as described above, the Company expects the net proceeds will be used up by 2025.

PUBLIC FLOAT

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

PERMITTED INDEMNITY PROVISIONS

The Articles of Association provides that 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 favour, or in which he is acquitted. Subject to the Companies Law (2013 Revision) of the Cayman Islands, if any Director or other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Director or person so becoming liable as aforesaid from any loss in respect of such liability. Such provisions were in force throughout the Reporting Period and are currently in force. The Company has arranged for appropriate insurance cover for Directors' liabilities in respect of legal actions that may be brought against the Directors.

CHANGE OF DIRECTORS

There has been no change of directors during the Reporting Period.

CHANGES IN INFORMATION OF DIRECTORS

Since the publication of the 2024 interim report of the Company, save as disclosed herein, there has been no change in the Directors' biographical details which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Friday, 23 May 2025 (the "**AGM**"). A notice convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the members' eligibility to attend and vote at the AGM, the Company's register of members will be closed from Tuesday, 20 May 2025 to Friday, 23 May 2025, both days inclusive, during which period no transfer of share will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of Share shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Monday, 19 May 2025.

Report of Directors

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and discussed the Group's risk management, internal controls and financial reporting matters with the management. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the Reporting Period.

AUDITOR

Deloitte Touche Tohmatsu, Certified Public Accountants is appointed as the Auditor for the financial statements as for the Reporting Period prepared in accordance with IFRS. Such Financial Statements prepared in accordance with IFRS as stated herein this annual report have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants and a standard unqualified audit report has been issued.

There was no change in the auditor of the Company in any of the preceding three years.

Deloitte Touche Tohmatsu will retire at the forthcoming AGM and being eligible offer themselves for reappointment.

By report of
the Board of Directors
Tan Zheng
Chairman

Hong Kong, 31 March 2025

Corporate Governance Report

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

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the principles and code provisions contained in the CG Code as set out in Appendix C1 to the Listing Rules.

The Board is of the view that the Company has complied with the applicable code provisions as set out in the CG Code for the year ended 31 December 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C1 to the Listing Rules to monitor and regulate all dealings by Directors and relevant employees in securities of the Company and other matters covered by the Model Code. The Company has also adopted written guidelines on no less exacting terms than the Model Code for the relevant employees.

Specific enquiry has been made to each Director and all Directors have confirmed that they have complied with the applicable standards set out in the Model Code throughout the year ended 31 December 2024. No incident of non-compliance of the Model Code by the employees was noted by the Company as at the date of this report.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises nine directors, including two executive Directors, four non-executive Directors and three independent non-executive Directors.

The Board's composition is in compliance with the requirement under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules that there are three independent non-executive directors and at least one of them have an appropriate professional qualification or accounting or related financial management expertise, and the number of independent non-executive Directors must represent at least one-third of the Board. The Board believes that the balance between the executive Directors and the non-executive Directors is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of the Shareholders and the Group.

During the Reporting Period, the composition of the Board is as follows:

Executive Directors

Mr Tan Zheng *(Chairman)*
Dr Wang Yu *(CEO and CTO)*

Non-executive Directors

Mr Wang Ruihua
Mr Wang Donghu
Mr Yang Fan
Mr Tao Ran

Corporate Governance Report

Independent Non-executive Directors

Professor Wang Yingdian
Mr Ng Chi Kit
Ms Peng Sujiu

Biographical details of the current Directors are set out in the section headed "Directors and Senior Management" on pages 23 to 28 of this annual report.

Save as disclosed in this Annual Report, the members of the Board do not have financial, business, family or other material/relevant relationships with one another.

GENERAL MEETINGS, BOARD MEETINGS AND SHAREHOLDERS' ATTENDANCE RECORDS

Code provision C.5.1 of the CG Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication.

During the year ended 31 December 2024, the Company held five Board meetings and one general meetings. Attendance records of the Directors at Board meetings and general meeting are set out in the table below:

Name of Directors	Board meetings attended/ held as at 31 December 2024	General meeting attended/ held as at 31 December 2024
Executive Directors		
Mr Tan Zheng *(Chairman)*	5/5	1/1
Dr Wang Yu *(CEO and CTO)*	5/5	1/1
Non-executive Directors		
Mr Wang Ruihua	5/5	1/1
Mr Wang Donghu	5/5	1/1
Mr Yang Fan	5/5	1/1
Mr Tao Ran	5/5	1/1
Independent Non-executive Directors		
Professor Wang Yingdian	5/5	1/1
Mr Ng Chi Kit	5/5	1/1
Ms Peng Sujiu	5/5	1/1

Corporate Governance Report

CHAIRMAN AND CEO

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr Tan Zheng is the Chairman of the Board and is responsible for the leadership of the Company, the effective operation of the Board, the overall management of the Board and the Company, the implementation of decisions for the Company and its operations, and the supervision of the Group's regulation, commercial practicability and sustainability. Dr Wang Yu is the CEO and Chief Technology Officer of the Company and is responsible for the management of the Company's overall operations and business development, development of R&D plans and strategies, supervision and management of R&D activities and provide leadership for our R&D teams according to the authorisation of the Board.

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing not less than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

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

The Company has established channels through formal and informal means whereby independent non-executive Directors can express their views in an open and candid manner. These include periodic Board reviews, dedicated annual meeting sections with the Chairman and interaction with management and other Board members including the Chairman outside the boardroom. The Board will review the implementation and effectiveness of the abovementioned mechanism on an annual basis to ensure that independent views and input are available to the Board.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors and the independent non-executive Directors is engaged on a service contract (in the case of the executive Directors) or a letter of appointment (in the case of the independent non-executive Directors) for a specific term of three years, which is renewable by mutual consent and subject to the Articles of Association.

The Articles of Association provides that all Directors 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.

Every executive Director and independent non-executive Director (including those appointed for a specific term) shall also be subject to retirement and re-election by rotation at least once every three years at the annual general meetings of the Company under the Articles of Association.

Corporate Governance Report

RESPONSIBILITIES OF THE DIRECTORS

The Board should assume responsibility for leadership and monitoring and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors (including independent non-executive Directors) have brought a wide spectrum of valuable business experience, knowledge, and professionalism to the Board for its efficient and effective functioning. All Directors have carried out their duties in good faith and in compliance with relevant laws and regulations, and have acted in the interests of the Company and the Shareholders.

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 judgment on corporate actions and operations.

The Board has reviewed the implementation and effectiveness of the mechanism to ensure that the Board can obtain independent views and input. After considering the following channels, the Nomination Committee believes that the Company maintains an effective mechanism to ensure strong and sufficient independent elements on the Board:

– All independent non-executive Directors share their views and opinions through regular quarterly meetings with core department heads, and specific business departments are also invited to participate in such meetings at the request of independent non-executive Directors; and

– Independent non-executive Directors are assigned on-site visit to deepen their understanding of the Company's new and old projects.

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

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

The Company arranges appropriate insurance coverage for Directors and senior management, and the insurance coverage is reviewed annually.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee for overseeing particular aspects of the Company's affairs. Each of these committees has been provided sufficient resources to perform its duties. Each of these committees has access to independent professional advice at Company's expense to perform its responsibilities, if necessary. Each of these committees is established with defined written terms of reference.

Corporate Governance Report

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting, risk management and internal controls system of the Group, review and approve related party transactions and to advise the Board. The terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

As at the date of this report, the Audit Committee consists of three members, being two independent non-executive Directors, namely Mr Ng Chi Kit and, Professor Wang Yingdian, and one non-executive Director, namely Mr Tao Ran. Mr Ng Chi Kit is the chairman of the Audit Committee and he possesses the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee are to provide the Directors with an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Directors. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2024 and has met with the independent Auditor, Deloitte Touche Tohmatsu, Certified Public Accountants. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

During the year ended 31 December 2024, the Audit Committee has convened four meetings, during which the Audit Committee has performed the following major works:

- discussed the audit plan prepared by Deloitte Touche Tohmatsu for the audit of the Company's results for the year ended 31 December 2023;
- discussed the report issued by Deloitte Touche Tohmatsu, Certified Public Accountants in respect of their audit of the Company's financial statements for the year ended 31 December 2023;
- reviewed the annual results announcement and the annual report of the Group for the year ended 31 December 2023;
- reviewed the financial reporting system, risk management and internal control system of the Group;
- reviewed the Group's Environmental, Social and Governance Report ("**ESG Report**");
- approved the audit fees of the auditor for 2024 and submitted it to the Board of Directors for consideration
- approved the appointment of Deloitte Touche Tohmatsu Certified Public Accountants as the auditor of the Company to review the Group's interim results for the six months ended 30 June 2024;
- discussed the Group's interim results announcement for the six months ended 30 June 2024 prepared by the Company's auditor, Deloitte Touche Tohmatsu Certified Public Accountants; and
- reviewed the unaudited consolidated financial statements, interim results announcement, and interim report of the Group for the six months ended 30 June 2024.

Corporate Governance Report

The attendance records of the members of the Audit Committee are as follows:

Name of Members of the Audit Committee	Attendance/ Number of Meeting(s)
Mr Ng Chi Kit	4/4
Mr Tao Ran	4/4
Professor Wang Yingdian	4/4

REMUNERATION COMMITTEE

The Company established the Remuneration Committee in compliance with Rule 3.25 of the Listing Rules and the CG Code. The primary duties of the Remuneration Committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to the Directors (both executive and non-executive Directors) and other senior management and reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules. The terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee comprises three Directors, namely Mr Ng Chi Kit, Ms Peng Sujiu and Professor Wang Yingdian, all being independent non-executive Directors. Professor Wang Yingdian is the chairman of the Remuneration Committee.

During the year ended 31 December 2024, the Remuneration Committee has convened three meetings, during which the Remuneration Committee has performed the following major works:

- reviewed and confirmed the Company's remuneration arrangements for directors and senior management in 2023;
- reviewed and advised the Board of Directors on the Company's remuneration policy and structure for directors and senior management in 2024;
- reviewed the Company's pre-IPO share option scheme and post-IPO Share option scheme and their implementation progress;
- reviewed and advised the Board of Directors on the remuneration plan of the independent non-executive directors of the Company; and
- reviewed and advised the Board of Directors on the remuneration plan of the executive directors of the Company.

The attendance records of the members of the Remuneration Committee are as follows:

Name of Members of the Remuneration Committee	Attendance/ Number of Meeting(s)
Professor Wang Yingdian	3/3
Mr Ng Chi Kit	3/3
Ms Peng Sujiu	3/3

Details of the remuneration payable to each Director for the year ended 31 December 2024 are set out in Note 12 to the consolidated financial statements.

Pursuant to code provision E.1.5 of the CG Code, details of the remuneration of the senior management (other than Directors) by bands for the year ended 31 December 2024 is set out below:

	Number of employee(s)
Nil to HK$1,000,000	2
HK$1,000,001 to HK$2,000,000	1
HK$2,000,001 to HK$2,500,001	–
HK$4,500,001 to HK$5,000,000	–

NOMINATION COMMITTEE

The Company has established the Nomination Committee in compliance with the CG Code. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment and re-appointment of Directors and management of Board succession, review the structure, size and composition of the Board and assess the independence of independent non-executive Directors. The terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The Nomination Committee comprises one executive Director, namely Mr Tan Zheng, and two Independent Non-executive Directors, namely Ms Peng Sujiu and Professor Wang Yingdian. Mr Tan Zheng is the chairman of the Nomination Committee.

During the year ended 31 December 2024, the Nomination Committee has convened one meeting, during which the Nomination Committee has performed the following major works:

– reviewed the structure, size, and composition of the Board of Directors;

– assessed the independence of the independent non-executive Directors;

– re-elected retired directors; and

– considered the diversity policy and director nomination policy of the Board of Directors of the Company and its execution.

Corporate Governance Report

The attendance records of the members of the Nomination Committee are as follows:

Name of Members of the Nomination Committee	Attendance/ Number of Meeting(s)
Mr Tan Zheng	1/1
Ms Peng Sujiu	1/1
Professor Wang Yingdian	1/1

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy (the "**Diversity Policy**") in accordance with the CG Code, which sets out the approach to achieve diversity of the Board. The Company embraces the benefits of having a diverse Board to maintain the Company's competitive advantage and enhance its ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of aspects, including, but not limited to, gender, age, race, nationality, language ability, technical and professional knowledge and skills, professional qualifications, regional and industry experience, educational and cultural background, industry knowledge and reputation.

The Company is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered. The nomination committee will discuss and agree periodically on the measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. As at 31 December 2024, two out of the Company's nine Board members were females and achieve the gender diversity of the Board of approximately 22.22%. The Company will continue to apply the merit-based appointment principle in accordance with our Diversity Policy.

As at 31 December 2024, the male to female ratio across all level of the Company is approximately 7:8. The Company targets to maintain the current gender ratio and will continue to review and monitor the gender ratio and make the relevant adjustment if necessary to reflect further business development. Details of gender equality of workforce and inclusive policies and data are set out in section headed "V.1. Protection of Employees' Rights and Interests" in the ESG Report.

During the Reporting Period, the Nomination Committee has reviewed the implementation and ongoing effectiveness of the Diversity Policy. The Nomination Committee reviews the Diversity Policy, as appropriate, to ensure its effectiveness.

DIRECTOR NOMINATION POLICY

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

Corporate Governance Report

The Nomination Committee reviews and evaluates the composition of the Board and the independence of independent non-executive Directors, and recommends the appointment of new Directors of the Company to the Board. The Nomination Committee identifies individuals who are eligible to become members of the Board of Directors, and after considering the Diversity Policy of the Board and other factors related to the company, selects and nominates relevant individuals to serve as directors or makes recommendations to the Board on this matter. In recommending candidates for appointment to the Board, the Nomination Committee will assess candidates' strengths against objective criteria and will consider the benefits and diversity of the Board.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the functions set out in code provision A.2.1 of the CG Code.

The Board would review the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the CG 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 training materials relating to the roles, functions and duties of a director of a company listed on the Stock Exchange.

DIVIDEND POLICY

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

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

Corporate Governance Report

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Financial Statements and Financial Reporting

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

The statement of the independent Auditor of the Company about their reporting responsibilities on the financial statements is set out in the independent auditor's report on pages 136 to 140 of this annual report.

Extract from the Auditor's Report

The following is an extract from the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2024.

Opinion

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 and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 to the consolidated financial statements, which indicates that the Group incurred a net loss of RMB187,343,000 and a net operating cash outflow of RMB125,742,000 for the year ended 31 December 2024, and as of that date, the Group has net current liabilities of RMB342,712,000, net liabilities of RMB16,453,000, bank balances of RMB46,957,000, pledged bank deposits of RMB5,581,000 and investment in the certificate of deposit of RMB10,536,000. These events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Corporate Governance Report

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

The Company acknowledges the importance of directors participating in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company actively encourages the Directors to attend relevant training courses at the Company's expenses.

From time to time, the Company arranges updates on the latest developments and changes in the Listing Rules and other relevant regulatory requirements for the Directors. The Company also releases updates on the performance, position and prospects of the Company to the Directors in a timely manner to ensure the Board as a whole and each Director to discharge their duties.

During the year ended 31 December 2024, Directors' participation in continuous professional development is set out in the table below:

Name of Directors	Participation in Continuous Professional Development
Executive Directors	
Mr Tan Zheng *(Chairman)*	✓
Dr Wang Yu *(CEO and CTO)*	✓
Non-executive Directors	
Mr Wang Ruihua	✓
Mr Wang Donghu	✓
Mr Yang Fan	✓
Mr Tao Ran	✓
Independent Non-executive Directors	
Professor Wang Yingdian	✓
Mr Ng Chi Kit	✓
Ms Peng Sujiu	✓

The Directors confirmed that they have complied with code provision C.1.4 of the CG Code on Directors' training and have provided a record of the training they received to the Company. All Directors have participated in continuous professional development by the following means to develop and refresh their knowledge.

Corporate Governance Report

AUDITOR'S REMUNERATION

The Company appointed Deloitte Touche Tohmatsu as the external auditor for the year ended 31 December 2024. A statement by Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report on pages 136 to 140.

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

Service Category	Fees Paid/ Payable (RMB'000)
Audit services	1,560
Non-audit services	600
Total	**2,160**

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board recognises its responsibility for the risk management and internal control system and the review of its effectiveness. The system aims to manage but not eliminate risks arising from the failure in achieving business objectives and is only able to provide reasonable but not absolute assurance that there will be no material misstatement or loss.

We are fully aware of the importance of risk management to business operations. The Company has established and continues to improve the risk management mechanism, fully implements risk prevention and control policies and conducts regular risk assessments in the course of business operations, in order to identify risks (including ESG risks) that are likely to have certain impacts on the business planning and structure, operational and financial procedures, regulatory compliance and other aspects of the Company. The management and heads of all departments will discuss and formulate response plans and will submit reports to the Audit Committee and the Board on all issues related to risk management effectiveness.

Details of ESG management are set out in the section headed "II. ESG Management" of the ESG Report.

The management of the Company regularly re-examines the internal control policies and procedures and make updates when necessary. Each department of the Company will conduct a self-assessment regularly to ensure proper compliance with the Company's internal control policies.

Corporate Governance Report

The Audit Committee will monitor and manage the overall risks associated with our business operations, including: discussing risk management and internal control systems with management to ensure that management has fulfilled its responsibilities to establish effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. The Audit Committee will consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings.

The Company has a chief compliance officer in place to establish and improve the Company's compliance management system, risk control system and internal supervision system based on the Company's strategy, development plan and actual business development. The Company attaches great importance to whistleblowing and anti-corruption. Details are set out in section headed "III. 2. Compliance with Business Ethics" in the ESG Report.

The relevant departments of the Company are responsible for implementing risk management policies and executing daily risk management practices.

The Company has formulated policies for external disclosure of information to guide the preparation and disclosure procedures of inside information. The Company has implemented monitoring procedures to ensure that inside information is strictly prohibited from being obtained and used without authorisation.

We are committed to continuously improving the risk management and internal control system of the Company. The Board reviews the effectiveness of the Group's risk management and internal control system on an on-going basis or, at least, an annual basis. The Board reviewed the effectiveness of the Company's risk management and internal control system for the year ended 31 December 2024 and confirmed that it is effective and adequate.

COMPANY SECRETARY

Ms. Leung Shui Bing is the company secretary of the Company, and she is responsible for advising the Board on such work, covering corporate governance, compliance, information disclosure, investor relation management and other aspects, and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed. Ms. Leung Shui Bing's primary corporate contact person at the Company is Dr WANG Yu, an executive Director.

During the Reporting Period, Ms. Leung Shui Bing has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting

Pursuant to articles 12.3 of the Articles of Association of the Company, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitionist(s).

Corporate Governance Report

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

PUTTING FORWARD PROPOSALS AT GENERAL MEETING

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

Procedures for shareholders to propose a person for election as a Director are available on the Company's website at www.eaal.net.

PUTTING FORWARD ENQUIRIES TO THE BOARD

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

CONTACT DETAILS

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

Address: 8/F, Block 1, Guosheng Technology Park, No.1 Kangding Street, BDA, Beijing, the PRC
Fax: +86 (10) 8840 0152
Email: IR@eaal.net

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the forthcoming annual general meeting, Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries. To promote effective communication, the Company maintains a website at www.eaal.net, where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

Corporate Governance Report

The Board will continue to communicate with shareholders and the investment community, and will regularly review this policy to ensure effectiveness and reflect best practices in communicating with Shareholders.

The main channels through which our Company's communicates information to Shareholders are our annual report, interim report, quarterly report (if any), annual general meeting, and other potential shareholders' meetings, and all disclosed data submitted to the Stock Exchange, and Company's communications and other Company's publications are published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website.

CHANGES IN CONSTITUTIONAL DOCUMENTS

On 24 May 2024, the Company adopted the Fourth Amended and Restated Articles of Association (effective from 24 May 2024). As at 31 December 2024, save as disclosed above, the Company did not make any substantial changes to the constitutional document. A latest version of the Articles of Association is available on the websites of the Company and the Stock Exchange.

Financial Summary

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

	For the year ended 31 December				
	2024	2023	2022	2021	2020
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Other income	**33,788**	10,547	9,087	17,755	6,005
Other gains and losses, net	**(11,813)**	(106,458)	(36,335)	(23,540)	(40,454)
Fair value gain or loss of convertible redeemable preference shares	**–**	–	–	–	(16,984)
Administrative expenses	**(44,540)**	(53,223)	(97,708)	(104,254)	(68,625)
Research and development expenses	**(154,240)**	(177,326)	(176,223)	(240,610)	(278,626)
Finance costs	**(7,493)**	(8,519)	(6,135)	(3,678)	(2,389)
Listing expenses	**–**	–	–	–	(37,583)
Other expenses	**(2,119)**	(500)	(13,781)	(288)	(473)
Loss before tax	**(186,417)**	(335,479)	(321,095)	(354,615)	(439,129)
Income tax expense	**(926)**	–	–	–	–
Loss and total comprehensive expense for the year	**(187,343)**	(335,479)	(321,095)	(354,615)	(439,129)
Loss per share (RMB)					
Basic	**(0.36)**	(0.65)	(0.62)	(0.69)	(0.99)
Diluted	**(0.36)**	(0.65)	(0.62)	(0.69)	(0.99)

Financial Summary

	As at 31 December				
	2024 (RMB'000)	2023 (RMB'000)	2022 (RMB'000)	2021 (RMB'000)	2020 (RMB'000)
NON-CURRENT ASSETS					
Property, plant and equipment	**451,603**	500,759	527,251	426,588	154,492
Intangible assets	**19,551**	41,882	42,486	14,250	7,371
Prepayments, deposits and other receivables	**5,180**	42,113	48,881	80,499	31,442
Contract costs	**214**	464	720	976	1,232
Financial assets at fair value through profit or loss ("**FVTPL**")	**–**	46,362	140,175	163,176	131,969
Pledged bank deposits	**–**	810	1,810	–	–
	476,548	632,390	761,323	685,489	326,506
CURRENT ASSETS					
Contract costs	**250**	256	256	256	256
Materials for research and development project	**5,542**	4,924	7,213	10,866	3,975
Amount due from related parties	**100**	–	–	–	–
Pledged bank deposits	**5,581**	1,023	–	–	–
Financial assets at FVTPL	**10,536**	124,812	21,010	–	–
Prepayments, deposits and other receivables	**18,528**	30,718	31,187	47,737	34,106
Bank balances and cash	**46,957**	52,161	58,448	353,341	845,386
	87,494	213,894	118,114	412,200	883,723
CURRENT LIABILITIES					
Contract liabilities	**1,729**	710	710	710	710
Trade and other payables	**131,925**	176,911	167,989	154,706	20,164
Lease liabilities	**27,445**	24,679	26,056	20,209	7,204
Deferred government grants	**46**	1,136	3,650	4,476	3,539
Other financial liability	**268,097**	326,839	10,069	–	–
Tax liabilities	**964**	–	–	–	–
	430,206	530,275	208,474	180,101	31,617
NET CURRENT ASSETS (LIABILITIES)	**(342,712)**	(316,381)	(90,360)	232,099	852,106
TOTAL ASSETS LESS CURRENT LIABILITIES	**133,836**	316,009	670,963	917,588	1,178,612
NON-CURRENT LIABILITIES					
Contract liabilities	**811**	1,274	1,984	2,694	3,404
Lease liabilities	**89,017**	105,655	122,750	90,845	43,856
Deferred government grants	**60,461**	38,190	38,860	870	2,504
Bank borrowing	**–**	–	1,000	–	–
	150,289	145,119	164,594	94,409	49,764
NET ASSETS	**(16,453)**	170,890	506,369	823,179	1,128,848
CAPITAL AND RESERVES					
Share capital	**3,576**	3,576	3,576	3,576	3,576
Reserves	**(16,872)**	170,040	504,859	818,683	1,123,961
Equity attributable to owners of the Company	**(13,296)**	173,616	508,435	822,259	1,127,537
Non-controlling interests	**(3,157)**	(2,726)	(2,066)	920	1,311
TOTAL EQUITY	**(16,453)**	170,890	506,369	823,179	1,128,848

Environmental, Social and Governance Report

I. ABOUT THE REPORT

1. Statement of the Board

The Board of Directors is the supreme body for management and disclosure of ESG matters of Immunotech Biopharm Ltd. The Board takes overall responsibility for supervising the ESG progress of the Company, and convening ESG communication meetings on a regular basis. The ESG Working Group has been set up at the management level, and is tasked with identifying and assessing ESG risks, and reviewing ESG plans and goals. The Board undertakes that the Company has fully disclosed its environmental, social and governance (ESG) progress and highlights of 2024 in strict accordance with the disclosure requirements as stipulated in *Appendix C2 ESG Reporting Code to the Main Board Listing Rules* of the Stock Exchange of Hong Kong Limited (HKEX). The Board assures that the Report is free from any false records, misleading statements or material omissions, and assumes joint and several liability for the authenticity, accuracy and completeness of the Report.

In March 2025, the Board deliberated on the 2024 ESG Report and approved its disclosure to the public.

2. Reporting Entity

The Report is prepared by Immunotech Biopharm Ltd (hereinafter referred to as "Immunotech", "the Company" or "we").

3. Reporting Timeframe and Boundary

The Report ranges from 1 January 2024 to 31 December 2024 (the Reporting Period). Given information and data consistency, some content hereof may appropriately beyond the above timeframe. The Report covers the main business areas of the Company, showing no significant changes compared with its 2023 version.

4. Basis for Preparation

The Report is prepared in compliance with *Appendix C2 ESG Reporting Code* to the Listing Rules of HKEX, the *Global Reporting Initiative Standards (GRI Standards)* issued by Global Sustainability Standards Board (GSSB), and considering the actual conditions of the Company at present.

5. Reporting Principles

The Report follows the reporting principles of materiality, quantitative, balance and consistency in *Appendix C2 ESG Reporting Code to the Listing Rules* of HKEX.

- **Materiality:** The Report discloses the ESG issues deliberated on by the Board, communication with stakeholders, as well as identification process and matrix of material topics, following the requirements of this principle.
- **Quantitative:** The statistical standards, methodologies, assumptions and/or calculation tools, and sources of conversion factors used for quantitative key performance indicators are disclosed herein.
- **Balance:** The Report provides an unbiased picture of the Company's sustainability performance during the reporting period by disclosing both positive and negative information indicators.
- **Consistency:** Consistent statistical methodologies are used for the information disclosure herein.

II. ESG MANAGEMENT

1. ESG Management Framework

As the highest ESG decision-making body, the Board of Directors is responsible for assessing and identifying ESG risks in respect of Immunotech, guiding and overseeing ESG efforts, ensuring an effective ESG risk management system, and examining and approving the disclosure information in the ESG Report. The Audit Committee is charged with specific ESG management tasks, and report progress to the Audit Committee to facilitate the implementation and steady advancement of routine ESG work. In 2024, the Board held 4 ESG-related meetings. The Company has formulated and executed the Board diversity policy. As of 31 December 2024, the Board had 9 directors, including 4 independent non-executive directors, and 2 female directors.

2. Communication with Stakeholders

The support and trust of stakeholders is of vital importance to the sustainable development of Immunotech. To this end, the Company identifies issues of concern through interactions with various stakeholders, garners their insights and expectations by establishing a regular communication mechanism, and addresses their reasonable needs effectively with a view to maintaining a long-term relationship of trust.

Stakeholders	Issues of Most Concern	Communication and Response Methods
Board of Directors, and Management	• Corporate governance • Product safety and quality assurance • Information security protection	• Meetings of the Board of Directors • Meetings of the Audit Committee
Governments and regulators	• Business ethics • Operational compliance • Driving industry development • Climate change and energy management • Supporting economic, social and environmental sustainability	• Observe applicable laws and regulations • Paying taxes according to law • Pursuing green and low-carbon development • Transmitting and disclosing information in a transparent manner • Boosting business development

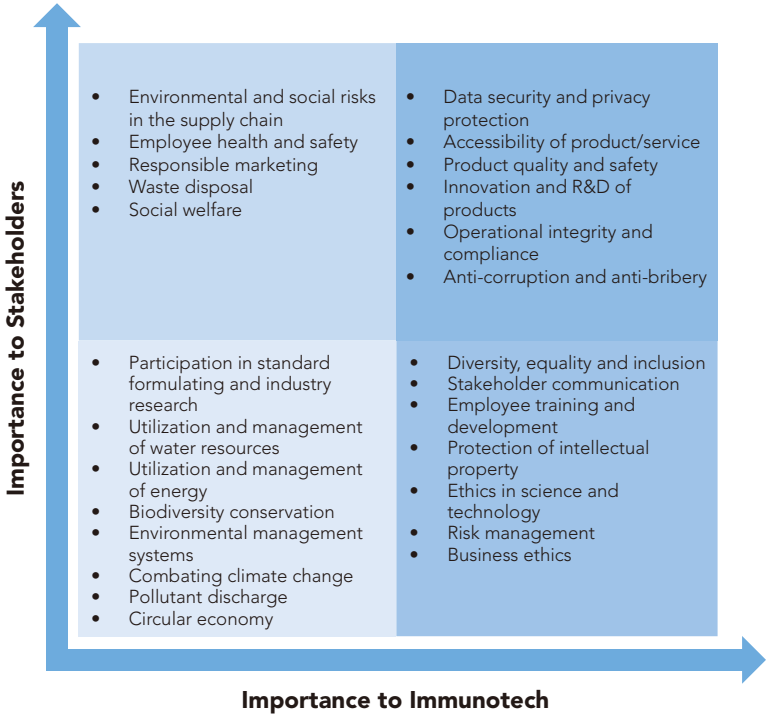
Environmental, Social and Governance Report

Stakeholders	Issues of Most Concern	Communication and Response Methods
Shareholders and investors	• Prudent operation • Performance growth • Investment return • Risk management • Technology and product innovation	• General meetings of shareholders • Interim and annual reports • Timely information disclosure • Meetings with investors
Employees	• Employment equality • Remuneration and benefits • Rights and interests of employees • Career development • Occupational health and safety	• Regular meetings and skill training • Employee communication activities • Tightened safety supervision
Suppliers and partners	• Fair procurement • Green procurement • Integrity in contract performance • Long-term cooperation for mutual benefits	• Standard-based supplier management • Management procedures for public bidding • Regular communication with and evaluation of suppliers
Customers	• Product safety • Privacy protection • Product efficacy	• Strict quality and safety management • R&D and innovation • Protection of customer rights and interests
Media, industry associations or social organizations	• Animal ethics and technology ethics • Driving industry development • Technology and product innovation • Medicine safety and quality	• Press release and media briefing • Communication with peers • Project cooperation
Communities and the public	• Engaging in public welfare activities • Mitigating the impact of business operation on surrounding communities	• Organizing charitable activities • Launching regular environmental compliance assessments

Environmental, Social and Governance Report

3. Materiality Evaluation

The Company has maintained close communication with internal and external stakeholders. To figure out key ESG concerns and information disclosure priorities, the Company has made efforts to identify and evaluate ESG topics through the materiality survey, and prioritize these topics in terms of their importance. The ESG Working Group takes charge of identifying and evaluating material topics. The Board of Directors is responsible for examining and approving the prioritization results of ESG topics, setting the corporate development strategy and vision according to material topics identified, and urging the continuous improvement in ESG performance to reach the requirements and expectations of stakeholders. Finally, the Company has formed the following material topic matrix of 2024 through the questionnaire, and internal and external surveys.



Environmental, Social and Governance Report

A total of 8 environmental issues, 13 social issues, and 5 governance issues were identified.

ESG Material Topics		
Environmental	**Social**	**Governance**
Waste disposal	Responsible marketing	Integrity and compliant business operation
Pollutant discharge	Environmental and social risks in the supply chain	Risk management
Utilization and management of water resources	Ethics in science and technology	Stakeholder communication
Utilization and management of energy	Product innovation and R&D	Business ethics
Circular economy	Innovation and R&D of products	Anti-corruption and anti-bribery
Combating climate change	Accessibility of product/service	
Environmental management systems	Protection of intellectual property	
Biodiversity conservation	Participation in standard formulating and industry research	
	Employee training and development	
	Employee health and safety	
	Diversity, equality and inclusion	
	Social welfare	
	Data security and privacy protection	

Environmental, Social and Governance Report

III. GOVERNANCE ENHANCEMENT FOR STEADY DEVELOPMENT

Law-based robust operation is the cornerstone for the high-quality and sustainable development of a business. Therefore, Immunotech continues to refine its compliance management system, risk control system and internal audit system, aligning with its risk-oriented development strategic goals.

1. Operational Compliance for Steady Growth

Immunotech upholds strict compliance standards, and comprehensively strengthens internal control and risk management with the ultimate objective of achieving sound and sustainable development. The Company has taken solid governance measures to advance sustainable development.

1) Internal Control Compliance Management

- *Improving the Institutional System*

The Company has developed a wide range of management regulations and measures, such as the *Related Party Safety Management System, the Management Regulations on Public Emergency Response*, and the *Management Measures for Use of Computers*. In addition, it has updated the Regulations on *Approval of Confined Space Operations*, the *Management Procedures for Engineering Project Implementation*, and the *Management Regulations on Budgeting*. These institutional efforts involve safety, project, financial and general administrative management, among other things, which enhances the compliance governance system.

The *Compliance Manual* has been drafted, and will be finalized and released based on the product launch progress. This document works as a guide for all employees in their work.

- *Conducting Internal Control Audits*

The Company launches internal control audits to verify internal control effectiveness. The "looking-back" approach adopted allows comprehensive and systematic auditing of internal control measures from design and implementation dimensions, thus consolidating the risk management foundation.

- *Organizing Compliance Training Sessions*

The Company provides all new employees with compliance training to communicate the compliance culture and enhance their awareness of compliance.

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2) Risk Prevention and Control

With research and analysis of internal and external environments, the Company has identified critical risks that may impact the achievement of strategic goals, such as environmental factors, policy changes, R&D technologies, and clinical trial control. To address these risks, the Company has taken targeted control actions, including scientific demonstration, prudent resource allocation, rigorous project management, and effective internal communication mechanism, to weaken the potential impact of risks on business operation.

Risk Items	Description	Significance of Risk Control	Control Measures
Environmental factors	Delayed and inadequate analysis of the external environment may lead to failures in reasonable internal resource allocation, industrial structuring and regional planning aligning with corporate development goals, and hinder the execution of development strategies, which ultimately impairs corporate development.	Changes in environmental factors significantly affect the R&D and clinical business layout of the Company, and the allocation of resources such as labor and capital. Therefore, the research and analysis of these factors is of great importance.	1. Step up external environment research; require R&D and clinical departments to pay close attention to the progress, pricing and market expansion dynamics of similar products and products with the same indications from competitors. 2. Functional departments: Analyze environmental factors fully within their respective scope of responsibilities, coordinate through collective decision-making when resource conflicts arise, and take control measures accordingly.

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Risk Items	Description	Significance of Risk Control	Control Measures
Policies	Policy changes, delayed and unscientific policy research, ineffective policy implementation, and lacking of clear legal guidelines may result in insufficient decision-making basis, and uncertainties across R&D, clinical trials, and pharmaceutical production, which potentially reduces management efficiency and brings economic losses to the Company.	Policy risks pose significant uncertainties and far-reaching influence for R&D, clinical trials, and pharmaceutical production.	1. Departments (especially R&D, clinical, and production departments): Enhance policy analysis and collection, and maintain sound communication with regulators to facilitate business development. 2. Management: Establish policy response plans to anticipate and mitigate policy-related risks timely, and minimize financial losses.

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Risk Items	Description	Significance of Risk Control	Control Measures
R&D technologies	Absence or insufficiency of scientific demonstration for research projects, and emerging technologies or transformations in existing ones may severely disrupt the established R&D programs and production technologies of the Company. Additionally, force majeure factors such as ever-shifting international situation, policy changes, major global emergencies, and wars will impose constraints on access to open-source databases, reagent importing, cutting-edge technology research, and domestic substitution for foreign technologies. These limitations will lead to innovation bottlenecks or resource waste, consequently impeding the commercial development of the Company.	Technical risks in R&D have their presence across the entire biopharmaceutical industry. Gaining a competitive edge depends on the Company's ability to anticipate and manage these risks more effectively than its counterparts.	1. Strengthen scientific project initiation by conducting thorough investigations on new projects; keep tracking and analyzing industry trends and competitors; participate in top-tier industry conferences, and stay highly attuned to emerging technologies and industry shifts; 2. Ensure the registration and submission team stays updated on national policies, laws and regulations in the pharmaceutical sector, and analyzes and assesses risks timely; 3. Prioritize domestic alternatives of raw materials, and maintain rigorous screening of supply channels.

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Risk Items	Description	Significance of Risk Control	Control Measures
R&D control	Unreasonable R&D planning, underperforming control over project progress and direction, inadequate adjustment and remediation mechanisms, and improper allocation of R&D talents may give rise to excessive R&D costs, frauds or project failures.	The R&D control effect directly affects R&D costs, efficiency, and outcomes. Effective R&D risk control is crucial to achieving the strategic goals of the Company.	1. Upgrade project management mechanisms, and strengthen preparation of experimental proposals and plans to ensure reasonable resource allocation. 2. Select proper platforms and project leaders, and tighten the control of R&D risks through process management approaches such as weekly meetings and budget oversight.

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Risk Items	Description	Significance of Risk Control	Control Measures
Clinical trial control	Deficient clinical trial schemes due to absence of detailed and meticulous planning, and sufficient research may affect the outcomes of clinical trials negatively, and cause significant losses.	Scientific clinical trial schemes contribute to smooth clinical trials and satisfactory outcomes. Effective control of the clinical trial process is also a key to the success of clinical trials.	1. Comply with the requirements of clinical trial approval, design clinical trial schemes according to the characteristics of target products, and apply for approvals to the CDE. 2. Design clinical trial schemes from a forward-looking perspective, by referring to the documents of existing similar products and products with the same indications, and considering the progress of similar products and products with the same indications under development. 3. Hold scheme discussion meetings to draw on the insights of clinical and statistical experts; prepare clinical research schemes that meet ethical and scientific standards, and are feasible for implementation. 4. Tighten the process control of clinical projects, especially control on progress, cost, and quality; report and solve major deviations timely.

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Risk Items	Description	Significance of Risk Control	Control Measures
Outsourcing party control	Improper selection and inadequate management of clinical trial institutions may adversely affect the progress, quality and outcomes of clinical trials, and lead to financial losses.	The management capacity of clinical trial suppliers directly impacts the outcomes of clinical trial projects. So, it is advisable to make greater efforts to select and manage these suppliers.	1. Select suppliers that have strong service awareness and meet GCP requirements by proper ways such as bidding. 2. Conduct thorough research when choosing research centers, remain full understanding of the processes before centers are launched, align with principal researchers on subject recruitment progress and project expectations, and sign agreements. 3. Establish fair reward and penalty mechanisms to motivate and regulate third-party suppliers. 4. Employ qualified suppliers, communicate key terms and conditions on negotiations or bidding to contract auditors, and include these terms and conditions in final contracts.

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Risk Items	Description	Significance of Risk Control	Control Measures
R&D effectiveness	The R&D effectiveness may deviate from expectations and, in some cases, lead to project suspension due to adverse side effects, and health risks, among other things. This will obstruct product R&D and commercialization.	The effectiveness of the developed products deviating from the expectations will cause the R&D investment to result in a huge waste of resources. The control over the R&D effectiveness is the key to the success or failure of R&D projects.	1. Investigate targets more sufficiently, strengthen the review of scientific mechanisms for indications, and optimize and upgrade the technical routes timely. 2. Verify the clinical effect of products in advance at minimal cost by leveraging IIT policies, which allows for early trial and error; boost product iterations timely; make prompt adjustments to the product upgrade paths based on clinical feedback.

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Risk Items	Description	Significance of Risk Control	Control Measures
Internal information communication	Delayed, inadequate or inappropriate internal information communication may cause information asymmetry among departments, consequently impairing the operating efficiency of the Company.	Although ineffective internal communication may not result in immediate significant impact, it will imperceptibly damage corporate culture, reduce work efficiency, and ultimately undermine operating efficiency.	1. Set clear, unified and transparent goals for all departments; offer effective access to company- and department-level goals, and goal progress; make work adjustments timely in case of deviations from goals as department leaders stay informed of dynamics about goals. 2. Establish robust top-down communication mechanisms to ensure effective information transmission. 3. Strengthen cross-departmental communication to enable information sharing, and advance at the same pace. 4. Implement the first-inquiring responsibility system, ensure effective implementation, and conduct post-mortem and analysis.

Environmental, Social and Governance Report

3) Information Security Protection

The Company has developed *Information Disclosure Management System*, and *Confidentiality Management System* in accordance with applicable laws and regulations, as well as the Company's *Articles of Association*. These documents regulate risk management, and improve the corporate operation risk management system highlighting prevention as the main, while taking in-process control and post-event remedies as complementary to step up risk prevention capabilities. Ultimately, they will ensure safe and stable development, and help the Company achieve the goal of overall risk management.

- *Information Disclosure Management*

  The Company has established an information disclosure management structure with clear division of responsibilities. Under the structure, the Chairman of the Board is designated as the first person responsible for information disclosure. The well-established top-down *Management Regulations on Information Disclosure* defines information required for disclosure, disclosure criteria, as well as information transmission, review and disclosure processes, thus intensifying information disclosure management. In line with this document, the Company has fully performed the duties of integrity and diligence to investors.

- *Confidentiality Management*

  The Company has set up the Confidentiality and Security Committee that takes overall responsibility for business information confidentiality. The specific duties of the committee are as follows: deliberating on the confidentiality management regulations; defining the requirements on confidentiality scope, content, classification and measures; determining whether the secret-related employees are subject to competition restriction upon separation from the Company; supervising whether confidentiality actions are put in place. Employees entering or leaving the Company or having their job transferred are all required to sign non-disclosure agreements. The Company files these agreements for management, and provides regular training sessions on security and confidentiality.

- *Contract Management*

  When signing contracts, the Company upholds the principles of "equality and mutual benefit, consensus upon consultation, and merit-based contract conclusion", takes the contract management mode of classified authorization, and strictly regulates the procedures for contract approval, signing, performance and filing. The Compliance Center of the Company conducts random inspection on the conclusion and performance of contracts from time to time.

- *Information Security*

The Company adheres to the principle of information system confidentiality management based on different classes and regions, and implements management regulations on network information security and information system confidentiality, prioritizing security for data, networks, servers, applications, terminals, and mobile storage media. Furthermore, efforts are made to conduct prevention, in-process control and post-traceability for leaked secrets, and supervise and inspect the implementation of the regulations.

Case: IP-guard

IP-guard champions the system management philosophy, adopts the functional modular design, and leverages multiple technological means such as behavior auditing, hierarchical authorization, access control, centralized management, and transparent document encryption and decryption, in order to provide overarching solutions in terms of information security, application efficiency, and system management. In the IP-guard system, the transparent document encryption and decryption module employs a range of advanced technologies to ensure document integrity and availability. Additionally, the integration of high-speed cache technology minimizes the impact on system performance. Based on system management principles and practical security experience, IP-guard comprehensively addresses all potential risks of information destruction and leakage to prevent corporate information from unauthorized disclosure, theft, or malicious tampering. With the help of this system, the Company is able to systematically plan and manage information security.

2. Compliance with Business Ethics

Immunotech has placed anti-corruption as the top priority in corporate governance. To this end, the Company has made further efforts to oversee the business ethics of both the corporation and individuals by refining its institutional system, and foster the integrity culture.

1) Anti-bribery and Anti-corruption

In terms of honest practice, Immunotech has embraced the principle of "clean and healthy operation", and developed the *Management Measures for Receiving Gifts*, the *Management Regulations on Business Reception*, and the *Integrity and Self-Discipline Commitment in Procurement*. All suppliers are required to sign integrity agreements, and provided with the same access to our integrity policies and whistle-blowing channels as our employees. Our employees are required to follow relevant provisions in customer service, meetings, business trips, business activities and other business dealings, and to take the initiative to refrain from business misconduct. They are not allowed to illegally ask for or accept property from others by taking advantage of their positions, or illegally accept tips or all kinds of personal kickbacks and commission fees in any excuses that violate national and regional regulations, and our requirements.

In 2024, we had no bribery cases, and received no complaints or reports in this field via the email.

Environmental, Social and Governance Report

2) *Whistle-blowing and Retaliation Prevention*

Immunotech has formulated the *Measurement Measures for Complaining and Whistle-blowing*, and the *Management Measures for Bidding Oversight* to intensify the internal and external supervision, and effectively prevent and punish internal and external violations. These documents outline the whistle-blowing methods and scope, case accepting and investigation, rewards and punishments, as well as protection measures. In line with these documents, the Company supervises and manages the entire bidding process to ensure fairness, justice and transparency of bidding activities, and prevent violations such as illegal operations and undue benefit transfer during the bidding process.

Within 1 month after the investigation and settlement of reported cases (the deadline may be extended for half a month for special or complicated cases), the results of reported cases will be presented to the CEO for instructions, according to the principle of "feedback on all complaints". Upon approval, the competent departments will cope with cases based on the actual situation, and inform whistle-blowers.

- *Whistle-blower Protection Mechanism*

  The Company keeps confidential the name and contact information of whistle-blowers and reported cases. The whistle-blowing information and records are treated as confidential documents. Furthermore, confidentiality measures are adopted to ensure that the identities of whistle-blowers are not unveiled during case accepting and investigation.

  During the reporting period, no complaints or reports were received.

- *Smooth Whistle-blowing Channels*

  The internal whistle-blowers can report any violations through multiple channels, such as corporate WeChat, email, face-to-face reporting, and mailing. The external whistle-blowers have access to email and mailing, among other means.

  Corporate WeChat: Employee Service – Complaint
  Email: tousu@eaal.net

IV. QUALITY IMPROVEMENT DRIVEN BY INNOVATION

As a leading biomedical company for cell immunotherapy in China, Immunotech stays committed to its developmental vision of growing into a pioneering and leading developer of immune cell medicines in China, and has devoted its energy to the R&D and commercialization of T cell immunotherapy for nearly 19 years.

1. Product R&D

During product development, Immunotech has subjected its studies to current regulatory requirements, and made sustained efforts to conduct training and interpretation of new regulatory requirements. According to its actual conditions, the Company analyzes the underperforming areas by reference to regulatory requirements, and takes tangible improvement measures, in an attempt to establish and optimize its product development management documents, while advancing work by law. Moreover, the Company has built a multi-level management system covering project management, feedback of declaration results and acceptance of various inspections to ensure compliance of product development with regulatory requirements.

In the process of product development, we focus on the latest regulatory requirements in the field of cell therapy apart from national regulations on drug registration, including:

- *Technical Guidelines for Study and Evaluation of Cell Therapy Products (Trial)* (YSYZJ 2017 No. 216)
- *Technical Guidelines for Pharmaceutical Study and Evaluation of Cell Immunotherapy Products (Trial)* (YPSPZX 2022 No. 30)
- *Technical Guidelines for Pharmaceutical Change Study in Marketed Biological Products (Trial)* (YPSPZX 2021 No. 31)
- *Administrative Guidance or Production Quality of Cell Therapy Products (Trial)* (SHCYZX 2022 No. 4)
- *Technical Guidelines for Pharmaceutical Study and Change of Biological Products during Clinical Trials* (September 2022)
- *Medicinal Product Administration Law of the People's Republic of China*
- *Measures for the Administration of Drug Registration* (YSYZJ 2020 No. 27)
- Guidelines and pharmacopoeia on cell therapy released by China, the US or Europe

Environmental, Social and Governance Report

The Company selects the prevention of postoperative recurrence of liver cancer as the clinical indication for the clinical trial of EAL®. It plans to submit the application for the commercialization of EAL® in the Chinese market after achieving statistically significant results for its clinical trials. Its main product candidates are targeting at cell immunotherapy of tumors, and include multi-target tumor cell immunotherapy products, CAR-T cell product pipeline, and TCR-T cell product pipeline. We have 11 major ongoing projects. In 2024, we submitted 9 patent applications, including 3 obtaining authorization. As of 31 December 2024, our R&D investment totaled RMB154.2 million.

Some Patent Applications Submitted in 2024

SN	Patent	Project
1	Activated Lymphocyte Expansion Method Having Stable and Controllable Quality, and Anti-Tumor Use Thereof	EAL®
2	Improved T-Cell Therapy Method	aT19 Project
3	End Effector	Automation Department

1) Product Introduction

Since 2006, the Company has engaged in studies on EAL® multi-target cell immunotherapy products, and accumulated more than 10 years of experience in clinical application. As a result, EAL® has showed therapeutic effects on multiple cancers. By improving cell culture systems and methods, the Company has developed a proprietary technology platform with independent intellectual property rights for the purpose of producing EAL® cells.

Our product pipelines cover non-genetically modified and genetically modified products, as well as cell immunotherapy products dominated by multi-target and single – target series. Other than EAL®, our main product candidates include 6B11, CAR-T cell series and TCR-T cell series.

- *EAL®*

  EAL® products fall into the multi-target tumor cell immunotherapy series. The Company has more than 10 years of track record for clinical application in cancer therapy. EAL® is prepared with activated and expanded T cells from the patients' autologous peripheral blood. Its main active component is CD8+ cytotoxic T cells whose surface marker is the CD3 molecule. The activated autologous lymphocyte (AAL) therapy (with EAL® serving as an example) has been seen in clinical trials overseas for its effectiveness in preventing postoperative recurrence of liver cancer. The safety and efficacy of EAL®, produced using our patented method, has been published in three SCI Journal articles. EAL® is currently undergoing a Phase II clinical trial for the prevention of postoperative recurrence of liver cancer.

- *CAR-T Cell Product Pipeline*

The CAR-T-19 cell series dominate our CAR-T cell product pipeline. Among them, CAR-T-19 Injection shows good efficacy in clinical research. The IND application of the product candidate with the B-cell acute lymphoblastic leukemia (B-ALL) as the clinical indication was accepted by Center for Drug Evaluation (CDE) in August 2019. Building on CAR-T-19 Injection, our CAR-T-19-DNR Injection and aT19 Injection in the pipeline ultimately aim to solve the pain spots of inadequate persistence, unsatisfactory therapeutic efficacy and tumor recurrence of CAR-T cells in treating solid tumors. The relevant technology of the two products in the pipeline is likely to be applied in genetically modifying other CAR-T and TCR-T cell products targeting solid tumors.

- *TCR-T Cell Product Pipeline*

Leveraging genetic engineering, TCR-T cell therapy transfers TCR sequences that can specifically bind to target antigens into T cells derived from the patient's peripheral blood, and then reinfuses the modified T cells back into the patient's body to specifically recognize and kill tumor cells expressing antigens, thus achieving the goal of treating tumors. The Company has a number of TCR-T cell product candidates under pre-clinical research, with the relevant target antigens including the cancer-testis antigens, such as NY-ESO-1, or cancer-specific neoantigens, and antigens derived from viruses such as human endogenous retrovirus, CMV, EBV, and HPV. Indications include clear renal cell carcinoma, and CMV or EBV infection after hematopoietic stem cell transplantation.

2) Innovation System Development

The Company focuses its research on cell therapy products targeting viral infections and tumors when advancing scientific research and innovation. To this end, the Company has established a suite of technology platforms to support the R&D of cell immunotherapy products, such as an early-stage CAR-T R&D platform, an early-stage TCR-T R&D platform, an advanced manufacturing process development platform, and a sequence evaluation technology platform. Additionally, the Company has established an organizational and management platform dedicated to clinical trials.

- *R&D Platforms Construction*

➢ R&D Management Platform

The Company has developed an efficient quality management system to achieve the institutionalized management for the R&D process and ensure compliance with GMP and other applicable laws and regulations. In the system, the standards involve the whole quality management process covering quality control and quality assurance. Raw materials, finished products and laboratory consumables are subject to strict quality criteria. Standard operating procedures have been put in place for each production step of EAL® products to meet high standards in production. To produce standard-based finished products, all quality issues during production are recorded and submitted to the senior management for review. Then, the management organizes risk assessment according to the standards and procedures under the quality management system and policies.

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- R&D Process Platform

Serum-free cell culture and expansion platform	The serum-free technology platform lays the foundation for developing individualized cell immunotherapy products. With the help of this platform, immune cells can all be grown and expanded, and their antineoplastic activity can be maintained under serum-free conditions in vitro. The serum-free platform is comparable to the serum culture platform in terms of the cell culture efficiency, and can minimize the xenogeneic reaction and contamination risk to reduce the side effects clinically.
Gene modification and transduction technology platform	The optimized gene vector and transduction technology platform allows T cells to transduce and express macromolecular genes, through optimized vector selection and transduction efficiency. In turn, these cells can be used to produce various CAR-T and TCR-T cells.
Antigen-specific T cell in vitro induction and expansion technology platform	The technology platform for in vitro expansion of antigen-specific T cells works for clinical therapy and screening of TCR genes to construct TCR-T cells.
Plasmid and viral vector production and purification technology platform	The plasmid and lentiviral vector production and purification technology platform is used for the mass production of lentiviral vectors meeting clinical application standards to prepare various gene transduction cells (CAR-T and TCR-T), and provide CMC services.

- R&D Service Platform

To keep R&D on track, the Company has established an R&D service platform system covering transportation and logistics, clinical research and other links, developed blood sample collection and reinfusion process documents, and provided relevant employees with training sessions. Meanwhile, our R&D team has maintained active communication with specialists in clinical trials, kept records, and put vehicles and logistics service providers in place.

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- *R&D Facilities*

Our R&D and production space in China covers a total area of over 7,500 square meters, including more than 6,000 square meters for Guosheng Laboratory and 1,500 square meters for Guanglian Laboratory. The Company has obtained the inspection report on the clean workshop (area) issued by Beijing Institute for Drug Control. Furthermore, a research center in Korea Technology Valley has been established, with an aim to fuel the development of the next-generation cancer immunotherapy products and to identify new specific products that can act on a variety of cancer cells.

- *R&D Equipment*

Our laboratories are equipped with international advanced production equipment, including bio-safety cabinets, centrifuges, incubators, inverted microscopes, and heat sealers that are used for the preparation of cell immunotherapy products. In addition, bio-reactors and purification devices for the production of high-quality viral vectors have been provided. Quality control devices are allocated for immune cell-related quality control and detection, including automatic cell counters, multi-laser flow cytometers, cell biological activity detectors, and qPCR instruments.

Key Research Findings

- Clinical Phase II of CAR19 approved
- IND application of aT19 approved
- Significant clinical IIT effect of TCR-CMV
- Significant clinical IIT effect of TCR-EBV

- *Innovation Incentives*

The Company has taken the following measures to continuously enhance the scientific research and innovation capabilities of its teams:

- Evaluate innovation teams, and select and reward outstanding ones.
- Set rewards for the excellent performance of key nodes during project implementation.
- Introduce a patent application reward mechanism to protect intellectual property rights and encourage independent innovation.

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3) *Intellectual Property Protection*

The Company observes applicable laws and regulations, such as the *Trademark Law of the People's Republic of China*, and the *Patent Law of the People's Republic of China*. In line with these laws and regulations, the Company has developed a series of management regulations, including the *Management Regulations on Intellectual Property*, the *Management Regulations on Patent Affairs*, the *Management Regulations on Trademark Affairs*, and the *Confidentiality Management Regulations (V3.0)*. These documents regulate intellectual property protection to prevent infringement upon the protected intellectual property, while advancing technology innovation. Besides, the Company gas regularly organized intellectual property training sessions for employees to enhance their awareness of intellectual property protection.

We have been granted a number of patents for invention and utility model patents with independent intellectual property rights, building on an all-round layout and multiple advanced immune cell pharmaceutical R&D and production technology platforms. Regarding technology platforms and product pipelines, we have implemented intellectual property protection throughout the life cycle of the products ranging from project initiation and application to product marketing. Specific measures:

- Conduct intellectual property risk analysis at different stages to mitigate infringement risks.
- Undertake patent layout for related projects across technical, temporal and spatial dimensions, including the layout for patents and trademarks involving different technologies, project phases, and jurisdictions, so as to protect the intellectual property protection rights of project technologies effectively.

4) *Industry-Academia-Research Cooperation*

Our core technical team is composed of senior cancer immunologists with forward-looking and keen insights into the industry. Relying on the professional capabilities of the team, the Company has established an R&D organizational structure encompassing early-stage R&D, pre-clinical research and clinical research, as well as commercial production and management, thus boosting project R&D progress effectively. In 2024, we employed 6 masters, expanding our R&D team to 118 members.

Case: The 48 Group Club Paid A Visit to Immunotech Biopharm

On 27 June 2024, a delegation led by Jack Perry, Chairman of the 48 Group Club, and Christopher Evans, Chairman of Ellipses Pharma, visited Immunotech. The Company showcased its R&D fruits and intelligent manufacturing practices achieved over the past 20 years. Our remarkable accomplishments in the standard-based and large-scale production in the field of cell immunotherapy, act as a practice model for industry development. During this visit, the two parties engaged in extensive discussions on cell immunotherapy pharmaceutical R&D and cross-regional cooperation. These visiting guests highly appreciated our achievements, and looked forward to collaboration. This event laid a solid foundation for future cooperation in R&D, and technology. Leveraging this opportunity to expand international partnerships, we would promote the advancement and application of cell immunotherapy technologies, and bring renewed hope to patients worldwide.

2. Product Quality and Safety

The Company upholds the quality policy of "Standardizing, Implementing, Supervising and Enhancing Patient-centered Services", strictly abides by the laws and regulations applicable to the industry, and strives to meet the quality criteria of "100% production pass rate (not due to patients' reasons) and "100% ex-factory pass rate", to effectively guarantee the use safety and reliable efficacy of drugs. This has adequately demonstrated that the pharmaceutical producer is the first responsible party for pharmaceutical quality.

The Company has established and optimized the quality management system in strict compliance with industry regulations and policies. To be specific, we have implemented management targeting plant facilities and equipment, document system, personnel qualification, training, production, quality control, as well as material procurement acceptance and release, in order to ensure the full compliance of all production activities with regulatory requirements. These efforts aim to guarantee the safety and efficacy of products. As of the end of the reporting period, we had no legal or disciplinary violations.

1) Institutional Document System

The Company has established a three-level quality management document system: first-level factory master documents; second-level documents including process procedures, quality standards, department functions, job responsibilities and management procedures; third-level operation procedures. There are 197 documents involving management procedures. These documents cover institutions and personnel, plant and facilities, equipment management, materials and products, confirmation and verification, document management, production management, quality assurance, quality control, commissioned production and inspection, computer-based system, as well as donor materials. In 2024, we added 3 new management documents and revised 54 existing management documents to ensure the ongoing optimization of the quality management system in line with the regulatory requirements of China, the EU, and WHO.

2) Organizational Management System

The Company has set up the Quality Assurance Department. Duties of this department: 1) Engaging in quality supervision and management throughout the product life cycle to ensure product quality and safety; 2) Establishing and improving an internal quality management system, and guiding and supervising the effective operation of the quality system to ensure the quality system meets applicable regulations and quality management requirements after the launch of products; 3) Developing and implementing quality risk management regulations to minimize adverse events so that the Company fulfills its drug quality management duties. In 2024, the Quality Assurance Department continued to supervise the operation of the existing quality system, and optimized the document system, and hardware and software development in Leadman plant, in order to meet the requirements for product production inspection.

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The Company has set up the Quality Control Department. Duties of this department: 1) Inspecting our products, intermediate products, materials, and water supply for pharmaceutical production; 2) Developing and inspecting methodology verification for research projects, and cooperating with the Automation Department in R&D of automated production; 3) Conducting departmental training, document management, laboratory instrument and equipment management, departmental deviations, changes, OOS, self-inspection management, as well as laboratory bio-safety management. In 2024, the Quality Control Department completed 35 batches of EAL®– related process verification tests, and all testing results were qualified. Besides, this department concluded 35 material inspection methodology verification items, and 34 CAR-T-19, YT003, and YT007 analysis methodology verification items.

The Company has set up the Verification Management Department. Duties of this department: 1) Building and maintaining the internal management systems for confirmation and verification, daily environmental monitoring, and computer-based system compliance; 2) Supervising confirmation and verification activities, implementing daily environmental monitoring, and ensuring the routine operation of the computer-based system complies with GxP. In 2024, the Verification Management Department completed 365 verification items (including those at the Guosheng and Leadman facilities), and reviewed 487 verification protocols and reports.

3) Quality Management System

- *GMP Management System*

  Our GMP management system runs through the whole life cycle of products from R&D to withdrawal from market. The system mainly covers multiple management modules in institutions and personnel, plant facilities and equipment, materials and products, document management, production management, laboratory management, quality assurance, donor materials, and computer-based system, among other things.

  In 2024, we made 35 batches of EAL® process verification releases, and continued to update documents, including 54 management documents, 130 operating documents, 26 quality standards, and 162 derived recording documents. Moreover, we released 409 batches of materials, audited 34 suppliers, completed 365 verification items, and reviewed 487 verification proposals and reports, thus further guaranteeing product quality.

- *Quality Inspection Process*

The Company has established efficient inspection management procedures and operating procedures to ensure the accuracy and reliability of inspection results. For products that fail internal quality inspections, defective product management documents are formulated.

For defective finished products that have not been delivered out of factory, the Quality Assurance Department prepares non-conformance labels based on the defective product information, and issues the sheets to the Production Department. Upon receiving the non-conformance labels, the Production Department is required to affix the labels to defective products, store them separately, and mark non-conformance status identifiers. The non-conforming items, reasons, and disposal methods, once confirmed, are submitted for approval following the defined procedures, and defective products are disposed of according to the approved disposal methods. The Safety and Environmental Protection Department is responsible for inactivating defective finished products (inactivation conditions: moist heat sterilization at 121°C for 30 minutes). After inactivation, disposal is entrusted to a qualified third-party medical waste treatment agency. Photographic records of the inactivated defective products are retained, and filed by the quality control personnel.

For defective finished products that have already been shipped, medical personnel are designated to transport these products back to the production site, where they are disposed of in the same manner as unshipped defective products.

4) R&D Quality Assurance

The Company has established a quality management system applicable to the R&D stage. This system covers the management processes and control requirements in terms of institutions and personnel, equipment, materials, confirmation and verification, document management, production management, quality control and assurance, commissioned production and inspection, product shipment and recall, self-inspection, R&D management, computer-based system, autologous peripheral blood management and bio-safety management. In addition, the system encompasses operating procedures and records in respect of production process operations, inspection operations, as well as equipment use, cleaning, and maintenance, so as to ensure that the production of clinical products complies with the Good Clinical Practice (GCP).

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From 2022 to 2024, we formulated the management procedures for R&D projects, project initiation, drug R&D code preparation, new drug R&D technology transfer, commissioned R&D inspection and research, investigator-initiated trial (IIT), R&D research proposals and reports, R&D records, R&D data and reporting formats and consolidation, R&D materials, R&D personnel, as well as R&D laboratory, so as to ensure the compliance of the drug R&D process with applicable regulatory requirements. Besides, we updated management procedures related to deviations, changes, corrective and preventive actions (CAPA), site monitoring, document management, record management, training management, gene vector production management and clearance, cleaning and disinfection management, materials release, environmental monitoring, commissioned R&D inspection and research, and the use of materials in the clean area of the R&D laboratory.

At the R&D quality inspection platform, the Company has devised scientific and reasonable detection methods according to the needs of different projects, and then launched initial verification and confirmation for these methods. Only verified methods are used for sample testing in project research to ensure consistent evaluation standards. With the confirmation of the project process, the Company conducts analysis methodology verification, and attaches the verification information to the application documents, followed by handover to the National Institutes for Food and Drug Control in the subsequent IND and NDA applications. When the products undergo production confirmation, declaration, pharmacological and toxicological testing, and clinical IIT, the Company works out the quality standards of the products accordingly based on the historical data, and conducts testing and release according to the quality standards.

5) Emergency Response Mechanism

The Company has established the product recall management documents targeting the products which are defective or unsuitable for clinical use during the period from delivery out of factory to reinfusion, in order to cope with product emergencies and recall products with potential safety hazards from the market when necessary, In 2024, we had no product-related emergencies or recalls.

6) *Full Life Cycle Management*

The Company has formulated a sound quality traceability system to ensure the traceability of products throughout the full life cycle.

- *Unique Code of Identity (COI)*

  The Company generates the unique codes of identity (COI) for patients using our EAL® products based on their personal information. COI is used for the identification of patient information in multiple subsequent reinfusion treatments including collection, transport and delivery into factory of autologous peripheral blood samples, EAL® production and inspection process, as well as release, transport and reinfusion of EAL® finished products.

  Patients are subject to multiple blood collections and reinfusions during treatment with EAL® products, despite that one blood collection corresponds to only one reinfusion. To prevent identification of the same patient in different products, the unique patch number for each batch of products is used as the unique COC, apart from COI in the EAL® product traceability system. COC is connected with operations and records in respect of acceptance, transport, production, inspection, release and storage of autologous peripheral blood/cells/products in the EAL® product manufacturing process.

- *Logistics Quality Management*

  The Company has formulated the regulations and systems for *Logistics and Transportation Management*, clearly defining the standards for transportation. Shipping documents have been prepared for various products, including EAL® and CAR-T-19, clarifying the operating processes and precautions, to ensure the safe, timely and accurate delivery. In addition, the Company has developed the *Standard Operating Procedures for Logistics and Transportation Emergency* specifying the standard response procedures for operators in case of abnormal circumstances. The project logistics and transportation management system, risk warning and monitoring system, full-employee training system, verification system, alongside temperature-controlled vehicles and corresponding measures, have been adopted to ensure product safety and stability during transportation. Measures, such as assignment of employees specific to dedicated transportation lines, the OMS system, and core planning, have been taken to ensure the rapid and efficient transportation of products.

  All products transported by us are subject to online monitoring at the terminals of computers and mobile phones. They receive real-time confirmation for their locations, temperature and status every two minutes (up to five minutes) on average during transport. Early warning function is available for all in-transit orders. That is, when the transport route deviates from the preset one, and the temperature in the transport boxes reaches the warning limit, online warnings are triggered to facilitate timely response. As of the end of 2024, the logistics operations have achieved the results of zero anomalies and zero suspensions for four consecutive years, with 100% of the goods safely delivered.

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7) Quality Personnel Training

The Company has introduced the training management procedures. In line with the procedures, quality management personnel are required to receive job-specific training and pass the training evaluation before taking up posts. Additionally, quality management personnel should attend the company – and department-level annual training and document training, and have an option to participate in external training for work/self-improvement purpose.

In 2024, we concluded 653 online training sessions, including annual training, job-specific training, document training and unscheduled training (online training in the DMS&TMS systems), and 15 offline training sessions, with a total of over 1,200 trainees. These training sessions are designed for all departments in the quality system, such as Production Center, Quality Center, Human Resources Center, Supply Chain Center, and Process Information Center.

Indicator	Unit	2022	2023	**2024**
Product quality and safety training sessions	Times	1,138	830	**665**
Number of employees receiving product quality and safety training sessions	Person-times	41,081	36,813	**13,739**
Number of product recall incidents due to safety issues	Times	0	0	**0**

Case: Training for GMP System Documents in Quality Management Module

On 17 December 2024, the Company conducted the Training for GMP System Documents in Quality Management Module at the Leadman facility. This training session pertained to major documents, such as the *Management Procedure for Deviation Handling*, the *Management Procedures for Change Control*, the *Management Procedures for Corrective and Preventive Actions*, the *Management Procedures for Defective Products*, the *Self-inspection Management Procedures*, and the *Management Procedures for Quality Review*. The session was delivered through interpretation and interactive Q&A. A written test was organized after training to ensure effective learning outcomes.

8) Digital Development

The Company attaches importance to information technology development, and is committed to enhancing work efficiency in finance, procurement, personnel, contract management, and supply chain by leveraging information-based means. Our specific efforts made in 2024 were detailed as follows. In the Recbio Technology business information-based system development and use project, the Company completed the development of branch-focused DMS and TMS functions. In the EAL® process validation digital system optimization project, we finished interface integrations among ERP, LIMS, MES, and the medical system, and optimized the work-flow of the medical system. In the off-site backup system project, reciprocal off-site backups between the Leadman and Guosheng facilities were achieved. In the OA-to-BPM migration project, 14 work-flows and meeting functions were successfully migrated. Additionally, a payroll accounting system was successfully developed, and enhancements were made to the GMC department functions within the production scheduling system.

- *SAP System*

  As an integrated information system, SAP includes our major business areas, which allows data continuity and consistency, and avoids repeated input and error transfer, thus enhancing business operation efficiency. The SAP system consists of six major business modules, namely sales and distribution, materials management, production planning, plant maintenance, quality management, and financial cost control. Also, the system integrates MES, LIMS, medical affairs, BPM, ELN and other peripheral system data. Thanks to its robust functions, the system effectively raises resource utilization efficiency, boosts the process standardization, and lowers complexity, thus supporting the delivery of projects in line with the highest standards of CFDA, FDA and EU, and the compliance requirements.

- *DMS System*

  Targeting the departments involved in the GMP system, the Company has established the quality document and training management system (DMS system for short). This system enables online management of documents in the GMP system throughout the full life cycle from preparation to invalidation. It works to enhance compliance and work efficiency, control paper cost and guarantee document security. In addition to the effective improvement of quality and compliance, this system reduces the risk and degree of man-made operation, allows user departments to check and review quality information online easily, and improves the examination and approval efficiency of documents through e-mails and visual reminders.

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- *BPM System*

In the information-based development, the BPM System plays an important role in managing finance, procurement, personnel, contract management, and supply chain. The financial module covers examination and approval processes. After connection with the SAP System, this module provides multiple functions such as budget allocation and release, one-key voucher generation, and generation of financial statements. The SAP-connected procurement module functions to receive procurement requests and orders from the SAP System, generate eligible approval documents, and send them to responsible persons for process approval and archiving. The EHR-docked personnel module synchronizes information automatically, which minimizes manual maintenance by the Personnel Department, and prevents data inconsistency between systems. Meanwhile, the system also plays a positive role in contract and supplier management, and expands the online collaborative office space of employees, thus improving work efficiency.

- *LIMS System*

The LIMS system is designed to strengthen the modern quality control capacity, standardize and routinize inspection management for the sake of inspection accuracy, and elevate competence and efficiency in laboratory management. The core advantages of this system are shown as follows: 1) Examination and approval in the system, scaling down intermediate signature steps; 2) Direct entry of inspection records in the unified templates, enabling paperless operations; 3) Flexible sample registration; 4) Automated calculation and verification of test data; 5) Automatic result determination and export of reports in standard formats; 6) Robust statistical analysis for massive data, and generation of charts and reports, slashing manual workload.

- *MES System*

The MES System (Manufacturing Execution System) is developed to manage the production process. This system covers personnel operations, equipment information and status, as well as material flow and use, guides production based on electronic batch record templates at the designated time and location, and supports ESG optimization. As a result, it ensures authentic, complete, timely, and traceable production data to the greatest extent.

- **Environmental (E):** The system controls room usage and operating environments by stabilizing temperature, humidity, and cleanliness, thereby reducing energy waste and environmental impact. It also enables strict management of material use, flow, and traceability, which minimizes material waste and pollutant emissions.

- **Social (S):** The system manages user accounts, access permissions, and electronic signatures to protect the rights and interests of employees, prevent unauthorized operations, and enhance production safety and reliability. Besides, its functions including equipment use status management, incubator space control, and equipment log tracking, ensure normal operation of equipment, and relieve the risk of workplace injuries.

- **Governance (G):** The system ensures accurate, authentic, and traceable records via effective control of process flow and product traceability, thus improving transparency and regulatory oversight of production activities. Its electronic batch record templates and electronic signature controls ensure production compliance and quality, which steps up corporate governance and risk management capabilities.

- *SCADA System*

The SCADA System (Supervisory Control and Data Acquisition System) serves as the core of the intelligent factory, bridging upper-level management and lower-level equipment. This system boasts multiple technical advantages and ESG value.

- **Diversified interface communication:** Support various protocols such as OPC DA, OPC UA, Modbus, and S7, ensuring compatibility with most equipment, to reduce replacement costs and resource waste, and promote environmental sustainability.

- **System interface integration:** Integrate data from underlying equipment, and allow overarching display, enhancing operating and monitoring efficiency, to support lean management and efficient resource utilization.

- **Powerful online monitoring function:** Enable real-time data acquisition, and dynamic display of equipment and system data to ensure safe and stable production; allow real-time monitoring and alarm to facilitate the timely identification and resolution of potential issues.

- **Customized statement analysis:** Provide tailored statement and chart analysis to support scientific decision-making; enable online search and printing to reduce paper consumption.

- **Real-time and historical alarm monitoring:** Have a comprehensive alarm information check function to help the Company quickly respond to and cope with alarm incidents, ensuring uninterrupted production.

- **SMS alarm function:** Notify relevant personnel timely via SMS in case of serious faults to troubleshoot faults and minimize losses.

- **Network operation, maintenance, and integration:** Monitor equipment networks in real time, and cope with abnormalities, to ensure stable and secure data transmission; record detailed network configuration parameters to support fault tracing and network optimization.

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3. Responsible Supply Chain

The Company has established the supplier management and procurement process. Supporting this process, the Company has developed the *Supplier Management Regulations*, the *Management Process for Supplier Development and Access*, and the *Bidding Management Procedures*. These documents regulate processes and criteria before, during and after the cooperation between the Company and suppliers to ensure fair, impartial and compliant business cooperation. Based on this foundation, the Company champions responsible procurement, and builds technical cooperation with long-term and strategic suppliers to jointly increase social and economic benefits.

Technical Cooperation

- Cooperation with Corning and NEST/WEGO on closed consumables for cell therapy and the development of customized culture media;
- Collaboration with SHENGSHENG Logistics on cost-effective transportation for fresh cell therapy products;
- Partnership with Thermo Fisher on information-based systems for cell therapy product manufacturing facilities.

During procurement, the Company prioritizes environmentally-friendly, non-toxic, and harmless products for use in production processes, and applies rigorous testing and control measures for materials with potential risks, following the pharmacopeia and GMP requirements.

Indicator	Unit	2022	2023	**2024**
Number of disputes with suppliers	Cases	0	0	**2**
Resolution rate of disputes with suppliers	%	100	100	**100**

- ***Supplier Access***

  The Company continues to optimize the supplier management system and implement the supplier compliance and access management. In supplier access, the Company requires all suppliers to sign the *Integrity Agreement*. Contract conclusion is subject to business ethics, and applicable laws and regulations on contract, anti-corruption, labor, environmental protection, product quality, protection of consumer rights and interests, taxation, and intellectual property. As specified in contracts, Both parties shall prohibit all commercial bribery and corruption acts, and perform the business contracts under the principle of fairness, justice and transparency, in order to effectively safeguard the legitimate rights and interests of both parties.

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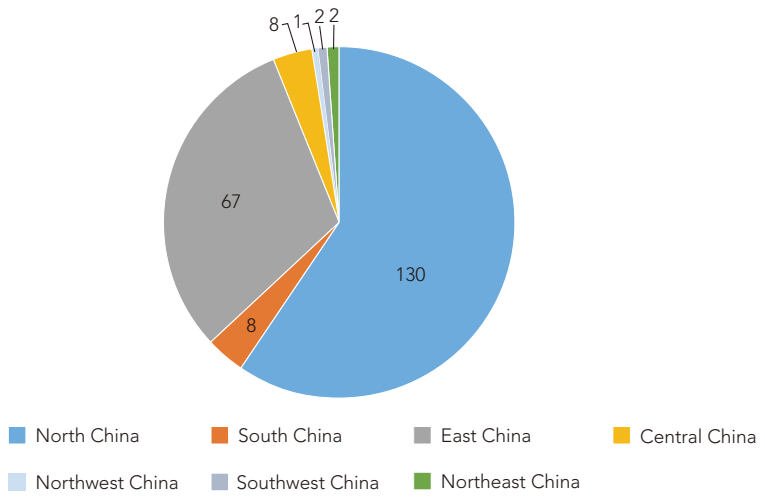
During material sourcing and supplier evaluation, the Company complies with the provisions and requirements outlined in documents such as the *Guiding Opinions on Recommending the Development of Green Supply Chains*, the *Measures for the Administration of the Law-based Disclosure of Environmental Information by Enterprises*, the *Guiding Opinions of the General Office of the State Council on Vigorously Advancing the Innovation* on and *Application of Supply Chains*, and the *Green Manufacturing – Green Supply Chain Management in Manufacturing Enterprises – Guideline* (GB/T33635-2017). In line with these documents, we investigate and evaluate suppliers in terms of their staffing structures, personnel health management, and labor conditions.

The Company has carried out strict supplier contract management to ensure all supplier activities are under effective contractual supervision. Moreover, efforts have been made to conduct cross-departmental acceptance management to enhance multi-perspective oversight by Party A and improve execution quality. Annual audits and evaluations have been implemented to ensure suppliers' compliance with environmental, health, and safety regulations.

Indicator	Unit	2022	2023	2024
Number of supplier audits	Times	31	74	**31**
Supplier audit coverage rate	%	/	12	**14**
Annual supplier compliance ratio	%	100	100	**100**

During the reporting period, we had 218 suppliers in total, with an annual supplier compliance ratio of 100%.

Suppliers by Region



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Supplier Introduction Process

- The introduction of suppliers is subject to the *Bidding Law of the People's Republic of China* and the internal supplier introduction management regulations. Invited tendering is adopted in all bids.
- The Company performs audit, access and annual evaluation management for suppliers in the GMP system pursuant to GMP-related laws and regulations.
- A single source statement shall be provided for special cooperation and relevant suppliers are introduced upon evaluation and authorization by the responsible leader of the Company.

- ***Supplier Evaluation***

The Company evaluates suppliers by rating. To be specific, we establish long-term and reliable relationships with S1 suppliers as our strategic partners by sharing risks and benefits, and launch deep cooperation in terms of technology and standards. Furthermore, we regularly hold round-table meetings and technical exchanges to review cooperation progress and issues found, and engage in innovations jointly with suppliers while decreasing costs and enhancing efficiency. ESG risks have been included in supplier management, and efforts have been pooled to evaluate and audit the social risks of suppliers, including organizational and staffing risks, in the key GMP-based supplier audits.

Suppliers with unsatisfactory performance in environmental, labor, or ethical areas are designated as suppliers under probation, and are required to undergo rectification and training. If issues still persist, the suppliers in question will be disqualified. The Company has formulated the *Supplier Management Regulations*. As specified in this document, suppliers causing significant adverse impact to us will be blacklisted, and permanently excluded from future cooperation.

- ***Supplier Training***

In 2024, the Company concluded 2 forums with material suppliers over their current operation and cooperation. At these forums, recommendations were proposed on logistics management, cargo protection, tool management and reuse, as well as strategy alignment across the supply chain. All material suppliers attended these forums.

Indicator	Unit	2022	2023	**2024**
Number of supplier-specific training sessions	Times	1	9	**9**
Number of suppliers receiving training sessions	Times	10	40	**45**

4. Service Capability Enhancement

1) Advertising

The Company has announced its product R&D progress in an objective, truthful and legal manner, without exaggeration or false claims, in accordance with applicable laws and regulations, such as the *Medicinal Product Administration Law of the People's Republic of China*, the *Advertising Law of the People's Republic of China*, and the *Interim Measures for the Administration of Censorship of Advertisements on Drugs, Medical Devices, Dietary Supplements and Formula Foods for Special Medical Purposes*. When preparing the subject informed consent forms and recruitment advertisements, the Company ensures that the product information is examined and approved by the ethics committees of research centers, and that the subjects are fully informed and sign the informed consent before screening. In 2024, we were granted 2 trademarks. Over the past two years, we had 6 trademarks in total.

2) Privacy Protection of Subjects

The Company is committed to safeguarding the lawful rights and interests of subjects by taking the subject protection measures throughout the process. In the project startup phase, the project team ensures patients are fully informed according to the *Good Clinical Practice, the E6(R2) Integrated Addendum to Good Clinical Practice (GCP)*, the *Declaration of Helsinki released by the World Medical Association*, and the *Measures for Ethical Review of Life Science and Medical Research Involving Human Being* (Trial), and considering the complexity of proposals, and traumatic treatment of subjects. The informed consent contains product situation, possible benefits and risks of patients, transportation fee compensation and blood-collection fee compensation standards, and treatment measures after SAE. Projects are triggered, following the ethical approval and keep patients fully informed. In case of any change in product information, proposals, and applicable regulations during the project process, the project team updates the informed consent when necessary, and informs the subjects again after receiving the approval from the ethics committee. If the patients withdraw the informed consent, the researchers record the withdrawal in the original data, and the subsequent clinical data of patients are not used any longer.

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V. PEOPLE ORIENTATION FOR A SHARED FUTURE

Immunotech safeguards the lawful rights and interests of employees, and strives to foster a positive workplace, upholding the people-oriented principle. In pursuit of a shared future, the Company encourages employees to move forward together with us, and draw a bright blueprint jointly.

1. Protection of Employee Rights and Interests

1) Employment Equality and Compliance

The Company observes applicable laws, regulations, and policies to safeguard the lawful rights and interests of employees, and foster a diverse and inclusive workplace. These regulatory documents include but are not limited to the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Social Insurance Law*, the *Labor Dispute Mediation and Arbitration Law of the People's Republic of China*, the *Employment Promotion Law of the People's Republic of China*, the *State Compensation Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, the *Regulation on Public Holidays for National Annual Festivals and Memorial Days* (New), and the *Regulation on Paid Annual Leave for Employees*.

The Company has developed internal human resource management regulations highlighting value contribution, and has prohibited any form of discrimination based on gender, ethnicity, race, age, religion, nationality or family status. To improve the recruitment process, the Company has formulated the *Management Regulations on Recruitment and Deployment*, and the *Management Regulations on Internal Job Competition*. These internal documents outline employment needs, and ensure fair and just recruitment. The *Employee Handbook* regulates management in areas such as labor relations, discipline, and attendance, and guides the timely settlement of labor disputes. Efforts have been redoubled to achieve gender equality and equal pay for equal work, and ensure no child labor and forced labor. During the reporting period, we had no violations involving child labor or forced labor.

2) Salary, Work Hours, and Protection of Rights and Interests

The Company has established the *Attendance Management Regulations*, and implements standard and comprehensive working hour systems based on job characteristics. This allows employees to have sufficient rest, while fulfilling work tasks.

We have adopted a performance-based remuneration management model, and a comprehensive remuneration structure covering basic salary, position-based salary, performance-based salary, year-end performance bonuses, perks, and benefits. To retain existing talents, we have provided core and outstanding employees with competitive salary and benefits packages, regular training, smooth career development paths, and a comfortable workplace.

All our employees are eligible to enjoy social insurance package, housing provident fund. Special roles, such as drivers, transportation personnel, part-time employees, and employees subject to the third-party labor dispatching system, have access to the personal accident insurance supplement to fully protect their rights and personal safety.

3) Communication with Employees

The Company strives to maintain a smooth communication mechanism for employees to collect their feedback and insights, and address issues raised by them, so as to create a working environment good for their development. The general staff meetings are held from time to time to report on the phased progress of goals, announce the goals for the next stage, and gather feedback and suggestions from employees regarding previous and future goals. Departments organize their respective democratic meetings to make objective and honest self-evaluation and mutual evaluation on work in order to help employees grow together. Senior executives regularly dine with department employees in the canteen to foster closer relationships with employees and understand the working conditions of grassroots employees in a more down-to-earth manner. We put in place e-mails for employees to express their comments and suggestions, and present complaints and reports.

Indicator	Unit	2022	2023	**2024**
Total number of employees	Persons	246	211	**151**
Proportion of female managers	%	9.20	13.27	**18.54**
Proportion of employees from ethnic minorities	%	6.00	7.11	**7.28**
Number of disabled employees	Persons	4	2	**1**
By gender				
Female	Persons	135	110	**80**
Male	Persons	111	101	**71**
By employment type				
Number of full-time employees	Persons	242	197	**143**
Number of employees from other employment channels	Persons	4	14	**8**
By age				
≤ 30	Persons	107	81	**56**
31~40	Persons	101	93	**62**
41~50	Persons	28	28	**26**
≥ 51	Persons	10	9	**7**

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Indicator	Unit	2022	2023	2024
By employee category				
Senior management	Persons	11	11	**9**
Middle management	Persons	49	63	**50**
General employees	Persons	186	137	**92**
By region				
North China	Persons	240	207	**149**
South China	Persons	0	0	**0**
East China	Persons	2	2	**0**
Hong Kong	Persons	1	1	**1**
Overseas	Persons	3	1	**1**
Turnover rate of contract employees by gender				
Female	%	23	25.00	**29.80**
Male	%	22	14.62	**26.49**
Turnover rate of contract employees by age				
≤ 30	%	25.00	11.66	**19.87**
31~40	%	16.00	8.75	**24.50**
41~50	%	4.00	3.21	**7.95**
≥ 51	%	0.58	0.87	**3.31**
Turnover rate of contract employees by region				
North China	%	46	38.68	**55.63**
South China	%	0	0	**0**
East China	%	0	0	**1.32**
Hong Kong	%	0	0	**0**
Overseas	%	0	0.47	**0**
Proportion of employees signing labor contracts	%	100	100	**100**
Proportion of employees enjoying the social insurance package	%	100	100	**100**

2. Health and Safety

The Company observes applicable laws, regulations and reports to protect the rights and interests of employees, such as the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, the *Measures for the Declaration of Projects with Occupational Hazards*, the *Measures for the Supervision and Administration of "Three Simultaneities" of Facilities for the Prevention and Control of Occupational Diseases of Construction Projects*, the *Evaluation Report on the Control Effect of Occupational Hazards*, the *Occupational Hazard Test Report*.

The Production Safety Committee under the Board of Directors is responsible for reviewing and developing work safety regulations and rules, and safety training plans, guiding and deploying the annual safety management work, and tackling major safety issues. This committee has set a clear structure, and defined the specific duties of employees at all levels.

The Company is committed to providing employees with a safe working environment so as to protect their personal safety. Our employees have access to occupational health examinations, and regular safety training sessions. During the reporting period, four physical examinations were conducted for employees.

1) Occupational Health

The Company has established occupational health monitoring files to identify health problems and arrange treatment timely, or take corresponding measures to prevent serious consequences. An occupational poisoning hazard test is conducted for toxic workplaces annually to minimize safety accidents.

2) Work Safety

The Company set the work safety goal of 2024: no serious injury or death. During the reporting period, we had no penalties for work safety and hazardous chemical management, occupational contraindications or diseases, environmental protection violations, or fire accidents.

Protective Measures:

- During the production of biological products, operators are required to wear personal protective articles as regulated to avoid any injuries.
- The rooms and places that generate hazardous gases or waste heat during the production process are designed with mechanical ventilation systems to emit hazardous gases in time.

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- We ensure that the concentration of hazardous gases in the workplace meets the *Occupational Exposure Limits for Hazardous Agents in the Workplace* (GBZ2-2007).

- The chillers and air compressors in the power station and the rooms with large noise are designed with noise insulation and reduction facilities, sound absorption ceilings and walls, as well as sound insulation doors and windows. The noise-generating chillers, air compressors, cooling water pumps, cooling towers, as well as air conditioners and ventilators in production workshops feature energy-saving and noise-reducing features. Measures are taken for noise elimination, and vibration reduction and isolation. The above measures help us reduce noise in workplaces to less than 85 dB(A) in accordance with the *Hygienic Standards for the Design of Industrial Enterprises* (GBZ1-2010).

- The plants make full use of natural lighting, and have artificial lighting meeting the *Standard for Lighting Design of Buildings* (GB50034-2013). The illumination of main production workshops and office buildings is set as 300 Lx.

- Air-conditioning cooling and heating needs are considered in the plant buildings. Air conditioning systems have been allocated for production plants to provide a comfortable working environment for operators.

- The washrooms, changing rooms and other staff welfare facilities are designed in accordance with the *Hygienic Standards for the Design of Industrial Enterprises* (GBZ1-2010) and other applicable design standards. Besides, drinking water supply facilities are provided.

- The Company organizes pre-duty, on-duty and off-duty occupational health examinations for employees exposed to poisonous substances, and establishes employee personal health files.

- There may be potential steam burns when the sterilization cabinets are used during production. Therefore, the equipment operators are required to obtain the special equipment operation certificates, regularly check the functions of sterilization cabinets, and wear protective articles.

- Ozone disinfection may cause potential injuries due to inhalation and respiratory irritation. Operators are provided with respirators and relevant training.

- The 95kPa bio-safety transport bags, and sealed incubators with sealing strips are used to transport goods containing infectious pathogens in line with the bio-safety standard (UN3373), so as to ensure transport safety.

3) *Work Safety Training*

Case: Training on Safe Operation of Liquid Nitrogen Containers

The Company conducted the training on safe operation of liquid nitrogen containers, to strengthen the awareness of work safety and health among employees, and enhance their hazard prevention and control capabilities. This training session explained the basic knowledge of liquid nitrogen, work safety expertise, proper use of liquid nitrogen containers and accident response measures by an easy-to-understand approach through sharing a large number of domestic and foreign work safety accidents related to liquid nitrogen containers. This theoretical, practical and operable session enabled the production personnel to realize the importance of work safety, effectively enhanced their capabilities to self-rescue and self-protection, and strengthened their red-line awareness of work safety.

Indicator	Unit	2022	2023	**2024**
Safety training investment	RMB10,000	9.58	0.5	**0.24**
Work safety investment	RMB10,000	107.2	36	**45.1**
Number of safety training sessions	Times	11	16	**15**
Proportion of employees receiving safety training	%	100	100	**100**
Number of safety emergency drills	Times	10	11	**6**
Injury frequency	Number of injured employees per million work hours	0	0	**0**
Number of major safety accidents	Times	0	0	**0**
Number of occupational diseases	Person-times	0	0	**0**
Proportion of employees receiving physical examinations and having occupational health records	%	100	100	**100**
Number of work-related fatalities	Persons	0	0	**0**
Rate of work-related fatalities	%	0	0	**0**
Lost days due to work injury	Days	0	0	**0**

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3. Employee Development

The Company has established a talent philosophy of "Pursuing Excellence, Daring to Innovate, Creating Value Together, and Growing and Prospering with the Company", and has refined the *Training Management Regulations* and the *Talent Development Strategy*, in order to promote employee development and enhance professional skills. Considering the specific professional requirements of different positions, the Company offered 15 offline training sessions, including induction and targeted training sessions (on finance, intellectual property, and work safety, among other things), with a total of 322 trainees. These sessions covered all employees, including employees subject to the third-party labor dispatching system, and achieved a participation rate of over 95%.

Training content	Trainees
GMP system-related training	GMP system controlled departments
Professional skill training	Specific departments
General knowledge training	All employees
New employee training	New employees

1) Employee Training Opportunities

- *Leadership Training*

  In 2024, the Company conducted leadership training through multiple channels, such as monthly executives sharing, articles in the official WeChat account, and leadership seminars, to consolidate the corporate culture. Two "Immunotech Lecture" sessions were also held, with a total of over 200 trainees.

- *New Employee Training*

  During the reporting period, the Company concluded 8 onboarding training sessions, with 23 participants in total, to promote the corporate culture, and strengthen occupational safety awareness among new employees.

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- *Targeted Training*

The Company delivered 13 targeted professional training sessions, including the Hands-on Training on Change Management Strategies for Cell and Gene Therapy Products, the CGT Product Quality Officer Training, the Chinese Pharmacopoeia Training, the Training on Procurement and Supply Chain Process, Performance, and Organizational System Development, and the Training on Computer-based System Verification and Data Integrity Assurance. These sessions covered various key areas such as regulatory strategies, regulations and standards, supply chain management, information systems, and data management, thereby enhancing the expertise and overall competencies of employees.

Training on Key Points of On-site Audits

- *On-the-job Training*

All employees in the business line are required to complete all online document learning tasks and offline drills, and pass the exam before taking up new posts, transferring another posts, returning to work, and increasing posts. The Company ensures that all employees meet job requirements, and SOPs in business operations, in order to produce qualified products.

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- *Establishment of Learning Platforms*

The Company has set up three online training platforms, namely Magic School, TMS and Yaozhi, to satisfy the needs for employees personal abilities, GMP system management capacity and business management capabilities. During the reporting period, we achieved a 100% participation rate in training via our learning platforms.

Magic School	Since its establishment, the platform has launched 12 exclusive courses covering company profile, confidentiality management, employee relations, and EAL® process introduction, and released a wide range of general management courses.
TMS	The TMS System greatly meets the training needs of GMP system controlled personnel. So far, all departments have received 2,289 document training sessions, 502 unscheduled training sessions, and 1,718 exams.
Yaozhi Platform	Through cooperation with the professional pharmaceutical learning platforms, the Company has brought more expertise in this field and more professional analysis and interpretation of regulations. The learning courses cover the interpretation of regulations regarding the pharmaceutical industry, registration, inspection, quality management, and computer systems, which enhances the quality management awareness of employees across the board.

2) Performance and Rank System Reform

2024 marked our performance reform. After the reform, performance appraisals are now conducted quarterly instead of every six months, and add cross-evaluations as a new appraisal approach. These changes aim to increase the attention of employees to their performance, invigorate teams, and promote the common development of both individuals and the organization. Besides, the Company upgraded its job rank system and appointment criteria to provide clearer guidance for employee promotion.

Indicator	Unit	2022	2023	2024
Proportion of employees receiving training by gender				
Male	%	45.94	49.40	**52.90**
Female	%	54.06	50.60	**47.10**
Proportion of employees receiving training by employee category				
Senior management	%	0.57	0.51	**0.59**
Middle management	%	2.27	8.30	**7.00**
General employees	%	97.16	91.19	**92.00**
Average training hours by employee gender				
Male	/	37	42	**46**
Female	/	39	38	**42**
Average training hours by employee category				
Senior management	Hours	8	10	**11**
Middle management	Hours	10	25	**35**
General employees	Hours	48	45	**41**
Employee training investment	RMB million	0.5	0.054	**0.033**
Total hours of training received by employees	Hours	12,984	8,055	**3,152**
Total number of trainees	Person-times	44,566	1,253	**322**
Total number of employees receiving training	Persons	226	179	**148**
Proportion of employees receiving training	%	90.40	89.50	**98**

4. Warm Care

The Company places great emphasis on employee care, upholding a people-oriented philosophy. Notably, the Company fulfills its commitment to taking multi-dimensional and overarching employee care initiatives, and building a warm, healthy, and positive workplace. These tangible efforts demonstrate our humanistic care, and strengthen the sense of belonging and happiness among employees.

1) Female Employee Care

The Company endeavors to safeguard the rights and interests of female employees. Pregnant employees are assigned less work tasks, and enjoy paid prenatal check-up leave every month, and 158-day maternity leave, the longest leave as granted in Beijing. Lactating employees have 1-hour lactation leave per day.

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2) Care for Employee Life

The Company protects the basic rights and interests of employees, and presents holiday gifts to express good wishes to employees and their families. Benefits and perks vary according to the features of different jobs. Our production and quality employees are provided with breakfast and dinner subsidies and physical examinations, given their job characteristics; office employees enjoy free afternoon tea (coffee). Departments organize one-on-one physical and mental health counseling sessions for their employees from time to time.

5. Concerted Efforts for Better Society

The Company remains committed to giving back to society, and fulfilling its mission of "Giving Life A Second Chance". In 2024, the Company enthusiastically engaged in the "Donation of CPC Members to Charity" initiatives, responding to the call of the Commission for Non-public Sector and Social Organizations of the CPC Beijing Municipal Committee in Beijing Economic-Technological Development Area.

VI. GREEN DEVELOPMENT FOR A BEAUTIFUL HOME

Embracing green development, Immunotech upholds environmental awareness, and practices energy conservation and carbon emission reduction in all aspects of business operation ranging from R&D to production in order to safeguard the ecological environment.

1. Environmental Management

The Company strictly abides by applicable laws, regulations, and policies, such as the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes*, the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, and the *Water Pollution Prevention and Control Law of the People's Republic of China*. The Company subjects itself to the *Biosecurity Law of the People's Republic of China* in waste gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Furthermore, the Company has established and improved the internal environmental management regulations and procedures, including the *Management Procedures for Production Waste* and the *Management Procedures for Inspection Waste*, to minimize the negative impact on the environment.

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We have pushed forward with green production in accordance with applicable policy documents, such as the *Pollutant Discharge Permit*, and the *Approval by Beijing Municipal Environmental Protection Bureau on the Environmental Impact Assessment Reports of Cell Preparation R&D and Production Projects*. We set our annual environmental protection goals in the *Annual Safety and Environmental Protection Responsibility Statement*, and strengthened the environmental protection responsibility awareness of employees at all levels. Further efforts have been pooled to the establishment, operation and maintenance of the sewage treatment stations, the online sewage monitoring system, as well as condensate recovery, waste gas treatment, hazardous waste collection and disposal, and environmental protection facilities and equipment in order to mitigate the negative impact on the environment. In 2024, the environmental protection investment reached RMB183,500.

Goals for emission management: realize the reduction of the total discharge of chemical oxygen demand and the reduction of the total discharge of ammonia nitrogen in waste water by 15% and 10% respectively in 2025 over 2021 by improving the capacity and efficiency of sewage treatment equipment; achieve the drop of the total amount of hazardous waste by 10% in 2025 over 2021 by taking measures such as classified and refined management; reach the fall of the total amount of waste gas by 10% in 2025 over 2021 (excluding emission data of projects under construction and new projects during the period) by taking measures such as improving the purification efficiency of waste gas treatment facilities and reasonably adjusting disinfection frequency.

1) Waste Gas Management

The waste gases generated by the Company mainly come from R&D and production. The main pollutants include nitrogen oxides, hydrogen sulfide, particulate matter, non-methane hydrocarbons, ammonia (ammonia gas), hydrogen chloride, methanol, sulfur dioxide, and Ringelman emittance, among other things. The activated carbon adsorption units installed have reduced the emissions of waste gas pollutants During the reporting period, the waste gas emissions reached the standard limits according to the emission monitoring requirements of the *Pollutant Discharge Permit*.

2) Waste Water Management

The waste water generated by the Company mainly comes from inactivation and cleaning. The main control indicators include pH, COD and ammonia nitrogen. The Company has adopted the process of "hydrolytic acidification + contact oxidation + disinfection" to ensure the discharged waste water meets applicable requirements. Our workshops have been additionally furnished with the steam condensate recovery system to recycle the steam condensate, thus reducing waste water discharge. During the reporting period, we monitored pollutants online in compliance with the *Integrated Wastewater Discharge Standard* (DB11/307-2013) and the *Discharge Standards of Water Pollutants for Pharmaceutical Industry Bio-Pharmaceutical Category* (GB21907-2008), so as to ensure that the discharged waste water pollutants meet standards.

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3) *Solid Waste Management*

The Company has established the *Management Procedures for Production Waste*, and the *Management Regulations on Hazardous Waste* to regulate waste management. Our major hazardous waste sources include organic waste liquid generated in R&D experiments, reaction residual liquid generated in R&D experiments, and separation and purification processes, waste culture media generated in R&D and testing processes, and medical waste generated in trial production. The hazardous waste generated is stored in the temporary storage, and then disposed of by professional third-party agencies in compliance with regulations. General industrial solid waste mainly consists of domestic waste and waste packaging materials, and is regularly cleaned by the local sanitation agency.

The Company has endeavored to replace with environmentally friendly materials, optimize production and experimental processes, and regulate the operations of laboratories and production personnel, in order to reduce the consumption of raw materials and the generation of waste. Moreover, we have promoted the green culture, and encouraged paper saving and waste sorting, thus weakening the negative impact of waste on the environment.

4) *Noise Management*

The Company is committed to reducing noise pollution generated in the production process. To this end, vibration reduction and isolation measures have been taken for all process equipment and public facilities generating vibration in new factories, to ensure that vibration intensity meets the *Standard of Vibration in Urban Area Environment*. Additionally, factories receive noise monitoring regularly to meet the noise emission standard.

Indicator	Unit	2022	2023	2024
Total VOCs emissions[1]	kg	30	3.98	**10.45**
Total hazardous waste generated[2]	Tons	22.55	14.09	**13.41**
Per capita hazardous waste generated[3]	kg/employee	91.67	66.78	**88.81**
Total generations of non-hazardous waste	Tons	40	0.10	**0.05**
Per capita non-hazardous waste generated[3]	kg/employee	162.60	0.47	**0.33**
Total waste water discharge	Tons	2,214	8,650	**1,820**
Total packaging waste	kg	800	200	**104**

1 VOCs emissions are calculated based on the Pollutant Discharge Permit that the Company applied for and obtained.
2 Hazardous waste generated is calculated based on the statistical data of the Company's production system.
3 Intensity is calculated by dividing discharge/volume generated by the total number of employees.

2. Efficient Use of Resources

The Company has formulated the *Management Procedures for Power Energy* regulating the use of energy and water resources, and reinforced efforts to energy conservation and consumption reduction in routine management. Moreover, the Company has established the energy management and use process, strengthened the implementation of energy conservation and consumption reduction, and organized energy management inspections monthly. The *Management Measures for Energy Use in Office Areas* outlines clear requirements for energy conservation and consumption reduction. Corresponding measures have been taken, such as printing by swiping the work card, waste sorting, less use of disposables, and introduction of policies encouraging employees to purchase idle or scrapped office assets and practice green office. These measures aim to realize cost reduction and performance improvement.

1) Use of Water Resources

The Company has mainly consumed purified water in cleaning and sterilizing equipment and containers in clean workshops, washing work uniforms, and preparing pure steam and injection water. To cut the consumption of water resources, our workshops have been additionally furnished with the steam condensate recovery system to recycle the steam condensate, thereby reducing waste water discharge and natural gas consumption.

2) Energy Use

The Company has made greater efforts to figure out energy-intensive equipment through systematic analysis of energy consumption in equipment, send warnings timely in case of abnormal data based on dynamic monitoring of operation data, identify causes for correction and continuous optimization, and allocate responsibilities to specific employees. In addition, the Company has organized departments to re-assess the operation mode of air conditioners, adjusted these units to the economic operation mode provided that risks are under control, and regulated air conditioners precisely according to seasonal changes so as to minimize the loss of cold and heat sources, while controlling temperature and humidity properly. Employees on duty are required to shut air conditioners down timely upon receiving notifications when there is no need for air conditioners, make regular inspection and monitoring, and identify, report and turn off working air conditions that should have been shut down, in order to reduce their invalid operation time. Besides, we have made scientific and reasonable production arrangements, optimized quality work plans, conducted intensive, systematic and mass production, and minimized temporary, extra and unscheduled jobs, so as to maximize the utilization efficiency of energy.

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3) Use of Packaging Materials

Our product packages mainly consist of inner and outer packaging boxes, all of which are made from degradable paper materials. Considering the current business development phase, our related products have not yet flowed into commercial production and use. Therefore, the use of packaging materials remains limited now, and is still in the preparatory phase. Given the current business model and practical operations, packaging materials are not recycled at this stage. We will continue to focus on the full-cycle management of packaging materials. With business progress, we will evaluate and optimize the use and recycling policies of packaging materials aligning with actual conditions, in an effort to enhance resource utilization efficiency.

Indicator[4]	**Unit**	2022	2023	**2024**
Comprehensive Energy Consumption[5]	MWh	8,823.53	17,711.91	**5,394.41**
Electricity consumption	MWh	8,825.22	6,534	**5,350**
Natural gas consumption	m^3	206.697	1,033,634	**165**
Per capita energy consumption[6]	MWh/person	35.87	83.94	**35.43**
Water resource consumption	Tons	26,084	30,867	**19,965**
Per capita water consumption[6]	Tons/person	106.03	146.29	**132.22**

4 The scope of environmental indicators is manufacturing and process validation.

5 Energy consumption is calculated according to the national standard of the People's Republic of China *General Principles for Calculation of Comprehensive Energy Consumption* (GB/T 2589-2020), and the data for 2022 and 2023 are restated accordingly.

6 Intensity is calculated by dividing discharge/volume generated by the total number of employees.

3. Environment and Natural Resources

1) Green Production

The Company stays committed to practicing green and environmentally-friendly production and project construction. All clean workshops in R&D and production centers in Beijing have obtained the clean workshop (area) inspection reports from qualified third-party inspection agencies. The new biopharmaceutical R&D and industrialization base project has met the certification requirements of the *Assessment Standard for Green Building* and the *Evaluation Standard for Green Industrial Building*, and its design has reached the national two-star green building criteria.

Green Building Design

- All-in-one solution of process, construction, structure and equipment, holistic design of civil engineering and interior decoration, and simple building elements and moderate decorative components according to process requirements.
- Durability measures of construction materials and products meeting prevailing national standards.
- Adopting nationally-approved building materials or products.
- Using autoclaved aerated concrete and autoclaved fly ash bricks made of waste as construction materials of walls, accounting for at least 30% of the total volume of construction materials available in the same type.
- Considering the recycle performance of materials when designing buildings and selecting materials.
- Limiting the transportation distance of major construction materials within 500 km.
- Choosing environmental-friendly interior decoration materials, and complying with the *Standard for Indoor Environmental Pollution Control of Civil Building Engineering* (2013 Edition). Limits of hazardous substances such as radioactive substances, formaldehyde and VOCs meeting applicable national standards.
- Taking vibration reduction and isolation measures for all process equipment and public facilities generating vibration in new factories, to ensure that vibration intensity meets the *Standard of Vibration in Urban Area Environment*.
- Light pollution caused by glass curtain walls, lights, and exterior wall finishing materials of buildings meeting the existing national standards and regulations.

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2) Green Warehousing

The Company has formulated the *Green Warehouse Requirements and Evaluation*, and set up high shelves for warehouses in Leadman facility, thereby making the best use of room height and decreasing the floor area. In terms of warehousing management, the Company has adopted indoor air intake to lessen comprehensive energy consumption while meeting warehouse temperature requirements. Furthermore, machines and tools such as electric forklifts and hand-made pallet trucks have been applied to reduce energy consumption in the warehousing process. Lights have been arranged reasonably in the warehouse area, and are turned on in different areas according to the operation needs. In addition, the ERP system has been developed to optimize the cargo space management and improve the cargo space density comprehensively, thus enhancing effective storage capacity.

To optimize warehousing capacity and ensure product quality, the Company has adopted GMP-based 5S management, enabling scientific cargo zoning and space management and eliminating non-use handling. Products with strict temperature requirements are subject to precise positioning management to minimize the frequency to open refrigerators or liquid nitrogen containers, thereby reducing the risk of temperature excursions.

3) Green Logistics

The Company has upgraded its transportation equipment, facilities, tools, and materials by selecting high-quality, reusable products with low environmental impact. Reusable refrigerants and containers are used in transportation to minimize disposable consumables. Transportation routes and plans are optimized through dedicated route management, improving the efficiency and scientific allocation of vehicles and transportation. These efforts increase case consolidation rate and utilization rate of shared resources, effectively reducing resource consumption.

The Company prefers high-speed rail featuring low-carbon and environmentally-friendly to transport goods across provinces, and is more likely to use small vehicles for small batches or small volume of goods, following the energy conservation and consumption reduction principle. Besides, the Company prioritizes new energy vehicles when entrusting third-party logistics carriers, and has purchased fuel-free trucks to reduce the consumption of fossil energy for transportation.

4. Response to Climate Change

1) Greenhouse Gas Emissions

The major greenhouse gas emissions come from the energy used for production and operation. The Company has developed the *Management Procedures for Power Energy* and other related policies to cut energy consumption from production and operation, thus reducing greenhouse gas emissions. Furthermore, the Company has formulated a suite of management and regulations, such as the *Management Regulations on Office Areas*, the *Management Standard on Energy Control and Management in Office Areas*, the *Management Regulations on Staff Canteens*, and the *Management Regulations on Urban Traffic*, advocating green office and green travel among employees, to reduce the greenhouse gas emissions generated during the business operation and staff commuting.

Indicator	Unit	2022	2023	**2024**
Total GHG emissions[7]	Tons	5,330.88	6,181.45	**2,871.17**
Scope 1 GHG Emissions[6]	Tons	0.45	2,234.91	**0.36**
Scope 2 GHG emissions[6]	Tons	5,330.43	3,946.54	**2,870.81**
Per capita CO_2 emissions[8]	Tons/employee	21.67	29.30	**19.01**

7 GHG accounting is presented as CO_2 equivalent according to the national standard of the People's Republic of China *General Principles for Calculation of Comprehensive Energy Consumption* (GB/T 2589-2020) and the *Announcement on Issuing Carbon Dioxide Emission Factors for Electric Power in 2022* issued by the Ministry of Ecology and Environment and the National Bureau of Statistics, and the data for 2022 are restated accordingly.

8 Intensity is calculated by dividing discharge/volume generated by the total number of employees.

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2) Climate Risks

When assessing and identifying ESG risks, the Board of Directors incorporates climate change-related risks, and proposes countermeasures for critical climate risk factors facing by the Company. Our ESG Working Group and competent departments are responsible for concrete tasks related to climate risks.

Climate Risks			Response Strategies
Physical risks	Acute risks	Impact of extreme weather caused by climate change on the production and operation	The Company has formulated the public emergency response policy, and established an emergency plan for abrupt environmental incidents. An environmental emergency command center has been set up along with an emergency office. The center is composed of the logistics support team, communication liaison team, environmental monitoring team and emergency response team, all of which collectively constitute the emergency organizational structure. In case of environmental emergencies, the emergency leadership group should immediately trigger the emergency response plan, arrange the emergency rescue team to rescue victims, and do a good job in on-site personnel evacuation and public order maintenance. In addition, efforts should be made to control hazard sources, cut off pollution routes, prevent secondary and derivative disasters and expansion of hazards, and minimize the impact on the surrounding environment. It is also required to promptly contact the emergency monitoring department.

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Climate Risks			Response Strategies
	Chronic risks	Logistics pressure caused by rising average temperature	Based on the transportation radius requirements of EAL® products, the Company has promoted the establishment of production centers in the Yangtze River Delta, the Pearl River Delta, Sichuan and Chongqing, in addition to Beijing, across densely-populated areas in China, in order to address the product preservation issues arising from climate change, and satisfy the future commercial needs.
Transition risks	Market risks	Worsened conditions and more urgent demand of patients due to climate change	
	Policy and legal risks	Penalties and supply chain risks caused by stricter regulatory requirements	The Board should assess and identify ESG risks in respect of the Company and promptly follow up the latest policy progress. In addition, it should tighten ESG management of the supply chain, and formulate policies and measures, such as the *Management Regulations on Safety of Stakeholders*, setting out the work safety management requirements for contractors and suppliers, so as to enhance the ESG risk resilience of the supply chain.
	Technical risks	Increasing R&D and operation costs caused by the low-carbon transformation	The Company has actively pushed forward with green transformation by elevating energy efficiency and adapting to the green development trend.

Environmental, Social and Governance Report

APPENDIX: HKEX'S ESG REPORTING CODE INDEX

Aspect	Description	Chapter/Section in the Report
Mandatory Disclosure Requirements		
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	I. About the Report
Reporting Principles	A description of, or an explanation of, the application of the following Reporting Principles in the preparation of the ESG report: Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	I. About the Report
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	I. About the Report

Environmental, Social and Governance Report

Aspect	Description	Chapter/Section in the Report
"Comply or Explain" Provisions		
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information relating to air emissions[9], discharges into water and land, and generation of hazardous and non-hazardous waste[10]: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	VI. Green Development for A Beautiful Home
A1.1	The types of emissions and respective emissions data.	1. Environmental Management
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	1. Environmental Management
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	1. Environmental Management
A1.5	Description of emission target(s) set and steps taken to achieve them.	1. Environmental Management
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	1. Environmental Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources[11], including energy, water and other raw materials.	VI. Green Development for A Beautiful Home
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	2. Efficient Use of Resources
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	2. Efficient Use of Resources
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	2. Efficient Use of Resources
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	2. Efficient Use of Resources
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	3. Environment and Natural Resources

9 Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations.
10 Hazardous wastes are those defined by national regulations.
11 Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.

Environmental, Social and Governance Report

Aspect	Description	Chapter/Section in the Report
Aspect A3: Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	VI. Green Development for A Beautiful Home
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3. Environment and Natural Resources
B. Social		
B1 Employment		
General Disclosure	Information relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	V. People Orientation for A Shared Future
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	1. Protection of Employee Rights and Interests
B1.2	Employee turnover rate by gender, age group and geographical region.	1. Protection of Employee Rights and Interests
B2 Health and Safety		
General Disclosure	Information relating to providing a safe working environment and protecting employees from occupational hazards: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	V. People Orientation for A Shared Future
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	2. Health and Safety
B2.2	Lost days due to work injury.	2. Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	2. Health and Safety

Environmental, Social and Governance Report

Aspect	Description	Chapter/Section in the Report
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training[12] activities.	V. People Orientation for A Shared Future
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3. Employee Development
B3.2	The average training hours completed per employee by gender and employee category.	3. Employee Development
B4 Labor Standards		
General Disclosure	Information relating to preventing child and forced labor: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	V. People Orientation for A Shared Future
B4.1	Description of measures to review employment practices to avoid child and forced labor.	1. Protection of Employee Rights and Interests
B4.2	Description of steps taken to eliminate such practices when discovered.	1. Protection of Employee Rights and Interests
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	IV. Quality Improvement Driven by Innovation
B5.1	Number of suppliers by geographical region.	3. Responsible Supply Chain
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	3. Responsible Supply Chain
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3. Responsible Supply Chain
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3. Responsible Supply Chain

12 Training refers to vocational training. It may include internal and external courses paid by the employer.

Environmental, Social and Governance Report

Aspect	Description	Chapter/Section in the Report
B6 Product Responsibility		
General Disclosure	Information relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	IV. Quality Improvement Driven by Innovation
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2. Product Quality and Safety
B6.2	Number of products and service related complaints received and how they are dealt with.	2. Product Quality and Safety
B6.3	Description of practices relating to observing and protecting intellectual property rights.	1. Product R&D
B6.4	Description of quality assurance process and recall procedures.	2. Product Quality and Safety
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	3. Service Capability Enhancement
B7 Anti-corruption		
General Disclosure	Information relating to bribery, extortion, fraud and money laundering: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	III. Governance Enhancement for Steady Development
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	2. Compliance with Business Ethics
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	2. Compliance with Business Ethics
B7.3	Description of anti-corruption training provided to directors and staff.	2. Compliance with Business Ethics

Environmental, Social and Governance Report

Aspect	Description	Chapter/Section in the Report
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	V. People Orientation for A Shared Future
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	5. Concerted Efforts for Better Society
B8.2	Resources contributed (e.g. money or time) to the focus area.	5. Concerted Efforts for Better Society
D. Climate-related Disclosures		
(I) Governance		VI. Green Development for A Beautiful Home
(II) Strategy		
Climate-related risks and opportunities		4. Response to Climate Change
Business model and value chain		1. Environmental Management 2. Efficient Use of Resources 3. Environment and Natural Resources
Strategy and decision-making		4. Response to Climate Change
Financial position, financial performance and cash flows		Capability Exemption
Climate resilience		Capability Exemption
(III) Risk Management		4. Response to Climate Change
(IV) Metrics and Targets		
Greenhouse gas emissions		4. Response to Climate Change
Climate-related transition risks		4. Response to Climate Change
Climate-related physical risks		4. Response to Climate Change
Climate-related opportunities		4. Response to Climate Change
Capital deployment		1. Environmental Management 2. Efficient Use of Resources 3. Environment and Natural Resources
Internal carbon prices		Capability Exemption
Remuneration		Capability Exemption
Industry-based metrics		Capability Exemption
Climate-related targets		4. Response to Climate Change
Applicability of cross-industry metrics and industry-based metrics		Capability Exemption

Independent Auditor's Report

Deloitte. 德勤

TO THE MEMBERS OF IMMUNOTECH BIOPHARM LTD
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Immunotech Biopharm Ltd (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 141 to 211, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3 to the consolidated financial statements, which indicates that the Group incurred a net loss of RMB187,343,000 and a net operating cash outflow of RMB125,742,000 for the year ended 31 December 2024, and as at that date, the Group has net current liabilities of RMB342,712,000, net liabilities of RMB16,453,000, bank balances of RMB46,957,000, pledged bank deposits of RMB5,581,000 and investment in the certificate of deposit of RMB10,536,000. These events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditor's Report

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. The matter was 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 the matter.

Key audit matter	How our audit addressed the key audit matter
Recognition and cut-off of outsourcing service fees	
We identified the recognition and cut-off of outsourcing service fees as a key audit matter due to its significance and the estimation involved in allocating the outsourcing service fees paid and payable to contract research organisations, clinical site management operators, and clinical trial centres mainly being hospitals (collectively referred as "Outsourced Service Providers") in the appropriate financial reporting period. As disclosed in Note 11 to the consolidated financial statements, the Group incurred outsourcing service fees amounting to approximately RMB27 million for the year ended 31 December 2024, representing a significant portion of the Group's research and development ("R&D") expenses. The R&D activities with these Outsourced Service Providers are documented in detailed agreements and are typically performed over a specified period. Allocation of these expenses to the appropriate financial reporting period based on the progress of the R&D projects involves estimation.	Our procedures included: • Testing the design and implementation of management's key controls relevant to our audit to monitor the progress of outsourced R&D activities and recording of relevant R&D expenses; • Inquiring the project managers of certain Outsourced Service Providers and inspecting the relevant supporting documents to understand the progress of R&D projects at year end; • Checking with the Outsourced Service Providers in respect of the progress of the services provided, on a sample basis, for the year ended 31 December 2024; • Checking the accrual of service expenses in relation to major Outsourced Service Providers with reference to actual progresses at year end against the relevant terms in the respective service agreements to evaluate the completion status to determine whether the service fees were recorded based on respective contract sums, progress and/or relevant milestones achieved; and • Testing the payments of service fees to Outsourced Service Providers on a sample basis.

Independent Auditor's Report

OTHER INFORMATION

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

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

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

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

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

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

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

Independent Auditor's Report

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

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

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

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

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

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

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

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

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

Independent Auditor's Report

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is LUNG, Wing Hung, David.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
31 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 31 December 2024

	NOTES	For the year ended 31 December 2024 RMB'000	2023 RMB'000
Other income	7	**33,788**	10,547
Other gains and losses, net	8	**(11,813)**	(106,458)
Administrative expenses		**(44,540)**	(53,223)
Research and development expenses		**(154,240)**	(177,326)
Finance costs	9	**(7,493)**	(8,519)
Other expenses	7	**(2,119)**	(500)
Loss before tax		**(186,417)**	(335,479)
Income tax expense	10	**(926)**	–
Loss and total comprehensive expense for the year	11	**(187,343)**	(335,479)
Loss and total comprehensive expense for the year attributable to:			
Owners of the Company		**(186,912)**	(334,819)
Non-controlling interests		**(431)**	(660)
		(187,343)	(335,479)
Loss per share (RMB)	15		
Basic		**(0.36)**	(0.65)
Diluted		**(0.36)**	(0.65)

Consolidated Statement of Financial Position

At 31 December 2024

	NOTES	As at 31 December 2024 RMB'000	2023 RMB'000
NON-CURRENT			
Property, plant and equipment	16	**451,603**	500,759
Intangible assets	17	**19,551**	41,882
Prepayments, deposits and other receivables	19	**5,180**	42,113
Contract costs		**214**	464
Financial assets at fair value through profit or loss ("FVTPL")	18	**–**	46,362
Pledged bank deposits	21	**–**	810
		476,548	632,390
CURRENT ASSETS			
Contract costs		**250**	256
Financial assets at FVTPL	18	**10,536**	124,812
Prepayments, deposits and other receivables	19	**18,528**	30,718
Amounts due from related parties	36	**100**	–
Materials for research and development project	20	**5,542**	4,924
Pledged bank deposits	21	**5,581**	1,023
Bank balances	22	**46,957**	52,161
		87,494	213,894
CURRENT LIABILITIES			
Contract liabilities	23	**1,729**	710
Trade and other payables	24	**131,925**	176,911
Lease liabilities	25	**27,445**	24,679
Deferred government grants	26	**46**	1,136
Other financial liability	27	**268,097**	326,839
Tax liabilities		**964**	–
		430,206	530,275
NET CURRENT LIABILITIES		**(342,712)**	(316,381)
TOTAL ASSETS LESS CURRENT LIABILITIES		**133,836**	316,009

Consolidated Statement of Financial Position

At 31 December 2024

	NOTES	As at 31 December 2024 RMB'000	2023 RMB'000
NON-CURRENT LIABILITIES			
Contract liabilities	23	**811**	1,274
Lease liabilities	25	**89,017**	105,655
Deferred government grants	26	**60,461**	38,190
		150,289	145,119
NET (LIABILITIES) ASSETS		**(16,453)**	170,890
CAPITAL AND RESERVES			
Share capital	28	**3,576**	3,576
Reserves		**(16,872)**	170,040
(Deficit) equity attributable to owners of the Company		**(13,296)**	173,616
Non-controlling interests		**(3,157)**	(2,726)
TOTAL (DEFICIT) EQUITY		**(16,453)**	170,890

The consolidated financial statements on pages 141 to 211 were approved and authorised for issue by the board of directors on 31 March 2025 and are signed on its behalf by:

Tan Zheng
DIRECTOR

Wang Yu
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000 (Note i)	Statutory surplus reserve RMB'000 (Note ii)	Share option reserve RMB'000 (Note 30)	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity/ (deficit) RMB'000
At 1 January 2023	3,576	1,402,498	180,349	2,001	205,339	(1,285,328)	508,435	(2,066)	506,369
Loss and total comprehensive expense for the year	–	–	–	–	–	(334,819)	(334,819)	(660)	(335,479)
At 31 December 2023	3,576	1,402,498	180,349	2,001	205,339	(1,620,147)	173,616	(2,726)	170,890
Loss and total comprehensive expense for the year	–	–	–	–	–	(186,912)	(186,912)	(431)	(187,343)
At 31 December 2024	**3,576**	**1,402,498**	**180,349**	**2,001**	**205,339**	**(1,807,059)**	**(13,296)**	**(3,157)**	**(16,453)**

Notes:

i Capital reserve represents (i) the difference amounting to RMB191,990,000 of the capital contribution from certain investors of Immunotech Applied Science Limited* (北京永泰生物制品有限公司) ("Beijing Yongtai") and new paid-in capital issued to those investors; (ii) a net amount of RMB11,641,000 recognised against capital reserve arising from a group reorganisation completed in 2018.

ii Pursuant to the relevant laws and regulations in the People's Republic of China (the "PRC"), the PRC subsidiaries with limited liability are required to make annual appropriations to statutory surplus reserve of 10% of after-tax profits at each year end until the balance reaches 50% of the relevant PRC subsidiary's registered capital.

* English name is for identification purpose only

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	NOTES	For the year ended 31 December 2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES			
Loss before tax		**(186,417)**	(335,479)
Adjustment for:			
Interest income		**(1,071)**	(3,009)
Exchange loss (gain), net	8	**216**	(65)
Depreciation of property, plant and equipment	11	**58,263**	51,169
Amortisation of intangible assets	11	**2,609**	2,230
Loss (gain) on disposal of property, plant and equipment	8	**39**	(196)
Finance costs	9	**7,493**	8,519
Gain on early termination of a lease	8	**(23)**	–
Gain on lease modification	8	**–**	(185)
Termination loss of an intangible asset	8	**19,316**	–
Impairment loss of an intangible asset	8	**562**	–
Fair value loss on financial assets at FVTPL, net	8	**19,811**	90,011
Fair value (gain) loss on other financial liability	8	**(58,742)**	16,770
Release of deferred government grants	26	**(9,559)**	(5,702)
Operating cash flows before movements in working capital		**(147,503)**	(175,937)
Movements in working capital:			
Decrease in prepayments, deposits and other receivables		**39,327**	6,378
Increase in amounts due from related parties		**(100)**	–
(Increase) decrease in materials for research and development project		**(618)**	2,289
Decrease in contract costs		**256**	256
Increase (decrease) in contract liabilities		**556**	(710)
(Decrease) increase in trade and other payables		**(17,698)**	4,095
Cash used in operations		**(125,780)**	(163,629)
Prior years income tax returned		**38**	–
NET CASH USED IN OPERATING ACTIVITIES		**(125,742)**	(163,629)

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	NOTES	For the year ended 31 December 2024 RMB'000	2023 RMB'000
INVESTING ACTIVITIES			
Interest received		**874**	2,817
Payments for purchase of property, plant and equipment		**(27,257)**	(19,579)
Acquisition of financial assets at FVTPL		**–**	(100,000)
Payments for intangible assets		**(806)**	(2,960)
Payments for rental deposits		**–**	(325)
Refund of rental deposits		**444**	–
Withdrawal of pledged bank deposits		**3,385**	1,000
Proceeds from disposal of property, plant and equipment		**29**	955
Placement of pledged bank deposits		**(7,133)**	(1,023)
Proceeds from disposal/redemption of financial assets at FVTPL		**140,827**	–
Government grants received		**30,740**	2,518
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**141,103**	(116,597)
FINANCING ACTIVITIES			
Repayment for borrowings		**–**	(1,000)
Proceeds on issue of convertible bonds		**–**	300,000
Repayment of lease liabilities		**(13,095)**	(16,559)
Interest paid		**(7,493)**	(8,519)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(20,588)**	273,922
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(5,227)**	(6,304)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**52,161**	58,448
Effect of foreign exchange rate changes		**23**	17
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	22	**46,957**	52,161

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. GENERAL INFORMATION

Immunotech Biopharm Ltd (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act Chapter 22 (Law of 3 of 1961, as consolidated and revised) of the Cayman Islands on 11 April 2018. Its ordinary shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 10 July 2020. The address of the Company's registered office is at P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. The principal place of business of the Company is at 8/F, Block 1, Guosheng Technology Park, No.1 Kangding Street, Beijing Economic-Technological Development Area, Beijing, the PRC.

The principal activity of the Company is investment holding and its subsidiaries are mainly engaged in research and development, manufacturing and commercialisation of immune cell products for treatments of cancers in the PRC. The Company and its subsidiaries are hereinafter collectively referred to as the "Group".

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

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS")

(a) Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS") (CONTINUED)

(a) Amendments to IFRS Accounting Standards that are mandatorily effective for the current year (Continued)

2.1 Impacts on application of Amendments to IAS 1 Classification of Liabilities as Current or Non-current (the "2020 Amendments")

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The followings are the impact of the application of the amendments:

Convertible instruments with conversion options not meeting "fixed for fixed criterion" designated at FVTPL

The Group's outstanding convertible bonds include counterparty conversion options that do not meet equity instruments classification by applying IAS 32. The convertible bonds were designated at FVTPL. Upon the application of the 2020 Amendments, given that the convertible bonds are exercisable anytime, the convertible bonds designated at FVTPL as at 31 December 2023 are reclassified to current liabilities as the holders have the option to convert within twelve months after the reporting period.

Except as described above, the application of the 2020 Amendments has no other material impact on the classification of the Group's other liabilities. The change in accounting policy does not have impact to the Group's profit or loss or earnings per share for the current and prior years presented. The details of the impacts on each financial statement line item on the consolidated statement of financial position arising from the application of the amendments are set out below in this note. Comparative figures have been restated.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS") (CONTINUED)

(a) Amendments to IFRS Accounting Standards that are mandatorily effective for the current year (Continued)

2.1 Impacts on application of Amendments to IAS 1 Classification of Liabilities as Current or Non-current (the "2020 Amendments") (Continued)

2.1.1 Transition and summary of impact

The effects of the changes in accounting policy as a result of application of 2020 Amendments on the consolidated statement of financial position as at the end of the reporting period, i.e. 31 December 2024 and the end of the immediately preceding financial year, i.e. 31 December 2023 are as follows:

	31 December 2024 (As reported) RMB'000	**Adjustments RMB'000**	**31 December 2024 (Without the application of 2020 Amendments) RMB'000**
Current Liability			
Other financial liabilities	**268,097**	**(268,097)**	**–**
Non-current Liability			
Other financial liabilities	**–**	**268,097**	**268,097**
Total effects on net assets	**268,097**	**–**	**268,097**

	31 December 2023 (Originally stated) RMB'000	Adjustments RMB'000	31 December 2023 (Restated) RMB'000
Current Liability			
Other financial liabilities	–	326,839	326,839
Non-current Liability			
Other financial liabilities	326,839	(326,839)	–
Total effects on net assets	326,839	–	326,839

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS") (CONTINUED)

(b) New and amendments to IFRS Accounting Standards in issue but not yet effective

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

Standards/Amendments	Content	Effective for annual periods beginning on or after
Amendments to IFRS 9 and IFRS 7	Amendment to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027

Except as described below, the directors of the Company (the "Directors") anticipate that the application of the above new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

2.2 IFRS 18 Presentation and Disclosure in Financial Statements

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

In preparation of the consolidated financial statements for the year ended 31 December 2024, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred a net loss of RMB187,343,000 and a net operating cash outflow of RMB125,742,000 for the year ended 31 December 2024, and as at that date, the Group has net current liabilities of RMB342,712,000, net liabilities of RMB16,453,000, bank balances of RMB46,957,000, pledged bank deposits of RMB5,581,000 and investment in the certificate of deposit of RMB10,536,000. The Group's ability to continue as a going concern is highly dependent on its ability to maintain minimal cash outflows from operations and sufficient financing resources to meet its financial obligations as and when they fall due.

The Group has formulated various plans and measures with the objective to improve the liquidity and cash flows of the Group, including but not limited to, the following:

i) The Group is actively negotiating with several banks to obtain borrowings at a reasonable cost. Subsequent to 31 December 2024, a subsidiary of the Group has successfully entered into bank facility agreements with reputable banks in Mainland China at a total amount of RMB110 million, including: a) a bank facility agreement of RMB100 million which is guaranteed by an independent third party guarantee company with maturity date of 24 March 2026; and b) two bank facility agreements of each RMB5 million which are guaranteed by Dr. Wang Yu, the chief executive officer of the Group and another independent third party guarantee company, respectively, with maturity date of 21 March 2026.

ii) In respect of convertible bonds due in February 2026, the Group is actively seeking for an extension of the convertible bonds with an aggregate amount of principal of RMB300 million and its outstanding interest with Tibet Jiaze Venture Capital Co., Ltd* ("Tibet Jiaze") (西藏嘉澤創業投資有限公司), which has entered into an agreement with the original convertible bonds holder, Tasly (Hong Kong) Pharmaceutical Investment Limited ("Tasly (Hong Kong)") on 30 December 2024 and agreed to undertake the convertible bonds currently held by Tasly (Hong Kong). On condition the aforesaid extension of the convertible bonds is not successful, as an alternative, a qualified investment company has agreed to undertake the convertible bonds and its outstanding interests.

iii) In March 2025, the Group has obtained financial support committed by Dr. Wang Yu, the chief executive officer of the Group who has agreed to provide financial support to the Group with an amount of RMB17 million carrying interest at market rates not less than 12 months from 1 April 2025 including but not limited to her currently available personal bank savings. The Directors have evaluated and are satisfied with Dr. Wang Yu's ability of providing necessary financial support to the Group.

* English name is for identification purpose only

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

iv) The Group continues to negotiate with certain of its construction contractors and suppliers to manage and extend the payment schedules. In October 2024, the Group has entered into a supplementary agreement with a construction contractor that an outstanding payable balance of approximately RMB35 million as at 31 December 2024 would be settled gradually according to the Group's financial situation.

v) The Group is actively seeking equity financing.

vi) The Group is actively applying applicable government subsidies.

The Directors performed an assessment of the Group's future liquidity and cash flows, which included a cash flow projection for a period of not less than twelve months from 31 December 2024 and a review of assumptions about the likelihood of success of the plans and measures being implemented to meet the Group's financing needs. Taking into account the above plans, measures and considering the underlying bases of management's cash flow projection, the Directors are of the opinion that the Group will have funds available to meet its financial obligations as and when they fall due within the next twelve months from 31 December 2024. Accordingly, the Directors consider it appropriate to prepare the Group's consolidated financial statements on a going concern basis.

Notwithstanding the above, a material uncertainty exists as to whether the Group can achieve the plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon:

i) the success in timely obtaining sufficient bank borrowings within its available and new bank facilities as needed.

ii) the success in timely obtaining an extension of convertible bonds or undertaking of the convertible bonds by the qualified investment company as needed.

iii) the success in timely obtaining financial support from Dr. Wang Yu, the chief executive officer of the Group as needed.

iv) the success in management of the payments to construction contractors and suppliers.

v) the success in timely seeking equity financing as needed.

vi) the success in timely obtaining government subsidies.

If the Group fails to achieve the above-mentioned plans and measures, it may not be able to continue as a going concern and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amount, to provide for further liabilities that may arise and to reclassify certain non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments are not reflected in these consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Contractual Arrangements

Owing to the restrictions imposed by the relevant laws and regulatory regime of the PRC (the "Restrictions") on foreign ownership of companies engaged in the gene therapy business carried out by a subsidiary of the Group, namely Beijing Yongtai Ruike Biotechnology Company Ltd* (北京永泰瑞科生物科技有限公司) ("Yongtai Ruike"), Beijing Yongtai entered into the contractual arrangements (the "Contractual Arrangements") with Yongtai Ruike and its equity holders on 10 September 2018, which enable Beijing Yongtai and the Group to:

- expose, or have rights, to variable returns from their involvement with Yongtai Ruike and have ability to affect those returns through its power over Yongtai Ruike;
- exercise equity holders' controlling voting rights of Yongtai Ruike;
- receive substantially all of the economic interest returns generated by Yongtai Ruike in consideration for the business support, technical and consulting services provided by Beijing Yongtai;
- obtain an irrevocable and exclusive right to purchase all or part of equity interests in Yongtai Ruike from its equity holders at RMB1 or the lowest price allowed by the PRC laws. Beijing Yongtai may exercise such options at any time until it has acquired all equity interests and/or all assets of Yongtai Ruike. In addition, Yongtai Ruike is not allowed to sell, transfer, or dispose of any assets, or make any distributions to its equity holders without prior consent of Beijing Yongtai; and
- obtain a pledge over the entire equity interest of Yongtai Ruike from its equity holders as collateral security to guarantee performance of their contractual obligations under the Contractual Arrangements.

The Group does not have any equity interest in Yongtai Ruike. However, as a result of the Contractual Arrangements, the Group has power over Yongtai Ruike, has rights to variable returns from its involvement with Yongtai Ruike and has the ability to affect those returns through its power over Yongtai Ruike and is considered to have control over Yongtai Ruike. Consequently, the Company regards Yongtai Ruike as an indirect subsidiary for accounting purpose. The Group consolidates the assets, liabilities, income and expenses of Yongtai Ruike upon the execution of the Contractual Arrangements.

According to the Notice No. [2024] 568 issued by the Ministry of Commerce, the Restrictions were lifted in certain areas in China including the area where Yongtai Ruike is located. The Group intended to hold Yongtai Ruike through equity interest instead of through Contractual Arrangements. On 2 December 2024, Beijing Yongtai entered into a termination agreement with Yongtai Ruike and its equity holders in relation to the Contractual Arrangements at nominal consideration of RMB1 (the "Termination Agreement"). As stipulated in the Termination Agreement, if the transfer price is higher than RMB1, the excess part shall be returned to Beijing Yongtai by the equity holders of Yongtai Ruike. On 3 December 2024, Beijing Yongtai entered into equity transfer agreements with the equity holders of Yongtai Ruike and the transaction price of RMB100,000 was settled on 18 December 2024 and will be repaid to Beijing Yongtai subsequently according to the Termination Agreement. On 25 December 2024, these transactions were completed and Yongtai Ruike became a wholly-owned subsidiary of Beijing Yongtai since then. Subsequent to 31 December 2024, the transaction price of amount RMB100,000 has been returned to Beijing Yongtai by the equity holders.

* English name is for identification purpose only

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

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

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

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

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases

Definition of a lease

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

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

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets in "property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

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

Lease liabilities

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

The lease payments include fixed payments (including in-substance fixed payments).

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

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

Foreign currencies

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Government grants

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

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

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

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

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

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). In cases where the grant date occurs after the employees to whom the equity instruments were granted have begun rendering services, the Group estimates the grant date fair value of the equity instruments for the purposes of recognising the services received during the period between service commencement date and grant date. Once the grant date has been established, the Group revises the earlier estimation so that the amounts recognised for services are ultimately based on grant date fair value. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Taxation

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

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

Current and deferred tax are recognised in profit or loss.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Property, plant and equipment

Property, plant and equipment (other than construction in progress), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Intangible assets

Intangible assets acquired separately

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

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

Research and development expenditure

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment on property, plant and equipment (including right-of-use assets), contract costs and intangible assets

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

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

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

Before the Group recognises an impairment loss for assets capitalised as contract costs under IFRS 15 *Revenue from Contracts with Customers*, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related services less the costs which relate directly to providing those services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

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For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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

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

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

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Materials for research and development project

Materials for research and development project are mainly reagent and consumable materials for research and development purposes. Materials for research and development project are stated at the lower of cost and recoverable amount, and expensed as they are consumed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments

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

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

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets of the Group are subsequently measured at fair value.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or at fair value through other comprehensive income or designated as at fair value through other comprehensive income are measured at FVTPL.

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

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including deposits and other receivables, amounts due from related parties, pledged bank deposits and bank balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk

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

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

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

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

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

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

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

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

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses, net' line item (Note 8) as part of the exchange gains (loss);

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses, net' line item (Note 8) as part of the fair value gains (loss) on financial assets at FVTPL, net.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 *Business Combinations* applies, (ii) held for trading or (iii) designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL (Continued)

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the in the 'Other gains and losses, net' line item (Note 8) as part of the exchange gains (loss) for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Convertible bonds

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative.

At the date of issue, both the debt component and derivative components are recognised at fair value and the convertible bonds are designated as at FVTPL. In subsequent period, changes in fair value are recognised in profit or loss as fair value gain or loss.

The net gain or loss recognised in profit or loss includes interest incurred on the convertible loan notes and is included in "other gains and losses, net" line item.

Transaction costs relating to the issue of the convertible bonds are charged to profit or loss immediately.

When determining the classification of convertible bonds designated at "FVTPL" as current or non-current, the Group considers both the redemption through cash settlement and the transfer of the Group's own equity instruments as a result of exercise of conversion option by holders as settlement of the convertible bonds.

Derecognition of financial liabilities

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The followings are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Research and development expenditures

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

The Directors assess the progress of each of the research and development projects and determine whether the criteria are met for capitalisation. During the years ended 31 December 2024 and 2023, all development costs were expensed when incurred.

Key sources of estimation uncertainty

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

Fair value measurement of financial instruments

As at 31 December 2024, the Group's investment in Tasly Bioscience Fund, L.P. (the "Tasly Fund") and investment in Shaoxing Yongsheng Equity Investment Partnership (LP)* (紹興永晟股權投資合夥企業(有限合夥)) (the "Shaoxing Fund") amounted to nil (2023: RMB46,362,000) are measured at fair value determined based on the operation of the investees' businesses. Whilst the Group considers these valuations are the best estimates, the ongoing market volatility may affect the investees' businesses and has led to higher degree of uncertainties in respect of the valuations in the current year. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See Note 33 for further disclosures.

* English names are for identification purpose only.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Estimated impairment of property, plant and equipment

Property, plant and equipment, are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates, estimated revenue or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2024, the carrying amount of property, plant and equipment is RMB451,603,000 (31 December 2023: RMB500,759,000). The management of the Group conducted impairment assessment for those property, plant and equipment with impairment indication and no impairment has been recognised.

6. SEGMENT INFORMATION

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

Geographical information

The Group did not record any revenue during the year ended 31 December 2024 (year ended 31 December 2023: nil). As at 31 December 2024, the Group's non-current assets excluding financial instruments amounted to RMB473,205,000 (31 December 2023: RMB581,596,000). Majority of the Group's non-current assets are located in the PRC, accordingly, no analysis of geographical information is presented.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

7. OTHER INCOME/OTHER EXPENSES

Other income

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Income from provision of cell cryopreservation services	**710**	710
Government grants (Note)	**29,369**	6,216
Income from provision of technical services	**2,409**	590
Interest income on bank deposits	**874**	2,817
Interest income on rental deposits	**197**	192
Others	**229**	22
Total	**33,788**	10,547

Other expenses

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Costs for provision of cell cryopreservation services	**288**	288
Costs for provision of technical services	**1,473**	212
Others	**358**	–
Total	**2,119**	500

Note:

An analysis of the Group's government grants is as follows:

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Government grants related to		
– Research and development activities	**14,285**	3,436
– Machinery	**8,467**	2,266
– Others	**6,617**	514
	29,369	6,216

Government grants include subsidies from local governments which are specifically for (i) the subsidies for the Group's research and development activities, which are recognised upon compliance with the attached conditions; (ii) compensations of the capital expenditure incurred for purchase of machinery in relation to research and development of immune cell products, which are recognised over the useful lives of the related assets; and (iii) subsidies to provide immediate financial support to the Group with no conditions attached which are recognised in profit or loss when the subsidies are received.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

8. OTHER GAINS AND LOSSES, NET

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Fair value loss on financial assets at FVTPL, net	**(19,811)**	(90,011)
Fair value gain (loss) on other financial liability (Note 27)	**58,742**	(16,770)
(Loss) gain on disposal of property, plant and equipment	**(39)**	196
Exchange gain (loss), net	**216**	(65)
Termination loss of an intangible asset (Note 17)	**(19,316)**	–
Impairment loss of an intangible asset (Note 17)	**(562)**	–
Impairment loss on prepayment to suppliers	**(4,736)**	–
Compensation for suspension of construction in progress	**(26,323)**	–
Gain on early termination of a lease	**23**	–
Gain on lease modification	**–**	185
Others	**(7)**	7
Total	**(11,813)**	(106,458)

9. FINANCE COSTS

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Interest expenses on:		
Lease liabilities	**7,493**	8,494
Bank borrowings	**–**	25
Total	**7,493**	8,519

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

10. INCOME TAX EXPENSE

(a) Income tax expense

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current tax:		
PRC enterprise income tax ("EIT")	**964**	–
Over provision in prior years:		
PRC EIT	**(38)**	–
Total	**926**	–

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation regulations of the EIT Law, the statutory tax rate of the Company's PRC subsidiaries is 25% for both years.

Beijing Yongtai has been accredited as a "High and New Technology Enterprise" by the Science and Technology Bureau of Beijing and relevant authorities on 31 October 2018 for a term of three years and further extend to December 2024 and December 2027 subsequently. Beijing Yongtai has been registered with the local tax authorities for enjoying the reduced EIT rate of 15% and the unused tax losses could be utilised for 10 years since 2018.

Yongtai Ruike has been accredited as a "High and New Technology Enterprise" by the Science and Technology Bureau of Beijing and relevant authorities on 20 December 2023 for a term of three years, and has been registered with the local tax authorities for enjoying the reduced EIT rate of 15% and the unused tax losses could be utilised for 10 years since 2023.

Accordingly, the profits derived by Beijing Yongtai is subject to EIT rate of 15% (year ended 31 December 2023: 15%) for the year ended 31 December 2024, and the profits derived by Yongtai Ruike is subject to EIT rate of 15% (year ended 31 December 2023: 15%) for the year ended 31 December 2024.

No provision for PRC enterprise income tax was made as the Group's PRC subsidiaries incurred tax losses for the year ended 31 December 2023.

No Hong Kong Profits Tax was provided for as there was no estimated assessable profit of the Group's Hong Kong subsidiary that was subject to Hong Kong Profits Tax.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

10. INCOME TAX EXPENSE (CONTINUED)

(a) Income tax expense (Continued)

The income tax expense for the year is reconciled to loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Loss before tax	**(186,417)**	(335,479)
Tax at the applicable tax rate of 25% (2023: 25%)	**(46,604)**	(83,870)
Tax effect of non-taxable income	**(19,294)**	(77)
Tax effect of expenses not deductible for tax purpose	**13,635**	29,345
Tax effect of additional deduction for research and development expenses (Note)	**(32,290)**	(35,427)
Tax effect of unrecognised tax losses	**86,067**	90,029
Utilisation of tax losses previously not recognised	**(550)**	–
	964	–

Note: Pursuant to Caishui 2023 circular No. 7, Beijing Yongtai, Yongtai Ruike and Beijing Weixiao Biotechnology Development Limited* (北京緯曉生物技術開發有限責任公司) ("Beijing Weixiao") enjoy deduction of 200% on qualifying research and development expenses for the years ended 31 December 2024 and 2023.

* English name is for identification purpose only

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

10. INCOME TAX EXPENSE (CONTINUED)

(b) Deferred taxation

For the purpose of presentation in the statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at December 31	
	2024	2023
	RMB'000	RMB'000
Deferred tax assets	**14,678**	17,695
Deferred tax liabilities	**(14,678)**	(17,695)
	–	–

The following are the deferred tax liabilities and assets recognised and movements thereon during the Track Record Period:

	Right-of-use assets	**Lease liabilities**	**Total**
	RMB'000	RMB'000	RMB'000
At 1 January 2023	(21,684)	21,684	–
Credit (charge) to profit or loss	3,989	(3,989)	–
At 31 December 2023	(17,695)	17,695	–
Credit (charge) to profit or loss	3,017	(3,017)	–
At 31 December 2024	**(14,678)**	**14,678**	**–**

As at 31 December 2024, the Group had unused tax losses of RMB1,931,152,000 (31 December 2023: RMB1,594,145,000) which are available for offset against future profits. No deferred tax asset has been recognised in respect of the remaining unused tax losses as at 31 December 2024 and 2023 due to the unpredictability of future profit streams.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

10. INCOME TAX EXPENSE (CONTINUED)

The unused tax losses will be expired as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
2024	**–**	5,221
2025	**18,693**	19,118
2026	**46,033**	47,103
2027	**42,876**	43,189
2028	**37,716**	37,946
2029	**125,720**	122,953
2030	**261,958**	261,958
2031	**381,415**	381,415
2032	**320,898**	320,898
2033	**354,344**	354,344
2034	**341,499**	–
Total	**1,931,152**	1,594,145

11. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Loss for the year has been arrived at after charging:		
Staff costs, including directors' remuneration		
– salaries and other allowances	**64,427**	70,631
– retirement benefits	**5,626**	6,403
Total staff costs	**70,053**	77,034
Depreciation of property, plant and equipment	**58,521**	53,676
Less: capitalised in construction in progress	**(258)**	(2,507)
	58,263	51,169
Amortisation of intangible assets	**2,609**	2,230
Auditor's remuneration	**2,160**	1,560
Short-term lease expense	**81**	228
Cost of materials included in research and development expenses	**16,135**	15,125
Outsourcing service fees included in research and development expenses	**27,299**	46,883

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

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

Year ended 31 December 2024

	Fees RMB'000	Salaries and other allowances RMB'000	Retirement benefits RMB'000	Total RMB'000
EXECUTIVE DIRECTORS:				
Mr. Tan Zheng (Chairman)	–	**2,338**	**68**	**2,406**
Dr. Wang Yu (chief executive officer)	–	**2,329**	–	**2,329**
Sub-total	–	**4,667**	**68**	**4,735**
NON-EXECUTIVE DIRECTORS:				
Mr. Tao Ran	–	–	–	–
Mr. Yang Fan (Note b)	–	–	–	–
Mr. Wang Ruihua (Note b)	–	–	–	–
Mr. Wang Donghu (Note c)	–	–	–	–
Sub-total	–	–	–	–
INDEPENDENT NON-EXECUTIVE DIRECTORS:				
Mr. Wang Yingdian	**206**	–	–	**206**
Mr. Ng Chi Kit	**208**	–	–	**208**
Ms. Peng Sujiu	**206**	–	–	**206**
Sub-total	**620**	–	–	**620**
Total	**620**	**4,667**	**68**	**5,355**

Notes to the Consolidated Financial Statements

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

Year ended 31 December 2023

	Fees RMB'000	Salaries and other allowances RMB'000	Retirement benefits RMB'000	Total RMB'000
EXECUTIVE DIRECTORS:				
Mr. Tan Zheng (Chairman)	–	2,608	65	2,673
Dr. Wang Yu (chief executive officer)	–	2,563	–	2,563
Mr. Jung Hyun Chul (Note a)	–	607	–	607
Sub-total	–	5,778	65	5,843
NON-EXECUTIVE DIRECTORS:				
Mr. Si Xiaobing (Note c)	–	–	–	–
Mr. Lu Yuan (Note b)	–	–	–	–
Mr. Tao Ran	–	–	–	–
Mr. Yang Fan (Note b)	–	–	–	–
Mr. Wang Ruihua (Note b)	–	–	–	–
Mr. Wang Donghu (Note c)	–	–	–	–
Sub-total	–	–	–	–
INDEPENDENT NON-EXECUTIVE DIRECTORS:				
Mr. Wang Yingdian	275	–	–	275
Mr. Ng Chi Kit	268	–	–	268
Ms. Peng Sujiu	275	–	–	275
Sub-total	818	–	–	818
Total	818	5,778	65	6,661

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

Notes:

a. Mr. Jung Hyun Chul had resigned from his position as an executive director with effect from 24 March 2023 and the information disclosed above represented his emoluments before his resignation as an executive director.

b. Mr. Lu Yuan had resigned from his position as a non-executive director with effect from 24 March 2023. Mr. Yang Fan and Mr. Wang Ruihua were appointed as non-executive director with effect from 24 March 2023.

c. Mr. Si Xiaobing had resigned from his position as a non-executive director with effect from 25 August 2023. Mr. Wang Donghu was appointed as non-executive director with effect from 25 August 2023.

There were no arrangement under which a director of the Company or the chief executive waived or agreed to waive any remuneration during the year ended 31 December 2024 (year ended 31 December 2023: nil).

Certain directors were granted share options, in respect of their services to the Group under the share option scheme of the Company, details are set out in Note 30.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included two directors (year ended 31 December 2023: three directors), details of whose remuneration are set out in Note 12. Details of the remuneration for the year of the remaining three (year ended 31 December 2023: two) highest paid employees who are neither a director nor the chief executive are as follows:

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Salaries and other allowances	**2,842**	867
Retirement benefits	**68**	65
Total	**2,910**	932

The number of the highest paid employees who are not the directors whose remuneration fell within the following bands is as follows:

	For the year ended 31 December	
	2024	2023
Nil to HK$1,000,000	**2**	2
HK$1,500,001 to HK$2,000,000	**1**	–
Total	**3**	2

No remuneration was paid by the Group to any of the directors or the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended 31 December 2024 (year ended 31 December 2023: nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

14. DIVIDEND

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

15. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Loss		
Loss for the year attributable to owners of the Company	**(186,912)**	(334,819)

	For the year ended 31 December	
	2024	2023
	Shares	Shares
	('000)	('000)
Number of shares		
Number of ordinary shares for the purpose of basic and diluted loss per share	**514,584**	514,584

For the purpose of calculation of diluted loss per share for the years ended 31 December 2024 and 2023, the share options granted under the pre-IPO share option scheme and the conversion of the Company's outstanding convertible bonds were not included as their inclusion would result in a decrease in loss per share.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold lands RMB'000	Leased properties RMB'000	Leasehold improvements RMB'000	Machinery RMB'000	Vehicles RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2023	83,922	179,588	56,688	75,077	3,017	8,002	208,534	614,828
Additions	–	–	1,169	–	–	319	27,462	28,950
Lease modified (Note i)	–	(3,702)	–	–	–	–	–	(3,702)
Disposals	–	–	–	(462)	–	(796)	–	(1,258)
Transfer	–	–	63,972	64,373	–	–	(128,345)	–
At 31 December 2023	83,922	175,886	121,829	138,988	3,017	7,525	107,651	638,818
Additions	–	–	–	–	–	8	10,176	10,184
Early termination of a lease (Note ii)	–	(2,263)	–	–	–	–	–	(2,263)
Disposals	–	–	–	(394)	–	(196)	–	(590)
Transfer	–	–	–	4,408	–	–	(4,408)	–
At 31 December 2024	**83,922**	**173,623**	**121,829**	**143,002**	**3,017**	**7,337**	**113,419**	**646,149**
ACCUMULATED DEPRECIATION								
At 1 January 2023	(7,660)	(41,246)	(18,329)	(15,966)	(1,734)	(2,642)	–	(87,577)
Provided for the year	(3,809)	(19,302)	(17,544)	(10,108)	(610)	(2,303)	–	(53,676)
Lease modified (Note i)	–	1,974	–	–	–	–	–	1,974
Elimination on disposals	–	–	–	436	–	784	–	1,220
At 31 December 2023	(11,469)	(58,574)	(35,873)	(25,638)	(2,344)	(4,161)	–	(138,059)
Provided for the year	(3,809)	(18,706)	(20,397)	(13,430)	(522)	(1,657)	–	(58,521)
Early termination of a lease (Note ii)	–	1,509	–	–	–	–	–	1,509
Elimination on disposals	–	–	–	354	–	171	–	525
At 31 December 2024	**(15,278)**	**(75,771)**	**(56,270)**	**(38,714)**	**(2,866)**	**(5,647)**	**–**	**(194,546)**
CARRYING VALUES								
At 31 December 2024	**68,644**	**97,852**	**65,559**	**104,288**	**151**	**1,690**	**113,419**	**451,603**
At 31 December 2023	72,453	117,312	85,956	113,350	673	3,364	107,651	500,759

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes:

i. In July 2023, the Group reduced the leases space of a lease with the lessor. The Group derecognised the right-of-use assets in net amount of RMB1,728,000, and lease liabilities of RMB1,913,000, respectively, resulting in a gain of RMB185,000 in profit or loss.

ii. In September 2024, the Group early terminated a lease with the lessor. The Group derecognised the right-of-use assets in net amount of RMB754,000, and lease liabilities of RMB777,000, respectively, resulting in a gain of RMB23,000 in profit or loss.

Property, plant and equipment other than construction in progress are depreciated using the straight-line method after taking into account of their estimated residual values with the following useful lives:

Leasehold lands	Over lease terms
Leased properties	Shorter of lease terms
Leasehold improvements	Shorter of lease terms and its useful life
Machinery	3 to 10 years
Vehicles	5 years
Office equipment	5 years

The Group leases properties to operate its business. These leases are typically made for fixed terms of 3 to 10 years. Lease terms are negotiated on an individual basis and contain different payment terms and conditions.

The Group's lease agreements did not contain any contingent rent nor any early termination option or purchase option for lessee.

The total cash outflow for leases amounted to RMB20,669,000 for the year ended 31 December 2024 (year ended 31 December 2023: RMB27,123,000).

The Group regularly entered into short-term leases for properties. As at 31 December 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in Note 11.

As at 31 December 2024, the Group's leasehold lands, machineries and construction in progress of RMB212,236,000 (2023: RMB215,705,000) in total were pledged to secure convertible bonds of the Group (Note 27).

Notes to the Consolidated Financial Statements

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17. INTANGIBLE ASSETS

	License-in right RMB'000 (Note)	Acquired clinical trial permission RMB'000	Patent rights RMB'000	Software RMB'000	Software under development RMB'000	Total RMB'000
COST						
At 1 January 2023	19,316	2,143	8,387	10,368	7,980	48,194
Additions	–	–	–	829	797	1,626
Transfer	–	–	–	7,143	(7,143)	–
At 31 December 2023	19,316	2,143	8,387	18,340	1,634	49,820
Additions	–	–	–	–	157	157
Disposals	–	–	–	(9)	–	(9)
Transfer	–	–	–	66	(66)	–
Termination	(19,316)	–	–	–	–	(19,316)
At 31 December 2024	**–**	**2,143**	**8,387**	**18,397**	**1,725**	**30,652**
AMORTISATION AND IMPAIRMENT						
At 1 January 2023	–	(1,177)	(3,264)	(1,267)	–	(5,708)
Charge for the year	–	(211)	(839)	(1,180)	–	(2,230)
At 31 December 2023	–	(1,388)	(4,103)	(2,447)	–	(7,938)
Charge for the year	–	(193)	(839)	(1,577)	–	(2,609)
Elimination on disposals	–	–	–	8	–	8
Impairment loss recognised	–	(562)	–	–	–	(562)
At 31 December 2024	**–**	**(2,143)**	**(4,942)**	**(4,016)**	**–**	**(11,101)**
CARRYING VALUES						
At 31 December 2024	**–**	**–**	**3,445**	**14,381**	**1,725**	**19,551**
At 31 December 2023	19,316	755	4,284	15,893	1,634	41,882

Note: On 11 January 2021, the Company entered into a license agreement with T-Cure Bioscience, Inc. ("T-Cure"), pursuant to which T-Cure agreed to grant an exclusive license to the Company to use the patent rights and technology of T-Cure for the development, manufacturing and commercialisation of licensed products in Korea, the PRC, including Hong Kong and Macau, but excluding Taiwan in the field of immunotherapy for renal cell carcinoma. As the transfer of the relevant technologies agreed upon in the agreement was completed in March 2022, the Company recorded an intangible asset in relation to the upfront payment and the first milestone payment with total amount of US$3,000,000 (equivalent to RMB19,316,000) in 2022. During the current year, the license agreement was terminated and a loss of RMB19,316,000 was recognised for the related intangible asset since the Group did not plan to continue the development activities in relation to such licensed technology. In addition, the Group recognised net impairment loss of RMB2,000,000 in profit or loss for the net amount after derecognition of the prepayment to T-Cure of RMB5,183,000 and other payable to T-cure of RMB3,183,000.

Notes to the Consolidated Financial Statements

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17. INTANGIBLE ASSETS (CONTINUED)

Except for the license-in right and software under development not yet available for use, intangible assets have finite lives and are amortised on a straight-line basis. The useful lives of acquired clinical trail permission, patent rights and software are 10 years, 10 years and 5 to 10 years, respectively. The useful lives of patent rights were determined by the management taking into account of the period over which the assets are expected to be available for use by the Group and the stability of the industry in which the assets operate.

18. FINANCIAL ASSETS AT FVTPL

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Investment in the Tasly Fund (Note i)	**–**	2,393
Investment in the Shaoxing Fund (Note ii)	**–**	43,969
Investment in a financial product (Note iii)	**–**	22,461
Investment in the certificate of deposit (Note iv)	**10,536**	102,351
Total	**10,536**	171,174
Analysed as:		
Non-current	**–**	46,362
Current	**10,536**	124,812
	10,536	171,174

Notes:

i. In December 2020, the Company entered into a subscription agreement with Tasly Bioscience Fund Limited, in relation to the subscription of limited partner interests in Tasly Fund. The investment represents indirect interests in a bio-science company in Korea ("Target A") which is accounted for as a financial asset at FVTPL under IFRS 9. As at 31 December 2024, Target A has ceased its clinical research and did not expect the research activities to be resumed in the foreseeable future, therefore, the fair value of the investment approximates to nil. Based on the above situation, the Directors determine that the identification of significant unobservable inputs and the sensitivity analysis of the valuation is not meaningful.

ii. In February 2021, the Company's subsidiary, Beijing Yongtai, entered into a subscription agreement in relation to the subscription of limited partner interests in Shaoxing Fund. Subject to the terms of the limited partnership agreement, the initial term of the Shaoxing Fund shall be seven years and each of the partners will be entitled to share the profit or loss attributable to a project investment in proportion to their respective paid capital commitment to fund the acquisition cost of such project investment. The general partner, Tianjin Jinxin Health Technology Co., Ltd.* (天津金新健康科技有限公司), has exclusive power over the management and control of the operation, investment affairs and other matters relating to the Shaoxing Fund.

The subscription amount of RMB50,000,000 had been paid in April 2021. The investment was accounted for as financial assets at FVTPL under IFRS 9. The Shaoxing Fund made the investment of RMB500,000,000 to subscribe convertible bonds of a company principally engaged in gene testing services in Mainland China ("Target B"). The convertible bonds carry interests of 6% per annum and had an original maturity period to May 2024 and an expected extension to May 2025. In March 2024, Target B repaid RMB180,000,000 to Shaoxing Fund and the subscription amount of RMB24,195,000 was redeemed by Beijing Yongtai in June 2024.

* English names are for identification purpose only

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

18. FINANCIAL ASSETS AT FVTPL (CONTINUED)

Notes: (Continued)

ii. (Continued)

As at 31 December 2024, the remaining principal of RMB320,000,000 of the convertible bonds did not extend and have been past due. According to the management's assessment, considering the financial position of Target B, the fair value of the remaining investment in Shaoxing Fund was RMB nil, resulting in a loss of fair value change of RMB19,774,000. Based on the above situation, the Directors determine that the identification of significant unobservable inputs and the sensitivity analysis of the valuation is not meaningful.

The fair value of investment in the Shaoxing Fund is as follows:

	Investment in the Shaoxing Fund RMB'000
As 1 January 2023	51,262
Change in fair value	(7,293)
At 31 December 2023	43,969
Redemption of the investment	(24,195)
Change in fair value	(19,774)
At 31 December 2024	–

As at 31 December 2023, the fair value of investment in the Shaoxing Fund was determined by the Directors with assistance from an independent qualified professional valuer.

The Shaoxing Fund engages in investment management, its operation purely depends on the investment it holds. Its long-term investment was convertible bonds held in Target B, the fair value of the convertible bonds was determined using discounted cash flow method based on discount rates of 12.16% or 12.86% per annum as at 31 December 2023. The valuations of the remaining assets and liabilities of the Shaoxing Fund, other than long term investment, are carried out by reference to their book values.

iii. As at 31 December 2023, the Group invested in a financial product with fair value of US$3,171,000 (equivalent to RMB22,461,000) managed by a financial institution in Hong Kong which can be redeemed at maturity in March 2024. There is no predetermined or guaranteed return for the product. Such financial products are accounted for as financial assets at FVTPL under IFRS 9. In 2024, the Group redeemed all the investment.

	Investment in a financial product US$'000	**Shown in the consolidated financial statements as** RMB'000
At l January 2024	3,171	22,461
Redemption of the investment	(3,238)	(23,032)
Change in fair value (Note)	67	571
At 31 December 2024	–	–

Note: Change in fair value presented in RMB also includes the exchange effect on translation from US$ balances into RMB.

iv. The Group invested in certain certificate of deposits with a bank in PRC. The certificate of deposits carry fixed interest rate of 3.00% per annum. The Directors determine the deposits are mainly for the purpose of short-term fund management, which will be sold in the secondary market within one year, therefore the deposits are accounted for as financial assets at FVTPL and classified as current assets.

As at 31 December 2024, the Group's investment in the Tasly Fund and investment in the Shaoxing Fund were pledged to secure convertible bonds of the Group (Note 27).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Prepayments to suppliers and service providers	**13,411**	26,581
Value added tax recoverable	**3,939**	4,334
Prepayments for purchase of property, plant and equipment	**1,029**	36,898
Rental deposits	**3,375**	3,622
Other deposits	**1,140**	1,109
Advances to employees	**706**	181
Others	**108**	106
	23,708	72,831
Analysed as:		
Non-current	**5,180**	42,113
Current	**18,528**	30,718
	23,708	72,831

20. MATERIALS FOR RESEARCH AND DEVELOPMENT PROJECT

Materials for research and development project mainly include reagent and consumable materials for research and development purposes. No impairment was recognised during the year ended 31 December 2024 (year ended 31 December 2023: nil).

Notes to the Consolidated Financial Statements

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21. PLEDGED BANK DEPOSITS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Pledged bank deposits for construction in Shanghai (Note i)	**648**	810
Restricted bank deposits (Note ii)	**4,933**	–
Pledged bank deposits for note payable	**–**	1,023
	5,581	1,833
Analysed as:		
Non-current	**–**	810
Current	**5,581**	1,023
	5,581	1,833

Notes:

i The pledged bank deposits are related to the construction in Shanghai, which are required to be maintained as warranty and can be used only to settle future claims, if any.

ii Restricted bank deposits are related to the Group's litigation with two suppliers, which has been released from restriction due to the conclusion of the litigation subsequent to 31 December 2024.

Pledged bank deposits carry fixed interest rate of 0.10% per annum as at 31 December 2024 (31 December 2023: 0.25%).

22. BANK BALANCES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Bank balances	**46,957**	52,161
Bank balances denominated in:		
RMB	**29,049**	51,664
HK$	**298**	221
South-Korean Won ("KRW")	**–**	244
US$	**17,610**	32
	46,957	52,161

Bank balances carry interest at market rates which range from 0.01% to 4.15% (31 December 2023: 0.01% to 0.88%) per annum as at 31 December 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

23. CONTRACT LIABILITIES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Provision of cell cryopreservation services	**1,274**	1,984
Provision of technical services	**1,266**	–
Current	**1,729**	710
Non-current	**811**	1,274
	2,540	1,984

As at 1 January 2023, contract liabilities were amounted to RMB2,694,000.

Income relating to cell cryopreservation services is recognised over time although the customer pays up-front in full for these services. A contract liability is recognised for consideration relating to the cell cryopreservation services at the time of the initial sales transaction and is released over the service period.

Technical services are mainly cell immune technology development and related detection service. Income relating to technical services is recognised at a point in time when the service is completed.

Income from cell cryopreservation services that was included in the contract liabilities balance at the beginning of the year was RMB710,000 for the year ended 31 December 2024 (year ended 31 December 2023: RMB710,000).

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) at year end and the expected timing of recognising income are as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within one year	**1,729**	710
Within a period of more than one year but not exceeding two years	**476**	710
Within a period of more than two years but not exceeding five years	**335**	564
	2,540	1,984

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

24. TRADE AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade payables	**33,609**	45,737
Payables for acquisition of property, plant and equipment	**74,932**	101,552
Accrued salaries and other allowances	**8,797**	10,372
Payables for acquisition of intangible assets	**1,947**	5,779
Payables for service expense	**12,207**	11,280
Notes payable	**–**	1,023
Others	**433**	1,168
	131,925	176,911

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 1 year	**16,855**	31,000
1 year to 2 years	**11,674**	14,737
2 years to 3 years	**5,080**	–
	33,609	45,737

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

25. LEASE LIABILITIES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Lease liabilities payable:		
Within one year	**27,445**	24,679
Within a period of more than one year but not exceeding two years	**20,009**	22,036
Within a period of more than two years but not exceeding five years	**47,400**	51,019
Within a period of more than five years	**21,608**	32,600
	116,462	130,334
Less: Amounts due for settlement within one year shown under current liabilities	**(27,445)**	(24,679)
Amounts due for settlement after one year shown under non-current liabilities	**89,017**	105,655

The incremental borrowing rates applied by the relevant group entities range from 5.22% to 6.48% (31 December 2023: 5.22% to 6.48%) per annum for lease liabilities as at 31 December 2024.

The liquidity risk with regard to the Group's lease liabilities is set out in Note 32.

26. DEFERRED GOVERNMENT GRANTS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Current	**46**	1,136
Non-current	**60,461**	38,190
	60,507	39,326

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26. DEFERRED GOVERNMENT GRANTS (CONTINUED)

Movements in deferred government grants

	Government grants related to		
	Machinery RMB'000	**Research and development activities** RMB'000	**Total** RMB'000
At 1 January 2023	37,936	4,574	42,510
Government grants received	2,518	–	2,518
Release of deferred government grants to profit or loss	(2,266)	(3,436)	(5,702)
At 31 December 2023	38,188	1,138	39,326
Government grants received	30,740	–	30,740
Release of deferred government grants to profit or loss	(8,467)	(1,092)	(9,559)
At 31 December 2024	**60,461**	**46**	**60,507**

27. OTHER FINANCIAL LIABILITY

	31 December 2024 RMB'000	2023 RMB'000
Convertible bonds	**268,097**	326,839

On 28 October 2022, the Company and Tasly (Hong Kong) (the "Investor") entered into a convertible bonds subscription agreement (the "Subscription Agreement"), pursuant to which the Company has conditionally agreed to issue and the Investor has conditionally agreed to subscribe for the convertible bonds in the principal amount of RMB300 million. The Investor is controlled by Tasly Pharmaceutical Group Co., Ltd. ("Tasly Pharmaceutical"), a listed company on Shanghai Stock Exchange, both Tasly Pharmaceutical and Tasly Fund are controlled by Tasly Holding Group Co., LTD.

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27. OTHER FINANCIAL LIABILITY (CONTINUED)

As at 1 January 2023, the conditions precedent under the Subscription Agreement have not been fulfilled. The Subscription Agreement represented a forward contract to issue convertible bonds which met the definition of a derivative. Accordingly the Company recorded a fair value loss of RMB10,069,000 in profit or loss in relation to the change in fair value of the Subscription Agreement for the year ended 31 December 2023.

In February 2023, the issuance of the convertible bonds was completed and the Company received the principle amount of RMB300 million which will mature in 3 years from the date of issuance (the "Maturity Date"). The convertible bonds carry interests of 6% per annum and the interest will be payable annually and can convert into the shares of the Company at the option of the Investor at any time commencing from six months after the issue date up to the Maturity Date at the initial conversion price of RMB4.38 per conversion share subject to adjustment. If the convertible bonds are not fully converted at the Maturity Date, the Company would make up an aggregate return on the relevant principal amount of the convertible bonds of 8% per annum. The convertible bonds were secured by property, plant and equipment, financial assets at FVTPL and ordinary shares of the Company provided by Mr. Tan Zheng and and his close family members as set out in Notes 16, 18, and 36, respectively. The convertible bonds are designated at FVTPL.

The fair value of other financial liabilities is as follows:

	Convertible bonds RMB'000	**Forward contract to issue convertible bonds** RMB'000	**Total** RMB'000
At 1 January 2023	–	10,069	10,069
Addition	300,000	–	300,000
Change in fair value	26,839	(10,069)	16,770
At 31 December 2023	326,839	–	326,839
Change in fair value	(58,742)	–	(58,742)
At 31 December 2024	**268,097**	**–**	**268,097**

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27. OTHER FINANCIAL LIABILITY (CONTINUED)

The fair value of convertible bonds is valued by an independent valuer using the Binomial Model. The key valuation assumptions and inputs as at 31 December 2024 to the model are as follows:

	As at 31 December	
	2024	2023
Bond maturity	**1.13 years**	2.13 years
Volatility	**79.44%**	78.15%
Stock price of the Company	**RMB2.13**	RMB4.00
Risk-free interest rate	**1.08%**	2.2%
Discount rate for the Company	**44.35%**	46.58%

Volatility was estimated on the valuation date based on the average of historical volatilities of the Company for a period of three years.

Risk-free interest rate was estimated based on the China government bond yield curve with similar time to maturity as at the valuation date.

On 30 December 2024, Tasly (Hong Kong) and Tibet Jiaze entered an agreement to transfer the convertible bonds at a consideration of RMB300,000,000, subject to certain conditions. The interest incurred before the transfer belongs to Tasly (Hong Kong) and the interest incurred after the transfer belongs to Tibet Jiaze. The related parties of Tasly (Hong Kong) will provide additional security in relation to the convertible bonds to Tibet Jiaze. The security provided by the Group to Tasly (Hong Kong) in relation to the convertible bonds will also be transferred to Tibet Jiaze.

The completion of the transfer is subject to the fulfillment of several conditions, including, among others, written notice and consent from the Company, necessary internal approvals from both parties, requisite approvals from the Stock Exchange (if required), execution of all related documents, and completion of foreign direct investment procedures as mandated by relevant authorities. The transfer is expected to be completed within five working days following the fulfillment of all conditions. At the date of the report, the transfer is still in progress.

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28. SHARE CAPITAL

	Number of shares	Share capital US$
Ordinary shares		
Ordinary shares of US$0.001 each		
Authorised		
At 1 January 2023 and at 31 December 2023 and 2024	5,000,000,000	5,000,000
Issued and fully paid		
At 1 January 2023 and at 31 December 2023 and 2024	514,584,000	514,584

	31 December 2024 RMB'000	2023 RMB'000
Presented as	**3,576**	3,576

29. RETIREMENT BENEFITS PLANS

The PRC employees of the Group are members of a state-managed retirement benefits plan operated by the government of the PRC. The PRC subsidiaries of the Company are required to contribute a specified percentage of payroll costs to the retirement benefits plan to fund the employee benefits. The only obligation of the Group with respect to the retirement benefits plan is to make the specified contributions. The retirement benefits cost charged to profit or loss for the year ended 31 December 2024 amounted to RMB5,626,000 (year ended 31 December 2023: RMB6,403,000).

At 31 December 2024 and 2023, the Group had no forfeited contributions under the above retirement benefit scheme which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 December 2024 and 2023 under such scheme which may be used by the Group to reduce the contribution payable in future years.

30. SHARE-BASED PAYMENT TRANSACTIONS

Pursuant to a written resolution of the Directors on 31 December 2019, a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") of the Company was approved. The Pre-IPO Share Option Scheme was established to encourage the participants to contribute to the Group for the long-term benefits of the Group. The maximum number of shares that may be granted under the Pre-IPO Share Option Scheme shall not exceed 37,500,000 shares, representing approximately 7.50% of the total number of shares in issue immediately upon completion of the IPO.

On 31 December 2019, the Group offered 7 senior management and 25 eligible employees (collectively, the "Grantees") and the Grantees accepted 37,500,000 share options (the "Pre-IPO Share Options") with certain service conditions. Options may be exercised at any time from vesting date to the seventh anniversary of the date of offer.

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30. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The details of the Pre-IPO Share Options granted to the senior management and employees of the Group are as follows:

Types	Date of offer	Number of shares subject to the option	Vesting proportion	Vesting period	Exercise price per share
Executive director: ("Share Option A")					
Mr. Tan Zheng	31/12/2019	5,000,000	50%	2019.12.31-2020.12.31	50% of the global offering price (the "Offer Price")
			50%	2019.12.31-2021.12.31	50% of the Offer Price
Dr. Wang Yu	31/12/2019	23,450,000	50%	2019.12.31-2020.12.31	50% of the Offer Price
			50%	2019.12.31-2021.12.31	50% of the Offer Price
Senior management: ("Share Option B")	31/12/2019	3,500,000	30%	2019.12.31-2020.12.31	50% of the Offer Price
			30%	2019.12.31-2021.12.31	50% of the Offer Price
			40%	2019.12.31-2022.12.31	50% of the Offer Price
Employees: ("Share Option C")	31/12/2019	2,550,000	50%	2019.12.31-2020.12.31	50% of the Offer Price
			50%	2019.12.31-2021.12.31	50% of the Offer Price
Employees: ("Share Option D")	31/12/2019	3,000,000	30%	2019.12.31-2020.12.31	50% of the Offer Price
			30%	2019.12.31-2021.12.31	50% of the Offer Price
			40%	2019.12.31-2022.12.31	50% of the Offer Price
Total		37,500,000			

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30. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

As at 31 December 2022, 35,930,000 options have been vested. As at 31 December 2024, 35,930,000 options were exercisable.

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to equity holders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes lease liabilities as disclosed in Note 25 and convertible bonds as disclosed in Note 27, net of bank balances and cash, and equity attributable to owners of the Group, comprising share capital and reserves.

The Directors review the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through new share issues as well as the issue of new debts.

32. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Financial assets		
Amortised cost	**57,261**	58,831
Financial assets at FVTPL	**10,536**	171,174
	67,797	230,005
Financial liabilities		
Amortised cost	**123,128**	166,539
Financial liability at FVTPL	**268,097**	326,839
	391,225	493,378

Financial risk management objectives and policies

The Group's major financial instruments include deposits and other receivables, amounts due from related parties, pledged bank deposits, bank balances, financial assets at FVTPL, trade and other payables, other financial liability and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk, interest risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Market risk

(i) Currency risk

As at the end of the reporting period, the Group had the following monetary items, which are bank balances, deposits and other receivables, trade and other payables denominated in currencies other than RMB.

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Assets		
HK$	**298**	221
US$	**17,610**	22,493
KRW	**–**	299
Liabilities		
HK$	**8,414**	5,443
US$	**–**	3,692
KRW	**–**	1

Sensitivity analysis

The Group was primarily subject to foreign currency risk from the movement of the exchange rates between RMB against HK$ and US$. At the end of the reporting period, if the exchange rate of RMB had been weaken against HK$ and US$ by 5% and all other variables were held constant, the Group's post-tax loss would decrease (increase) as follows. For a 5% strengthening of RMB against HK$ and US$, there would be an opposite impact on the pre-tax loss loss for the year.

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
HK$	**(406)**	(261)
US$	**881**	940

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32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group's fair value interest rate risk relates primarily to pledged bank deposits (Note 21), fixed-rate lease liabilities (Note 25). The Group is also exposed to cash flow interest risk in relation to variable-rate bank balances (Note 22) which carry prevailing market interests. The Group currently does not have a specified policy to manage its interest rate risk but will closely monitor their interest rate risk exposure in the future.

No sensitivity analysis on interest rate risk is presented as the management considers the sensitivity on interest rate risk on bank balances is insignificant.

(iii) Other price risk

The Group invested in certain funds for investing in investees operating in bio-science industry sector as detailed in Note 18. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise. Sensitivity analyses for those investments with fair value measurement were disclosed in Note 33.

Credit risk and impairment assessment

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position (including bank balances, pledged bank deposits, amounts due from related parties, deposits and other receivables). The Group does not hold any collaterals or other credit enhancement to cover its credit risks associated with its financial assets.

In order to minimise the credit risk, the Group monitors the exposure to credit risk on an on-going basis. The Group performed impairment assessment for each individual debt under ECL model at the end of the reporting period.

32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12m ECL
Watch list	Debtor frequently usually repays after due dates but settle the amounts in full	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

Bank balances and pledged bank deposits

The Group's bank balances and pledged bank deposits are placed with state-owned banks or commercial banks with high credit ratings in the Mainland China, Hong Kong and international banks in the Republic of Korea with aggregate gross carrying amounts RMB52,538,000 as at 31 December 2024 (31 December 2023: RMB53,994,000). Therefore, the credit risks on bank balances are limited.

The Group has concentration risk with approximately 56.64% and 28.88% of the Group's bank balances placed with bank B and bank C at 31 December 2024 (31 December 2023: 85.46% of the Group's bank balances placed with bank A).

Amounts due from related parties, deposits and other receivables

The Group assessed the ECL for its amounts due from related parties, deposits and other receivables individually based on internal credit rating which, in the opinion of the Directors, there is no significant increase in credit risk since initial recognition. ECL is estimated based on historical observed default rates of debtors and forward-looking information that is available without undue cost or effort. No loss allowance was recognised for amounts due from related parties, deposits and other receivables with gross carrying amounts of RMB4,723,000 as at 31 December 2024 (31 December 2023: RMB4,837,000), as the counterparties involved are considered with limited credit risk and the ECL involved is not material.

Other than the concentration of credit risks of bank balances mentioned above, the Group does not have any other significant concentration of credit risk.

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32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk

In management of the liquidity risk, the Group relies on bank facilities with reputable financial institutions in Mainland China and lease liabilities as significant sources of liquidity. The Group also monitors and maintains levels of bank balances and cash deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group had net current liabilities of RMB342,712,000 as at 31 December 2024 (31 December 2023: net current liabilities of RMB316,381,000). The Directors closely monitor the cash flows of the Group and would arrange the financing, when necessary, to ensure the Group has sufficient funds to enable the Group to meet its financial obligations in the foreseeable future.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Interest rates %	**Within 180 days RMB'000**	**181 days to 365 days RMB'000**	**1-5 years RMB'000**	**>5 years RMB'000**	**Total undiscounted cash flows RMB'000**	**Carrying amount RMB'000**
At 31 December 2024							
Trade and other payables	**–**	**123,128**	**–**	**–**	**–**	**123,128**	**123,128**
Lease liabilities	**5.22–6.48**	**16,569**	**11,554**	**80,443**	**31,232**	**139,798**	**116,462**
Convertible bonds	**8.00**	**–**	**–**	**372,000**	**–**	**372,000**	**268,097**
		139,697	**11,554**	**452,443**	**31,232**	**634,926**	**507,687**

	Interest rates %	Within 180 days RMB'000	181 days to 365 days RMB'000	1-5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2023							
Trade and other payables	–	166,539	–	–	–	166,539	166,539
Lease liabilities	5.22–6.48	13,166	12,225	87,197	48,602	161,190	130,334
Convertible bonds	8.00	18,000	–	354,000	–	372,000	326,839
		197,705	12,225	441,197	48,602	699,729	623,712

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33. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group determines the appropriate valuation techniques and inputs for fair value measurements and works closely with the qualified valuer to establish the appropriate valuation techniques and inputs to the model.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

	NOTES	Fair value as at 31/12/2024 RMB'000	31/12/2023 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable input to fair value
Financial assets at FVTPL							
Investment in the Tasly Fund	18	**–**	2,393	Level 3	Set out in Note 18	Set out in Note 18	Set out in Note 18
Investment in the Shaoxing Fund	18		43,969	Level 3	Set out in Note 18	Discount rate	Note i
		–		Level 3	Set out in Note 18	Set out in Note 18	Set out in Note 18
Investment in a financial product	18	**N/A**	22,461	Level 2	Redemption value quoted by financial institutions	N/A	N/A
Investment in the certificate of deposit	18	**10,536**	102,351	Level 2	Redemption value quoted by financial institutions	N/A	N/A
Financial liability							
Convertible bonds	27	**268,097**	326,839	Level 3	Set out in Note 27	Volatility and discount rate	Note ii

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33. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Notes:

i. A slight increase in the discount rate used in isolation would result in a slight decrease in the fair value measurement of the investment, and vice versa. If the discount rate was 1.2% higher or lower while holding all other variables constant, the carrying amount of investment in the Shaoxing Fund would decrease by RMB1,367,000 or increase by RMB1,447,000 as at 31 December 2023.

ii. A slight increase in the volatility used in isolation would result in a slight increase in the fair value of convertible bonds, and vice versa. If the volatility was 5.00% higher or lower while holding all other variables constant, the fair value of convertible bonds would increase by RMB2,291,000 or decrease by RMB6,153,000 as at 31 December 2024 (2023: increase by RMB5,187,000 or decrease by RMB5,220,000).

A slight increase in the discount rate used in isolation would result in a slight decrease in the fair value of convertible bonds, and vice versa. If the discount rate was 1.00% higher or lower while holding all other variables constant, the fair value of convertible bonds would decrease by RMB153,000 or increase by RMB157,000 as at 31 December 2024 (2023: decrease by RMB1,707,000 or increase by RMB1,736,000).

Details of reconciliation of Level 3 fair value measurement for the financial assets at FVTPL are set out in Note 18. Details of reconciliation of Level 3 fair value measurement for the financial liabilities at FVTPL are set out in Note 27.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position of the Group approximate their respective fair values.

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34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities RMB'000	Bank borrowing RMB'000	Other financial liability RMB'000	Total RMB'000
At 1 January 2023	148,806	1,000	10,069	159,875
Financing cash flows	(25,053)	(1,025)	300,000	273,922
Interest expenses recognised	8,494	25	–	8,519
Fair value changes	–	–	16,770	16,770
Early termination of leases	(1,913)	–	–	(1,913)
At 31 December 2023	130,334	–	326,839	457,173
Financing cash flows	(20,588)	–	–	(20,588)
Interest expenses recognised	7,493	–	–	7,493
Fair value changes	–	–	(58,742)	(58,742)
Early termination of leases	(777)	–	–	(777)
At 31 December 2024	**116,462**	**–**	**268,097**	**384,559**

35. MAJOR NON-CASH TRANSACTIONS

During the current year, the Group derecognised right-of-use assets and lease liabilities of RMB754,000 and RMB777,000 respectively for an early termination of a lease.

During the year ended 31 December 2023, the Group derecognised right-of-use assets and lease liabilities of RMB1,728,000 and RMB1,913,000 respectively for a lease modification.

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36. RELATED PARTY TRANSACTIONS

a. Names and relationship with related parties are as follows:

Names	Relationship
Tasly Pharmaceutical and its subsidiaries	Entity controls Tasly (Hong Kong) Pharmaceutical Investment Limited, which has significant influence to the Company since 11 April 2023.
Tan Zheng	Executive Director
Dr. Wang Yu	Executive Director

b. As at 31 December 2024, the Group had the following balances with related parties:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Amounts due from related parties:		
Tan Zheng	**60**	–
Dr. Wang Yu	**40**	–
	100	–

c. During the current year, the Group had the following transactions with related parties:

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Sales of office equipment	**–**	150
Providing of technical service	**513**	151
	513	301

36. RELATED PARTY TRANSACTIONS (CONTINUED)

d. Compensation of key management personnel

The emoluments of key management during the year are as follows:

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Salaries and other allowances	**8,130**	8,959
Retirement benefits	**137**	195
	8,267	9,154

e. Guarantees provided by related parties

In February 2023, the issuance of the convertible bonds was completed, set out in Note 27. As at 31 December 2023, the mortgaged ordinary shares of the Company by Mr. Tan Zheng and his close family members are as follows:

As disclosed in Note 27, the convertible bonds as at 31 December 2024 was secured by Mr. Tan Zheng and his close family members. Details of the information are are as follows:

	Type of pledge	**Quantity**	**Fair value RMB'000**
Tan Zheng LTD	Ordinary shares of the Company	**19,285,714**	**44,357**
Tan Yueyue LTD	Ordinary shares of the Company	**6,714,286**	**15,443**

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37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries at 31 December 2024 are as follows:

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interests attributable to the Company 31 December 2024 Directly	2024 Indirectly	2023 Directly	2023 Indirectly	Principal activities
Hamiyang Ltd.	British Virgin Island	Registered capital of US$50,000 and fully paid share capital of US$1	**100%**	**–**	100%	–	Investment holding
JY Research Holdings Limited	Hong Kong	Issued and fully paid share capital of HK$1	**–**	**100%**	–	100%	Investment holding
Ankang Ruihe Biomedical Technology (Beijing) Co Ltd* (安康瑞和生物醫藥技術(北京)有限公司) (Note a)	PRC	Registered capital of HK$1,000,000,000 and paid-in capital of HK$648,664,000	**–**	**100%**	–	100%	Investment holding
Beijing Yongtai (Note b)	PRC	Registered capital of RMB600,000,000 and paid-in capital of RMB514,700,000	**–**	**100%**	–	100%	Biomedical technology development
Shanghai Yongtai Immunobiological Products Co Ltd* (上海永泰免疫生物製品有限公司) (Note b)	PRC	Registered capital of RMB300,000,000 and paid-in capital of RMB25,720,000	**–**	**100%**	–	100%	Inactive
Beijing Weixiao (Note b)	PRC	Registered capital of RMB26,000,000 and paid-in capital of RMB5,000,000	**–**	**70%**	–	70%	Biomedical technology development
Guangzhou Yongrui Immunobiological Technology Co Ltd* (廣州永瑞免疫生物製品科技有限公司) (Note b)	PRC	Registered capital of RMB10,000,000 and paid-in capital of nil	**–**	**100%**	–	100%	Inactive
Yongtai Ruike	PRC	Registered capital of RMB50,000,000 and paid-in capital of RMB100,000	**–**	**100%**	–	100%	Biomedical technology development

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37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interests attributable to the Company 31 December 2024 Directly	2024 Indirectly	2023 Directly	2023 Indirectly	Principal activities
Shanghai Yongtai Ruike Immunobiological Technology Co Ltd* (上海永泰瑞科生物製品科技有限公司) (Note c)	PRC	Registered capital of RMB10,000,000 and paid-in capital of nil	-	-	–	100%	Inactive
Zhejiang Yongrui Immunobiological Technology Co Ltd* (浙江永瑞生物製品科技有限公司) (Note b)	PRC	Registered capital of RMB30,000,000 and paid-in capital of RMB11,000,000	-	100%	–	100%	Inactive
Beijing Taiyong Kang'an Technology Co., Ltd* (北京泰永康安科技有限公司) (Note b)	PRC	Registered capital of RMB10,000,000 and paid-in capital of nil	-	100%	–	N/A	Biomedical Services

Notes:

a. The entity is a wholly foreign owned enterprise established in the PRC with limited liability.

b. These entities were established in the PRC with limited liability.

c. Guangzhou Yongrui Immunobiological Technology Co., Ltd. was deregistered in August 2024.

* English names are for identification purpose only.

None of the subsidiaries had issued any debt securities during the year or at the end of the year (31 December 2023: none).

38. CAPITAL COMMITMENTS

	As at 31 December 2024 RMB'000	2023 RMB'000
Capital expenditure in respect of the acquisition of equipment, machineries and leasehold improvements contracted for but not provided in the consolidated financial statements	**35,642**	573,993

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

39. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the financial position of the Company at the end of the reporting period includes:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**1,300,617**	1,300,617
Intangible assets	**–**	19,318
Amounts due from a subsidiary	**73,998**	71,216
Financial assets at FVTPL	**–**	2,393
	1,374,615	1,393,544
CURRENT ASSETS		
Prepayments, deposits and other receivables	**11**	5,436
Bank balances and cash	**17,806**	1,704
Financial assets at FVTPL	**–**	22,461
	17,817	29,601
CURRENT LIABILITIES		
Other payables	**9,573**	10,669
	9,573	10,669
NET CURRENT ASSETS	**8,244**	18,932
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,382,859**	1,412,476
NON-CURRENT LIABILITY		
Other financial liability	**268,097**	326,839
NET ASSETS	**1,114,762**	1,085,637
CAPITAL AND RESERVES		
Share capital	**3,576**	3,576
Reserves	**1,111,186**	1,082,061
TOTAL EQUITY	**1,114,762**	1,085,637

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

39. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Movements in the Company's reserves

	Share premium RMB'000	Share option reserve RMB'000	Accumulated loss RMB'000	Total RMB'000
At 1 January 2023	1,402,498	205,339	(384,015)	1,223,822
Loss and total comprehensive expense for the year	–	–	(141,761)	(141,761)
At 31 December 2023	1,402,498	205,339	(525,776)	1,082,061
Profit and total comprehensive income for the year	–	–	29,125	29,125
At 31 December 2024	**1,402,498**	**205,339**	**(496,651)**	**1,111,186**

40. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in Note 3 in the consolidated financial statements, there is no other subsequent event subsequent to 31 December 2024.

Definitions

"6B11"	the monoclonal anti-idiotypic antibody prepared by Beijing Weixiao with COC166-9 immunised mice with monoclonal antibody to mimic ovarian cancer-related antigen OC166-9
"6B11-OCIK Injection"	Injection of ovarian cancer autologous cytotoxic T lymphocyte, one of the Group's biologic product pipeline for treatment of ovarian cancer
"AGM"	the annual general meeting of the Company to be held on Friday, 24 May 2024
"Articles of Association"	the articles of association adopted by our Company on 6 June 2020
"Audit Committee"	the audit committee of the Board
"Auditor"	Deloitte Touche Tohmatsu, the external auditor of the Company
"B cells"	a type of lymphocytes
"Beijing Weixiao"	Beijing Weixiao Biotechnology Development Limited* (北京緯曉生物技術開發有限責任公司), a subsidiary of the Company
"Beijing Yongtai"	Immunotech Applied Science Limited (北京永泰生物製品有限公司), a limited liability company established in the PRC on 20 November 2006 and an indirect wholly-owned subsidiary of our Company
"Board" or "Board of Directors"	the board of directors of the Company
"CAR-T cells"	chimeric antigen receptor T cells, are T cells that have been genetically engineered to produce an artificial T-cell receptor and chimeric antigen receptors that have been engineered to give T cells the new ability to target a specific protein on the surfaces of cells
"CDE"	Centre for Drug Evaluation of the NMPA
"CEO"	chief executive officer
"CG Code" or "Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"China", "Mainland China" or "the PRC"	the People's Republic of China, excluding, for the purpose of this report, Hong Kong, Macau Special Administration Region and Taiwan
"CMV"	Cytomegalovirus
"Company", "the Company" or "We"	Immunotech Biopharm Ltd (永泰生物製藥有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 11 April 2018
"Consolidated Affiliated Entity"	the entity we control through the Contractual Arrangements, being Yongtai Ruike

Definitions

"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and, in the context of this report, means the controlling shareholders of the Company, being Mr Tan Zheng and Tan Zheng Ltd
"Convertible Bonds"	the 11.75% secured convertible bonds due in 2025 in the aggregate principal amount of RMB300 million have been issued by the Company to the Investor pursuant to the Subscription Agreement
"Convertible Preference Shares"	the convertible preference shares with an aggregate par value of US$5,000.0 issued pursuant to the Preference Share Subscription Agreement by our Company to Poly Platinum
"Core Product Candidate"	our "core product" as defined under Chapter 18A of the Listing Rules, namely EAL®
"CR Pharma"	China Resources Pharmaceutical Group Limited, a company listed on the Main Board of the Stock Exchange (stock code 3320)
"CRO"	contract research organisation, a company which provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
"CTO"	chief technology officer
"Director(s)"	the director(s) of the Company
"EBV"	Epstein-Barr virus, a member of the herpes virus family
"FVTPL"	Financial assets at fair value through profit or loss
"Global Offering"	the Hong Kong Public Offering and the International Offering
"GMP"	good manufacturing practice, and in the context of PRC laws and regulations, refers to guidelines and regulations from time to time issued pursuant to the PRC Drug Administration Law (中華人民共和國藥品管理法) as part of quality assurance which aims to minimise the risks of contamination, cross contamination, confusion, and errors during the manufacture process of pharmaceutical products and to ensure that pharmaceutical products subject to these guidelines and regulations are consistently produced and controlled in conformity to quality and standards appropriate for their intended use
"Group" or "the Group"	the Company and its subsidiaries
"Guosheng Laboratory"	an R&D facility located at Guosheng Technology Park, No.1 Kangding Street, Beijing Economic-technological Development Area, Beijing, China leased by the Group
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

Definitions

"HLA"	human leukocyte antigen, a gene complex encoding the major MHC proteins
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HPV"	human papillomavirus
"IND"	investigational new drug
"Industry Fund"	the cellular immunotherapy specialised industry fund (細胞免疫治療專項產業基金)
"Investment Fund" or "Tasly Fund"	the Company entered into the subscription agreement with Tasly Bioscience, to govern their relationship and provide for, among others, the manner of operation and management of the investment fund
"Investor"	Tasly (Hong Kong) Pharmaceutical Investment Limited
"Korea"	Republic of Korea
"Leadman"	Beijing Leadman Biochemistry Co., Ltd, a company incorporated in the PRC, being the landlord under the Lease Agreement
"Lease Agreement"	the formal lease agreement dated 9 October 2021 entered into between Beijing Yongtai as the tenant and Leadman as the landlord in relation to the lease of the Premises
"License Agreement"	the license agreement dated 30 December 2020 made between the Company and T-Cure in relation to the grant exclusive license to the Company to use T-Cure IP for the development, manufacturing and commercialisation of Licensed Products in the Territory pursuant to the terms of the License Agreement
"Licensed Patent Rights"	licensed patent rights of 800TCR, which is a T cell receptor (TCR) encoded by a retrovirus (including lentivirus) recognising the HERVE-E tumour antigen
"Licensed Product(s)"	tangible materials within the scope of one or more claims of the Licensed Patent Rights
"Listing" or "IPO"	the listing of the Shares on the Main Board of the Stock Exchange on 10 July 2020
"Listing Date"	10 July 2020, being the date on which the Shares were listed on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Lymphocytes"	a sub-type of white blood cells, such as T cells, B cells and NK cells
"Main Board"	the Main Board of the Stock Exchange
"MHC"	major histocompatibility complex, proteins found on the surfaces of cells specialised for displaying short peptide fragments on the surface of cells

Definitions

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"NDA"	new drug application
"NIH"	the U.S. Department of Health and Human Services, as represented by the National Heart, Lung, and Blood Institute, an institute or centre of the National Institutes of Health
"NK cells"	natural killer cells, a type of lymphocyte and a component of innate immune system
"NKY Medical"	Boai NKY Medical Technologies Group Ltd (博愛新開源醫療科技集團股份有限公司)
"NMPA"	National Medical Products Administration of the People's Republic of China
"Nomination Committee"	the nomination committee of the Board
"Poly Platinum"	Poly Platinum Enterprises Limited, a business company incorporated in the BVI on 9 November 2018 and a direct wholly-owned subsidiary of Greater Bay Area Homeland Development Fund LP (大灣區共同家園發展基金有限合夥), an Independent Third Party
"Preference Shares Subscription Agreement"	the subscription agreement dated 3 June 2019, as amended and supplemented by the first supplemental subscription agreement dated 12 June 2019 entered into, among other parties, between Poly Platinum and our Company in relation to the subscription of 5,000 Convertible Preference Shares for HK$200 million
"Prospectus"	the prospectus issued by the Company dated 29 June 2020
"R&D"	research and development
"Registered Shareholders"	the registered shareholders of Yongtai Ruike, being Mr Tan Zheng and Dr Wang Yu
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of China
"Reporting Period"	the 12-month period from 1 January 2024 to 31 December 2024
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended supplemented or otherwise modified from time to time
"Shanghai NKY"	Shanghai NKY Precision Medical Co., Ltd.* (上海新開源精準醫療有限公司)
"Shaoxing Binhai Investment Fund" or "Shaoxing Fund"	Shaoxing Yongsheng Equity Investment Partnership (LP)* (紹興永晟股權投資合夥企業(有限合夥))

Definitions

"Shareholder(s)"	holder(s) of Shares
"Share(s)"	ordinary shares with a nominal value of US$0.001 each in the capital of the Company
"SMO"	site management organisation, a company that provides clinical trial related services
"sq.m."	square metres
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategic Cooperation Framework Agreement"	the strategic cooperation agreement dated 17 September 2021 entered into, among other parties, between the Company and CR Pharma regarding their strategic cooperation
"Subscription Agreement"	the subscription agreement dated 28 October 2022 entered into among the Company, the Investor and others in relation to the subscription of the Convertible Bonds
"T cells" or "T Lymphocytes"	a type of lymphocytes produced or processed by the thymus gland and actively participating in the immune response, which plays a central role in cell-mediated immunity. T cells can be distinguished from other lymphocytes, such as B cells and NK cells, by the presence of a T cell receptor on the cell surface
"T-Cure"	T-Cure Bioscience, Inc.
"T-Cure IP"	the know-hows, patent rights and processes that are controlled or owned by T-Cure necessary or useful to develop, manufacture or commercialise the Licensed Products
"Tasly Bioscience"	Tasly Bioscience Fund Limited
"TCR"	T cell receptor, a molecule found on the surface of T cells responsible for recognising fragments of antigen
"Territory"	the Republic of Korea, PRC, including Hong Kong and Macau, but (for the purpose of this transaction) excluding Taiwan
"TGF-ß"	transforming growth factor beta, a family of proteins involved in regulating and mediating processes at the cellular level
"U.S. dollar(s)", "USD" or "US$"	United States dollars, the lawful currency of the United States of America
"Yongtai Ruike"	Beijing Yongtai Ruike Biotechnology Company Ltd (北京永泰瑞科生物科技有限公司), a company established in the PRC with limited liability on 8 June 2018 and is a wholly-owned subsidiary of the Company

In this annual report, capitalised terms used shall have the same meanings as those defined in the Prospectus, unless the context otherwise requires.