Abbisko 和譽

Abbisko Cayman Limited
和譽開曼有限責任公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2256

2024
Annual Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Xu Yao-Chang *(Chairman)*
Dr. Yu Hongping
Dr. Chen Zhui (resigned as an executive Director with effect on March 3, 2025)
Dr. Ji Jing (appointed as an executive Director with effect on March 3, 2025)

Non-executive Directors

Ms. Tang Yanmin (resigned as a non-executive Director with effect on December 20, 2024)

Independent Non-executive Directors

Dr. Sun Piaoyang
Mr. Sun Hongbin
Mr. Wang Lei (resigned as an independent non-executive Director with effect on February 28, 2025)
Ms. Chui Hoi Yam (appointed as an independent non-executive Director with effect on February 28, 2025)

JOINT COMPANY SECRETARIES

Ms. Tian Huimin (resigned as a joint company secretary with effect on April 24, 2024)
Ms. Chan Yin Wah
Dr. Yu Hongping (appointed as a joint company secretary with effect on April 29, 2024)

AUTHORIZED REPRESENTATIVES

Dr. Xu Yao-Chang
Ms. Chan Yin Wah

AUDIT COMMITTEE

Mr. Sun Hongbin *(Chairperson)*
Dr. Sun Piaoyang
Mr. Wang Lei (ceased to be a member of the audit committee of the Company with effect on February 28, 2025)
Ms. Chui Hoi Yam (appointed as a member of the audit committee of the Company with effect on February 28, 2025)

REMUNERATION COMMITTEE

Ms. Chui Hoi Yam (appointed as the chairperson of the remuneration committee of the Company with effect on February 28, 2025)
Mr. Wang Lei (ceased to be the chairperson of the remuneration committee of the Company with effect on February 28, 2025)
Dr. Xu Yao-Chang
Mr. Sun Hongbin

NOMINATION COMMITTEE

Dr. Xu Yao-Chang *(Chairperson)*
Dr. Sun Piaoyang (ceased to be a member of the nomination committee of the Company with effect on February 28, 2025)
Mr. Sun Hongbin
Ms. Chui Hoi Yam (appointed as a member of the nomination committee of the Company with effect on February 28, 2025)

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Building 3, No. 898
Halei Road, Zhangjiang Hi-Tech Park
Pudong New Area
Shanghai, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR

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PO Box 1093, Boundary Hall
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Grand Cayman
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Cayman Islands

HONG KONG SHARE REGISTRAR

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

HONG KONG LEGAL ADVISER

Baker & McKenzie
14th Floor, One Taikoo Place
979 King's Road, Quarry Bay
Hong Kong SAR

PRINCIPAL BANK

Ping An Bank Co., Ltd.
5047, Shennan East Road
Shenzhen 518001
PRC

AUDITOR

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

STOCK CODE

2256

COMPANY'S WEBSITE

www.abbisko.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Abbisko Cayman Limited (the "**Company**"), I am pleased to present the annual report of the Company and its subsidiaries (the "**Group**", "**we**", "**our**" or "**us**") for the year ended December 31, 2024 (the"**Reporting Period**").

2024 has been a landmark year for Abbisko as we have made significant advancements in both research and development ("**R&D**") and financial performance. These achievements serve as a testament to our ability to deliver innovative drug candidates, and marks the beginning of our transition to a period of sustained revenue and growth.

CLINICAL MILESTONES

We are dedicated to the research and development of innovative therapies that treat unmet medical needs around the world. Our strong operational acumen of managing clinical studies globally has enabled us to swiftly accelerate the development of our portfolio.

In 2024, we delivered six promising clinical data readouts with our self-discovered and self-developed molecules, including one positive global multi-centre phase III data readout. Key highlights from the year include:

- **Pimicotinib (ABSK021, CSF-1R inhibitor)**
  - In November 2024, we announced positive topline results with pimicotinib for the treatment of tenosynovial giant cell tumor ("**TGCT**") from a global multi-centre phase III registration trial, achieving a 54% objective response rate ("**ORR**") and a safe and well-tolerated profile. The product profile of pimicotinib demonstrates best-in-class ("**BIC**") results on the global stage for CSF-1R inhibitors.
  - In late 2024, we presented a preliminary look at the ongoing phase II study of pimicotinib in the treatment of chronic graft versus host disease ("**cGvHD**"). With several patients having not yet reached the duration of the primary endpoint, pimicotinib achieved a 64% ORR with a safe and tolerable profile. These compelling results give us confidence as we look to progress our development plans in this indication.
- **Irpagratinib (ABSK011, FGFR4 inhibitor)**
  - At various medical conferences throughout the year, we reported compelling Proof-of-Concept ("**POC**") data with irpagratinib for the treatment of advanced Hepatocellular Carcinoma ("**HCC**"). Irpagratinib achieved a 44.8% ORR as monotherapy in heavily pre-treated FGF19+ HCC patients, and a 50% ORR in combination with atezolizumab in FGF19+ HCC patients, most of whom had prior immune checkpoint inhibitors ("**ICIs**") treatment. ORR and progression free survival ("**PFS**") with irpagratinib in both settings show improvements to current medical practice, underscoring the potential impact irpagratinib may have in the treatment of liver cancer.
  - In late 2024, we announced regulatory approval from the China's Center for Drug Evaluation ("**China CDE**") to conduct a registrational study in 2L and beyond FGF19+ HCC. We are actively engaging with the relevant parties to expedite this process and concurrently exploring and assessing various market opportunities.

- **ABSK043 (Oral PD-L1 Inhibitor)**

  – During the year, we announced updated phase I study results. ABSK043 demonstrated a 20.4% ORR at active dose groups across various cancers, with greater levels of efficacy observed in patients with non-small cells lung cancer ("**NSCLC**") and high PD-L1 expression, including those harbouring EGFR or KRAS mutations. ABSK043 was safe and well-tolerated, with low rates of reported Grade 3 or higher treatment-related adverse events ("**TRAE**"), and no observations of interstitial lung disease ("**ILD**") of any grade.

  – ABSK043 is one of the most clinically advanced oral small molecule PD-L1 candidates across the global competitive landscape. With strategic clinical decision-making and robust development progress, we believe ABSK043's product profile will emerge to demonstrate antibody-like efficacy, improved safety and tolerability, with convenient oral bioavailability.

- **ABSK061 (FGFR2/3 Inhibitor)**

  – During the year, we reported positive first-in-human data with ABSK061, demonstrating an ORR of 37.5% in patients with various solid tumours. ABSK061 is a effective drug candidate against multiple solid tumors with a safe and tolerable profile.

  – ABSK061 continues to demonstrate a unique product profile as one of the leading selective FGFR inhibitors in development. Such encouraging data continue to support our plans to develop ABSK061 in oncology and non-oncology, including Achondroplasia ("**ACH**").

EARLY R&D PROGRESS

Our discovery and research efforts have been instrumental in shaping our Company and its long-term direction.

During the year 2024, four investigational new drug ("**IND**") clearances were obtained, including: ABSK131 from the US Food and Drug Administration ("**US FDA**"), the combination therapy of ABSK043 and ABSK061 from the National Medical Products Administration of the People's Republic of China ("**China NMPA**"), the combination therapy of ABSK043 and furmonertinib from the China NMPA, and ABK3376 (AST2303) from the China NMPA.

More recently in December 2024, we submitted IND applications for ABSK131 for the treatment of solid tumours, and ABSK061 for the treatment of ACH, to the China NMPA.

We are rapidly progressing ABSK141 towards IND-enabling studies.

CHAIRMAN'S STATEMENT

FINANCIAL ACCOMPLISHMENTS

Consistently enhancing our Company's financial position to ensure long-term viability and economic resilience has been and remains imperative to Abbisko's strategy. We consider a wide array of revenue-generating opportunities and measures to improve operational efficiency through strategic business planning and financial discipline.

During the year of 2024, we achieved profitability for the first time since our inception, primarily driven by the receipt of an upfront payment through our ongoing collaboration with Merck Healthcare KGaA ("**Merck**").

During the year, the Company repurchased outstanding shares for a total consideration of HKD68.7 million based on our belief that the fundamental value of our Company's shares is undervalued by the market.

We have substantial cash reserves on hand to fund our ongoing operations, with approximately RMB1,959.2 million as at December 31, 2024.

Looking ahead to 2025 and beyond, we will continue to adhere to our mission to deliver innovative therapies to patients worldwide. We are confident in our robust R&D engine and clinical development platform, which lay the foundation for our ability to grow and succeed, and our ability to generate value for shareholders and stakeholders alike. Our key strategic initiatives include:

- Accelerating the development of our clinical assets, of which includes the prioritization of our NDA submission for pimicotinib in TGCT, initiation of a registrational clinical trial for irpagratinib in HCC, and active progression of our other assets

- Leveraging our drug discovery and preclinical expertise, coupled with our robust experience in drug development, to continuously explore and identify new targets and directions to achieve innovation

- Exploring and enabling strategic partnerships and collaborations to maximize the potential of our rich pipeline

In closing, on behalf of the Board, I would like to extend my sincere gratitude to our shareholders, management, employees, and business partners for your continued contribution and support of the Company.

Dr. Xu Yao-Chang
Chairman and Chief Executive Officer

Shanghai, China
March 3, 2025

We recorded positive net profit for the first time. For the year ended December 31, 2024, the Group has generated revenue of RMB504.0 million, including RMB497.3 million (USD70.0 million), representing Merck's licensing revenue we received, and RMB6.7 million (USD1.0 million), representing Shanghai Allist Pharmaceuticals Co., Ltd ("**Allist**")'s milestone payment we received, with a profit of RMB28.3 million.

We repurchased and cancelled shares to enhance shareholder value. On March 13, 2024, the board of directors approved an amount of no more than HKD100.0 million for share repurchase to enhance shareholder value. For the year ended December 31, 2024, the Company has repurchased and cancelled a total of 22,594,000 shares (accounting for 3.22% of the total issued shares as at January 1, 2024), with a cumulative amount of HKD68.7 million.

We have substantial cash reserve on hand. As at December 31, 2024, our balances of cash and bank balances (including time deposits over three months, pledged time deposits and cash and cash equivalents) is RMB1,959.2 million, a slight decrease of RMB12.3 million from RMB1,971.5 million as at December 31, 2023. The slight decrease of cash was due to higher spending on research and development activities and share repurchases, offsetting the increase in revenue.

	2024 **RMB'000**	2023 RMB'000	Changes RMB'000	Year-on-Year change %
Revenue	**503,992**	19,060	484,932	2,544%
Gross profit	**503,992**	19,060	484,932	2,544%
Research and development expenses	**(451,376)**	(433,736)	(17,640)	4%
Profit/(Loss) for the year	**28,302**	(431,583)	459,885	107%
Adjusted profit/(loss) for the year (as illustrated under "**Non-IFRS Measures**")	**49,041**	(384,185)	433,226	113%

	December 31, 2024 **RMB'000**	December 31, 2023 RMB'000	Changes RMB'000	Year-on-Year change %
Time deposits over three months, pledged time deposits and cash and cash equivalents	**1,959,188**	1,971,491	(12,303)	(1%)

FINANCIAL HIGHLIGHTS

IFRS Measures:

- Revenue amounted to RMB504.0 million for the year ended December 31, 2024, mainly representing licensing revenue to Merck.

- Research and development expenses increased by RMB17.7 million to RMB451.4 million for the year ended December 31, 2024, from RMB433.7 million for the year ended December 31, 2023. The increase was primarily attributable to the advancement of our pipeline programs.

Non-IFRS Measures:[1]

	2024	2023	Changes	Year-on-Year change
	RMB'000	RMB'000	RMB'000	%
Profit/(Loss) for the year	**28,302**	(431,583)	459,885	107%
Add:				
Share-based payment expenses	**20,739**	47,398	(26,659)	(56%)
Adjusted profit/(loss) for the year	**49,041**	(384,185)	433,226	113%

1 Adjusted profit/(loss) for the year represents the profit/(loss) for the year excluding the effect of certain non-cash items, namely share-based payment expenses. The term adjusted profit/(loss) for the year is not defined under the IFRS. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS. The Company's presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this and other non-IFRS measures are reflections of the Group's normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance, and thus facilitate comparisons of operating performance from period to period and company to company to the extent applicable.

Financial Summary

	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-IFRS measures					
Research and development expenses (excluding the share-based payment expenses)	**(437,605)**	(405,929)	(313,636)	(176,315)	(129,188)
Administrative expenses (excluding the share-based payment expenses)	**(67,242)**	(76,810)	(73,432)	(84,655)	(20,073)
Profit/(Loss) for the year (excluding the non-IFRS adjustments)	**49,041**	(384,185)	(385,485)	(195,740)	(132,480)
IFRS measures					
Revenue	**503,992**	19,060	–	22,682	–
Other income and gains	**104,090**	87,376	45,563	43,587	18,831
Research and development expenses	**(451,376)**	(433,736)	(378,746)	(226,126)	(132,664)
Administrative expenses	**(74,210)**	(96,401)	(118,443)	(124,777)	(21,168)
Other expenses	**(2,859)**	(5,712)	(41,295)	(80)	(1,712)
Fair value losses on convertible redeemable preferred shares	**–**	–	–	(1,524,320)	(569,588)
Finance costs	**(1,608)**	(2,170)	(2,685)	(959)	(338)
Income tax expense	**(49,727)**	–	–	–	–
Profit/(Loss) for the year	**28,302**	(431,583)	(495,606)	(1,809,993)	(706,639)
Earnings/(Loss) per share					
Basic	**RMB0.04**	RMB(0.67)	RMB(0.80)	RMB(7.71)	RMB(7.12)
Diluted	**RMB0.04**	RMB(0.67)	RMB(0.80)	RMB(7.71)	RMB(7.12)
Cash and bank balances	**1,959,188**	1,971,491	2,258,827	2,545,513	617,773
Total assets	**2,107,047**	2,115,382	2,489,549	2,654,539	665,971
Total liabilities	**148,711**	134,280	143,160	118,480	1,770,959
Total equity	**1,958,336**	1,981,102	2,346,389	2,536,059	(1,104,988)

BUSINESS HIGHLIGHTS

We have made significant progress across multiple aspects during 2024 and as at March 3, 2025:

IMPORTANT MILESTONES FOR OUR LEAD ASSET PIMICOTINIB (ABSK021), CSF-1R INHIBITOR

Positive Top-Line Results from Global Phase III Study in TGCT

- In November 2024, we announced positive top-line results from the global phase III MANEUVER study of pimicotinib in patients with TGCT, demonstrating an ORR at Week 25 of 54.0% for pimicotinib versus 3.2% for placebo (p<0.0001) based on RECIST v1.1 per Blinded Independent Review Committee ("**BIRC**"). Treatment with oral, once-daily pimicotinib was well-tolerated with very low rates of discontinuation due to treatment-related adverse events, and with no evidence of cholestatic hepatotoxicity. The positive results represent an important milestone for patients, pimicotinib, and the Company.

Favourable Long-term Study Results from Phase Ib in TGCT

- In November 2024, we announced updated results from the phase Ib study of pimicotinib in patients with TGCT at the Connective Tissue Oncology Society（"**CTOS**"）2024 Annual Meeting. As at June 30, 2024, updated data from the 42 patients who received the 50mg dose of pimicotinib achieved a best ORR of 85.0% based on RECIST v1.1 per Independent Review Committee ("**IRC**") with a median duration of treatment of 20.67 months (0.5, 30.1).

Promising Preliminary Phase II Study Results in cGvHD

- In December 2024, we presented preliminary phase II study results for pimicotinib in the treatment of patients with cGvHD during an oral presentation at the 66th American Society of Hematology ("**ASH**") Annual Conference. Despite most enrolled patients having not yet completed the six-month treatment cycle as defined as the primary endpoint, preliminary data from the subset of patients receiving 20mg QD show that pimicotinib achieved an ORR of 64%. Data suggest the potential for improved outcomes with longer-term treatment. The results also show that pimicotinib is well tolerated in heavily pre-treated patients with cGvHD, and the majority of adverse events were Grade 1 and reversible.

HIGHLIGHTS OF OUR OTHER KEY CLINICAL ASSETS

Irpagratinib (ABSK011), FGFR4 Inhibitor

China CDE Approval to Initiate a Registrational Clinical Study in HCC

- In December 2024, we received China CDE approval to conduct a registrational study of irpagratinib for the treatment of patients with advanced or unresectable HCC with FGF19 overexpression.

Positive Proof-of-Concept Study Results for both Monotherapy and Combination Therapy

- In September 2024, we presented updated phase I clinical data of irpagratinib at European Society for Medical Oncology ("**ESMO**") 2024. The irpagratinib 220mg BID cohort achieved an ORR of 44.8%, median progression-free survival ("**mPFS**") of 5.5 months, and median duration of response ("**mDoR**") of 7.4 months in patients with FGF19+ advanced HCC who have received prior lines of therapy, including ICIs and multi-target tyrosine kinase inhibitors ("**mTKIs**").

- In June 2024, we presented preliminary phase II study results of irpagratinib in combination with atezolizumab at the 2024 European Society for Medical Oncology Gastrointestinal Cancers Congress ("**ESMO-GI Congress**"). The irpagratinib 220mg BID in combination with atezolizumab cohort achieved an ORR of 50% in FGF19+ advanced HCC patients.

ABSK043, Oral PD-L1 Inhibitor

Robust Anti-Tumor Activity and Favourable Safety Observed from Updated Phase I Study

- In December 2024, we presented updated phase I study results of ABSK043 during an oral presentation at European Society For Medical Oncology Asia Congress 2024 ("**ESMO Asia 2024**"). Among the 49 response-evaluable IO-naïve patients, ABKS043 achieved an ORR of 20.4% at active doses (600-1000mg BID). Within the evaluable set of patients, 15 IO-naïve patients with NSCLC achieved an ORR of 33.3% and a DCR of 73.3%. Greater levels of efficacy were observed in NSCLC patients with high PD-L1 expression (TPS≥50%), demonstrating an ORR of 41.7%, including those with EGFR or KRAS mutations. Safety and tolerability were notable as well. Among the 90 patients who had received ABSK043, no interstitial lung disease ("**ILD**") was observed and only 8.9% of patients reported Grade 3 or higher TRAEs.

First Patient Dosed in a Phase II Oral+Oral (PD-L1+EGFR Inhibitor) Combination Study for NSCLC

- In December 2024, we dosed the first patient in a phase II clinical study of ABSK043 in combination with furmonertinib (third-generation EGFR TKI) for the treatment of patients with EGFR-mutant NSCLC.

ABSK061, FGFR2/3 Inhibitor

Encouraging First-In-Human Data for the Treatment of Solid Tumors

- In February 2024, preliminary results from the first-in-human study of ABSK061 in patients with advanced solid tumors were presented during an oral presentation at the 2024 European Society for Medical Oncology Targeted Anticancer Therapies Congress ("**ESMO TAT**"). The ABSK061 75mg BID and 150mg QD cohorts demonstrated promising anti-tumor activity, achieving an ORR of 37.5% in 8 patients with solid tumors harboring FGFR activating alterations.

First Patient Dosed in Phase II Combination Study

- In November 2024, we dosed the first gastric cancer patient as part of a phase II clinical study of ABSK061 in combination with ABSK043 (our internally developed oral PD-L1 inhibitor) for the treatment of solid tumors.

Expanding into Non-Oncology with IND Filing for ACH

- In December 2024, we submitted the IND application of ABSK061 for the treatment of ACH to the China NMPA.

UPDATES FROM OUR EARLY-STAGE CANDIDATES

IND Clearance Obtained for ABK3376 and ABSK131

- **ABK3376 (AST2303)** is a highly potent, selective, and brain-penetrating new-generation EGFR inhibitor that was discovered by our proprietary drug discovery platform and currently in an ongoing collaboration with Allist. In September 2024, ABK3376 (AST2303) was cleared by the China NMPA for a phase I study for the treatment of patients with NSCLC harboring the EGFR-C797S mutation.

- **ABSK131** is a potent and selective next-generation MTA-cooperative PRMT5 inhibitor with brain-penetrating properties. Our molecule was discovered through leveraging advanced computation-aided structural analysis and medicinal chemistry design, and will potentially feature improved potency, selectivity, and brain-penetrating activity. We presented our preclinical research progress for ABSK131 in October 2024 at the EORTC-NCI-AACR Conference. The US FDA cleared the IND application for ABSK131 in December 2024, and we submitted the IND application to the China NMPA in December 2024.

Other Selected Promising Pre-Clinical Projects

ABSK141 is a novel, potent, and highly orally bioavailable small-molecule KRAS-G12D inhibitor. We presented our preclinical research progress for ABSK141 in October 2024 at the EORTC-NCI-AACR Conference. In preclinical studies, ABSK141 demonstrates high binding affinity, good biochemical activity and strong anti-tumor activity in multiple KRAS-G12D xenograft models. We are currently conducting IND-enabling studies for ABSK141.

I. BUSINESS REVIEW

Our vision

To discover and develop novel, differentiated therapies in oncology and beyond to address critical unmet medical needs for patients in China and worldwide.

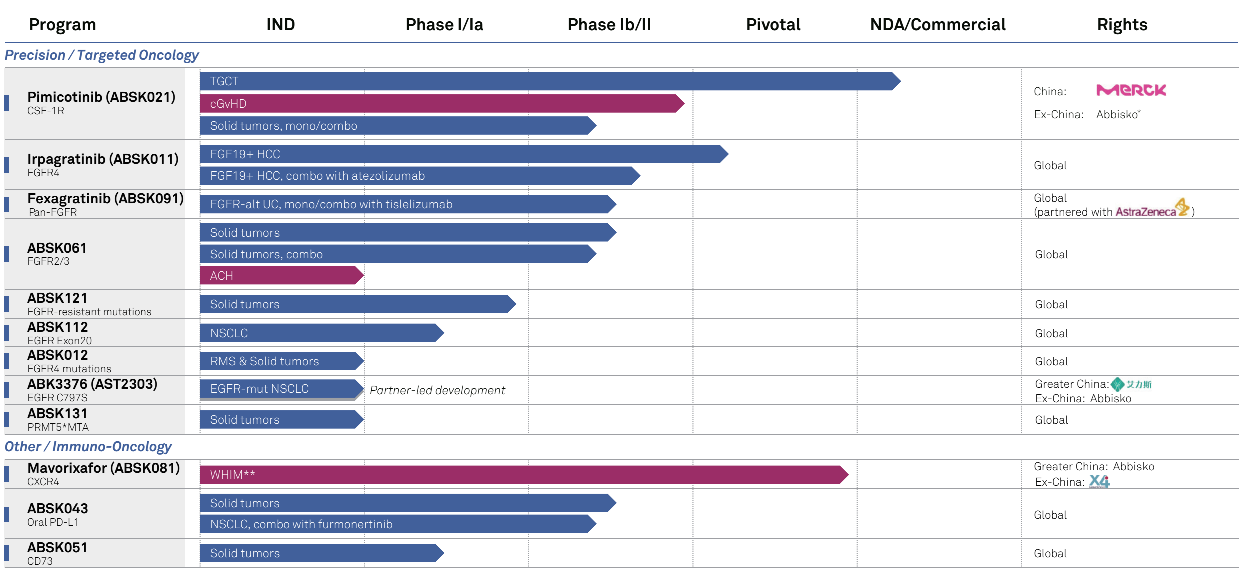
Company overview

We are a clinical-stage biopharmaceutical company committed to the research, discovery, and development of innovative and differentiated medicines designed to address unmet medical needs in China and globally. Since our establishment in 2016, we have strategically built a robust pipeline of 19 program candidates, with a primary focus on oncology. Among these, 12 candidates are currently in clinical development stages. Our product portfolio is centered on small molecules, emphasizing precision oncology and immuno-oncology, with a growing exploration of indication expansions into non-oncology therapeutic areas. Through our dedication to scientific innovation, we aim to deliver transformative therapies that improve patient outcomes worldwide.

Product pipeline

We have a pipeline of 19 drug candidates ranging from pre-clinical stage to clinical stage programs. The following charts summarize our pipeline and development status for each candidate as at December 31, 2024.

Our Clinical Pipeline



* Merck has an exclusive option for ex-China rights.

** X4 has obtained the market approval of Xolremdi (mavorixafor) from the US FDA for patients 12 years of age and older with WHIM syndrome.

Oncology   Non-oncology

Our Preclinical Pipeline

Program	Lead identification	Lead Optimization	IND enabling	IND approval	Rights
P017 Synthetic lethal	Solid tumors				Global
P018 Synthetic lethal	Solid tumors				Global
ABSK141 KRAS G12D	Solid tumors				Global
P021 Pan-KRAS	Solid tumors				Global
P019 Undisclosed	Solid tumors				Global
P020 ADC	Solid tumors				Global
P151 Undisclosed	Non-oncology indication				Global (co-owned with Lilly)

Oncology Non-oncology

Notes:

Abbreviations: cGvHD = chronic graft-versus-host disease; FGFRalt = FGFR altered; HCC=hepatocellular carcinoma; NSCLC = non-small cell lung cancer; RMS = rhabdomyosarcoma; TGCT = tenosynovial giant cell tumor; UC = urothelial cancer; WHIM = warts, hypogammaglobulinemia, infections and myelokathexis

Clinical Stage Assets

- **Pimicotinib (ABSK021), CSF-1R Inhibitor**

  Pimicotinib is an orally bioavailable, selective, and potent small molecule CSF-1R inhibitor in development for the treatment of oncology and non-oncology indications. Overexpression of CSF-1 is commonly observed in tumors and at sites of inflammation. CSF-1R inhibitors have demonstrated promise as a potential treatment for indications including, but not limited to, TGCT, cGvHD, pancreatic cancer, colorectal cancer and amyotrophic lateral sclerosis ("**ALS**").

  Pimicotinib was the first CSF-1R inhibitor developed in China to enter into a global, multi-center phase III clinical trial for TGCT, MANEUVER. We announced positive topline results of the MANEUVER study in November 2024. Pimicotinib has been granted Breakthrough Therapy Designation ("**BTD**") by both the China NMPA and the US FDA, as well as PRIME designation by the European Medicines Agency ("**EMA**"), for the treatment of TGCT patients who are not amenable to surgery. Additionally, pimicotinib has received Fast Track Designation ("**FTD**") from the US FDA and Orphan Drug Designation ("**ODD**") from the EMA for the treatment of TGCT.

  We are also conducting a clinical study in patients with cGvHD as part of our indication expansion efforts. cGvHD is a clinicopathological syndrome that occurs when donor lymphocytes attack the recipient's organs following allogeneic hematopoietic stem cell transplantation ("**HSCT**"). In many cases, cGvHD can persist for several months to years, significantly impacting patient quality of life. Preliminary phase II data and recent clinical experience suggest that pimicotinib represents a promising potential therapeutic option for the management of cGvHD.

  In addition, we are conducting an ongoing phase II clinical study of pimicotinib in combination with chemotherapy, and with or without toripalimab in patients with advanced pancreatic cancer in China.

Recent Progress for TGCT

In April 2024, we completed patient enrollment for our global phase III MANEUVER study of pimicotinib for the treatment of TGCT. A total of 94 patients were enrolled, exceeding the original target of 90. The study is being conducted across more than 30 investigational sites worldwide, with patients from Europe and North America comprising more than half of total enrolled patients. This phase III trial is a randomized, double-blind, placebo-controlled, multicenter study, marking the first global phase III trial for TGCT to be conducted simultaneously in China, the US, Canada, and Europe.

In November 2024, we announced positive topline results from our phase III MANEUVER study of pimicotinib in patients with TGCT. Pimicotinib met the primary endpoint with an ORR at Week 25 of 54.0% compared to 3.2% for placebo ($p<0.0001$) based on RECIST v1.1 per BIRC. Pimicotinib also demonstrated statistically significant and clinically meaningful improvements versus placebo across all key secondary endpoints, including ORR per tumor volume score, active range of motion, stiffness, pain, and physical function. Treatment with oral, once-daily pimicotinib was well-tolerated, with very low rates of discontinuation due to treatment-related adverse events.

In November 2024, we also announced long-term follow-up results from the phase Ib study of pimicotinib in patients with TGCT at the CTOS 2024 Annual Meeting. As at June 30, 2024, updated data from 42 patients who received the 50 mg QD dose of pimicotinib demonstrated a best ORR of 85.0% based on RECIST v1.1 per IRC with a median duration of treatment of 20.67 months (0.5, 30.1). The overall safety profile of pimicotinib remained consistent, with no distinct adverse events emerging with long-term follow-up and no evidence of cholestatic hepatotoxicity.

In November 2024, we presented model-informed dose selection results for pimicotinib for the treatment of TGCT at the American Conference on Pharmacometrics ("**AcoP**") 2024. The study integrated a variety of parameters including drug pharmacokinetics, safety, and efficacy data to guide model-informed dose selection. These results support 50 mg QD as the recommended dose of pimicotinib for the global development and treatment of TGCT.

Recent Progress for cGvHD

In December 2024, we presented preliminary phase II study results of pimicotinib for the treatment of cGvHD during an oral presentation at the 66th ASH Annual Meeting. As at November 22, 2024, a preliminary 64% ORR was observed in the subset of patients receiving pimicotinib 20mg QD, with responses observed in all affected organs, including the gastrointestinal tract, oral cavity, eyes, liver, joints and fascia, esophagus, skin, and lungs. As at the data cut-off date, the majority of enrolled patients have not yet completed the 6-month treatment cycle to determine the primary endpoint of the study, suggesting the potential for improved outcomes with longer-term treatment with pimicotinib. The results also show that pimicotinib is well tolerated in heavily pretreated patients with cGvHD, and the majority of adverse events were Grade 1 and reversible.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK021 SUCCESSFULLY.

- Irpagratinib (ABSK011), FGFR4 Inhibitor

  Irpagratinib is a potent and highly selective small-molecule inhibitor of FGFR4, currently in development for the treatment of patients with advanced HCC characterized by hyperactivation of the FGF19/FGFR4 signaling pathway. The FGFR4 signaling pathway represents a promising target for molecularly targeted therapies in HCC. Approximately 30% of HCC patients worldwide exhibit overexpression of FGF19/FGFR4. To date, no FGFR4 inhibitor has been commercially approved.

  We believe irpagratinib represents a new and novel mechanism for the treatment of HCC, and we are actively conducting clinical trials of irpagratinib as monotherapy and in combination with other therapies in late- and first-line treatment settings for HCC.

  Recent progress of irpagratinib is as follows:

  Monotherapy

  In December 2024, we received approval from the China CDE of the NMPA to initiate a registrational clinical trial for irpagratinib. The approved registrational clinical trial is designed as a multi-center, randomized, double-blind study designed to evaluate the efficacy and safety of irpagratinib in combination with Best Supportive Care ("**BSC**") versus placebo in combination with BSC in patients with advanced or unresectable HCC who have FGF19 overexpression and who have previously received systemic therapy.

  In September 2024, we presented updated phase I clinical safety and efficacy results for irpagratinib in patients with previously treated advanced HCC at ESMO Congress 2024. The irpagratinib 220mg BID cohort demonstrated an ORR of 44.8%, mDoR of 7.4 months, and mPFS of 5.5 months in FGF19+ advanced HCC patients who have received ICI and mTKI therapies in prior lines of treatment.

  In April 2024, irpagratinib was granted ODD by US FDA for the treatment of HCC.

  Combination with Atezolizumab

  We are conducting a phase II trial of irpagratinib in combination with the anti-PD-L1 antibody, atezolizumab, in patients with advanced HCC with FGF19 overexpression in the Mainland China.

  In June 2024, we presented updated phase II clinical trial results investigating irpagratinib in combination with atezolizumab for the treatment of advanced HCC at the 2024 ESMO-GI Congress. Irpagratinib 220mg BID in combination with atezolizumab demonstrated an ORR of 50% in FGF19+ HCC patients. This study is still ongoing and the efficacy of the BID cohorts warrants further investigation.

  In April 2024, we presented preclinical combination study results of irpagratinib during an oral presentation at the 2024 AACR Annual Meeting. Study results illustrate broad synergistic and combinatory anti-tumor effects of irpagratinib with various other therapeutic agents in preclinical HCC models.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK011 SUCCESSFULLY.

- ABSK043, Oral PD-L1 Inhibitor

ABSK043 is an orally bioavailable, highly selective small molecule PD-L1 inhibitor in development for the treatment of various cancers, as well as potential non-oncology indications.

While anti-PD-1/anti-PD-L1 antibody therapies have significantly advanced cancer treatment, antibody-based immunotherapies are associated with a number of limitations, including lack of oral bioavailability, immunogenicity, and higher distribution and manufacturing cost. Such challenges may be addressed with small molecule inhibitors, offering potential advantages in terms of efficacy, safety, and cost-effectiveness.

We are conducting a phase I study of ABSK043 in Australia and China, and concurrently exploring various combination therapy clinical strategies.

Recent progress of ABSK043 is as follows:

Monotherapy

We are conducting a phase I study in Australia to assess the safety, tolerability, and PK/PD profile of ABSK043 in patients with solid tumors. The study is expected to complete soon.

We are also conducting a phase Ib trial in China for patients with solid tumors.

In December 2024, we presented updated phase I study results of ABSK043 during an oral presentation at ESMO Asia 2024. Among the 49 response-evaluable IO-naïve patients, ABKS043 achieved an ORR of 20.4% at active doses (600-1000mg BID). Within the set of patients, 15 IO-naïve patients with NSCLC achieved an ORR of 33.3% and a DCR of 73.3%. Greater levels of efficacy were observed in NSCLC patients with high PD-L1 expression (TPS≥50%), demonstrating an ORR of 41.7%, including those with EGFR or KRAS mutations. Safety and tolerability were notable as well. Among the 90 patients who had received ABSK043, no ILD was observed and only 8.9% of patients reported Grade 3 or higher TRAEs.

Combination with Furmonertinib

In December 2024, we dosed the first patient in an open-label phase II dose-escalation and dose expansion study to evaluate the efficacy and safety of ABSK043 in combination with furmonertinib in patients with EGFR-mutated, locally advanced or metastatic NSCLC. The combination of ABSK043 and furmonertinib is expected to improve therapeutic outcomes by not only stimulating the immune system but also directly interfering with tumor cell proliferation, potentially leading to a more robust and sustained anti-tumor response.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK043 SUCCESSFULLY.

- **ABSK061, FGFR2/3 Inhibitor**

  ABSK061 is an orally bioavailable, highly potent, and selective small molecule inhibitor targeting FGFR2/3. By specifically reducing FGFR1 activity, ABSK061 may minimize off-target adverse effects and offer a broader therapeutic window compared to non-selective FGFR inhibitors. These advantages could potentially lead to improved treatment outcomes in oncology and non-oncology indications, such as ACH. ACH is a common form of human dwarfism characterized by rhizomelic limb shortening and relative macrocephaly, with the majority of cases caused by point mutations in the FGFR3 gene.

  ABSK061 is the first FGFR2/3 inhibitor to enter clinical studies globally, and we believe it has the potential to be a next-generation FGFR inhibitor due to its improved selectivity compared to currently marketed pan-FGFR inhibitors.

  Recent Progress for Oncology Indication

  Monotherapy

  We are conducting phase I clinical trials for ABSK061 in patients with solid tumors in both China and the US.

  In February 2024, preliminary results from the first-in-human study of ABSK061 in patients with advanced solid tumors were presented during an oral presentation at the 2024 ESMO TAT conference. The ABSK061 75mg BID and 150mg QD cohorts demonstrated promising anti-tumor activity, achieving an ORR of 37.5% in with patients with solid tumors harboring FGFR-activating alterations.

  Combination with ABSK043

  In November 2024, we dosed the first gastric cancer patient as part of a phase II clinical study of ABSK061 in combination with ABSK043, our internally developed oral PD-L1, for treatment of solid tumors.

  In previous studies, both drugs demonstrated robust anti-tumor activity, a favorable safety profile, and low-risk of drug interaction, supporting the exploration of ABSK061 in combination with ABSK043 in advanced solid tumors with FGFR alterations.

  Recent Progress for ACH

  In December 2024, we submitted an IND application for the treatment of ACH to the China NMPA.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK061 SUCCESSFULLY.

- Fexagratinib (ABSK091/AZD4547), Pan-FGFR Inhibitor

Fexagratinib, previously known as AZD4547, is a potent and selective inhibitor of FGFR subtypes 1, 2 and 3. In November 2019, we entered into an exclusive license agreement with AstraZeneca AB ("**AstraZeneca**") to obtain the global rights for the development, manufacturing and commercialization of fexagratinib. Previous clinical experience with fexagratinib demonstrated promising efficacy in a variety of cancers, including advanced urothelial carcinoma and gastric cancer.

Current Status

We are conducting a phase II monotherapy study of fexagratinib for the treatment of patients with urothelial carcinoma, and a phase II study in combination with tislelizumab for the treatment of patients with urothelial carcinoma in mainland China.

Preliminary phase II efficacy and safety results of fexagratinib were presented in patients with urothelial carcinoma harboring FGFR2 or FGFR3 alterations in 2022. Fexagratinib achieved a confirmed ORR of 30.7% (4/13) in mUC patients with FGFR3 alteration (including mutations and/or fusions), and a confirmed ORR of 44% (4/9) in patients with FGFR3 mutations, which is consistent with results from the prior BISCAY trial of fexagratinib in similar patients outside of China. The preliminary safety results showed that 80mg BID fexagratinib was well-tolerated in Chinese patients, and no drug-related grade 4 or above adverse effects were reported.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK091 SUCCESSFULLY.

- ABSK121, FGFR1-3 Resistant Mutations Inhibitor

ABSK121 is a highly selective, next-generation small molecule FGFR inhibitor that targets both wild-type and mutations of FGFR1-3, including those resistant to currently approved and clinical-stage FGFR inhibitors. ABSK121 can potentially bring clinical benefits to patients who have relapsed or have seen disease progression following initial treatment with first-generation FGFR inhibitors. In preclinical studies, ABSK121 demonstrated strong potency against wild-type and various mutations of FGFR1-3, and showed robust in vivo efficacy in FGFR dependent and FGFR-mutant dependent models.

Current Status

We are concurrently conducting phase I clinical trials in China and the US for the treatment of patients with advanced solid tumors. First-patient dosing was completed in China in June 2023.

WE MAY NOT ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK121 SUCCESSFULLY.

- **ABSK112, EGFR Exon20ins Inhibitor**

ABSK112 is a next-generation EGFR Exon20ins inhibitor with improved selectivity over wild-type EGFR and strong brain-penetration activity. EGFR exon 20 mutations occur in 3-5% of patients with NSCLC, and are resistant to currently available first-, second- and third-generation EGFR inhibitors. By increasing selectivity, improvements in target modulation and anti-tumor efficacy may be observed. ABSK112 demonstrated strong activity against EGFR exon 20 mutations and clear selectivity against wild-type EGFR in various cellular assays, and robust efficacy and PD effects in mouse xenograft models bearing EGFR exon 20 mutations.

ABSK112 received IND clearance from the China NMPA in October 2023 and US FDA in July 2023. Phase I studies are currently being conducted in the US and China.

Current Status

In February 2024, we completed first patient dosing for the treatment of NSCLC in China.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK112 SUCCESSFULLY.

- **Mavorixafor (ABSK081/X4P-001), CXCR4 Inhibitor**

Mavorixafor (ABSK081) is a novel small molecule antagonist of CXCR4 and is currently the only orally bioavailable CXCR4 modulator in clinical development worldwide. ABSK081 has the potential to offer a therapeutic option for various cancers, where the CXCR4/CXCL12 axis plays a critical role in shaping the tumor microenvironment ("**TME**"), promoting immune evasion, neoangiogenesis, and tumor metastasis.

In July 2019, we entered into an exclusive license agreement with X4 Pharmaceuticals ("**X4**") to obtain the rights for the development, manufacturing and commercialization of mavorixafor (ABSK081) in mainland China, Taiwan, Hong Kong and Macau for all oncologic indications and WHIM Syndrome (warts, hypogammaglobulinemia, infections and myelokathexis), excluding mozobil indications and any use for auto-HSCT treatment and allo-HSCT treatments.

Current Status

In April 2024, X4 obtained the market approval of Xolremdi (mavorixafor) from the US FDA for patients 12 years of age and older with WHIM syndrome.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK081 SUCCESSFULLY.

- ABSK051, CD73 Inhibitor

ABSK051 is a small molecule CD73 inhibitor in development for the treatment of various tumor types, including lung and pancreatic cancer. In preclinical studies, ABSK051 demonstrated strong potency in inhibiting the activities of soluble and surface-expressed CD73. It has also shown strong efficacy in vivo across various animal models.

Current Status

We are currently conducting a phase I trial in China to assess safety, tolerability and PK/PD, as well as preliminary anti-tumor activity in patients with advanced solid tumors. In January 2024, we completed first patient dosing.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK051 SUCCESSFULLY.

- ABSK012, FGFR4 Mutation Inhibitor

ABSK012 is an orally bioavailable, highly selective, next-generation small molecule FGFR4 inhibitor with strong potency against both wild-type and FGFR4 mutations. In preclinical studies, ABSK012 demonstrated strong activity in vitro against both wild-type FGFR4 and FGFR4 mutations resistant to current FGFR4 inhibitors, and excellent in vivo efficacy in FGF19-driven and FGFR4-mutant models.

Current Status

In November 2023, we obtained IND clearance from the US FDA for a first-in-human phase I study in patients with advanced solid tumors. In April 2023, ABSK012 was granted ODD by the US FDA for the treatment of soft tissue sarcoma.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK012 SUCCESSFULLY.

- ABK131, PRMT5*MTA Inhibitor

ABSK131 is a potent and selective a next-generation MTA-cooperative and brain-penetrant PRMT5 inhibitor, discovered through leveraging our advanced computation-aided structural analysis and medicinal chemistry design. In October 2024, we presented our latest preclinical research progress for ABSK131 during the 2024 EORTC-NCI-AACR Conference.

Current Status

We obtained IND clearance from the US FDA in December 2024, and submitted the IND application to the China NMPA in December 2024.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK131 SUCCESSFULLY.

- **ABK3376 (AST2303): EGFR-C797S inhibitor**

  ABK3376 (AST2303) is a highly potent, selective, and brain-penetrant next-generation EGFR inhibitor, discovered using our proprietary drug discovery platform. ABK3376 is designed to efficiently target and inhibit the EGFR-C797S mutation, which can arise after treatment with third-generation EGFR-TKIs. In May 2023, we out-licensed Greater China rights for ABK3376 to Allist.

  Current Status

  In September 2024, ABK3376 (AST2303) was cleared by the China NMPA for a phase I study for the treatment of patients with NSCLC harboring the EGFR-C797S mutation.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABK3376 (AST2303) SUCCESSFULLY.

- **IND-enabling candidates**

  ABSK141 is a novel, potent, and highly orally bioavailable small-molecule KRAS-G12D inhibitor. We presented our preclinical research progress for ABSK141 at the 2024 EORTC-NCI-AACR Conference in October 2024. In preclinical studies, ABSK141 demonstrates high binding affinity, good biochemical activity and strong anti-tumor activity in multiple KRAS-G12D xenograft models. We are currently conducting IND-enabling studies for ABSK141.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ABSK141 SUCCESSFULLY.

Business Development

One of our core growth strategy is strategic collaboration. We have assembled a team focused on identifying and fostering new partnerships and business development activities. By actively engaging in various initiatives, our goal extends beyond preclinical or clinical development success; we aspire to unleash the full potential of our innovative drug pipeline while fostering synergistic relationships that drive progress.

In March 2023, we entered into an exclusive license agreement with Allist regarding ABK3376, a next-generation EGFR TKI. Under the terms of the agreement, Allist will be responsible for the research, development, manufacture, use, and sales of ABK3376 (AST2303) in Greater China (the Mainland China, Hong Kong, Macau and Taiwan). We also granted Allist a time-limited option to expand the licensed territory worldwide in accordance with terms and conditions as agreed upon by both parties. We are eligible to receive up to USD187.9 million in payments, including upfront, development and sales milestones, plus tiered royalties on net sales. In September 2024, IND clearance for ABK3376 (AST2303) was granted by the China NMPA and we have received the relevant milestone payment.

In December 2023, we entered into an exclusive licensing agreement with Merck regarding pimicotinib, a CSF-1R inhibitor. Under the terms of the agreement, Merck will be responsible for the commercialization of pimicotinib for all indications in the Mainland China, Hong Kong, Macau and Taiwan. In addition, Merck has the exclusive option for global commercial rights and the option to co-develop pimicotinib for additional indications under certain conditions. We are eligible to receive up to USD605.5 million in payments, including upfront, development, and commercial milestones, as well as double-digit percentage royalties on annual net sales.

In February 2024, we received the one-time, non-refundable upfront payment of USD70 million pursuant to the terms of the license agreement with Merck. In the event that Merck exercises the global commercialization option, Merck will pay us an additional option exercise fee.

Research and Development

Innovative discovery, research and development represent the foundation of our Company. We believe our focus and expertise in this area is critical not only to our growth, but also our ability to remain competitive in the Chinese and global biopharmaceutical market.

We are dedicated to enhancing our pipeline through leveraging our leading in-house R&D capabilities, spanning early-stage drug discovery to late-stage clinical development.

As at December 31, 2024, our R&D team consists of 226 employees with broad and extensive clinical development experience, particularly in oncology. Among our R&D staffs, 71% have obtained at least one post-graduate degree, and 20% hold Ph.D. degrees. Among our preclinical R&D staffs, 80% have obtained at least post-graduate degrees, and 28% hold Ph.D. degrees.

Drug Discovery and Preclinical Development

Our drug discovery research and development efforts are led by our founders, Dr. Xu Yao-Chang (“**Dr. Xu**”) and Dr. Yu Hongping (“**Dr. Yu**”), who collectively have made profound contributions to dozens of discovery programs, many of which have achieved successful regulatory approval and marketing authorization both in China and globally, including Ameile (almonertinib), Cymbalta (duloxetine), Balversa (erdafitinib), Reyvow (lasmiditan), Fu Laimei (PEG-loxenatide), Kisqali (ribociclib), and Xinfu (flumatinib).

We leverage advanced discovery and engineering technologies to identify and select lead compounds with optimal pharmaceutical properties and broad market potential. Our drug discovery team works closely with our Chemistry, Manufacturing, and Controls (“**CMC**”) team early in the process to align objectives, ensure regulatory compliance, and facilitate a smooth transition from discovery to clinical development. Additionally, our drug discovery team includes a translational medicine function that focuses on biomarker discovery and bioinformatics analysis to support our clinical studies. Through translational research, we assess treatment efficacy, explore methods for customizing therapies, and refine personalized medicine guidelines based on new data. These insights help inform our ongoing efforts in novel drug and biomarker discovery.

Clinical Development

Our clinical development team is led by Dr. Ji Jing, who holds a Doctor of Medicine ("**MD**") degree from Fudan University and Shanghai Second Medical University, specializing in gastrointestinal and liver diseases. With over 25 years of experience in both early- and late-stage clinical development, Dr. Jing has held key leadership roles in global pharmaceutical companies, including Clinical Development Leader and Head of Therapeutic Area. She has successfully led and managed a wide array of functions, including medical affairs, clinical operations, quality control, clinical research, clinical pharmacology, and patient safety.

Our team oversees all phases of clinical trials, from design and implementation to drug supply and data collection and analysis. We have established partnerships with hospitals and principal investigators across China, the US, and other regions to support clinical trials for various indications at different stages. Our extensive experience in clinical trial execution enables us to accelerate the development of our drug portfolio.

Driven by our vision to address the unmet medical needs of patients in China and worldwide, we have consistently targeted broad and global markets. We believe this approach will maximize the commercial potential of our assets.

As at December 31, 2024, we have received approximately 33 INDs or clinical trial clearances across multiple countries and regions. As at the date of this report, we have one global phase III study ongoing in the US, Canada and Europe for pimicotinib. We have a phase I trial ongoing in Australia for ABSK043, and three phase I trials ongoing in the US for ABSK061, ABSK112, and ABSK121 respectively. We have completed a Phase Ib trial in Taiwan for irpagratinib, and a completed phase Ib/II trial in Taiwan for fexagratinib.

Events after the Reporting Period

Subsequent to December 31, 2024, no business-related significant events took place.

Future and Outlook

We achieved several clinical and operational milestones in 2024 and remain confident in our future prospects across all fundamental areas. In due course, we will rapidly accelerate our transition to a new and sustainable model that supports ongoing and future innovative drug development. Maintaining our proactive and dynamic approach to embrace local and global opportunities positions us well within the biotechnology and pharmaceutical competitive landscape.

We firmly believe in the power and potential of innovation and creativity, and are committed to our mission of leveraging our leading R&D platform to develop high-value pipeline products that address significant unmet medical needs around the world. We are dedicated to creating sustainable value for all of our stakeholders. We will:

– continue to innovate and advance our pipeline, accelerating clinical-stage assets and new discovery candidates

– actively explore and establish empowering partnerships

– maintain operational excellence and continuously optimize our financial position

– continue to appreciate and remunerate our shareholders

II. FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	4	503,992	19,060
Cost of sales		–	–
Gross profit		503,992	19,060
Other income and gains	5	104,090	87,376
Research and development expenses	6	(451,376)	(433,736)
Administrative expenses	7	(74,210)	(96,401)
Other expenses	8	(2,859)	(5,712)
Finance costs	9	(1,608)	(2,170)
PROFIT/(LOSS) BEFORE TAX		78,029	(431,583)
Income tax expense	10	(49,727)	–
PROFIT/(LOSS) FOR THE YEAR		28,302	(431,583)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		533	(1,079)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the Company		22,084	32,885
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		22,617	31,806
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		50,919	(399,777)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		50,919	(399,777)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic			
– For profit/(loss) for the year		RMB0.04	RMB (0.67)
Diluted			
– For profit/(loss) for the year		RMB0.04	RMB (0.67)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**29,347**	34,264
Right-of-use assets		**23,471**	35,082
Other intangible assets		**4,828**	4,634
Other non-current assets	13	**28,967**	–
Total non-current assets		**86,613**	73,980
CURRENT ASSETS			
Prepayments and other receivables	14	**61,013**	68,993
Financial assets at fair value through profit or loss		**233**	918
Time deposits over three months	15	**1,669,657**	1,385,973
Pledged time deposits	15	**–**	7,437
Cash and cash equivalents	15	**289,531**	578,081
Total current assets		**2,020,434**	2,041,402
CURRENT LIABILITIES			
Other payables and accruals	16	**124,425**	98,119
Derivative financial instruments		**–**	437
Lease liabilities		**11,017**	10,610
Total current liabilities		**135,442**	109,166
NET CURRENT ASSETS		**1,884,992**	1,932,236
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,971,605**	2,006,216
NON-CURRENT LIABILITIES			
Lease liabilities		**13,269**	25,114
Total non-current liabilities		**13,269**	25,114
Net assets		**1,958,336**	1,981,102
EQUITY			
Equity attributable to owners of the parent			
Share capital		**44**	46
Treasury shares		**(3)**	(4)
Reserves		**1,958,295**	1,981,060
Total equity		**1,958,336**	1,981,102

NOTES

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and wealth management products which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

1.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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

1 Effective for annual periods beginning on or after 1 January 2025

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual/Reporting Periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Research and development expenses

Development expenses incurred on the Group's drug product pipelines are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. During the Reporting Period, all expenses incurred for research and development activities were expensed when incurred.

Estimation uncertainty

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

Share-based payments

The Group has set up an equity share option plan for the Company's Directors and the Group's employees. The fair value of the options is determined by the binomial model at the grant dates.

Estimating the fair value for share-based payment transactions requires the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share options, volatility and dividend yield and making assumptions about them.

For the fair value measurement of equity-settled transactions with employees at the grant date, the Group uses a binomial model.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

3. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group has only one reportable operating segment, which is the development of innovative medicines. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers
Revenue from external customers is disclosed in note 4.

(b) Non-current assets
Since nearly all of the Group's non-current assets were located in Mainland China, no geographical information about non-current assets in accordance with IFRS 8 Operating Segments is presented.

4. REVENUE

An analysis of revenue is as follows:

	2024 **RMB'000**	2023 RMB'000
Revenue from contracts with customers	**503,992**	19,060

(a) *Disaggregated revenue information*

	2024 **RMB'000**	2023 RMB'000
Type of goods or services		
Licensing revenue	**503,992**	19,060
Geographical market		
European Union	**497,273**	–
Mainland China	**6,719**	19,060
Total	**503,992**	19,060
Timing of revenue recognition		
At a point in time	**503,992**	19,060

Revenue increased to RMB504.0 million for the year ended December 31, 2024 from RMB19.1 million for the year ended December 31, 2023, by RMB484.9 million. During the year, the Group recorded one-time licensing revenue of RMB504.0 million, of which RMB497.3 million was generated from an exclusive licensing agreement with Merck, and RMB6.7 million was generated from an exclusive licensing agreement with Allist.

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

(b) *Performance obligations*

Out-licensing revenue

The Group's out-licensing revenue is intellectual property licenses during the year. For the intellectual property licenses, the performance obligation is satisfied upon the control of the license is transferred to the customer and the payment is generally due upon completion of transfer or payment in advance is required.

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2024 RMB'000	2023 RMB'000
Other income		
Interest income	**89,099**	65,493
Other gains		
Government grants*	**13,196**	21,177
Foreign exchange gains	**1,795**	–
Fair value gains on financial assets at fair value through profit or loss	**–**	706
Total gains	**14,991**	21,883
Total	**104,090**	87,376

* The government grants mainly represent subsidies received from the Mainland China governments for the purpose of supporting research and clinical trial activities, allowances for new drug development and the tax refunds received from the Australian Taxation Office. There were no unfulfilled conditions or contingencies relating to these grants received during the year.

Other income and gains increased to RMB104.1 million for the year ended December 31, 2024, from RMB87.4 million for the year ended December 31, 2023, by RMB16.7 million, primarily attributable to an increase in interest income of RMB23.6 million, partially offset by a decrease in government subsidies.

6. RESEARCH AND DEVELOPMENT EXPENSES

An analysis of research and development expenses is as follows:

	2024 RMB'000	2023 RMB'000
Third-party contracting costs	**235,902**	230,797
Employee cost	**166,494**	164,841
Others	**48,980**	38,098
Total	**451,376**	433,736

Research and development expenses increased to RMB451.4 million for the year ended December 31, 2024, from RMB433.7 million for the year ended December 31, 2023, by RMB17.7 million, primarily attributable to an increase in third-party contracting costs by RMB5.1 million as we advanced our clinical trials to later stage while expanding early discovery and research activities at the same time.

7. ADMINISTRATIVE EXPENSES

An analysis of administrative expenses is as follows:

	2024	2023
	RMB'000	RMB'000
Employee cost	**51,078**	60,788
Third-party advisory service costs	**12,912**	26,582
Others	**10,220**	9,031
Total	**74,210**	96,401

Administrative expenses decreased to RMB74.2 million for the year ended December 31, 2024, from RMB96.4 million for the year ended December 31, 2023 by RMB22.2 million, primarily attributable to a decrease in share-based payment expenses and third-party advisory service costs.

8. OTHER EXPENSES

An analysis of other expenses is as follows:

Other expenses decreased to RMB2.9 million for the year ended December 31, 2024, from RMB5.7 million for the year ended December 31, 2023, by RMB2.8 million, primarily attributable to the decrease of the foreign exchange loss.

9. FINANCE COSTS

An analysis of finance costs is as follows:

	2024	2023
	RMB'000	RMB'000
Interest on lease liabilities	**1,608**	2,170

Finance costs decreased to RMB1.6 million for the year ended December 31, 2024, from RMB2.2 million for the year ended December 31, 2023. Decrease in finance cost is mainly due to the decrease of interest on lease liabilities.

10. INCOME TAX

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

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to income tax under the two-tiered profits tax rates regime on the estimated assessable profits arising in Hong Kong during the year. The first HKD2.0 million of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income. A subsidiary was accredited as a "High and New Technology Enterprise" ("**HNTE**") in October 2022 and therefore it was entitled to a preferential CIT rate of 15% from 1 January 2022 to 31 December 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Australia

No provision for Australia income tax has been made as the Group had no assessable profits derived from or earned in Australia during the year. The subsidiary incorporated in Australia is subject to income tax at the rate of 30% on the estimated assessable profits arising in Australia during the year.

Germany

During the year ended 31 December 2024, the Group was subject to German withholding tax on licensing revenue received from a Germany-based customer.

The income tax expense of the Group is analysed as follows:

	2024 **RMB'000**	2023 RMB'000
Current tax		
German withholding tax	**49,727**	–

11. DIVIDENDS

No dividend was paid or declared by the Company during the year ended 31 December 2024 (year ended 31 December 2023: Nil).

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amounts is based on the profit or loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 633,992,967 (year ended 31 December 2023: 647,226,272) outstanding during the year, as adjusted to reflect the shares repurchased during the year.

The calculation of the diluted earnings/(loss) per share amounts is based on the profit or loss for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 December 2023 in respect of a dilution as the impact of the share options and restricted share units outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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

	2024	2023
	RMB'000	RMB'000
Earnings/(Loss)		
Profit/(Loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation	**28,302**	(431,583)

	Numbers of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings/(loss) per share calculation*	**633,992,967**	647,226,272
Effect of dilution – weighted average number of ordinary shares:		
Share incentive plan	**15,601,842**	–
Total	**649,594,809**	647,226,272

* The weighted average number of shares was after taking into account the effect of treasury shares held.

13. OTHER NON-CURRENT ASSETS

	2024 RMB'000
Tax deduction related to withholding tax	**28,967**

During the year, a Germany-based customer withheld excessive tax amounting to RMB78.7 million on the Group's licensing revenue from the customer, without considering the relevant bilateral tax treaties. According to these treaties, licensing revenue received from a Germany-based customer is generally subject to a withholding tax rate of 10%. The non-current assets in relation to such excessive withholding tax amounted to RMB29.0 million.

14. PREPAYMENTS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Prepayments to suppliers	**9,054**	21,292
Loans to employees*	**3,705**	9,381
Deposits and other receivables	**48,254**	38,320
Total	**61,013**	68,993

* The loans to employees were given by the Group for the purpose of enabling the employees to exercise share options of the Company.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

15. TIME DEPOSITS OVER THREE MONTHS, PLEDGED TIME DEPOSITS AND CASH AND CASH EQUIVALENTS

The details of cash and bank balances (including time deposits over three months, pledged time deposits and cash and cash equivalents) are as follows:

	2024 RMB'000	2023 RMB'000
Cash and bank balances	**1,959,188**	1,971,491
Less:		
Pledged time deposits*	**–**	7,437
Time deposits over three months**	**1,669,657**	1,385,973
Cash and cash equivalents	**289,531**	578,081

* They represent one-year pledged time deposits of USD1.1 million (equivalent to RMB7.4 million) pledged for the Group's forward currency contracts with annual return rates ranging from 5.0% to 5.1%, which were withdrawn in August 2024.

** They represent time deposits with initial terms of over three months, acquired from commercial banks, with annual return rates ranging from 4.13% to 5.3% (year ended 31 December 2023: 2.02% to 5.7%) as at 31 December 2024. None of these deposits are either past due or impaired. None of these deposits are pledged.

The breakdown of cash and bank balances by the denomination of currency is as follows:

	2024 **RMB'000**	2023 RMB'000
Denominated in:		
RMB	**198,216**	594,887
USD	**1,749,408**	1,364,728
HKD	**6,029**	11,644
AUD	**5,535**	232
Cash and bank balances	**1,959,188**	1,971,491

16. OTHER PAYABLES AND ACCRUALS

	2024 **RMB'000**	2023 RMB'000
Payables for research and development services	**67,632**	55,524
Payroll payable	**26,105**	25,740
Other tax payables	**16,142**	2,113
Payables of construction and purchase of equipment	**1,977**	132
Amounts due to related parties	**–**	388
Other payables	**12,569**	14,222
Total	**124,425**	98,119

Other payables and accruals are unsecured, non-interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in other payables and accruals as at the end of each of the Reporting Periods approximated to their fair values due to their short-term maturities.

NON-IFRS MEASURE

To supplement the Group's Consolidated Financial Statements, which are presented in accordance with the IFRS, the Company also uses adjusted profit/(loss) for the year and other adjusted figures as additional financial measures, which are not required by, or presented in accordance with, the IFRS. The Company believes that these adjusted measures provide useful information to shareholders and potential investors in understanding and evaluating the Group's consolidated results of operations.

Adjusted profit/(loss) for the year represents the profit/(loss) for the year excluding the effect of certain non-cash items, namely share-based payment expenses. The term adjusted profit/(loss) for the year is not defined under the IFRS. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS. The Company's presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this and other non-IFRS measures are reflections of the Group's normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance, and thus facilitate comparisons of operating performance from period to period and company to company to the extent applicable.

The table below sets forth a reconciliation of the profit/(loss) to adjusted profit/(loss) during the years indicated:

	2024 **RMB'000**	2023 RMB'000
Profit/(Loss) for the year	**28,302**	(431,583)
Added:		
Share-based payment expenses	**20,739**	47,398
Adjusted profit/(loss) for the year	**49,041**	(384,185)

The table below sets forth a reconciliation of the research and development expenses to adjusted research and development expenses during the years indicated:

	2024 **RMB'000**	2023 RMB'000
Research and development expenses for the year	**(451,376)**	(433,736)
Added:		
Share-based payment expenses	**13,771**	27,807
Adjusted research and development expenses for the year	**(437,605)**	(405,929)

The table below sets forth a reconciliation of the administrative expenses to adjusted administrative expenses during the years indicated:

	2024 **RMB'000**	2023 RMB'000
Administrative expenses for the year	**(74,210)**	(96,401)
Added:		
Share-based payment expenses	**6,968**	19,591
Adjusted administrative expenses for the year	**(67,242)**	(76,810)

Liquidity and Financial Resources

The Group's cash and bank balances including time deposits over three months, pledged time deposits and cash and cash equivalents as at December 31, 2024 were RMB1,959.2 million, representing a slight decrease of 0.6% compared to RMB1,971.5 million as at December 31,2023. The slight decrease of cash was due to higher spending on research and development activities and share repurchases, offsetting the increase in revenue.

Gearing ratio

Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As at December 31, 2024, our gearing ratio was 7% (as at December 31, 2023: 6%).

Other Financial Information

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this report, we do not have any future plans for material investments or capital assets as at the date of this report.

Foreign Exchange Risk

Our financial statements are expressed in RMB, but certain of our financial assets measured at fair value through profit or loss and other payables are denominated in foreign currencies and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Bank Loans and Other Borrowings

As at December 31, 2024, we did not have any bank loans or other forms of borrowings.

Contingent Liabilities

The Group had no material contingent liability as at December 31, 2024.

Charges on Group Assets

As December 31, 2024, we did not have any charges on our assets.

DIRECTORS AND SENIOR MANAGEMENT

As at the date of this report, the biography details of the Directors and senior management are set out as follows:

EXECUTIVE DIRECTORS

Dr. XU Yao-Chang (徐耀昌), aged 68, is a co-founder of the Group. Dr. Xu founded the Group on April 12, 2016 and was appointed as a Director, Chairman of the Board and Chief Executive Officer ("**CEO**") of the Company on March 28, 2018. Dr. Xu was designated as an executive Director on June 10, 2021.

Dr. Xu has over 30 years of experience in R&D in oncology and other disease areas. Dr. Xu began his career at the University of Sherbrooke in Canada as a postdoctoral researcher in 1988. He then worked at BioChem Pharma Inc., a company engaged in new drug R&D for anti-virus and antitumor in the early 1990s. Dr. Xu served as senior organic chemist from October 1993 and subsequently Head of Discovery Chemistry Research until January 2006 at Eli Lilly and Company (Lilly), a pharmaceutical company engaged in the development of pharmaceutical products for treatment in areas of oncology, diabetes, immunology and neurodegeneration. From January 2006 to March 2012, Dr. Xu served as the Executive Director at Novartis International AG, a pharmaceutical company principally engaged in the development, manufacture and marketing of branded and generic prescription drugs, active pharmaceutical ingredients ("**APIs**"), biosimilars and ophthalmic products. From March 2012 to March 2016, Dr. Xu served as the General Manager of the Hansoh Pharmaceutical Group Shanghai Research and Development Centre (豪森醫藥集團上海新藥研發中心) of Shanghai Hansoh BioMedical Co., Ltd. (上海翰森生物醫藥科技有限公司) ("**Hansoh Shanghai**"), a subsidiary of 江蘇豪森藥業集團有限公司 ("**Hansoh**"), a pharmaceutical company engaged in the development of pharmaceutical products in areas of antitumor, central nervous system and diabetes. During his tenure at Hansoh, Dr. Xu also served as the Chairman of Hengrui-Hansoh New Drug Discovery Committee (恒瑞－豪森醫藥研發委員會).

Dr. Xu has served as a Director at Abbisko Hongkong Limited ("**Abbisko Hong Kong**") since April 2018, a Director and the CEO at Abbisko Therapeutics Co., Ltd. (上海和譽生物醫藥科技有限公司) ("**Abbisko Shanghai**") since April 2016, a Director at Wuxi Abbisko Biomedical Technology Co., Ltd. (無錫和譽生物醫藥科技有限公司) ("**Abbisko Wuxi**") since July 2020 and a Director at Abbisko Therapeutics Australia Pty Ltd ("**Abbisko Australia**") since December 2020, a Director at Beijing Qianyu Therapeutics Co. Ltd. (北京千譽生物醫藥科技有限公司) (Abbisko Beijing) since November 2021, all five of which are wholly-owned subsidiaries of the Company.

Dr. Xu obtained his Bachelor's degree in chemistry from Nanjing University in the People's Republic of China ("**PRC**") in July 1982, and his Doctoral degree in organic chemistry from the University of Chicago in the United States in July 1988. He served as an Industrial Alternate Councilor from 2010 to 2012 for American Chemical Society, the Division of Medicinal Chemistry. He also has been an elected member of the Medicinal Chemistry Committee of the Chinese Pharmaceutical Association.

Dr. YU Hongping (喻紅平), aged 57, is a co-founder of the Group. Dr. Yu founded the Group on April 12, 2016 and was appointed as a Director and Senior Vice President, Chemistry on March 28, 2018. Dr. Yu was designated as an executive Director on June 10, 2021 and was re-designated as Chief Scientific Officer ("**CSO**") in March, 2022, and was appointed as joint company secretary of the Company on April 29, 2024.

Dr. Yu worked as a senior research chemist at the Merck Frosst Centre for Therapeutic Research from October 2002 to April 2007, a pharmaceutical company engaged in the development, manufacture and marketing of pharmaceutical drugs, vaccines and animal-health products. From April 2007 to February 2012, Dr. Yu served as a Senior Research Investigator I at Novartis Institutes for BioMedical Research Co., Ltd., a pharmaceutical company engaged in the development, manufacture and marketing of branded and generic prescription drugs, APIs, biosimilars and ophthalmic products. From October 2012 to February 2016, Dr. Yu served as the deputy General Manager of medicinal chemistry at Hansoh Shanghai (formerly known as 上海捷森藥物化學科技有限公司).

Dr. Yu has served as a Director at Abbisko Hong Kong since April 2018 and as a Director at Abbisko Shanghai since April 2016, both of which are wholly-owned subsidiaries of the Company.

Dr. Yu obtained his Bachelor's degree in chemistry and his Master's degree in science from Tsinghua University in the PRC in July 1991 and March 1994, respectively. He obtained his Doctoral degree in chemistry from the University of British Columbia in Canada in November 2000 and was a postdoctoral research fellow at that university between July 2001 and September 2002.

Dr. JI Jing (嵇靖), aged 54, joined the Group as Chief Medical Officer on February 1, 2021 and was appointed as an executive Director on March 3, 2025. Dr. Ji is responsible for leading cross-functional teams and overseeing company-wide clinical development and regulatory strategies.

Dr. Ji worked as a doctor at Shanghai First People's Hospital from July 1995 to December 1997. She served as the Clinical Research Manager at Merck Sharp & Dohme, a pharmaceutical company engaged in the development of vaccines, medicines and health products, from December 1997 to March 2003. From September 2003 to June 2006, Dr. Ji served as the Clinical Research Unit Head at Sanofi S.A., a biopharmaceutical company engaged in manufacture of pharmaceutical products. From June 2006 to January 2010, Dr. Ji served as the Head of Clinical Development and Medical Affairs at GlaxoSmithKline plc, a pharmaceutical company engaged in the development, manufacture and marketing of pharmaceutical products. From January 2010 to April 2015, Dr. Ji served as Director in early clinical development at Johnson & Johnson Medical (Shanghai) Ltd. (強生(上海)醫療器材有限公司), a pharmaceutical company that engaged in the development of medical devices, pharmaceuticals, and consumer packaged goods. From April 2015 to May 2020, Dr. Ji served as the Head of Cardiovascular, Renal and Metabolism Therapy Area and Vice President at AstraZeneca plc, a pharmaceutical and biotechnology company engaged in the development and manufacture of pharmaceutical products. From May 2020 to January 2021, Dr. Ji served as the Senior Vice President of medical and clinical development at Shanghai Lianbio Development Co., Ltd. (上海聯拓生物科技有限公司).

Dr. Ji obtained her Bachelor of Medicine degree from Fudan University and Shanghai Second Medical University in the PRC in July 1993 and Master's degree in medicine from Fudan University and Shanghai Second Medical University in the PRC in July 1995.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. SUN Piaoyang (孫飄揚), aged 66, was appointed as an independent non-executive Director on September 30, 2021.

Dr. Sun has served as a Director of Jiangsu Hengrui Pharmaceuticals Co., Ltd. (江蘇恒瑞醫藥股份有限公司) (Shanghai Stock Exchange Code: 600276) ("**Jiangsu Henrui Pharmaceuticals**") since April 1997 and the Chairman of the strategic committee and a member of the nomination committee. He also served as the Chairman of the Board of Jiangsu Hengrui Pharmaceuticals from April 1997 to January 2020 and from August 2021 until now. Dr. Sun has served as an executive Director and CEO of Jiangsu Hengrui Pharmaceutical Group Co., Ltd. (江蘇恒瑞醫藥集團有限公司) since February 2020.

Dr. Sun obtained his Bachelor's degree in pharmaceutical chemistry from China Pharmaceutical University in the PRC in July 1982. He obtained his Doctoral degree in organic chemistry from Nanjing University in December 2004.

Mr. SUN Hongbin (孫洪斌), aged 49, was appointed as an independent non-executive Director on September 30, 2021.

Mr. Sun has served as an independent non-executive Director of New Century Healthcare Holding Co. Limited (HKEX Stock Code: 1518) since December 2016. He has served as an independent non-executive Director of CStone Pharmaceuticals (HKEX Stock Code: 2616) since February 2019. He has served as an independent non-executive Director of Mobvista Inc. (HKEX Stock Code: 1860) since July 2020. Mr. Sun was appointed as a Director of Shanghai MicroPort MedBot (Group) Co., Ltd. (HKEX Stock Code: 2252) in April 2020 and redesignated as a non-executive Director of MedBot in June 2021. He has also served as Chairman of the Board of Directors of MedBot. He has been the chief financial officer ("**CFO**") of MicroPort Scientific Corporation (微創醫療科學有限公司), a company listed on the Stock Exchange (HKEX Stock Code: 0853), since July 2010 and served as its executive Director from July 2010 to September 2012. Mr. Sun has over 23 years of finance and audit experience. Mr. Sun was the deputy Financial Director of Otsuka (China) Investment Co., Ltd. (大冢(中國)投資有限公司) from January 2004 to January 2006 and served as its General Manager from January 2006 to August 2010. From August 1998 to January 2004, he was an Assistant Manager in the audit department of KPMG Huazhen (畢馬威華振會計師事務所) in Shanghai.

Mr. Sun obtained his Bachelor's degree in accounting from Shanghai Jiaotong University in the PRC in July 1998. Mr. Sun became a member of the Chinese Institute of Certified Public Accountants in December 2009 and became a Chartered Financial Analyst in April 2010.

Ms. CHUI Hoi Yam (alias: 徐海瑛) (former name: 徐海英), aged 57, was appointed as an independent non-executive Director of the Company on February 28, 2025.

Ms. Chui is an independent non-executive Director, chairperson of the remuneration committee and member of the audit committee and nomination committee of Everest Medicines Limited (雲頂新耀有限公司), a company listed on The Stock Exchange of Hong Kong Limited (HKEX Stock Code: 1952), since January 19, 2023. Ms. Chui was an executive director of China Biotech Services Holdings Limited (中國生物科技服務控股有限公司), a company listed on the GEM of The Stock Exchange of Hong Kong Limited (HKEX Stock Code: 8037), from December 2022 to June 2023 and was a non-executive director with effect from June 30, 2023 to June 13, 2024. Previously, she was the president of Harbin Pharmaceutical Group Co., Ltd. (哈藥集團股份有限公司) ("**Harbin Pharmaceutical**"), a company listed on the Shanghai Stock Exchange (stock code: 600664), from March 2019 to May 2022 and a director of Harbin Pharmaceutical from January 2021 to May 2022, where she was responsible for the overall business operation. Ms. Chui has also previously worked in China Hewlett-Packard Co., Ltd. (中國惠普有限公司) and Novartis International.

Ms. Chui received her bachelor's degree in Economic Administration and master's degree in Finance from Peking University, the People's Republic of China in July 1990 and July 2001, respectively.

SENIOR MANAGEMENT

Dr. ZHANG Zhen (張臻), aged 51, joined the Group as Vice President and Head of CMC on April 1, 2021 and is responsible for overseeing the Group's chemistry, manufacturing and controls in the drug development cycle. Dr. Zhang served as a Senior Director of the research and development department of Shanghai Chempartner Co. Ltd. from December 2009 to January 2013. He served as the Director at Stability China of Bristol Myers Squibb from January 2013 to July 2013. He served as a Director of small molecule development at Johnson & Johnson from July 2013 to March 2021.

Dr. Zhang obtained his Bachelor of Science degree in chemistry from Nanjing University in the PRC in July 1994. He obtained his Doctoral degree from the Rutgers University in the United States in October 2002.

Dr. ZHANG Zidong (張子棟), aged 45, joined the Group as CFO on May 16, 2022, and is responsible for the the Company's financial management, capital market, investor relations and other related activities. He served as the CFO at Novotech Health Holdings Pte. Ltd. prior to joining the Group, overseeing all aspects of financial management. He also previously served as the CFO at Shanghai Henlius Biotech, Inc. (a company listed on The Stock Exchange of Hong Kong Limited (HKEX Stock Code: 2696), where he built and managed the finance team and played a crucial role in its initial public offering in 2019. Prior to that, Dr. Zhang was an equity analyst at UBS in New York, covering U.S. large cap and specialty pharmaceutical sector. He also served as a senior consultant for Bayer A.G. in its healthcare group. Before entering the industry, Dr. Zhang conducted his postdoctoral research in diabetes-related drug discovery at Boston University.

Dr. Zhang obtained his Bachelor's degree in chemistry from Fudan University and Master's degree of business administration from Duke University in the United States. He obtained his Doctoral degree in biochemistry from Boston University.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

We are a clinical-stage biopharmaceutical company dedicated to the discovery and development of innovative and differentiated small molecule oncology therapies. Since our inception in 2016, we have strategically designed and developed a pipeline of 19 candidates focused on oncology, including 12 candidates at clinical stage. Our product portfolio is centered on small molecules, emphasizing precision oncology and immuno-oncology, with a growing exploration of indication expansions into non-oncology therapeutic areas.

There were no significant changes in the nature of the Group's principal activities during the Reporting Period. Please refer to note 1 to the consolidated financial statements on page 118 of this report for details of the principal activities of the principal subsidiaries of the Group.

BUSINESS REVIEW

A fair review of the business of the Group, the outlook of future development of the business of the Group as well as a discussion and analysis of the Group's performance during the Reporting Period and the material factors underlying its financial performance and financial position as required by section 388(2) and Schedule 5 to the Companies Ordinance can be found in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this report. The financial risk management objectives and policies of the Group are set out in note 31 to the consolidated financial statements.

For further details, please refer to the section headed "Management Discussion and Analysis" on pages 13 to 39.

RESULTS AND FINAL DIVIDENDS

Details of the consolidated loss of the Group for the Reporting Period and the Group's financial position as at December 31, 2024 are set out in the consolidated financial statements.

The Board does not recommend payment of a final dividend for the year ended December 31, 2024. No dividend was paid or declared by the Company or other members of the Group during the year ended December 31, 2024 (2023: nil). In addition, there was no arrangement under which a Shareholder has waived or agreed to waive any dividends.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to the community and achieving sustainable growth.

For further details, please refer to the Company's "2024 Environmental, Social and Governance (ESG) Report" ("**ESG Report**") which will be uploaded to the website of the Company and the website of the Stock Exchange at the same time as the publication of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

There are certain risks involved in our operations, many of which are beyond our control. Some of the major risks we face include:

- We face fierce competition from existing products and product candidates under development in the entire oncology market. Our competitors may discover, develop or commercialize competing drugs earlier or more successfully than we do. If we fail to effectively compete with our competitors, our competitive position in our target markets may be undermined, our drug candidates, if and when approved, may fail to be commercially successful and our business, financial condition, results of operations and prospects could suffer;

- Our business and financial prospects depend substantially on the success of our clinical stage and pre-clinical stage drug candidates. If we are unable to successfully complete their clinical development, obtain relevant regulatory approvals or achieve their commercialization, or if we experience significant delays in any of the foregoing, our business, results of operations and financial condition may be adversely affected;

- We rely on certain third-party licensors for some of our clinical development activities;

- If safety, efficacy or other issues arise with any drug or medical product used in combination with or to facilitate the use of our drug candidates, we may be unable to market such drug candidate or may experience significant regulatory delays;

- All critical aspects of the research, development, manufacturing, and commercialization of biopharmaceutical products are subject to strict regulations. Any failure to comply with applicable laws, regulations, and industry standards, or any adverse actions taken by regulatory authorities against us, could severely impact our reputation, business, financial condition, operational results, and future prospects;

- The regulatory approval processes of the China NMPA, the US FDA, and other comparable regulatory authorities are not only time-consuming but also highly uncertain. If we fail to obtain the necessary regulatory approvals for our drug candidates in our targeted markets within a reasonable timeframe, our business could face significant actual or perceived harm;

- The future commercial success of our drug candidates will depend on the degree of their market acceptance among physicians, patients and others in the medical community;

- We may be restricted from transferring our scientific data abroad;

- We have entered into license and collaboration agreements with third parties in the development of our drug candidates, and may seek additional license and collaboration opportunities in the future, and we may not realize the benefits of such partnerships as expected;

- We have incurred significant net losses since our inception, and expect to continue to incur net losses for the foreseeable future and may fail to achieve or maintain profitability. Potential investors are at risk of losing substantially all of their investments in our Shares.

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

DIRECTORS

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

Executive Directors

Dr. Xu Yao-Chang (徐耀昌博士)
Dr. Yu Hongping (喻紅平博士)
Dr. Chen Zhui (陳椎博士) (resigned as an executive Director with effect on March 3, 2025)
Dr. Ji Jing (嵇靖博士) (appointed as an executive Director with effect on March 3, 2025)[1]

Non-Executive Director

Ms. Tang Yanmin (唐艷旻女士) (resigned as a non-executive Director with effect on December 20, 2024)

Independent Non-Executive Directors

Dr. Sun Piaoyang (孫飄揚博士)
Mr. Sun Hongbin (孫洪斌先生)
Mr. Wang Lei (王磊先生) (resigned as an independent non-executive Director with effect on February 28, 2025)
Ms. Chui Hoi Yam (徐海音女士) (appointed as an independent non-executive Director with effect on February 28, 2025)[2]

Notes:

1. *Dr. Ji Jing obtained the legal advice referred to in Rule 3.09D of the Listing Rules on February 10, 2025, and Dr. Ji Jing confirmed that she understood her obligations as a director of the Company.*

2. *Ms. Chui Hoi Yam obtained the legal advice referred to in Rule 3.09D of the Listing Rules on January 21, 2025, and Ms. Chui Hoi Yam confirmed that she understood her obligations as a director of the Company.*

In accordance with Article 16.19 of the Articles of Association, one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to, but not less than one-third) shall retire from office by rotation at every Annual General Meeting ("**AGM**") and, being eligible, offer themselves for re-election.

In accordance with Article 16.2 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a causal vacancy or as an addition to the Board. Any Director so appointed 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.

In accordance with Article 16.3 of the Articles of Association, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors.

Details of the Directors to be re-elected at the forthcoming AGM are set out in the circular to Shareholders to be dispatched in due course.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 40 to 44 of this report.

CHANGES IN INFORMATION OF DIRECTORS

So far as the Directors are aware and save as disclosed below, there has been no other change of information of Directors during the Reporting Period and up to the date of this report pursuant to Rule 13.51B(1) of the Listing Rules.

Name of Director	Details of changes
Ms. Tang Yanmin	Resigned as a non-executive Director with effect on December 20, 2024
Mr. Wang Lei	Resigned as an independent non-executive Director and ceased to be the chairperson of the remuneration committee of the Company and a member of the audit committee of the Company with effect on February 28, 2025
Dr. Sun Piaoyang	Ceased to be a member of the nomination committee of the Company with effect on February 28, 2025
Dr. Chen Zhui	Resigned as an executive Director with effect on March 3, 2025
Ms. Chui Hoi Yam	Appointed as an independent non-executive Director, the chairperson of the remuneration committee of the Company, a member of the audit committee of the Company and a member of the nomination committee of the Company with effect on February 28, 2025
Dr. Ji Jing	Appointed as an executive Director with effect on March 3, 2025

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

We have received from each of the independent non-executive Directors, the confirmation of their respective independence pursuant to Rule 3.13 of the Listing Rules. The Company has duly reviewed their respective confirmation of independence and considers that each of the independent non-executive Directors has been independent during the year ended December 31, 2024 and remain so as at the date of this report.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

As at December 31, 2024, we had approximately 281 employees. Our employees' remuneration comprises salaries, bonuses, employee provident fund and social security contributions and other welfare payments. In accordance with applicable PRC laws, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees in the PRC. During the Reporting Period, no forfeited contributions had been used by the Group to reduce the existing level of contributions.

We have developed a systematically training structure, which covers both management and professional career development paths. Our employees regularly receive training from management, technology, regulatory and other internal speakers and external consultants. Our employees can also improve their skills through mutual learning among colleagues. New employees will receive pre-job training and general training.

Our Directors receive compensation in the form of fees, salaries, bonuses, other allowances, benefits in kind, contribution to the pension scheme and other share-based compensation. We determine the compensation of our Directors based on each Director's responsibilities, qualification, position and seniority. Details of the Directors' remuneration during the year are set out in note 9 to the consolidated financial statements. No amount was paid to any Director or any of the five highest paid individual disclosed in note 10 to the consolidated financial statements as an inducement to join or upon joining the Company or as a compensation for loss of office. In addition, there was no arrangement under which a Director waived or agreed to waive any remuneration.

PERMITTED INDEMNITY PROVISION AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Articles of Association provide that the Directors or other officers of the Company are entitled to be indemnified out of the assets of the Company against all losses and liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto, provided that such indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the Reporting Period.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this report, no Director or an entity connected with a Director was materially interested, either directly or indirectly, in any transaction, arrangement or contract which is significant in relation to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during the Reporting Period and up to the date of this report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period and up to the date of this report between the Company and a person other than a Director or any person engaged in the full-time employment of the Company.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Save as disclosed in this report, each of the Directors other than the independent non-executive Directors confirms that during the Reporting Period and up to the date of this report, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules. From time to time our non-executive Directors may serve on the Boards of both private and public companies within the broader healthcare and biopharmaceutical industries. However, as these non-executive Directors are not members of our executive management team, we do not believe that their interests in such companies as Directors would render us incapable of carrying on our business independently from the other companies in which these Directors may hold directorships from time to time.

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

As far as the Company is aware, as at December 31, 2024, the interests and short positions of our Directors and chief executives in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**")), which were required (a) to be notified to the Company and the Hong Kong 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 taken under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

Name of Director or chief executive officer	Nature of Interest	Total number of shares/ underlying shares	Approximate Percentage of Shareholding Interest[2]
Dr. Xu Yao-Chang[3]	Founder of discretionary trust; interests held jointly with another person; interest of a party to an agreement regarding interest in our Company; beneficial owner	114,300,768 (L)[1]	16.82%
Dr. Chen Zhui[3]	Founder of discretionary trust; interests held jointly with another person; interest of a party to an agreement regarding interest in our Company; beneficial owner	114,300,768 (L)[1]	16.82%
Dr. Yu Hongping[3]	Interest in controlled corporation; interests held jointly with another person; interest of a party to an agreement regarding interest in our Company; beneficial owner	114,300,768 (L)[1]	16.82%

Notes:

(1) "L" means holding a long position in Shares.

(2) Refers to the percentage of the number of relevant Shares involved divided by the total number of Shares in issue of the Company as at December 31, 2024, being 679,605,350 Shares.

(3) Includes (1) Dr. Xu is the settlor of a discretionary trust, the Xu Wang Trust, of which Trident Trust Company (HK) Limited acts as its trustee and the beneficiaries of which are Dr. Xu's family members. Yaochang Family Holding Limited is wholly owned by Hery International Development Limited, which is in turn wholly owned by Trident Trust Company (HK) Limited as the trustee of the Xu Wang Trust. Each of Dr. Xu (as settlor of the Xu Wang Trust), Trident Trust Company (HK) Limited and Hery International Development Limited are deemed to be interested in the 70,290,520 Shares in the Company held by Yaochang Family Holding Limited.; and (2) Dr. Xu directly holds 9,612,460 Shares.

Includes (1) Dr. Chen is the settlor of a discretionary trust, the Zabuye Trust, of which Trident Trust Company (HK) Limited acts as its trustee and the beneficiaries of which are Dr. Chen's family members. Chogir Limited is wholly owned by Zabuye Limited, which in turn is wholly owned by Trident Trust Company (HK) Limited as the trustee of the Zabuye Trust. Each of Dr. Chen (as the settlor of the Zabuye Trust), Trident Trust Company (HK) Limited and Zabuye Limited are deemed to be interested in the 4,948,690 Shares in the Company held by Chogir Limited.; (2) Dr. Chen is also the founder of another discretionary trust, the Jamdrok Trust, of which Trident Trust Company (HK) Limited acts as its trustee and the beneficiary of which is Mrs. Chen, being Dr. Chen's spouse. Jamdrok Limited is wholly owned by WiseGuard Holdings Limited, which in turn is wholly owned by Trident Trust Company (HK) Limited as the trustee of the Jamdrok Trust. Each of Dr. Chen (as the founder of the Jamdrok Trust, and the spouse of Mrs. Chen), Trident Trust Company (HK) Limited and WiseGuard Holdings Limited are deemed to be interested in the 4,948,680 Shares in the Company held by Jamdrok Limited; and (3) Dr. Chen directly holds 7,310,024 Shares.

Includes (1) Dr. Yu through his interest in controlled corporation, Panorama HY Investment Limited, held 9,897,370 Shares and (2) Dr. Yu directly holds 7,293,024 Shares.

The 114,300,768 Shares and underlying Shares represent the aggregate interests of Dr. Xu, Dr. Yu and Dr. Chen. Dr. Xu, Dr. Yu and Dr. Chen entered into an acting-in-concert agreement ("**Acting-in-concert Agreement**") on May 26, 2021, pursuant to which they acknowledged and confirmed that (i) since 2016, each of Dr. Xu, Dr. Yu, Dr. Chen and their controlled entities has been acting in concert at the Shareholders' meetings of Abbisko Therapeutics Co., Ltd. and the Company; (ii) they will continue to act in concert at the Shareholders' meeting of the Company; and (iii) in the event that the parties are unable to reach consensus on matters of the Company, each of the parties shall exercise their respective voting rights in accordance with the instructions of Dr. Xu. As such, each of Dr. Xu, Dr. Chen and Dr. Yu (i.e. the "**Concert Parties**") are deemed to be interested in the Shares each other is interested in.

As Dr. Chen tendered his resignation as an executive Director of the Company, a director of Abbisko Hongkong Limited and a director of Abbisko Therapeutics Co., Ltd., and ceased to be our chief scientific officer with effect from March 3, 2025, the Concert Parties entered into a termination agreement to terminate the Acting-in-concert Agreement (the "**Termination Agreement**") with effect from March 3, 2025. Upon the execution of the Termination Agreement, the Concert Parties are no longer obliged to, among other things, act in concert by aligning their votes at the Shareholders' meetings of Abbisko Therapeutics Co., Ltd. and the Company, nor be deemed to be interested in each other's interest in the Shares. For further details, please refer to the announcement of the Company dated March 3, 2025.

Save as disclosed above, as at December 31, 2024, none of the Directors or chief executives of the Company had or was deemed to have any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of the Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which were required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO; or which were required, pursuant to the Model Code as contained in Appendix C3 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2024, to the best of the knowledge of the Company and the Directors, the following are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares and 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, or which were required to be entered in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO.

Name of Shareholder	Nature of Interest	Total number of shares/ underlying shares	Approximate Percentage of Shareholding Interest[(2)]
LAV GP III, L.P.[(3)]	Interest in controlled corporation	29,854,060 (L)[(1)]	4.39%
LAV Corporate GP, Ltd.[(3)]	Interest in controlled corporation	29,854,060 (L)[(1)]	4.39%
Yi Shi[(3)]	Interest in controlled corporation	61,043,790 (L)[(1)]	8.98%
LAV Asset Management (Hong Kong) Limited[(3)]	Investment Manager	61,043,790 (L)[(1)]	8.98%
Qiming Venture Partners VI, L.P.[(4)]	Beneficial owner	47,323,020 (L)[(1)]	6.96%
Qiming Corporate GP VI, Ltd[(4)]	Interest in controlled corporation	48,596,400(L)[(1)]	7.15%
Trident Trust Company (HK) Limited[(5)]	Trustee	80,187,890 (L)[(1)]	11.80%
Futu Trustee Limited	Trustee	42,196,438(L)[(1)]	6.21%
Morgan Stanley[(6)]	Interest in controlled corporation	52,486,000 (L)[(1)] 21,108,000 (S)[(1)]	7.72% 3.11%

Notes:

(1) "L" means holding a long position in Shares, while "S" means holding a short position in Shares.

(2) Refers to the percentage of the number of relevant Shares involved divided by the total number of Shares in issue of the Company as at December 31, 2024, being 679,605,350 Shares.

(3) Absolute Investment Limited, Sky Infinity Investment Limited and LAV Biosciences Fund V, L.P. directly owns 19,902,700 Shares, 9,951,360 Shares and 11,235,730 Shares respectively. Absolute Investment Limited is wholly-owned by LAV Biosciences Fund III, L.P.. Sky Infinity Investment Limited is wholly-owned by Lilly Asia Ventures Fund III, L.P.. The general partner of both LAV Biosciences Fund III, L.P. and Lilly Asia Ventures Fund III, L.P. is LAV GP III, L.P., whose general partner is LAV Corporate GP, Ltd., a company owned by Yi Shi. LAV Biosciences Fund V, L.P. is a Cayman exempted limited partnership fund. The general partner of LAV Biosciences Fund V, L.P. is LAV GP V, L.P., whose general partner is LAV Corporate V GP, Ltd., a company owned by Yi Shi.

Each of LAV Star Limited, LAV Star Opportunities Limited and LAV Amber Limited directly owns 8,482,000 Shares, 8,482,000 Shares and 2,490,000 Shares. LAV Star Limited is wholly-owned by LAV Fund VI, L.P. and LAV Star Opportunities Limited is wholly-owned by LAV Fund VI Opportunities, L.P. The ultimate beneficial owner of LAV Star Limited and LAV Star Opportunities Limited is Yi Shi. LAV Amber Limited is wholly owned by LAV Biosciences Fund V, L.P. LAV Public Equity Master Fund directly owns 500,000 shares. LAV Public Equity Master Fund is controlled by LAV Asset Management (Hong Kong) Limited, and is ultimately controlled by Yi Shi.

Based on the above, under the SFO, LAV Biosciences Fund III, L.P. is deemed to be interested in the 19,902,700 Shares held by Absolute Investment Limited. Each of LAV GP III, L.P. and LAV Corporate GP, Ltd. (through its interests in controlled corporations) is interested in the 19,902,700 Shares held by Absolute Investment Limited and the 9,951,360 Shares held by Sky Infinity Investment Limited. LAV Biosciences Fund V, L.P. is deemed to be interested in the 2,490,000 Shares held by LAV Amber Limited. Yi Shi (through his interests in controlled corporations) is deemed to be interested in the 19,902,700 shares held by Absolute Investment Limited, the 9,951,360 shares held by Sky Infinity Investment Limited, the 8,482,000 shares, 8,482,000 shares and 2,490,000 shares held by LAV Star Limited, LAV Star Opportunities Limited and LAV Amber Limited respectively, the 500,000 shares held by LAV Public Equity Master Fund and the 11,235,730 shares LAV Biosciences Fund V, L.P. is interested in.

(4) Qiming Venture Partners VI, L.P. and Qiming Managing Directors Fund VI, L.P. directly owns 47,323,020 Shares and 1,273,380 Shares respectively. Each of Qiming Venture Partners VI, L.P. and Qiming Managing Directors Fund VI, L.P. is an exempted limited partnership managed and controlled by its ultimate general partner Qiming Corporate GP VI, Ltd.. Based on the above, under the SFO, Qiming Corporate GP VI, Ltd. is deemed to be interested in (through its interests in controlled corporations) the 47,323,020 Shares and 1,273,380 Shares held by Qiming Venture Partners VI, L.P. and Qiming Managing Directors Fund VI, L.P. respectively.

In addition, taking into account 6,226,000 Shares directly owned by Aranda Investments Pte. Ltd., an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited, Temasek Holdings (Private) Limited is deemed to be interested in the 6,226,000 Shares held by Aranda Investments Pte. Ltd.

(5) Please refer to note 3 to the table under the section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" as disclosed in this report.

(6) Morgan Stanley & Co. International plc directly holds 52,486,000 and 21,108,000 in long position and short position in Shares respectively. Morgan Stanley & Co. International plc is directly wholly owned by Morgan Stanley Investments (UK), which is in turn wholly owned by Morgan Stanley International Limited, which is in turn wholly owned by Morgan Stanley International Holdings Inc., which is in turn wholly owned by Morgan Stanley. Therefore, Morgan Stanley is deemed to be interested in the 52,486,000 long position in Shares and 21,108,000 short position in Shares held by Morgan Stanley & Co. International plc.

Save as disclosed above, as at December 31, 2024, the Directors and the chief executives of the Company were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position 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, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

LARGEST SHAREHOLDER'S INTERESTS IN SIGNIFICANT CONTRACTS

At no time during the Reporting Period had the Company or any of its subsidiaries, and its largest Shareholders of the Company or any of their subsidiaries (as the case may be) entered into any contract of significance or any contract of significance for the provision of services by any such largest Shareholders or their subsidiaries (as the case may be) to the Company or any of its subsidiaries.

EQUITY INCENTIVE PLANS

2019 Share Incentive Plan ("2019 Share Incentive Plan" or "2019 Plan")

The 2019 Share Incentive Plan was a pre-IPO share incentive plan adopted and approved by resolutions in writing by the Board and the Shareholders on July 4, 2019 and was further amended on June 10, 2021. The purpose of the 2019 Plan is to attract and retain the best available personnel and to provide additional incentives to employees, Directors and consultants of the Company and to promote the success of the Company's business. All shares underlying the awards and options which may be granted under the 2019 Plan have been allotted and issued prior to the listing of the Company's shares on the Stock Exchange. No further shares of the Company would be or have been issued pursuant to the 2019 Plan after the listing of the Company's shares on the Stock Exchange.

1. *Summary of terms*

   (a) *Duration*

   The 2019 Plan shall be valid and effective for the period of ten years commencing from the adoption date after which period no further options, share appreciation right, dividend equivalent right, restricted shares and restricted share units (the "**Award**") will be granted, unless terminated sooner. Therefore, as at December 31, 2024, the remaining life of the 2019 Plan was approximately 4.5 years.

   (b) *Participants*

   The participants of the 2019 Plan include employees who are in the employment of the Company and its affiliates, Directors and consultants of the Company and its affiliates.

   (c) *Administration*

   The 2019 Plan shall be subject to the administration of (i) the Board; (ii) one of the officers or Directors or a committee designated by the Board (the "**Administrator**"); and (iii) the Shareholders. The Board shall have the authority to (i) approve the 2019 Plan and the separate programs under the 2019 Plan; (ii) select the core management team and Directors to which Awards may be granted from time to time; (iii) to determine whether and to what extent the Awards are granted for the core management team and Directors; (iv) to determine the type or the number of Awards to be granted for the core management team and Directors and the number of shares to be covered by each Award granted; (v) to determine the terms and conditions of any Award granted for the core management team and Directors; (vi) amend the terms of any outstanding Award granted for the core management team and Directors under the 2019 Plan; (vii) amend, suspend or terminate the 2019 Plan at any time provided, however, that no such amendment shall be made without the approval of the Shareholders to the extent that such approval is required by the applicable laws; (viii) terminate the grant of Award during any suspension of the 2019 Plan or after termination of the 2019 Plan; and (ix) to take such other major action, not inconsistent with the terms of the 2019 Plan and the applicable laws, as the Board deems appropriate, such as the early exercise of the Awards and the loan plan and the amount of consideration to be covered by each Award granted. The Shareholders shall have the power to approve and determine the maximum aggregate number of ordinary shares which may be issued pursuant to all Awards under the 2019 Plan.

The Administrator shall have the authority to (i) propose amendments to the 2019 Plan and separate programs under the 2019 Plan and report the propose amendments of the 2019 Plan to the Board for approval; (ii) to select employees (not including the core management team and consultants) whom Awards may be granted from time to time; (iii) to determine whether and to what extent Awards are granted for the employees (not including the core management team and consultants); (iv) to determine the type or the number of Awards to be granted for the employees (not including the core management team and consultants), the number of ordinary shares to be covered by each Award; (v) to approve forms of Award agreements for use under the 2019 Plan and the separate programs and to amend the terms of the Award agreements; (vi) to determine the terms and conditions of any Award granted for the employees (not including the core management team and consultants); (vii) to amend the terms any outstanding Award granted for the employees (not including the core management team) and consultants under the 2019 Plan; (viii) to construe and interpret the terms of the 2019 Plan and Awards; and (ix) to take such other action, not inconsistent with the terms of the 2019 Plan and the applicable laws, as the Administrator deems appropriate.

(d) Award Agreement, Exercise Period and Vesting Period

Each Award granted under the 2019 Plan shall be evidenced by an award agreement between the Company and the eligible participant, approved by the Administrator and the Board.

The Awards to be issued under the 2019 Plan shall be subject to the vesting schedule and exercise period as specified in the award agreement. The Board shall have the right to adjust the vesting schedule of the options granted to the grantees.

(e) Type of Award

The 2019 Plan provides for awards of options, share appreciation right, dividend equivalent right, restricted share and restricted share units ("**RSUs**").

(i) **Options**. Subject to the 2019 Plan, the Administrator or the Board (as the case may be) shall be entitled to make an offer to any eligible participant to take up options in respect of such number of Shares as the Administrator may determine and at the exercise price determined by the Administrator or the Board (as the case may be) in its sole discretion and disclosed in the notices of stock option award and the award agreement. An option shall be deemed exercised when the Company receives (i) application from the eligible participant to the Company in the specified incentive management systems; and (ii) full payment for the Shares with respect to which the option is exercised. The period within which the option may be exercised by the grantee under the 2019 Plan is subject to the terms and conditions as set out in the notices of stock option award and the award agreement.

(ii) **Share Appreciation right and dividend equivalent right.** Subject to the 2019 Plan, the Administrator or the Board (as the case may be) shall be entitled to make an offer to any eligible participant to take up share appreciation right or dividend equivalent right in respect of such number of Shares as the Administrator may determine and at the exercise or purchase price determined by the Administrator or the Board (as the case may be) in its sole discretion and disclosed in the award agreement.

(iii) **Restricted Share.** Subject to the 2019 Plan, a restricted share may be issued to the eligible participant for such consideration, if any, and subject to such restrictions on transfer, rights of first refusal, repurchase provisions, forfeiture provisions, and other terms and conditions established by the Administrator or the Board (as the case may be).

(iv) **Restricted Share Units.** A restricted share unit may be earned in whole or in part upon the passage of time or the attainment of performance criteria established by the Administrator or the Board (as the case may be) and may be settled for cash, Shares or other securities or a combination of cash, Shares or other securities as established by the Administrator or the Board (as the case may be).

(f) Payment

The consideration to be paid for the Shares to be issued upon exercise or purchase of an Award including the method of payment, shall be determined by the Board according to the specific circumstances and subject to the applicable laws. The tax withholding to be paid for the Shares shall be determined according to the provisions in the 2019 Plan and the applicable laws.

(g) Non-transferability of Awards

Subject to the applicable laws, the Awards shall not be transferrable unless otherwise approved by the Administrator. Upon the Administrator's approval, the eligible participant may designate one or more beneficiaries of the eligible participant's award in the event of the participant's death on a beneficiary designation form provided by the Administrator.

(h) Maximum number of ordinary shares

Subject to the terms of the 2019 Plan, the maximum aggregate number of ordinary shares which may be issued pursuant to all Awards was 8,360,280 Shares (which was subsequently adjusted to 83,602,800 Shares upon completion of the Share Subdivision, representing 12.30% of the total issued shares of the Company as at the date of this report), or any other share as approved by the Board or the Shareholders' meeting according to the Shareholders' agreement and the Articles of Association of the Company. As at January 1, 2024, (i) the aggregate number of underlying ordinary shares pursuant to the outstanding options and RSUs granted under the 2019 Plan was 31,243,452 Shares; and (ii) the aggregate number of underlying ordinary shares pursuant to the outstanding RSUs available for grant under the 2019 Plan was 20,562,241 Shares. As at December 31, 2024, (i) the aggregate number of underlying ordinary shares pursuant to the outstanding options and RSUs granted under the 2019 Plan was 11,218,945 Shares; and (ii) the aggregate number of underlying ordinary shares pursuant to the outstanding RSUs available for grant under the 2019 Plan was 28,364,948 Shares. No shares are available for issue under the 2019 Plan, as all shares underlying the awards and options which may be granted under the 2019 Plan have already been allotted and issued. Thus, the total number of shares available for issue under the 2019 Plan together with the percentage of the issued shares that it represents as at the date of this report were both zero. No service provider sublimit has been set for the 2019 Plan.

Unless approved by the Shareholders in general meeting, the total number of the ordinary shares issued and to be issued upon the vesting or exercise of the Awards granted to each participant in any 12-month period shall not exceed 1% of the Shares in issue for the time being.

On December 16, 2019, 910,676 ordinary shares were issued to Affluent Bay Limited, which was owned and managed by The Core Trust Company Limited (匯聚信託有限公司), the trustee of Affluent Bay Trust. On September 18, 2021, 3,705,480 ordinary shares were issued to Computershare Hong Kong Trustees Limited, the trustee of Abbisko Cayman Limited Trust, and were transferred out to share award scheme participants as of December 7, 2022. On September 18, 2021, 1,909,023 ordinary shares were issued to Abbisko Galaxy Myth Limited and on September 18, 2021, 1,835,101 ordinary shares were issued to Abbisko Glorious Ode Limited, both of which were owned and managed by Futu Trustee Limited, the trustee of Abbisko Galaxy Myth Trust and Abbisko Glorious Ode Trust. The Affluent Bay Trust, Abbisko Cayman Limited Trust, Abbisko Galaxy Myth Trust and Abbisko Glorious Ode Trust are all trusts set up by the Company to facilitate the administration of the ordinary shares Incentive Plan. Above mentioned share numbers were made corresponding changes upon completion of the Company's Share Subdivision. In July 2023, the remaining shares held by Affluent Bay Trust were transferred to Futu Trustee Limited.

(i) Change in Control

In the event of a Corporate Transaction, each Award can be assumed or replaced immediately prior to the specified effective date of such Corporate Transaction. For the portion of each Award that is neither assumed or substituted, such portion of the Award shall automatically become fully vested and exercisable and be released from any repurchase or forfeiture rights for all of the ordinary shares at the time represented by such portion of the Award, immediately prior to the specified effective date of such Corporate Transaction, provided that the eligible participant's continuous service has not terminated prior to such date. All outstanding Awards under the 2019 Plan shall terminate effective upon the consummation of a Corporate Transaction, provided however that all such Awards shall not terminate to the extent that they are assumed or replaced in connection with the Corporate Transaction.

For the above purpose, a "Corporate Transaction" means the following events as determined by the Board: (i) a merger, amalgamation, consolidation or other business combination of the Company with or into any person, in which the Company is not the surviving entity, as a result of which the Shareholders of the Company immediately prior to such transaction will cease to own a majority of the voting power of the surviving entity immediately after consummation of such transaction; (ii) the sale, transfer, exclusive license or other disposition of all or substantially all of the assets of the Company and its Subsidiaries and Affiliates; (iii) the complete liquidation or dissolution of the Company; (iv) any reverse merger or series of related transactions culminating in a reverse merger in which the Company is the surviving entity but the ordinary shares outstanding immediately prior to such merger are converted or exchanged by virtue of the merger into other property, whether in the form of securities, cash or otherwise, or in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person different from those who held such securities immediately prior to such merger or the initial transaction culminating in such merger but excluding any such transaction or series of related transactions that the Board determines shall not be a Corporate Transaction; or (v) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities, but excluding any such transaction or series of related transactions that the Board determines shall not be a Corporate Transaction.

2. *Outstanding options, share appreciation right, dividend equivalent right, restricted shares and RSUs*

As at December 31, 2024, the aggregate number of underlying ordinary shares pursuant to the outstanding options granted was 6,793,695 Shares, representing approximately 1.00 % of the total issued Shares. The exercise price of all the options granted under the 2019 Plan is between RMB0.01 and RMB2.61/HKD2.87 per share. No options under the 2019 Plan have been or could be granted after the date when the Company's shares are listed on the Hong Kong Stock Exchange ("**Listing Date**").

As at December 31, 2024, the aggregate number of underlying ordinary shares pursuant to the outstanding RSUs granted under the 2019 Plan is 4,425,250 Shares, representing approximately 0.65% of the total issued Shares.

As at December 31, 2024, no shares appreciation right or dividend equivalent right had been granted pursuant to the 2019 Plan.

3. Movements of the Awards

During the Reporting Period, no share options were granted under the 2019 Plan Scheme. Details of movements of share options under the 2019 Plan Scheme during the year ended December 31, 2024 are as follows:

			Number of shares underlying options									
Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the options were granted	outstanding as of the beginning of the Reporting Period	granted during the Reporting Period	lapsed during the Reporting Period	cancelled during the Reporting Period	exercised during the Reporting Period	outstanding as of the ending of the Reporting Period	Vesting period	Exercise period	Exercise price	Performance targets
Directors												
Xu Yao-Chang	December 1, 2019	N/A	74,455	0	0	0	74,455	0	Note 2	Note 5	HKD2.87	Note 8
Chen Zhui	December 1, 2019	N/A	74,455	0	0	0	74,455	0	Note 2	Note 5	HKD2.87	Note 8
Yu Hongping	December 1, 2019	N/A	74,455	0	0	0	74,455	0	Note 2	Note 5	RMB1.34	Note 8
Employee participants	Note 9	N/A	9,173,087	0	785,185	0	1,594,207	6,793,695	Note 4	Note 5	Note 7	Note 8
Total			**9,396,452**	**0**	**785,185**	**0**	**1,817,572**	**6,793,695**				
5 highest paid individuals during the Reporting Period (Note 10)	June 1,2021	N/A	1,800,000	0	0	0	0	1,800,000	Note 3	Note 5	RMB1.45	Note 8
	December 1, 2019	N/A	223,365	0	0	0	223,365	0	Note 2	Note 5	HKD2.87/ RMB1.34	Note 8
Total (5 highest paid individuals)			**2,023,365**	**0**	**0**	**0**	**223,365**	**1,800,000**				

Notes:

1. 20%,30%,50% respectively of the options shall vest on each of the 1st, 2nd, 3rd anniversary of the date of grant.

2. 25% of the options shall vest on each of the 1st, 2nd, 3rd and 4th anniversary of the date of grant.

3. 25% of the options shall vest on 6 months, 18 months, 30 months and 42 months from the date of grant.

4. Note 1, Note 2 and Note 3 vesting situations exist for different batches. Note 1 and Note 2 vesting situations exist for batches granted on December 1, 2019. Note 2 vesting situations exist for batches granted on December 1, 2020, and September 1, 2021. Note 3 vesting situations exist for batches granted on June 1, 2021.

5. The exercise period of the options commences on any day after the date upon which the option is accepted or deemed to be accepted and in any event shall end not later than the 10th anniversary of the relevant date of the letter by which an option is offered, subject to the provisions for early termination or the relevant document of grant or other notification issued by the Board.

6. In respect of the exercise of share options by Xu Yao-Chang during the Reporting Period, the weighted average closing price of the Shares immediately before the dates on which the share options under the 2019 Plan were exercised was HKD4.38. In respect of the exercise of share options by Chen Zhui during the Reporting Period, the weighted average closing price of the Shares immediately before the dates on which the share options under the 2019 Plan were exercised was HKD4.55. In respect of the exercise of share options by Yu Hongping during the Reporting Period, the weighted average closing price of the Shares immediately before the dates on which the share options under the 2019 Plan were exercised was HKD4.55. In respect of the exercise of share options by employee participants (For the avoidance of doubt, 3 Directors forth mentioned are not included) during the Reporting Period, the weighted average closing price of the Shares immediately before the dates on which the share options under the 2019 Plan were exercised was HKD4.01. In respect of the exercise of share options by 5 highest paid individuals (For the avoidance of doubt, 3 Directors forth mentioned here are included) during the Reporting Period, the weighted average closing price of the Shares immediately before the dates on which the share options under the 2019 Plan were exercised was HKD4.49.

7. RMB0.01, RMB0.20 and RMB1.34 for batches granted on December 1, 2019, and RMB1.45 for batches granted on December 1, 2020, June 1, 2021 and September 1, 2021.

8. Subject to satisfaction of certain performance targets as determined by the Board at its absolute discretion, either on a case by-case basis or generally:

   (i) Group level performance: The Board will assess the performance of the Group for the relevant year, including in particular key performance indicators, such as revenue, profit and sales volume of the Group as a whole and of the applicable business.

   (ii) Individual level performance: The Group has established a standard performance appraisal system for its employees to evaluate their performance and contribution to the Group. The Company will determine whether the Grantees meet the individual performance target based on their performance appraisal results for the relevant year.

9. December 1, 2019, December 1, 2020, June 1, 2021 and September 1, 2021.

10. No option under the 2019 Share Incentive Plan has been granted to any of the Directors which have not been identified in the table; no option under the 2019 Share Incentive Plan has been granted to any of the five highest paid individuals during the financial year which has not been individually identified in the table. For the avoidance of doubt, 5 highest paid individuals comprise three Directors (namely, Xu Yao-Chang, Chen Zhui and Yu Hongping) and two other non-Director employees. In the calculation of the movements of options under the 2019 Share Incentive Plan held by these 5 highest paid individuals, the options held by the 3 forth-mentioned Directors are also included.

11. Employee participants include employees of the Company and its subsidiaries.

12. No option is available for grant under the 2019 Share Incentive Plan as at the beginning and the end of the Reporting Period.

13. The fair value of the equity-settled options granted under the 2019 Share Incentive Plan will be estimated as at the dates of grant using a binomial model, taking into account the terms and conditions upon which the options are granted. For the accounting standard and policy adopted for the fair value of options, please refer to Note 24 to the consolidated financial statements in this report.

During the Reporting Period, no RSUs were granted under the 2019 Plan Scheme. Details of movements of RSUs under the 2019 Plan Scheme during the year ended December 31, 2024 are as follows:

			Number of shares underlying awards							
Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the awards were granted	outstanding as of the beginning of the Reporting Period	granted during the Reporting Period	vested during the Reporting Period	lapsed during the Reporting Period	cancelled during the Reporting Period	outstanding as of the ending of the Reporting Period	Vesting Period	Performance targets	Fair value of awards at the date of grant
Directors											
Xu Yao-Chang	November 1, 2022	HKD2.62	225,000	0	0	0	0	225,000	Note 1	Note 4	HKD3.20
Xu Yao-Chang	June 1, 2021	N/A	5,618,750	0	3,152,656	2,466,094	0	0	Note 2	Note 4	N/A
Chen Zhui	November 1, 2022	HKD2.62	187,500	0	0	0	0	187,500	Note 1	Note 4	HKD3.20
Chen Zhui	June 1, 2021	N/A	4,500,000	0	2,537,343	1,962,657	0	0	Note 2	Note 4	N/A
Yu Hongping	November 1, 2022	HKD2.62	187,500	0	0	0	0	187,500	Note 1	Note 4	HKD3.20
Yu Hongping	June 1, 2021	N/A	4,500,000	0	2,537,343	1,962,657	0	0	Note 2	Note 4	N/A
Employee participants											
	March 17, 2023	HKD3.16	375,000	0	93,750	0	0	281,250	Note 1	Note 4	HKD2.85
	June 1, 2023	HKD2.74	550,000	0	137,500	0	0	412,500	Note 1	Note 4	HKD2.68
	FY 2022 and prior periods	N/A	5,703,250	0	1,945,636	626,114	0	3,131,500	Note 1 and Note 2 for different batches	Note 4	N/A
Total			**21,847,000**	**0**	**10,404,228**	**7,017,522**	**0**	**4,425,250**			
5 highest paid individuals during the Reporting Period (Note 6)	November 1, 2022	HKD2.62	693,750	0	31,250	0	0	662,500	Note 1	Note 4	HKD3.20
	June 1, 2022	HKD3.74	2,625,000	0	875,000	0	0	1,750,000	Note 1	Note 4	HKD3.21
	June 1, 2021	N/A	14,618,750	0	8,227,342	6,391,408	0	0	Note 2	Note 4	N/A
Total (5 highest paid individuals)			**17,937,500**	**0**	**9,133,592**	**6,391,408**	**0**	**2,412,500**			

Notes:

1. 25% of the Share Awards shall vest on each of the 1st, 2nd, 3rd and 4th of anniversary of the Grant Date.

2. 50%, 25%, 25% of the Share Awards shall vest on 18 months, 30 months and 42 months from the Grant Date.

3. No consideration or any form of purchase price is payable by the grantee upon acceptance or vesting of the Share Awards.

4. Subject to satisfaction of certain performance targets as determined by the Board at its absolute discretion, either on a case by-case basis or generally:

   (i) Group level performance: The Board will assess the performance of the Group for the relevant year, including in particular key performance indicators, such as revenue, profit and sales volume of the Group as a whole and of the applicable business.

   (ii) Individual level performance: The Group has established a standard performance appraisal system for its employees to evaluate their performance and contribution to the Group. The Company will determine whether the Grantees meet the individual performance target based on their performance appraisal results for the relevant year.

5. For the accounting standard and policy adopted for the fair value of the share awards, please refer to Note 24 to the consolidated financial statements in this report.

6. No RSU under the 2019 Share Incentive Plan has been granted to any of the directors which have not been identified in the table. No RSU under the 2019 Share Incentive Plan has been granted to any of the five highest paid individuals during the financial year which has not been individually identified in the table. For the avoidance of doubt, 5 highest paid individuals comprise three Directors (namely, Xu Yao-Chang, Chen Zhui and Yu Hongping) and two other non-Director employees. In the calculation of the movements of RSUs under the 2019 Share Incentive Plan held by these 5 highest paid individuals, the RSUs held by the 3 forth-mentioned Directors are also included.

7. Employee participants include employees of the Company and its subsidiaries.

8. In respect of the vesting of RSUs to Xu Yao-Chang during the Reporting Period, the weighted average closing price of the Shares immediately before the dates on which the RSUs under the 2019 Share Incentive Plan were vested was HKD3.84. In respect of the vesting of RSUs to Chen Zhui during the Reporting Period, the weighted average closing price of the Shares immediately before the dates on which the RSUs under the 2019 Share Incentive Plan were vested was HKD3.84. In respect of the vesting of RSUs to Yu Hongping during the Reporting Period, the weighted average closing price of the Shares immediately before the dates on which the RSUs under the 2019 Share Incentive Plan were vested was HKD3.84. In respect of the vesting of RSUs to employee participants (For the avoidance of doubt, 3 Directors forth mentioned are not included) during the Reporting Period, the weighted average closing price of the Shares immediately before the dates on which the RSUs under the 2019 Share Incentive Plan were vested was HKD3.28. In respect of the vesting of RSUs to 5 highest paid individuals (For the avoidance of doubt, 3 Directors forth mentioned here are included) during the Reporting Period, the weighted average closing price of the Shares immediately before the dates on which the share options under the 2019 Plan were exercised was HKD3.76.

Post-IPO Restricted Share Units Scheme (**"Post-IPO RSU Scheme"**)

The Company has conditionally adopted the Post-IPO RSU Scheme by Shareholders' resolutions dated September 16, 2021. The Company may appoint a trustee (the "**RSU Trustee**") to administer the Post-IPO RSU Scheme with respect to the grant of any Award RSUs, by way of which may vest in the form of Shares (the "**Award Shares**") or the actual selling price of the Award Shares in cash in accordance with the Post-IPO RSU Scheme.

1. *Eligible Persons to the Post-IPO RSU Scheme*

Any individual, being an employee, Director (including Executive Directors, Non-Executive Directors and Independent Non-Executive Directors) or consultant of any member of the Group or any affiliate (an "**Eligible Person**" and, collectively "**Eligible Persons**") who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group is eligible to receive an award granted by the Board by way of RSUs, which may vest in the form of Award Shares or the actual selling price of the Award Shares of RSUs in cash in accordance with the Post-IPO RSU Scheme. However, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Post-IPO RSU Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Post-IPO RSU Scheme.

2. *Purpose of the Post-IPO RSU Scheme*

The purpose of the Post-IPO RSU Scheme is to align the interests of Eligible Persons' with those of our Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain Eligible Persons to make contributions to the long-term growth and profits of our Group.

3. *Awards*

An Award gives a selected participant a conditional right, when the RSU vests, to obtain the Award Share or, if in the absolute discretion of the Board or its delegate(s), it is not practicable for the selected participant to receive the Award in Shares, the cash equivalent from the sale of the Award Shares. An Award includes all cash income from dividends in respect of those Shares from the date the Award is granted (the "**Grant Date**") to the date the Award vests (the "**Vesting Date**"). For the avoidance of doubt, the Board at its discretion may from time to time determine that any dividends declared and paid by our Company in relation to the Award Shares be paid to the selected participant even though the Award Shares have not yet vested.

4. *Grant of Award*

   (i) *Making the Grant*

   The Board or the committee of the Board or person(s) to which the Board has delegated its authority may, from time to time, at their absolute discretion, grant an Award to a selected participant by way of an award letter. The award letter will specify the Grant Date, the number of Award Shares underlying the Award, the vesting criteria and conditions, the Vesting Date and such other details as the Board or its delegate(s) may consider necessary. No amount is payable by the grantee on the acceptance of an Award, and no purchase price is payable by the grantee on vesting of an Award.

   Each grant of an Award to any Director, chief executive or substantial shareholder of our Company shall be subject to the prior approval of the Independent Non-Executive Directors of our Company (excluding any Independent Non-Executive Director who is a proposed recipient of an Award). Our Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for any grant of Shares to connected persons of our Company.

   (ii) *Restrictions on Grants and Timing of Grants*

   The Board and its delegate(s) may not grant any Award to any selected participant in any of the following circumstances:

   (A) where any requisite approval from any applicable regulatory authorities has not been granted;

   (B) where any member of our Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Award or the Post – IPO RSU Scheme, unless the Board determines otherwise;

   (C) where such Award would result in a breach by any member of our Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction;

   (D) where such grant of Award would result in a breach of the Post-IPO RSU Limit (as defined below) or the minimum public float requirement as required under the Listing Rules, or would otherwise cause our Company to issue Shares in excess of the permitted amount in the mandate approved by the Shareholders;

   (E) where an Award is to be satisfied by way of issue of new Shares to the RSU Trustee, in any circumstances that cause the total Shares issued or allotted to connected persons to be in excess of the amount permitted in the mandate approved by the Shareholders;

(F) where any Director of our Company is in possession of unpublished inside information in relation to our Company or where dealings by Directors of our Company are prohibited under any code or requirement of the Listing Rules and all applicable laws, rules or regulations, from time to time;

(G) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results, unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met, in accordance with the Listing Rules;

(H) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and the half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results, unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met, in accordance with the Listing Rules; and

(I) during any period of delay in the publication of a results announcement.

5. Maximum Number of Shares to be Granted

The aggregate number of Shares underlying all grants made pursuant to the Post-IPO RSU Scheme (excluding Award which have been forfeited in accordance with the Post-IPO RSU Scheme) will not exceed 10% of the issued share capital of the Company as of the date of approval of the Post-IPO RSU Scheme without Shareholders' approval (the "**Post-IPO RSU Scheme Limit**"), being 4,872,343 ordinary shares, which was subsequently adjusted to 48,723,430 Shares following the Share Subdivision, representing 7.17% of the total issued shares of the Company as at the date of this report. As at January 1, 2024, no grant of awards has been made pursuant to the Post-IPO RSU Scheme. As such, the total number of shares available for grant under the Post-IPO RSU Scheme remained to be 48,723,430. As at December 31, 2024, (i) the aggregate number of underlying ordinary shares pursuant to the outstanding RSUs granted was 7,482,500 shares; and (ii) the aggregate number of underlying ordinary shares pursuant to the RSUs available for grant was 41,240,930 shares, which represented approximately 6.07% of the Company's total number of issued shares. As such, the total number of shares available for issue under the Post-IPO RSU Scheme was 41,240,930 as at December 31, 2024, which represented approximately 6.07% of the Company's total number of issued shares as at the date of this report. No service provider sublimit has been adopted for the Post-IPO RSU Scheme.

Unless approved by the Shareholders in general meeting, the total number of the ordinary shares issued and to be issued upon the vesting or exercise of the Awards granted to each participant in any 12-month period shall not exceed 1% of the Shares in issue for the time being.

6. Rights attached to the Award

Save that the Board at its discretion may from time to time determine that any dividends declared and paid by our Company in relation to the Award Shares be paid to the selected participants even though the RSUs have not yet vested in the form of Award Shares, the selected participant only has a contingent interest in the Award Shares underlying an Award unless and until such Award Shares are actually transferred to the selected participant, nor does he/she have any rights to any related income until the RSUs vest in the form of Award Shares.

The RSU Trustee shall not exercise the voting rights in respect of any Award Shares which are held under the Trust that have not yet vested.

7. *Issue of Shares and/or transfer of funds to the RSU Trustee*

Our Company shall, as soon as reasonably practicable and no later than 30 business days from the Grant Date, (i) issue and allot Shares to the RSU Trustee and/or (ii) transfer to the RSU Trustee the necessary funds and instruct the RSU Trustee to acquire Shares through on-market transactions at the prevailing market price, so as to satisfy the Awards.

Our Company shall not issue or allot Award Shares nor instruct the RSU Trustee to acquire Shares through on-market transactions at the prevailing market price, where such action (as applicable) is prohibited under the Listing Rules, the Securities and Futures Ordinance or other applicable laws from time to time. Where such a prohibition causes the prescribed timing imposed by the Post-IPO RSU Scheme Rules or the trust deed to be missed, such prescribed timing shall be treated as extended until as soon as reasonably practicable after the first Business Day on which the prohibition no longer prevents the relevant action.

8. *Assignment of Awards*

Unless express written consent is obtained from the Board or the committee of the Board or person(s) to which the Board has delegated its authorities, any Award granted under the Post-IPO RSU Scheme but not yet vested are personal to the selected participants to whom they are granted and cannot be assigned or transferred. A selected participant shall not in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to any Award, or enter into any agreement to do so.

9. *Vesting of Awards*

The Board or its delegate(s) may from time to time while the Post-IPO RSU Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award to be vested.

Within a reasonable time period as agreed between the RSU Trustee and the Board from time to time prior to any Vesting Date, the Board or its delegate(s) will send a vesting notice to the relevant selected participant and instruct the RSU Trustee the extent to which the Award Shares held in the trust shall be transferred and released from the trust to the selected participant. Subject to the receipt of the vesting notice and notification from the Board or its delegate(s), the RSU Trustee will transfer and release the relevant Award in the manner as determined by the Board or its delegate(s).

If, in the absolute discretion of the Board or its delegate(s), it is not practicable for the selected participant to receive the Award in Shares, solely due to legal or regulatory restrictions with respect to the selected participant's ability to receive the Award in Shares or the RSU Trustee's ability to give effect to any such transfer to the selected participant, the Board or its delegate(s) will direct and procure the RSU Trustee to sell, on-market at the prevailing market price, the number of RSUs so vested in the form of Award Shares in respect of the selected participant and pay the selected participant the proceeds arising from such sale based on the actual selling price of the Award Shares following vesting of such RSUs in cash as set out in the vesting notice.

If there is an event of change in control of our Company by way of a merger, a privatization of our Company by way of a scheme or by way of an offer, the Board or the committee of the Board or person(s) to which the Board has delegated its authority shall at their sole discretion determine whether the Vesting Dates of any Awards will be accelerated to an earlier date.

10. Consolidation, subdivision, bonus issue and other distribution

In the event our Company undertakes a subdivision or consolidation of the Shares, corresponding changes will be made to the number of outstanding RSUs that have been granted provided that the adjustments shall be made in such manner as the Board determines to be fair and reasonable in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Post-IPO RSU Scheme for the selected participants. All fractional shares (if any) arising out of such consolidation or subdivision in respect of the Award Shares of a selected participant shall be deemed as returned shares and shall not be transferred to the relevant selected participant on the relevant Vesting Date. The RSU Trustee shall hold returned shares to be applied towards future Awards in accordance with the provisions of the Post-IPO RSU Scheme rules for the purpose of the Post-IPO RSU Scheme.

In the event of an issue of Shares by our Company credited as fully paid to the holders of the Shares by way of capitalization of profits or reserves (including share premium account), the Shares attributable to any Award Shares held by the RSU Trustee shall be deemed to be an accretion to such Award Shares and shall be held by the RSU Trustee as if they were Award Shares purchased by the RSU Trustee hereunder and all the provisions hereof in relation to the original Award Shares shall apply to such additional Shares.

In the event of any non-cash distribution or other events not referred to above by reason of which the Board considers an adjustment to an outstanding Award to be fair and reasonable, an adjustment shall be made to the number of outstanding RSUs of each selected participant as the Board shall consider as fair and reasonable, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Post-IPO RSU Scheme for the selected participants. Our Company shall provide such funds, or such directions on application of the returned shares or returned trust funds, as may be required to enable the RSU Trustee to purchase Shares on-market at the prevailing market price to satisfy the additional Award.

In the event of other non-cash and non-scrip distributions made by our Company not otherwise referred to in the Post-IPO RSU Scheme rules in respect of the Shares held upon trust, the RSU Trustee shall sell such distribution and the net sale proceeds thereof shall be deemed as related income of the Post-IPO RSU Scheme or returned trust funds of the returned Shares held upon trust as the case may be.

11. Cessation of employment and other events

Except as otherwise determined by the Board or the committee of the Board or person(s) to which the Board has delegated its authority, upon termination of employment, office or service with our Company during the applicable restriction period, Awards that are at that time unvested shall be forfeited or repurchased in accordance with the terms and provisions of the grant letter and/or award agreement to be entered into by such selected participant; provided, however, that the Board or the committee of the Board or person(s) to which the Board has delegated its authority may (a) provide in any grant letter and/or award agreement that restrictions or forfeiture and repurchase conditions relating to the Awards will be waived in whole or in part in the event of terminations resulting from specified causes; and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to the Awards.

If a selected participant ceases to be an Eligible Person for reasons other than those stated this paragraph, any outstanding RSUs and related income not yet vested in the form of Award Shares shall be immediately forfeited, unless the Board or its delegate(s) determines otherwise at their absolute discretion.

12. Alteration of the Post-IPO RSU Scheme

The Post-IPO RSU Scheme may be altered in any respect (save for the Post-IPO RSU Scheme Limit) by a resolution of the Board provided that no such alteration shall operate to affect adversely any subsisting rights of any selected participant unless otherwise provided for in the rules of the Post-IPO RSU Scheme, except:

(i) with the consent in writing of selected participants amounting to three-fourths in nominal value of all RSUs held by the RSU Trustee on that date; or

(ii) with the sanction of a special resolution that is passed at a meeting of the selected participants amounting to three-fourths in nominal value of all RSUs held by the RSU Trustee on that date.

13. Termination

The Post-IPO RSU Scheme shall terminate on the earlier of:

(i) the end of the period of ten years commencing on the Listing Date except in respect of any non-vested RSUs granted hereunder prior to the expiration of the Post-IPO RSU Scheme, for the purpose of giving effect to the vesting in the form of Award Shares of such RSUs or otherwise as may be required in accordance with the provisions of the Post-IPO RSU Scheme; and

(ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant under the rules of the Post-IPO RSU Scheme, provided further that for the avoidance of doubt, the change in the subsisting rights of a selected participant in this paragraph refers solely to any change in the rights in respect of the RSUs already granted to a selected participant.

As such, the remaining life of the Post-IPO RSU Scheme is approximately 6.5 years.

14. Administration of the Post-IPO RSU Scheme

Our Company has established a committee comprising of, among others, Directors and senior management members, for the administration of the Post-IPO RSU Scheme.

15. General

During the Reporting Period, the aggregate number of underlying ordinary shares pursuant to the outstanding RSUs granted under the Post-IPO RSU Scheme was 7,482,500 Shares, all of which don't involve issue of new shares. Details of movements of RSUs under the Post-IPO RSU Scheme during the year ended December 31, 2024 are as follows:

			Number of shares underlying awards (with existing shares as underlying shares)								
Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the awards were granted	outstanding as of the beginning of the Reporting Period	granted during the Reporting Period	vested during the Reporting Period	lapsed during the Reporting Period	cancelled during the Reporting Period	outstanding as of the ending of the Reporting Period	Vesting Period	Performance targets	Fair value of awards at the date of grant
Directors											
Xu Yao-Chang	September 1, 2024	HKD3.14	0	680,000	0	0	0	680,000	Note 1	Note 3	Note 4
Chen Zhui	September 1, 2024	HKD3.14	0	680,000	0	0	0	680,000	Note 1	Note 3	Note 4
Yu Hongping	September 1, 2024	HKD3.14	0	680,000	0	0	0	680,000	Note 1	Note 3	Note 4
Employee participants											
	April 1, 2024	HKD2.88	0	607,500	0	0	0	607,500	Note 1	Note 3	Note 4
	September 1, 2024	HKD3.14	0	4,835,000	0	0	0	4,835,000	Note 1	Note 3	Note 4
Total			**0**	**7,482,500**	**0**	**0**	**0**	**7,482,500**			
5 highest paid individuals during the Reporting Period (Note 5)	September 1, 2024	HKD3.14	0	3,140,000	0	0	0	3,140,000	Note 1	Note 3	Note 4
Total (5 highest paid individuals)			**0**	**3,140,000**	**0**	**0**	**0**	**3,140,000**			

Notes:

1. 25% of the share awards shall vest on each of the 1st, 2nd, 3rd and 4th of anniversary of the Grant Date.

2. No consideration or any form of purchase price is payable by the grantee upon acceptance or vesting of the share awards.

3. Subject to satisfaction of certain performance targets as determined by the Board at its absolute discretion, either on a case -by-case basis or generally:

   (i) Group level performance: The Board will assess the performance of the Group for the relevant year, including in particular key performance indicators, such as revenue, profit and sales volume of the Group as a whole and of the applicable business.

   (ii) Individual level performance: The Group has established a standard performance appraisal system for its employees to evaluate their performance and contribution to the Group. The Company will determine whether the Grantees meet the individual performance target based on their performance appraisal results for the relevant year.

4. For the accounting standard and policy adopted for the fair value of the share awards, please refer to Note 24 to the consolidated financial statements in this report. The fair value of the RSUs granted on April 1, 2024 is HKD2.92, and the fair value of the RSUs granted on September 1, 2024 is HKD3.40.

   During the year ended December 31, 2024, the aggregated fair value of the RSUs granted on April 1, 2024 under the Post-IPO RSU Scheme was HKD1,773,900.00, all of which were granted to employee participants.

   The aggregated fair value of the RSUs granted on September 1, 2024 under the Post-IPO RSU Scheme was HKD23,375,000.00. The estimated value of the RSUs granted on that date to Xu Yao-Chang, Chen Zhui, Yu Hongping, employee participants (For the avoidance of doubt, 3 Directors forth mentioned are not included) and 5 highest paid individuals (For the avoidance of doubt, 3 Directors forth mentioned here are included) was HKD2,312,000.00, HKD2,312,000.00, HKD2,312,000.00, HKD16,439,000.00 and HKD10,676,000.00, respectively.

Participant	**Date of grant**	**Total number granted**	**Fair value of awards at the date of grant** ***HKD***
Xu Yao-Chang	September 1, 2024	680,000	2,312,000.00
Chen Zhui	September 1, 2024	680,000	2,312,000.00
Yu Hongping	September 1, 2024	680,000	2,312,000.00
Employee participants	September 1, 2024	4,835,000	16,439,000.00
Total			**23,375,000.00**
5 highest paid individuals	September 1, 2024	3,140,000	10,676,000.00

5. No RSU under the Post-IPO RSU Scheme has been granted to any of the directors which have not been identified in the table. No RSU under the Post-IPO RSU Scheme has been granted to any of the five highest paid individuals during the financial year which has not been individually identified in the table. For the avoidance of doubt, 5 highest paid individuals comprise three Directors (namely, Xu Yao-Chang, Chen Zhui and Yu Hongping) and two other non-Director employees. In the calculation of the movements of RSUs under the Post-IPO RSU Scheme held by these 5 highest paid individuals, the RSUs held by the 3 forth-mentioned Directors are also included.

6. Employee participants include employees of the Company and its subsidiaries.

7. No RSUs under the Post-IPO RSU Scheme were vested) during the Reporting Period. Therefore, the disclosure in relation to the weighted average closing price of the Shares immediately before the dates on which the RSUs were vested as required by Rule 17.07(1)(d) of the Listing Rules is not applicable.

Post-IPO Share Option Scheme

A summary of the principal terms of the Post-IPO Share Option Scheme conditionally approved and adopted in compliance with Chapter 17 of the Listing Rules by resolutions of our Shareholders on September 16, 2021 is as follows. As at December 31, 2024, the aggregate number of underlying ordinary shares pursuant to the outstanding options granted was 3,840,193 Shares, representing approximately 0.57% of the total issued Shares.

1. *Purpose*

   The Post-IPO Share Option Scheme is established to reward employees, Directors or Consultants for their past contribution to the success of the Company, and to provide incentives to them to further contribute to the Company.

2. *Eligible persons*

   Any individual, being an employee, Director or Consultant of any member of our Group ("**Selected Participant**") who the Board may in its absolute discretion select to grant an option to subscribe for such number of Shares as the Board may determine at the Exercise Price (as defined below).

3. *Maximum number of Shares*

   The maximum number of Shares in respect of which options may be granted under the Post-IPO Share Option Scheme shall not exceed 10% of the issued share capital of the Company as of the date of approval of the Post-IPO Share Option Scheme by the Shareholders of the Company, being 4,872,343 ordinary shares, which was subsequently adjusted to 48,723,430 Shares following the Share Subdivision, representing 7.17% of the total issued shares of the Company as at the date of this report. As at January 1, 2024 and December 31, 2024, the number of options available for grant under the Post-IPO Share Option Scheme is 44,458,430 Shares and 44,645,930 Shares respectively. As at December 31, 2024, the total number of shares available for issue under the Post-IPO Share Option Scheme, comprising the options available for grant and the number of granted outstanding options which remained unexercised, is 48,486,123 Shares, representing approximately 7.13% of the total number of issued shares of the Company as at the date of this report. Options lapsed in accordance with the terms of the Post-IPO Share Option Scheme shall not be counted for the purpose of calculating the Limit of the Scheme. The total number of Shares to be issued upon exercise of all outstanding options under the Post-IPO Share Option Scheme and all other schemes of the Company granted and yet to be exercised shall not exceed 30% of all the Shares in issue from time to time. No option may be granted under the Post-IPO Share Option Scheme if this will result in the limit being exceeded. No service provider sublimit has been adopted for the Post-IPO Share Option Scheme.

   The maximum number of Shares shall be adjusted, in such manner as the auditor of the Company shall certify in writing to the Board to be fair and reasonable, in the event of any alteration in the capital structure of the Company whether by way of capitalization of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company provided that no such adjustment shall be made in the event of an issue of Shares as consideration in respect of a transaction to which the Company is a party.

4. *Maximum entitlement of a grantee*

Except with the approval of Shareholders in general meeting with the prospective Grantee and his associates abstaining from voting, no option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of options and any other option or Award over the Shares (including exercised, cancelled and outstanding options) granted and to be granted to such person in any 12-month period up to the date of the latest grant exceeds 1% of the Shares in issue from time to time. The Company shall send a circular to its Shareholders containing the information required under the Listing Rules. The number and terms of the options to be granted to such prospective Grantee shall be fixed before the Shareholders' approval of the grant of such options and the date of Board meeting for proposing such further grant should be taken as the Offer Date for the purpose of calculating the Exercise Price.

5. *Performance target*

The Post-IPO Share Option Scheme does not set out any performance targets that must be achieved before the options may be exercised. However, subject to the provisions of the Listing Rules, the Board may in its absolute discretion specify such event, time limit or conditions (if any) as it thinks fit including, without limitation, conditions as to performance criteria to be satisfied and/or the Company and/or the Group which must be satisfied before an option can be exercised, provided such terms and conditions shall not be inconsistent with any other terms and conditions of the Post-IPO Share Option Scheme.

6. *Exercise price*

The amount payable for each Share to be subscribed for under an option ("**Exercise Price**") in the event of the option being exercised shall be determined by the Board at its absolute discretion, but shall be not less than the greater of:

(i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;

(ii) the average closing price of our Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share on the date of grant, provided that, for the purpose of determining the Exercise Price where the Shares have been listed on the Stock Exchange for less than five business days, the issue price of the Shares in the Company's Global Offering of the Shares shall be used as the closing price of the Shares for any business day falling within the period before the listing of the Shares on the Stock Exchange.

7. Rights are personal to grantee

An option is personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option, except for the transmission of an option on the death of the grantee to his personal representative(s) on the terms of the Post-IPO Share Option Scheme.

8. Grant offer letter and notification of grant of options

An offer of the grant of an option shall be made to any Grantee by letter in such form as the Board may from time to time determine specifying the number of Shares, the Exercise Price, the Option Period, the date by which the grant must be accepted being a date not more than 28 days after the Offer Date (provided such offer shall be open for acceptance after the effective period of the Post-IPO Share Option Scheme) and further requiring the employee to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Post-IPO Share Option Scheme. The letter shall also state that the offer of an option shall be personal to the employee concerned and shall not be transferable. The inadvertent non-compliance with the requirements of the above shall not render the grant of an option invalid if the Board so determines and makes such remedial action, if any, as it deems appropriate in its absolute discretion.

An option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter comprising acceptance of the offer of the grant of the option duly signed by the Grantee together with a payment to the Company and/or any of its Subsidiaries of HKD1 (or the equivalent of HKD1 in the local currency of any jurisdiction where the company and/or its Subsidiaries operate, as the Board may in its absolute discretion determine) by way of consideration for the grant thereof is received by the Company within the time period specified in the offer of the grant of the option. Such remittance shall not be refundable.

Any offer of the grant of an option may be accepted or deemed to have been accepted in respect of any number of Shares up to the number in respect of which the option is offered provided that it is accepted in respect of a Board Lot or an integral multiple thereof. To the extent that the offer of the grant of an option is not accepted within 28 days after the Offer Date, it will be deemed to have been irrevocably declined and will lapse, unless the Board in its absolute discretion determines otherwise.

9. Restriction of grant of options

No option shall be offered or granted:

(a) to any employee after inside information has become to the Company's knowledge until (and including) the trading day after the Company has announced the information;

(b) to any employee during the period commencing one month immediately before the earlier of:

(i) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the results of the Company for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

(ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement. No option shall be granted during any period of delay in publishing a results announcement.

(c) to any director of the Company (except where the Exercise Price is to be determined by the Board at the time of exercise of the option):

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

(ii) during the period of 30 days immediately preceding the publication of the quarterly (if any) or half – yearly results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication of the results.

10. Time of exercise of an option

Subject as provided in the Post-IPO Share Option Scheme and any conditions specified by the Board, an option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to our Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

11. Lapse of option

Any option shall elapse automatically and not be exercisable on the earliest of:

(a) the expiry of the Option Period;

(b) subject to the date of the commencement of the winding-up of the Company;

(c) the date on which the Grantee ceases to be an employee, Director or Consultant of the Company by reason of the summary termination of his employment, office or service on any one or more of the grounds that he has been guilty of misconduct, or has been convicted of any criminal offense involving his integrity or honesty or (if so determined by the Board in its absolute discretion) on any other ground on which the relevant company in the Group would be entitled to terminate his employment, office or service summarily at common law or pursuant to any applicable laws or under the Grantee's service contract with relevant company in the Group;

(d) where the Grantee is an employee, Director or Consultant of a subsidiary of the Company, the date on which such subsidiary ceases to be a member of the Group;

(e) the date on which the option is cancelled by the Board;

(f) the date on which the Grantee commits a breach of Post-IPO Share Option Scheme rule; or

(g) the occurrence or non-occurrence of any event, expiry of any period, or nonsatisfaction of any condition, as specified in the letter containing the offer or grant of the relevant option.

12. Voting and dividend rights

No dividends shall be payable and no voting rights shall be exercisable in relation to any options or Shares that are the subject of options that have not been exercised.

13. Effects of alterations in the capital structure of our Company

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable, whether by way of capitalization of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding adjustments (if any) shall be made to:

(a) the number or nominal amount of Shares, the subject matter of the option (insofar as it is unexercised); and/or

(b) the aggregate number of Shares subject to outstanding options; and/or

(c) the Exercise Price; and/or

(d) the method of exercise of the option, as the auditor of the Company shall certify in writing to the Board to be in their opinion fair and reasonable, provided that any adjustment shall be made on the basis that the proportion of the issued share capital of the Company to which a Grantee is entitled after such adjustment shall remain the same, or as nearly as possible the same as that to which he was entitled to subscribe had he exercised all the options held by him immediately before such adjustment, but so that no such adjustment shall be made the effect of which would be to enable any Share to be issued at less than its nominal value, or to alter any terms of the relevant option to the advantage of the Grantee without the approval of the shareholders of the Company.

If there has been any alteration in the capital structure of the Company as referred to in the Company shall, upon receipt of a notice from the Grantee, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made pursuant to the certificate of the auditor of the Company obtained by the Company for such purpose, or if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the auditor of the Company to issue a certificate in that regard.

14. Rights on takeover and schemes of compromise or arrangement

If a general or partial offer (whether by way of take-over offer, share repurchase offer or otherwise in like manner other than by way of a scheme of arrangement) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror) the Company shall use its best endeavors to procure that such offer is extended to all the Grantees (on the same terms mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, shareholders of the Company). If such offer becomes or is declared unconditional, the Grantee (or his legal personal representative(s)) shall be entitled to exercise his outstanding option(s) in full at any time within 14 days after the date on which such general offer becomes or is declared unconditional.

15. Rights on a voluntary winding up

In the event of an effective resolution being passed for the voluntary winding-up of the Company or an order of the court being made for the winding-up of the Company, notice thereof shall be given by the Company to Grantees with options outstanding in full or in part at such date. If a Grantee immediately prior to such event had any outstanding options, the Grantee (or his legal personal representative(s)) may by notice in writing to the Company within 21 days after the date of such resolution elect to be treated as if the options had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in the notice, such notice to be accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given, whereupon the Grantee shall be duly issued and allotted with the relevant Shares (or treated as such by the Company) and entitled to receive out of the assets available in the liquidation pari passu with the holders of Shares such sum as would have been received in respect of the Shares that are the subject of such election.

16. Ranking of Shares

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles of Association of the Company for the time being in force and will rank pari passu with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends and other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor falls before the date of allotment.

17. Duration

The Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date when the Post-IPO Share Option Scheme becomes unconditional, after which period no further options will be granted by the provisions of the Post-IPO Share Option Scheme, but the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. The remaining life of the Post-IPO Share Option Scheme is approximately 6.5 years.

18. Alteration of the Post-IPO Share Option Scheme

The Board may subject to the rules of the Post-IPO Share Option Scheme amend any of the provisions of the Post-IPO Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the Post-IPO Share Option Scheme, which are not found in Chapter 17 of the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any grantee at that date).

Those specific provisions of the Post-IPO Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of selected participants, and no changes to the authority of the administrator of the Post-IPO Share Option Scheme in relation to any alteration of the terms of the Post-IPO Share Option Scheme shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms of the Post-IPO Share Option Scheme which are of a material nature, or any change to the terms and conditions of options granted (including those granted to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates), must also, to be effective, be approved by our Shareholders in general meeting and the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Post-IPO Share Option Scheme. The options and the Post-IPO Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules. Any change to the authority of the Directors or Post-IPO Share Option Scheme administrators in relation to any alternation to the terms of the Post-IPO Share Option Scheme must be approved by Shareholders in general meeting.

Notwithstanding any provisions to the contrary in the Post-IPO Share Option Scheme, if on the relevant date of exercise there are restrictions or conditions imposed by the relevant laws and regulations to which the grantee is subject and the grantee has not obtained approval, exemption or waiver from the relevant regulatory authorities for the subscription of and dealing in our Shares, the grantee may sell the options to such transferee, subject to the approval by the Board, which shall not unreasonably withhold or delay such approval. In the event that the options are transferred to a connected person of our Company, no Shares shall be allotted and issued upon the exercise of the options by a connected person of our Company unless the Board is satisfied that the allotment and issue of Shares will not trigger any breach of the Listing Rules, the Articles of Association, the Companies Act or the Takeovers Code.

19. Termination

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

20. Administration of the Post-IPO Share Option Scheme

Our Company has established a committee comprising of, among others, Directors and senior management members, for the administration of the Post-IPO Share Option Scheme.

21. General

During the Reporting Period, no options were granted under the Post-IPO Share Option Scheme. Details of movements of share options under the Post-IPO Share Option Scheme during the year ended December 31, 2024 are as follows:

			Number of shares underlying options										
Name of Participant or Category of Participant	**Date of grant**	**Closing price of shares immediately before the date on which the options were granted**	**outstanding as of the beginning of the Reporting Period**	**granted during the Reporting Period**	**lapsed during the Reporting Period**	**cancelled during the Reporting Period**	**exercised during the Reporting Period**	**outstanding as of the ending of the Reporting Period**	**Vesting period**	**Exercise period**	**Exercise price**	**Performance targets**	**Fair value of options at the date of grant**
Employee participants													
	June 1, 2023	HKD2.74	550,000	0	0	0	29,828	520,172	Note 1	Note 2	HKD2.774	Note 3	HKD 1.4781
	March 17, 2023	HKD3.16	375,000	0	0	0	37,500	337,500	Note 1	Note 2	HKD3.108	Note 3	HKD 1.5090
	November 1, 2022	HKD2.62	1,640,000	0	217,500	0	139,979	1,282,521	Note 1	Note 2	HKD2.85	Note 3	HKD 2.0361/ HKD 1.8573
	June 1, 2022	HKD3.74	1,700,000	0	0	0	0	1,700,000	Note 1	Note 2	HKD4.00	Note 3	HKD1.8531/ HKD 1.6467
Total			**4,265,000**	**0**	**217,500**	**0**	**207,307**	**3,840,193**					
5 highest paid individuals during the Reporting Period (Note 9)	November 1, 2022	HKD2.62	150,000	0	0	0	60,000	90,000	Note 1	Note 2	HKD2.85	Note 3	HKD 2.0361
	June 1, 2022	HKD3.74	1,500,000	0	0	0	0	1,500,000	Note 1	Note 2	HKD4.00	Note 3	HKD 1.8531
Total (5 highest paid individuals)			**1,650,000**	**0**	**0**	**0**	**60,000**	**1,590,000**					

Notes:

1. 25% of the options shall vest on each of the 1st, 2nd, 3rd and 4th anniversary of the Grant Date.

2. The exercise period of the options commences on any day after the date upon which the option is accepted or deemed to be accepted and in any event shall end not later than the 10th anniversary of the relevant date of the letter by which an option is offered, subject to the provisions for early termination or the relevant document of grant or other notification issued by the Board.

3. Subject to satisfaction of certain performance targets as determined by the Board at its absolute discretion, either on a case -by-case basis or generally:

   (i) Group level performance: The Board will assess the performance of the Group for the relevant year, including in particular key performance indicators, such as revenue, profit and sales volume of the Group as a whole and of the applicable business.

   (ii) Individual level performance: The Group has established a standard performance appraisal system for its employees to evaluate their performance and contribution to the Group. The Company will determine whether the Grantees meet the individual performance target based on their performance appraisal results for the relevant year.

4. No options under the Post-IPO Share Option Scheme has been granted during the Reporting Period.

5. No option has been granted to any of the directors, chief executive or substantial shareholders of the Company, or their respective associates under the Post-IPO Share Option Scheme; no participant has been granted with options under the Post-IPO Share Option Scheme in excess of the 1% individual limit; no related entity participant or service provider has been granted with options under the Post-IPO Share Option Scheme.

6. Employee participants include employees of the Company and its subsidiaries.

7. In respect of the exercise of share options by employee participants during the Reporting Period, the weighted average closing price of the Shares immediately before the dates on which the share options under the Post-IPO Share Option Scheme were exercised was HKD4.50. In respect of the exercise of share options by 5 top highest paid individuals during the Reporting Period, the weighted average closing price of the Shares immediately before the dates on which the share options under the Post-IPO Share Option Scheme were exercised was HKD4.86.

8. The fair value of the equity-settled options granted under the Post-IPO Share Option Scheme will be estimated as at the dates of grant using a binomial model, taking into account the terms and conditions upon which the options are granted. For the accounting standard and policy adopted for the fair value of options, please refer to Note 24 to the consolidated financial statements in this report.

9. No option under the Post-IPO Share Option Scheme has been granted to any of the directors which have not been identified in the table. No option under the Post-IPO Share Option Scheme has been granted to any of the 5 highest paid individuals during the financial year which has not been individually identified in the table.

During the Reporting Period, only RSUs with existing shares as underlying shares under the Post-IPO RSU Scheme were granted, the Company did not grant any share options or RSUs involving issue of new shares under all schemes of the Company (including the 2019 Share Incentive Plan, Post-IPO RSU Scheme and the Post-IPO Share Option Scheme). Therefore, the number of shares that may be issued in respect of share options and awards granted under all schemes of the Company during the Reporting Period divided by the weighted average number of shares in issue for the Reporting Period as required under Rule 17.07(3) of the Listing Rules is not applicable.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

For the year ended December 31, 2024, certain related parties transactions as disclosed in note 28 to the consolidated financial statements constitute connected transactions or continuing connected transactions as defined under the Listing Rules. For the year ended December 31, 2024, we have not entered into any non-exempt connected transaction or continuing connected transaction which should be disclosed pursuant to Rules 14A.49 and 14A.71 of the Listing Rules. During the Reporting Period, the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the share capital of the Company during the Reporting Period are set out in note 22 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at December 31, 2024, the Company's reserves available for distribution from share premium plus profits, calculated in accordance with the provisions of Companies Act of the Cayman Islands, was RMB5,490 million (2023: nil). Though we recorded positive reserves available for distribution as at December 31, 2024, a dividend may not 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, and the distribution of dividends is further subject to the Board's resolution.

USE OF PROCEEDS FROM THE GLOBAL OFFERING AND CHANGE IN USE OF NET PROCEEDS

Use of Net Proceeds from the Global Offering

The shares of the Company were listed on the Stock Exchange on October 13, 2021 and the Company obtained net proceeds of approximately HKD1,674 million (after deducting the underwriting commissions and other estimated expenses in connection with the global offering and the exercise of the over-allotment option).

For the year ended December 31, 2024, HKD247.01 million out of the net proceeds had been utilized in accordance with the purposes set out in the prospectus of the Company dated September 30, 2021 ("**Prospectus**") under the section headed "Future Plans and Use of Proceeds", and HKD711.09 million remained unutilized as at December 31, 2024. The table below sets out the actual usage up to December 31, 2024:

Planned usage	% of use of net proceeds (Approximately)	Net proceeds from the IPO *(HKD million)*	Amount of unutilized net proceeds as at January 1, 2024 *(HKD million)*	Actual usage during the Reporting Period *(HKD million)*	Unutilized net proceeds as at December 31, 2024 *(HKD million)*	Expected timeline for application of the unutilized net proceeds
Fund the ongoing and future R&D including planned clinical trials, preparation of registration filings, and future commercialization of our Core Product Candidate irpagratinib (ABSK011)	19.7%	329.78	263.59	60.37	203.22	Expected to be fully utilized by December 31, 2024
Fund the ongoing and future R&D including planned clinical trials, preparation of registration filings and future commercialization of our Core Product candidate fexagratinib (ABSK091, AZD4547)	32.6%	545.72	462.80	15.86	446.94	Expected to be fully utilized by December 31, 2024
Fund our other clinical stage products and product candidates in our pipeline	28.0%	468.72	170.78	170.78	0	Expected to be fully utilized by December 31, 2024
Fund our pre-clinical research and studies, including continued development of our R&D platform and R&D of new pre-clinical candidates	8.4%	140.62	0	0	0	Expected to be fully utilized by December 31, 2024
Fund the construction of manufacturing facility in Shanghai	6.3%	105.46	60.93	0	60.93	Expected to be fully utilized by December 31, 2024
Working capital and general corporate purposes	5.0%	83.70	0	0	0	Expected to be fully utilized by December 31, 2024
Total	**100%**	**1,674.00**	**958.10**	**247.01**	**711.09**	

Note:

Net IPO proceeds were received in Hong Kong dollars and translated to Renminbi for application planning.

Change in use of net proceeds

The Board has resolved to change the use of unutilised net proceeds of HKD699.73 million on March 3, 2025. Upon completion of the change in the use of net proceeds from the Global Offering, the specific use of net proceeds from the Global Offering of the Company is as follows:

Planned usage	% of use of proceeds (Approximately)	Net proceeds from the IPO *(HKD million)*	Amount of utilized net proceeds as at March 3, 2025 *(HKD million)*	Amount of unutilized net proceeds as at March 3, 2025 *(HKD million)*	Amount of unutilized net proceeds after the change of the use of net proceeds *(HKD million)*	Expected timeline for application of the unutilized net proceeds after the change of the use of net proceeds
Fund the ongoing and future R&D including planned clinical trials, preparation of registration filings, and future commercialization of our Core Product Candidate irpagratinib (ABSK011)	19.7%	329.78	135.32	194.46	148.46	Expected to be fully utilized by December 31, 2026
Fund the ongoing and future R&D including planned clinical trials, preparation of registration filings and future commercialization of our Core Product candidate fexagratinib (ABSK091, AZD4547)	32.6%	545.72	101.38	444.34	12.34	Expected to be fully utilized by December 31, 2026
Fund our other clinical stage products and product candidates in our pipeline	28.0%	468.72	468.72	0	273.64	Expected to be fully utilized by December 31, 2026
Fund our pre-clinical research and studies, including continued development of our R&D platform and R&D of new pre-clinical candidates	8.4%	140.62	140.62	0	144.36	Expected to be fully utilized by December 31, 2026
Fund the construction of manufacturing facility in Shanghai	6.3%	105.46	44.53	60.93	0	–
Working capital and general corporate purposes	5.0%	83.70	83.70	0	120.93	Expected to be fully utilized by December 31, 2026
Total	**100%**	**1,674.00**	**974.27**	**699.73**	**699.73**	

For details of the change in use of net proceeds, please refer to the announcement of the Company dated March 3, 2025 in relation to, among others, change in use of net proceeds.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company's sufficiency of public float complies with the requirements of the Listing Rules.

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

From March 2024 to September 2024, the Company repurchased a total of 22,594,000 ordinary shares on the Stock Exchange, with total paid consideration of HKD68,739,330. A total of 15,833,000 ordinary shares, with total paid consideration of HKD47,708,160 were cancelled on July 3, 2024, and a total of 6,761,000 ordinary shares, with total paid consideration of HKD21,031,170 were cancelled on September 30, 2024. As at the end of the Reporting Period, all shares repurchased by the Company were cancelled, and the issued share capital of the Company was reduced accordingly. The purposes of share buy-backs by the Board is to reflect the intrinsic value of the shares, and are in the best interests of the Company and the shareholders. Details of the share repurchases during the Reporting Period are as follow:

Month of share repurchases	Number of shares repurchased	Repurchase price per share *(HKD)* Highest price paid	Lowest price paid	Total consideration paid *(HKD)*
March 2024	2,001,000	3.03	2.72	5,783,060
April 2024	8,177,000	3.33	2.73	24,215,510
May 2024	2,500,000	3.41	3.18	8,265,120
June 2024	5,893,000	3.29	2.90	18,055,150
July 2024	700,000	3.27	3.17	2,257,250
August 2024	2,923,000	3.18	2.78	8,897,050
September 2024	400,000	3.20	3.10	1,266,190
Total	**22,594,000**			**68,739,330**

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities (or sale of treasury shares*(Note 1)*, if any) listed on the Stock Exchange during the Reporting Period. As at December 31, 2024, the Company did not hold any treasury shares.*(Note 1)*

Note 1: as defined under the Listing Rules

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

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

MAJOR CUSTOMERS AND SUPPLIERS

As at December 31, 2024, the Company has not commercialized its products yet generated revenue from licensing agreements of two customers. For the year ended December 31, 2024，98.67% of the Group' revenue is Merck's licensing revenue and the remaining 1.33% of the revenue is Allist's milestone payment revenue. Save for the two customers afore-mentioned, the Company didn't have other customers for the year ended December 31, 2024. Therefore, the disclosure of a statement of the percentage of revenue from sales of goods or rendering of services attributable to the 5 largest customers combined as required under Paragraph 31(4) of Appendix D2 to the Listing Rules is not applicable.

During the year ended December 31, 2024, the respective percentage of purchases attributable to the Group's largest and five largest suppliers in relation to R&D activities and business operations in aggregate was 5.28% and 18.61%, respectively.

None of our Directors or any of their close associates or any Shareholder (which to the best knowledge of our Directors owned more than 5% of the Company's issued share capital) had any interest in any of our all customers and five largest suppliers in relation to R&D activities and business operations.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

KEY RELATIONSHIP WITH STAKEHOLDERS

The details of an account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company are set out in the ESG Report of the Company.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Particulars of the Company's significant events affecting the Company or any of its subsidiaries after the year ended December 31, 2024 and as at the date of this report are listed below:

1. Mr. Wang Lei resigned as an independent non-executive Director with effect on February 28, 2025.

2. Ms. Chui Hoi Yam was appointed as an independent non-executive Director with effect on February 28, 2025. Ms. Chui Hoi Yam obtained the legal advice referred to in Rule 3.09D of the Listing Rules on January 21, 2025, and Ms. Chui Hoi Yam confirmed that she understood her obligations as a director of the Company.

3. Dr. Chen Zhui resigned as an executive Director with effect on March 3, 2025.

4. Dr. Ji Jing was appointed as an executive Director with effect on March 3, 2025. Dr. Ji Jing obtained the legal advice referred to in Rule 3.09D of the Listing Rules on February 10, 2025, and Dr. Ji Jing confirmed that she understood her obligations as a director of the Company.

5. Dr. Xu Yao-Chang, Dr. Chen Zhui and Dr. Yu Hongping entered into a Termination Agreement to terminate the acting-in-concert agreement with effect from March 3,2025. Upon the execution of the Termination Agreement, Dr. Xu Yao-Chang, Dr. Chen Zhui and Dr. Yu Hongping are no longer obliged to, among other things, act in concert by aligning their votes at the shareholders' meetings of Abbisko Therapeutics Co., Ltd. and the Company, nor be deemed to be interested in each other's interest in the shares. For further details, please refer to the inside information announcement of the Company dated March 3, 2025; and

6. On March 3,2025, the Board approved an amount of no more than HKD200.0 million for share repurchase. For further details, please refer to the announcement of the Company dated March 3, 2025 in relation to on-market share repurchase; and

7. On March 3, 2025, the Board resolved to change the use of unutilised net proceeds from the Global Offering. For further details, please refer to the announcement of the Company dated March 3, 2025 in relation to, among others, change in use of net proceeds and the section headed "Directors' Report – Use of Proceeds From the Global Offering and Change in Use of Net Proceeds – Change in Use of Net Proceeds" of this report.

For particulars of the Company's business-related significant events affecting the Company or any of its subsidiaries after the year ended December 31, 2024, please refer to the section headed "Management Discussion and Analysis – Events after the Reporting Period" of this report.

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the section headed "Corporate Governance Report" of this report.

EQUITY-LINKED AGREEMENT

Other than the 2019 Share Incentive Plan, the Post-IPO RSU Scheme and the Post-IPO Share Award Scheme as disclosed above and in note 24 to the financial statements respectively and the grant letters issued pursuant to the schemes, the Company has not entered into any equity-linked agreement during the Reporting Period.

REVIEW BY AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. Sun Hongbin, Dr. Sun Piaoyang and Ms. Chui Hoi Yam. The Audit Committee with the management of the Company have reviewed the audited consolidated financial statements of the Group for the Reporting Period.

AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2024 have been audited by Ernst & Young.

Ernst & Young shall retire and being eligible, offer itself for re-appointment at the forthcoming annual general meeting.

There has been no change of independent auditor of the Company in the preceding three years.

By order of the Board of Directors
Abbisko Cayman Limited
Dr. Xu Yao-Chang
Chairman and Chief Executive Officer

Shanghai, March 3, 2025

The Board is committed to achieving good corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate our business strategies and policies, and enhance its transparency and accountability. The Company has adopted the principles and code provisions contained in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices. In the opinion of the Directors, during the Reporting Period, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules ("**CG Code**"), except for code provision C.2.1 of the CG Code which provides that the roles of Chairman and CEO should be separated and should not be performed by the same individual, details of which are set out on page 91 under the section headed "Board of Directors – Chairman and Chief Executive Officer" of this Corporate Governance Report.

CORPORATE CULTURE

The Board is committed to achieve high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. All Directors are committed to act with integrity, lead by example, and promote the desired culture. Such culture should instil and continually reinforce across the organization values of acting lawfully, ethically and responsibly.

The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

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

The Group promotes its corporate culture in alignment with its core values and vision, which enables the Group to deliver its long-term strategies and create sustainable value for Shareholders and other stakeholders. The Group adopts a top-down approach in implementation and promotion of our corporate culture by providing continuous training to all staff within the Group. All staff are reminded to uphold their highest integrity during daily operations.

High corporate governance standards are being promoted across the Group and embedded in the daily operations of our various business segments. Employees are encouraged to raise their concern and provide feedback to the Company in relation to the incorporation of corporate culture into our daily operations during our training sessions. Senior management should collect and consolidate the staffs' responses and monitor the progress of implementing corporate culture and report to the Board periodically.

During the year ended December 31, 2024, the Board is satisfied with the progress of implementation of our desired corporate culture to daily operations.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as its code of conduct regarding dealings in the securities of the Company by the Directors. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code during the Reporting Period (or during the period of tenure). The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code. No incident of non-compliance of the Model Code by the employees was noted by the Company during the Reporting Period.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and makes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing such responsibilities.

Board Composition

As at the date of this report, the Board currently comprises six Directors, consisting of three executive Directors and three independent non-executive Directors as follows:

Executive Directors

Dr. Xu Yao-Chang *(Chairman and CEO)*
Dr. Yu Hongping
Dr. Ji Jing

Independent Non-Executive Directors

Dr. Sun Piaoyang
Mr. Sun Hongbin
Ms. Chui Hoi Yam

The biographical information of the Directors is set out in the section headed "Directors and Senior Management" on pages 40 to 44 of this report.

Except for the relationships between the Directors set forth in the respective Director's biography under the section headed "Directors and Senior Management", the Directors do not have financial, business, family or other material/relevant relationships with one another.

Chairman and Chief Executive Officer

The roles of the Chairman and CEO of the Company are held by Dr. Xu Yao-Chang who is also an Executive Director. Therefore, the Board considers that there is a deviation from the code provision C.2.1 of the CG Code. The Board believes that, in view of Dr. Xu's experience, personal profile and his roles in our Company as mentioned in the section headed "Directors and Senior Management – Executive Directors", Dr. Xu is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our CEO. The Board also believes that the combined role of Chairman and CEO can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. Further, the decisions to be made by the Board require approval by at least a majority of our Directors and that the Board comprises three independent non-executive Directors, which the Company believes that there are sufficient checks and balances in the Board. Dr. Xu and other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they shall act for the benefit and in the best interest of the Company and will make decisions for the Group accordingly. The Board will continue to review and consider splitting the roles of Chairman and the CEO of our Company at a time when it is appropriate by taking into account the circumstances of our Group as a whole.

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 at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise in accordance with Rules 3.10 and 3.10A. The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules and the Company is of the view that the independent non-executive Directors are independent.

Appointment and Re-election of Directors

Each of the executive Directors and non-executive Director has entered into a service agreement with the Company under which the initial term of their service agreement shall commence from the date of their appointment for a period of three years until terminated in accordance with the terms and conditions of the service agreement and subject to re-election as and when required under the Articles of Association or by either party giving to the other not less than three months' prior notice.

Each of the independent non-executive Directors has entered into an appointment letter with the Company. The initial term of their appointment letters shall commence from the date of their appointment for a period of three years (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than two month's prior notice in writing (as the case may be). The appointments of Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Under the Articles of Association, at every AGM of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he/she retires and shall be eligible for re-election thereat. The Company at any AGM at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

Responsibilities of the Directors

The Board should assume responsibility for leadership 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 non-executive Director and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

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

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company.

Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities.

The Board has established mechanisms of independent views. The Board ensures the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors. Further, independent non-executive Directors will be appointed to committees of the board as required, under the Listing Rules and as far as practicable to ensure independent views and input are presented. The Nomination Committee strictly adheres to the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of independent non-executive Directors, and is mandated to assess annually the independence of independent non-executive Directors to ensure that they can continually exercise independent judgment. These mechanisms of independent views also cover the system of abstention from voting by Directors on relevant proposals considered by the Board.

The Board has annually reviewed "Independent Views Mechanism" and "Shareholders' communication policy". Both of the policies remained effective.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

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

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

For the year ended December 31, 2024, the Company has arranged regular training and conferences held by other external professional parties or reading relevant materials on the respective obligations of the Directors and senior management. The training sessions covered a wide range of relevant topics including Directors' duties and responsibilities, business development and regulatory updates. In addition, relevant reading materials including ESG policy introduction materials, compliance manual, legal and regulatory updates on anti-corruption and seminar handouts have been provided to the Directors for their reference and studying.

The record of continuous professional development relating to Director's duties and regulatory and business development that have been received by the Directors for the year ended December 31, 2024 is summarized as follows:

Directors	**Participated in continuous professional development** Note 1
Executive Directors	
Dr. Xu Yao-Chang *(Chairman and CEO)*	√
Dr. Yu Hongping	√
Dr. Chen Zhui (resigned as an executive Director with effect on March 3, 2025)	√
Dr. Ji Jing (appointed as an executive Director with effect on March 3, 2025)	–
Non-executive Director	
Ms. Tang Yanmin (resigned as a non-executive Director with effect on December 20, 2024)	√
Independent Non-Executive Directors	
Dr. Sun Piaoyang	√
Mr. Sun Hongbin	√
Mr. Wang Lei (resigned as an independent non-executive Director with effect on February 28, 2025)	√
Ms. Chui Hoi Yam (appointed as an independent non-executive Director with effect on February 28, 2025)	–

Note:

1. Attended training/seminar/conference arranged by the Company or other external parties or read relevant materials.

Board Diversity and Board Diversity Policy

The Board has adopted a Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of the Board, in order to enhance the effectiveness of the Board. Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board. The Board will continue to seek opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. The Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of chemistry, biotechnology, clinical research and life sciences, business management and finance and accounting. They obtained degrees in various areas including chemistry, biology, biological science, pharmaceutical chemistry, pharmacy, business administration, economics, finance and accounting. The Company has also taken, and will continue to take steps to promote gender diversity at the Board level of our Company. The Board currently comprises 4 male members (including 2 executive Directors and 2 independent non-executive Directors) and 2 female members (an executive Director and an independent non-executive Director). The Board of Directors is of the view that the Board satisfies the gender diversity and other aspects of diversity on the Board under the Board Diversity Policy. The Nomination Committee is responsible for reviewing the diversity of the Board. The Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Board Diversity Policy is well implemented as evidenced by the fact that there are both female and male Directors ranging from 49 years old to 68 years old with experience from different sectors.

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

The Nomination Committee is delegated by the Board to be responsible for compliance with relevant codes governing Board diversity. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the relevant criteria as set out in the Company's Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board. The Nomination Committee would consider criteria such as candidate's character, qualifications, experience, independence, time commitment and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

Nomination Policy

The primary duties of the Nomination Committee include, without limitation, reviewing the structure, size and composition of the Board, assessing the independence of independent non-executive Directors and making recommendations to the Board of Directors on matters relating to the appointment of Directors. The Company has a Director Nomination Policy which sets out the objectives, selection criteria and nomination procedures for identifying and recommending candidates for appointment or reappointment of Directors.

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. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

Audit Committee

As at the date of this report, the Audit Committee consists of three members, including three independent non-executive Directors, namely Dr. Sun Piaoyang, Mr. Sun Hongbin and Ms. Chui Hoi Yam. Mr. Sun Hongbin, being the chairperson of the Audit Committee, holds the appropriate professional qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules. The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code.

The main duties of the Audit Committee include but are not limited to:

– making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to consider any questions of resignation or dismissal of that auditor;

– reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

– developing and implementing policy on the engagement of an external auditor to supply non-audit services and report to the Board, identifying and making recommendations on any matters in respect of which it considers that action or improvement is needed;

– discussing with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

– discussing problems and reservations arising from the interim and final audits, and any matters the external auditor may wish to discuss (in the absence of Senior Management where necessary);

– monitoring integrity of financial statements, annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them;

– reviewing the Company's financial controls and, unless expressly addressed by a separate Board risk committee or by the Board itself, reviewing the Company's risk management and internal control systems;

– discussing the risk management and internal control system with the senior management of the Company and to ensure that the senior management of the Company has performed its duties in establishing and maintaining effective systems, including adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

– considering major investigations findings on risk management and internal control matters as delegated by the Board or on its own initiative and the response of the senior management of the Company to those findings;

– where an internal audit function exists, ensuring co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness; and

– reviewing the Group's financial and accounting policies and practices.

During the Reporting Period, the Audit Committee has held 3 meetings to review material controls including the draft audited annual consolidated financial statements and significant issues on the financial reporting, the draft annual results announcement, the draft annual report, the independence of the both internal and external audit team of the Company, interim results, re-appointment of external auditor, remuneration and terms of engagement of external auditor.

Remuneration Committee

As at the date of this report, the Remuneration Committee consists of three members, including one executive Director, namely Dr. Xu Yao-Chang and two independent non-executive Directors, namely Mr. Sun Hongbin and Ms. Chui Hoi Yam. Ms. Chui Hoi Yam is the chairperson of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code.

The main duties of the Remuneration Committee include but not limited to:

- making recommendations to the Board on the Company's policy and structure for all Directors' and senior management of the Company remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- assessing performance of executive Directors and senior management;
- reviewing and approve management's remuneration proposals with reference to the Board's goals and objectives;
- being responsible for either: (i) determining with delegated responsibility, the remuneration packages of individual executive Directors and senior management of the Company; or (ii) making recommendations to the Board on the remuneration packages of individual executive Directors and senior management of the Company including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- making recommendations to the Board on the remuneration of non-executive Directors;
- considering salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;
- reviewing and approving the compensation payable to executive Directors and senior management of the Company for any loss or termination of office or appointment in order to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive;
- reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct in order to ensure they are consistent with contractual terms and are otherwise reasonable and appropriate;
- ensuring that no Director or any of his associates is involved in deciding his own remuneration;
- reviewing the Group's policy on expense reimbursements for the Directors and senior management of the Company; and
- reviewing and/or approving matters relating to share schemes under chapter 17 of the Listing Rules.

During the Reporting Period, the Remuneration Committee has held 1 meeting. The Remuneration Committee is responsible in making recommendations to the Board on the remuneration packages of individual executive Directors and senior management. During the Reporting Period, the Remuneration Committee had reviewed the remuneration policy and structure for the remuneration of directors and senior management, approved the remuneration of executive Directors and senior management, and approved the matters in relation to the grant of RSUs under the Post-IPO RSU Scheme to the Directors in September 2024. Save as disclosed above, there were no other material matters relating to the 2019 Plan, Post-IPO RSU Scheme and the Post-IPO Share Option Scheme that were required to be reviewed or approved by the Remuneration Committee during the Reporting Period in accordance with Rule 17.07A of the Listing Rules.

The remuneration payable to the senior management of the Company (who are not the Directors) is shown in the following table by band:

	2024 Number of Individual(s)	2023 Number of Individual(s)
Annual Remuneration		
HK$100,001 to HK$500,000	**0**	0
HK$500,001 to HK$1,000,000	**0**	0
HK$4,000,001 to HK$4,500,000	**1**	0
HK$5,000,001 to HK$5,500,000	**0**	1
HK$6,000,001 to HK$6,500,000	**0**	0
HK$6,500,001 to HK$7,000,000	**2**	0
HK$7,000,001 to HK$12,500,000	**0**	2
HK$12,500,001 to HK$13,000,000	**0**	0

Nomination Committee

As at the date of this report, the Nomination Committee consists of three members, including one executive Director namely Dr. Xu Yao-Chang, and two independent non-executive Directors, namely, Mr. Sun Hongbin and Ms. Chui Hoi Yam. Dr. Xu Yao-Chang is the chairperson of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code.

The main duties of the Nomination Committee include but are not limited to:

– reviewing the structure, size and composition (including the skills, knowledge and experience) required of the Board annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, as well as formulating, or assisting the Board to formulate, a Board diversity policy for the Company;

- identifying individuals suitably qualified to become Directors and selecting or making recommendations to the Board on the selection of individuals nominated for directorship;

- assessing the independence of independent non-executive Directors on an annual basis;

- reviewing annually the time required from non-executive Directors to assess whether the non-executive Directors are spending enough time in fulfilling their duties;

- keeping up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates; and

- formulating, or assisting the Board to formulate, a Board diversity policy for the Company.

During the Reporting Period, the Nomination Committee has held 1 meeting. The structure, size and composition of the Board and the independence of the independent non-executive Directors have been reviewed by the Board. The Board didn't have any female Directors following the resignation of Ms. Tang Yanmin on December 20, 2024 until Ms. Chui Hoi Yam was appointed on February 28, 2025. The Board had been actively considering suitable candidates for female Directors following the resignation of Ms. Tang Yanmin and managed to appoint Ms. Chui Hoi Yam within three months to meet the requirements for gender diversity for members of the Board under Rule 13.92 of the Listing Rules. Save as disclosed above, the Board considered that an appropriate balance of diversity perspectives of the Board is maintained for 2024.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of part 2 of the CG Code.

During the Reporting Period, the Board had reviewed and determined the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ATTENDANCE RECORDS OF DIRECTORS

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

During the Reporting Period, the Company has held 4 Board meetings to review and discuss the annual and interim results and operating performance, and considering and approving the overall strategies and policies of the Company. During the Reporting Period, management of the Company has provided all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail. During the Reporting Period, the Chairman held 1 meeting with the independent non-executive Directors without the presence of the other Directors.

The attendance records of each Director at the Board and Board committee meetings and the general meeting(s) of the Company held during the Reporting Period are set out in the table below:

	Attendance/Number of meetings eligible for attendance				
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual general meeting**
Executive Directors					
Dr. Xu Yao-Chang *(Chairman and CEO)*	4/4	–	1/1	1/1	1/1
Dr. Yu Hongping	4/4	–	–	–	1/1
Dr. Chen Zhui (resigned as an executive Director with effect on March 3, 2025)	4/4	–	–	–	1/1
Dr. Ji Jing (appointed as an executive Director with effect on March 3, 2025)	N/A	N/A	N/A	N/A	N/A
Non-Executive Director					
Ms. Tang Yanmin (resigned as a non-executive Director with effect on December 20, 2024)	4/4	–	–	–	1/1
Independent Non-Executive Directors					
Dr. Sun Piaoyang	4/4	3/3	–	1/1	1/1
Mr. Sun Hongbin	4/4	3/3	1/1	1/1	1/1
Mr. Wang Lei (resigned as an independent non-executive Director with effect on February 28, 2025)	2/4	2/3	1/1	–	1/1
Ms. Chui Hoi Yam (appointed as an independent non-executive Director with effect on February 28, 2025)	N/A	N/A	N/A	N/A	N/A

RISK MANAGEMENT AND INTERNAL CONTROLS

Risk Management

The Company recognizes that risk management is critical to the success of its business. The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Company has established a Whistle-blowing Policy and system for employees and those who deal with the Company, including but not limited to customers and suppliers, to raise concerns in confidence and anonymity with the Audit Committee or senior management or the Company's Legal and Compliance Department about possible improprieties in any matter related to the Company.

The Company has adopted risk management policies to identify, assess, evaluate and monitor key risks (including ESG risks) associated with its strategic objectives on an ongoing basis. Our Audit Committee and ultimately our Directors supervise the implementation of our risk management policies. Risks identified by our management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by our Group and reported to our Directors. The Board reviews and assesses the adequacy and effectiveness of risk management system of the Group semi-annually.

The following key principles outline our Group's approach to risk management and internal control:

- The Audit Committee and senior management of the Company oversees and manages the overall risks associated with the Group's business operations, including (i) reviewing and approving its risk management policy to ensure that it is consistent with the Group's corporate objectives; (ii) monitoring the most significant risks associated with the Group's business operations and its management's handling of such risks; and (iii) ensuring the appropriate application of the risk management framework across the Group.

- The CFO, Dr. Zhang Zidong, has been responsible for (i) reviewing and approving major risk management issues of the Company; (ii) providing guidance on the Company's risk management approach to the relevant departments in the Company; (iii) reviewing the relevant departments' reporting on key risks and providing feedback; (iv) supervising the implementation of the Company's risk management measures by the relevant departments; and (v) reporting to the Audit Committee on the Company's material risks.

- The relevant departments in the Company, including but not limited to the finance department, the legal department and the human resources department are responsible for developing and implementing the risk management policy and carrying out our day-to-day risk management practice, such as assessing risks on key business operations, advising risk responses and optimizing risk management policies. In order to formalize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments; (iii) continuously monitor the key risks relating to their operation or function; (iv) implement appropriate risk responses where necessary; and (v) develop and maintain an appropriate mechanism to facilitate the application of the Group's risk management framework.

The Company considers that its Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

Internal Control

The Board is responsible for establishing and ensuring effective internal controls to safeguard the Shareholder's investment at all times. The Board reviews and assesses the adequacy and effectiveness of internal control system of the Group semi-annually. The Company's internal control policies set out a framework to identify, assess, evaluate and monitor key risks associated with its strategic objectives on an ongoing basis.

The Company has established internal audit function for risk management and internal control systems with relevant policies and procedures that the Company believes are appropriate for our business operations. The Company has adopted various measures and procedures regarding each aspect of its business operation, such as protection of intellectual property, environmental protection, and occupational health and safety. The Company also constantly monitors the implementation of those measures and procedures through its on-site internal control for each stage of the drug development process. The Directors (who are responsible for monitoring the corporate governance of the Group), with help from the Company's legal advisors, will also periodically review its compliance status with all relevant laws and regulations.

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

The Company had engaged a Hong Kong legal adviser to provide advice to the Directors and management team regarding matters relating to the Listing Rules. The Hong Kong legal adviser is expected to provide support and advice regarding the requirements of relevant regulatory authorities, including those relating to corporate governance, on a timely basis.

The Company has engaged a PRC law firm to advise it on and keep it abreast of PRC laws and regulations. The Company will continue to arrange various trainings sessions to be provided by external legal advisors from time to time when necessary, and/or any appropriate accredited institution to update the Directors, senior management and relevant employees on the latest PRC laws and regulations.

The Company maintains strict anti-corruption policies on personnel with external communication functions. The Company will also ensure that its commercialization team complies with applicable promotion and advertising requirements, which include restrictions on promoting drugs for unapproved uses or patient populations and limitations on industry-sponsored scientific and educational activities. During the Reporting Period, the Company has regularly reviewed and enhanced its internal control system.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited. The Board confirms its responsibilities for risk management and internal control systems, and for reviewing the effectiveness of such risk management and internal control systems. Such systems are designed to manage rather than eliminate the risk of failing to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the Reporting Period, the Company has reviewed the effectiveness of the internal audit system and the risk management and the internal control system of the Group, including qualifications and experience of staff in the aforementioned systems, and the adequacy of their training programs and budget and ESG risks. Accordingly, the Company believes that its risk management and internal control systems are effective and adequate.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2024. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the independent auditors' report in this report.

AUDITORS' REMUNERATION

The remuneration paid or payable to the Company's external auditors of the Group in respect of audit services and non-audit services for the year ended December 31, 2024 is set out below:

Service category	**Fees paid and payable for the year ended December 31, 2024 (RMB million)**
Audit Services	**1.8**
Non-audit Services	**-**

JOINT COMPANY SECRETARIES

During the Reporting Period, Ms. Chan Yin Wah, who is an associate director of SWCS Corporate Services Group (Hong Kong) Limited, was one of the joint company secretaries of the Company. Ms. Tian Huimin has resigned as a joint company secretary of the Company due to her other work commitments which require more of her dedication with effect from April 24, 2024. Dr. Yu Hongping, an executive Director of the Company, has been appointed as one of the joint company secretaries of the Company with effect from April 29, 2024. Dr. Yu Hongping currently does not possess the qualifications of a company secretary as required under Rule 3.28 of the Listing Rules. However, the Board considers that Dr. Yu Hongping, being the co-founder of the Group and the executive Director, is capable of discharging the functions of a joint company secretary by virtue of his knowledge and experience. Therefore, the Company has applied for, and the Stock Exchange has granted a waiver to the Company from strict compliance with the requirements for the qualifications of a company secretary under Rules 3.28 and 8.17 of the Listing Rules for a period of three years from the date of appointment of Dr. Yu Hongping as a joint company secretary on certain conditions. For further details, please refer to the announcement of the Company dated April 29, 2024. Dr. Xu Yao-Chang, the CEO and Chairman of the Board, is the primary corporate contact person at the Group. During the Reporting Period, Dr. Yu Hongping and Ms. Chan Yin Wah have complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of the relevant professional training during the Reporting Period. All Directors have access to the advice and services of the joint company secretaries on corporate governance and Board practices related matters.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening Shareholders' General Meetings

A Shareholders' annual general meeting is required to be held in each year, within six months (or such other period as may be permitted by the Listing Rules or the Exchange) from the end of last financial year.

Pursuant to Article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, call extraordinary general meetings. Extraordinary general meetings shall also be convened on the written requisition to the Board or the Secretary of the Company of one or more members holding at the date of deposit of the requisition not less than one-tenth of the voting rights, on a one vote per share basis, in the share of the Company carrying the right of voting at general meetings of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

There are no provisions under the Articles of Association or the Companies Law of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as a Director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such requisition. The contents of such proposals shall fall with the functions and powers of the general meeting, shall feature definite topics and specific issues for resolution, and shall be in compliance with relevant requirements of laws, administrative regulations, listing rules for stock exchanges where the Company's shares are listed and the Articles of Association. For proposal of a person for election as Director, pursuant to Article 16.4 of the Articles of Association, no person shall, unless recommended by the Board for election, be eligible for election to the office as a Director at any general meeting unless a notice in writing by member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected shall have been given to the joint company secretaries of the Company. The minimum length of the period during which such notice(s) are given shall be at least seven days, and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting. For procedures of nomination of candidates for directorship by Shareholders, please refer to the website of the Company.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may supervise the operations of the Company, and to make suggestions and enquiries accordingly.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, by online feedback, a web-based enquiry form (https://www.computershare.com/hk/en/online_feedback), or calling its hotline at +852 2862 8555, or go in person to its public counter at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/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. For this purpose, the Company has set up a website (www.abbisko.com), where relevant latest information, the up-to-date state of the Company's business operation and development, the Company's financial information and corporate governance practices and other data are available to the public. The Shareholders may send written enquiries to the Company, for the attention of the Board of Directors by mail to Building 3, No. 898, Halei Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC or by email to IR@abbisko.com.

Changes to the Articles of Association

Upon obtaining Shareholders' approval at the annual general meeting of the Company held on June 18, 2024, the Company has amended its memorandum and articles of association, for the purpose of, among others, (i) bringing the memorandum and articles of association in line with the relevant amendments made to the Listing Rules in respect of the electronic dissemination of corporate communications by listed issuers; and (ii) making other consequential and housekeeping amendments. For further details, please refer to the announcement of the Company dated March 12, 2024 and the circular of the Company dated April 16, 2024. The up-to-date version of Articles of Association is also available on the Company's website and the Stock Exchange's website.

Save as disclosed above, during the year ended December 31, 2024, there was no significant change in the memorandum and articles of association of the Company.

Policies relating to Shareholders

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings, annual and interim earning release meetings, road shows and other communication meetings and social networks. At the forthcoming annual general meeting, Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries. Also, the Company discloses information and publishes periodic reports and announcements to the public on the Stock Exchange's website in a timely manner in accordance with the Listing Rules, the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and does not contain any material omission, thereby enabling Shareholders, investors as well as the public to make rational and informed decisions. The Board reviewed the policy on a semi-year basis and the policy remained effective.

The Company's proactive approach to investor relations has widened and expanded the coverage of the Company. A number of local and international sell-side brokers published research reports on the Company. The Company's management and investor relations function take great efforts to maintain an open dialogue with the investment community to ensure a thorough understanding of the Company's business development, core strategies and corporate governance principles.

The Company announced its progresses in a timely manner to enhance Shareholders' understanding of business performance and strategy, including but not limited to the following documents of the Company: (a) the directors' report, annual accounts together with a copy of the auditor's report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular; (f) a proxy form; and (g) voluntary announcements of material business progresses.

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

Dividend Policy

The Company has adopted a policy on payment of dividends pursuant to code provision F.1.1 of the CG Code taking into consideration of various elements including but not limited to, among other things, the capital requirements of the Company, financial results and general business conditions of the Company and any other conditions which the Board may deem relevant. The policy sets out the factors in consideration, procedures and methods of the payment of dividends with an objective to provide the Shareholders with continuing, stable and reasonable returns on investment while maintaining the Company's business operation and achieving its long-term development goal. The distribution of dividends will be formulated by our Board, and will be subject to Shareholders' approval.

WORKFORCE DIVERSITY

The Company is committed to promote diversity in our Company to the extent practicable by taking into consideration a number of factors in respect of our corporate governance structure. The Company seeks to achieve Board diversity and workforce diversity through the consideration of a number of factors, including but not limited to gender, age, language, cultural background, educational background, industry experience and professional experience.

We have adopted the Board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. For more details, please refer to the section headed "Corporate Governance Report – Board of Directors – Board Diversity and Board Diversity Policy" in this report. As at December 31, 2024, we hired 281 full-time employees, of which 123 were male and 158 were female. The gender ratio in the workforce (including senior management) was approximately 43.8% males to 56.2% females. The Company will continue to monitor and evaluate the diversity policy from time to time to ensure its continued effectiveness.

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of ABBISKO CAYMAN LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of ABBISKO CAYMAN LIMITED (the "Company") and its subsidiaries (the "Group") set out on pages 113 to 180, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

Key audit matter	How our audit addressed the key audit matter
Measurement of research and development costs	
The Group incurred significant research and development ("R&D") costs of approximately RMB451,376,000 as disclosed in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024. A large portion of the Group's R&D costs comprised service fees paid to contract research organisations ("CROs") and contract development and manufacturing organisations ("CDMO") (collectively referred to as the "Outsourced Service Providers"). The R&D activities with these Outsourced Service Providers are documented in detailed agreements and are typically performed over an extended period. The expenses for R&D activities with theses Outsourced Service Providers are charged to profit or loss based on the progress of the research and development projects. We identified the measurement of R&D costs as a key audit matter due to the significant amount of R&D costs and the risk of not recording R&D costs incurred in the appropriate financial reporting period. Related disclosures are included in notes 2.4 and 3 to the financial statements.	Our procedures included, among others: 1. obtaining an understanding of and evaluating the design of controls, and testing the operating effectiveness of the controls in relation to the measurement of the R&D costs; 2. reviewing the contracts entered into with the Outsourced Service Providers, on a sampling basis, and evaluating the completion status of R&D projects based on inquiries with project managers, and inspection of supporting documents and external progress reports from the Outsourced Service Providers; 3. obtaining external confirmations from the Outsourced Service Providers; and 4. evaluating the method adopted by the management in setting up the calculation basis for R&D costs and re-calculating the accrued R&D costs using the management's method. We also read and assessed the Group's disclosures of R&D.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ernst & Young
Certified Public Accountants
Hong Kong
3 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	**2024**	2023
		RMB'000	RMB'000
Revenue	5	**503,992**	19,060
Cost of sales		**–**	–
Gross profit		**503,992**	19,060
Other income and gains	6	**104,090**	87,376
Research and development expenses		**(451,376)**	(433,736)
Administrative expenses		**(74,210)**	(96,401)
Other expenses		**(2,859)**	(5,712)
Finance costs	8	**(1,608)**	(2,170)
PROFIT/(LOSS) BEFORE TAX	7	**78,029**	(431,583)
Income tax expense	11	**(49,727)**	–
PROFIT/(LOSS) FOR THE YEAR		**28,302**	(431,583)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**533**	(1,079)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the Company		**22,084**	32,885
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**22,617**	31,806
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**50,919**	(399,777)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**50,919**	(399,777)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic			
– For profit/(loss) for the year		**RMB0.04**	RMB (0.67)
Diluted			
– For profit/(loss) for the year		**RMB0.04**	RMB (0.67)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**29,347**	34,264
Right-of-use assets	15	**23,471**	35,082
Other intangible assets	16	**4,828**	4,634
Other non-current assets	17	**28,967**	–
Total non-current assets		**86,613**	73,980
CURRENT ASSETS			
Prepayments and other receivables	18	**61,013**	68,993
Financial assets at fair value through profit or loss	19	**233**	918
Time deposits over three months	20	**1,669,657**	1,385,973
Pledged time deposits	20	**–**	7,437
Cash and cash equivalents	20	**289,531**	578,081
Total current assets		**2,020,434**	2,041,402
CURRENT LIABILITIES			
Other payables and accruals	21	**124,425**	98,119
Derivative financial instruments		**–**	437
Lease liabilities	15	**11,017**	10,610
Total current liabilities		**135,442**	109,166
NET CURRENT ASSETS		**1,884,992**	1,932,236
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,971,605**	2,006,216
NON-CURRENT LIABILITIES			
Lease liabilities	15	**13,269**	25,114
Total non-current liabilities		**13,269**	25,114
Net assets		**1,958,336**	1,981,102
EQUITY			
Equity attributable to owners of the parent			
Share capital	22	**44**	46
Treasury shares		**(3)**	(4)
Reserves	23	**1,958,295**	1,981,060
Total equity		**1,958,336**	1,981,102

XU Yao-Chang
Director

Yu Hongping
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the parent						
	Share capital RMB'000	Treasury shares RMB'000	Share premium* RMB'000	Share option reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated losses* RMB'000	Total RMB'000
At 1 January 2024	46	(4)	5,492,986	115,613	279,529	(3,907,068)	1,981,102
Profit for the year	–	–	–	–	–	28,302	28,302
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations and the Company	–	–	–	–	22,617	–	22,617
Total comprehensive income for the year	–	–	–	–	22,617	28,302	50,919
Repurchase of shares	–	(2)	(76,316)	–	–	–	(76,318)
Cancellation of shares	(2)	2	–	–	–	–	–
Vesting of equity-settled share options and restricted share units	–	1	73,537	(91,644)	–	–	(18,106)
Share-based payment expenses	–	–	–	20,739	–	–	20,739
At 31 December 2024	44	(3)	5,490,207	44,708	302,146	(3,878,766)	1,958,336

* These reserve accounts comprise the consolidated reserves of approximately RMB1,958,295,000 (year ended 31 December 2023: RMB1,981,060,000) in the consolidated statement of financial position.

	Attributable to owners of the parent						
	Share capital RMB'000	Treasury shares RMB'000	Share premium* RMB'000	Share option reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated losses* RMB'000	Total RMB'000
At 1 January 2023	46	(3)	5,498,389	75,719	247,723	(3,475,485)	2,346,389
Loss for the year	–	–	–	–	–	(431,583)	(431,583)
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations and the Company	–	–	–	–	31,806	–	31,806
Total comprehensive loss for the year	–	–	–	–	31,806	(431,583)	(399,777)
Repurchase of shares	–	(1)	(12,907)	–	–	–	(12,908)
Vesting of equity-settled share options and restricted share units	–	–	7,504	(7,504)	–	–	–
Share-based payment expenses	–	–	–	47,398	–	–	47,398
At 31 December 2023	46	(4)	5,492,986	115,613	279,529	(3,907,068)	1,981,102

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax		**78,029**	(431,583)
Adjustments for:			
Finance costs	8	**1,608**	2,170
Interest income		**(66,556)**	(65,493)
Depreciation of property, plant and equipment	14	**10,803**	6,316
Depreciation of right-of-use assets	15	**9,636**	9,448
Amortisation of other intangible assets	16	**3,133**	2,658
Loss on disposal of items of property, plant and equipment		**28**	59
Share-based payment expenses	24	**20,739**	47,398
Fair value loss/(gain), net:			
Fair value loss/(gain) on financial assets at fair value through profit or loss	7	**692**	(1,143)
Fair value loss on derivative financial instruments	7	**1,860**	437
Foreign exchange differences, net	7	**(1,795)**	5,605
		58,177	(424,128)
Decrease/(increase) in prepayments and other receivables		**5,097**	(22,316)
Increase in other payables and accruals		**2,496**	1,717
		65,770	(444,727)
Overseas taxes paid		**(78,694)**	–
Net cash flows used in operating activities		**(12,924)**	(444,727)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**54,222**	53,581
Purchases of items of property, plant and equipment		**(4,069)**	(9,603)
Additions to other intangible assets		**(3,327)**	(2,648)
Placement of pledged time deposits		**–**	(7,437)
Withdrawal of pledged time deposits		**7,437**	–
Redemption of financial assets at fair value through profit or loss		**–**	95,616
Settlement of derivative financial instruments		**(2,297)**	–
Purchases of time deposits over three months		**(1,430,144)**	(4,462,064)
Redemption of time deposits over three months		**1,181,673**	4,711,079
Net cash flows (used in)/from investing activities		**(196,505)**	378,524

continued/...

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease payments	25	**(9,463)**	(9,445)
Interest portion of lease payments	25	**(1,608)**	(2,170)
Exercise of share options		**6,527**	8,418
Repurchase of shares		**(76,318)**	(12,908)
Net cash flows used in financing activities		**(80,862)**	(16,105)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(290,291)**	(82,308)
Cash and cash equivalents at beginning of the year		**578,081**	641,837
Effect of foreign exchange rate changes, net		**1,741**	18,552
CASH AND CASH EQUIVALENTS AT END OF YEAR		**289,531**	578,081
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	**1,959,188**	1,971,491
Less: Pledged time deposits	20	**–**	7,437
Time deposits over three months	20	**1,669,657**	1,385,973
Cash and cash equivalents as stated in the statement of cash flows	20	**289,531**	578,081

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 28 March 2018. The registered address of the Company is P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

The Company is an investment holding company. During the year, the Company's subsidiaries were involved in the research and development of pharmaceutical products.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") effective from 13 October 2021.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Abbisko Hongkong Limited	Hong Kong 13 April 2018	Hong Kong Dollars ("HKD") 10,000	100%	–	Investment holding
Abbisko Therapeutics Co., Ltd. [1, 2] (上海和譽生物醫藥科技有限公司)	The People's Republic of China ("PRC")/ Mainland China 12 April 2016	Renminbi ("RMB") 1,500,000,000	–	100%	Research and development
Wuxi Abbisko Biomedical Technology Co., Ltd. [1, 2] (無錫和譽生物醫藥科技有限公司)	PRC/Mainland China 28 July 2020	United States Dollars ("USD") 50,000,000	–	100%	Research and development

1. CORPORATE INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Abbisko Therapeutics Australia Pty Ltd.	Australia 25 September 2020	Australian Dollars ("AUD") 3,958,510	–	100%	Research and development
Beijing Qianyu Therapeutics Co. Ltd.[1] (北京千譽生物醫藥科技有限公司)	PRC/Mainland China 24 November 2021	Renminbi ("RMB") 25,000,000	–	100%	Research and development

1 The English names of these companies represent the best effort made by the Directors to translate the Chinese names as these companies have not been registered with any official English names.

2 These subsidiaries were registered as wholly-foreign-owned enterprises under PRC law.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and wealth management products which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

Basis of consolidation

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

2. ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies and disclosures

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

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies and disclosures (continued)

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

2.3 Issued but not yet effective international financial reporting standards

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

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

1 Effective for annual periods beginning on or after 1 January 2025

2 Effective for annual periods beginning on or after 1 January 2026

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

4 No mandatory effective date yet determined but available for adoption

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective international financial reporting standards (continued)

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

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

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

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective international financial reporting standards (continued)

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

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

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

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective international financial reporting standards (continued)

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

IFRS 7 *Financial instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs lG1, lG14 and lG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

IFRS 10 Consolidated Financial Statements: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10.

Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies

Fair value measurement

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

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, investment properties and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Property, plant and equipment and depreciation

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

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

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

	Principal annual rates	Estimated useful lives
Electronic equipment	19%	5 years
Office equipment	19%	5 years
R&D equipment	19%	5 years
Motor vehicles	19%	5 years
Leasehold improvements	–	Shorter of remaining lease terms and estimated useful lives

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Intangible assets (other than goodwill)

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

Intangible assets are amortised on the straight-line basis over the following useful economic lives:

Software for research and development activities	1 to 10 years
Software for management activities	1 to 10 years

The useful life of the software for R&D activities is estimated based on the authority period of the software, while the useful life of the software for management activities is estimated based on management's judgement.

Research and development expenses

All research costs are charged to the statement of profit or loss and other comprehensive income as incurred.

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

Leases

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

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Leases (continued)

Group as a lessee

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

(a) *Right-of-use assets*

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

Property and office premises	5 to 6 years

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

(b) *Lease liabilities*

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

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

(b) *Lease liabilities (continued)*

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

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

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

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

Investments and other financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and other comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss and other comprehensive income.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Investments and other financial assets (continued)

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

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

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

Financial assets at fair value through profit or loss

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Investments and other financial assets (continued)

Financial assets at fair value through profit or loss (continued)

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Impairment of financial assets (continued)

General approach (continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and other payables and derivative financial instruments.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Financial liabilities (continued)

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income. The net fair value gain or loss recognised in the statement of profit or loss and other comprehensive income does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss and other comprehensive income, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss and other comprehensive income. The net fair value gain or loss recognised in the statement of profit or loss and other comprehensive income does not include any interest charged on these financial liabilities.

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Cash and cash equivalents

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

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

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Provisions

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

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

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

Income tax

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

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates. Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Income tax (continued)

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

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Government grants

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

Revenue recognition

Revenue from contracts with customers

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

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

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

Licenses of Intellectual Property

Upfront non-refundable payments for licensing the Company's intellectual property are evaluated to determine if the license is distinct from the other performance obligations identified in the arrangement. For licenses determined to be distinct, the Company recognizes revenues from non-refundable up-front fees allocated to the license at a point in time, when the license is transferred to the licensee and the licensee is able to use and benefit from the license.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Revenue recognition (continued)

Other income

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

Share-based payments

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

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 24 to the consolidated financial statements.

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

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

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Share-based payments (continued)

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

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

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

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

Other employee benefits

Pension scheme

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

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in note 12 to the consolidated financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

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

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

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the average exchange rates for the year.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Foreign currencies (continued)

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

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Research and development expenses

Development expenses incurred on the Group's drug product pipelines are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. During the reporting period, all expenses incurred for research and development activities were expensed when incurred.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

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

Share-based payments

The Group has set up an equity share option plan for the Company's Directors and the Group's employees. The fair value of the options is determined by the binomial model at the grant dates.

Estimating the fair value for share-based payment transactions requires the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share options, volatility and dividend yield and making assumptions about them.

For the fair value measurement of equity-settled transactions with employees at the grant date, the Group uses a binomial model. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in note 24.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group has only one reportable operating segment, which is the development of innovative medicines. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

	2024	2023
	RMB'000	RMB'000
European Union	**497,273**	–
Mainland China	**6,719**	19,060
Total revenue	**503,992**	19,060

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information (continued)

(b) Non-current assets

Since nearly all of the Group's non-current assets were located in Mainland China, no geographical information about non-current assets in accordance with IFRS 8 *Operating Segments* is presented.

Information about a major customer

Revenue from operations of approximately RMB497,273,000 (year ended 31 December 2023: Nil) was derived from licensing out to a single customer.

5. REVENUE

An analysis of revenue is as follows:

	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers	**503,992**	19,060

(a) Disaggregated revenue information

	2024	2023
	RMB'000	RMB'000
Type of goods or services		
Licensing revenue	**503,992**	19,060
Geographical market		
European Union	**497,273**	–
Mainland China	**6,719**	19,060
Total	**503,992**	19,060
Timing of revenue recognition		
At a point in time	**503,992**	19,060

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

(b) Performance obligations

Out-licensing revenue

The Group's out-licensing revenue is intellectual property licenses during the year. For the intellectual property licenses, the performance obligation is satisfied upon the control of the license is transferred to the customer and the payment is generally due upon completion of transfer or payment in advance is required.

6. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2024 RMB'000	2023 RMB'000
Other income		
Interest income	**89,099**	65,493
Other gains		
Government grants*	**13,196**	21,177
Foreign exchange gains	**1,795**	–
Fair value gains on financial assets at fair value through profit or loss	**–**	706
Total gains	**14,991**	21,883
Total	**104,090**	87,376

* The government grants mainly represent subsidies received from the Mainland China governments for the purpose of supporting research and clinical trial activities, allowances for new drug development and the tax refunds received from the Australian Taxation Office. There were no unfulfilled conditions or contingencies relating to these grants received during the year.

7. PROFIT/(LOSS) BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Depreciation of items of property, plant and equipment	14	**10,803**	6,316
Depreciation of right-of-use assets	15	**9,636**	9,448
Amortisation of other intangible assets	16	**3,133**	2,658
Research and development costs – current year expenditure		**431,230**	418,203
Lease payments not included in the measurement of lease liabilities	15	**770**	725
Auditor's remuneration		**1,800**	1,800
Employee benefit expense (excluding Directors' and chief executive's remuneration (note 9)):			
Wages and salaries		**156,437**	140,884
Pension scheme contributions (defined contribution scheme)		**30,457**	27,108
Share-based payment expenses		**8,592**	21,385
Total		**195,486**	189,377
Foreign exchange differences, net		**(1,795)**	5,605
Fair value loss/(gain) on financial assets at fair value through profit or loss		**692**	(1,143)
Fair value loss on derivative financial instruments		**1,860**	437
Interest income	6	**(89,099)**	(65,493)
Loss on disposal of items of property, plant and equipment		**28**	59

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**1,608**	2,170

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB'000	2023 RMB'000
Fees	**712**	706
Other emoluments:		
Salaries, bonuses, allowances and benefits in kind*	**9,681**	10,013
Pension scheme contributions	**260**	226
Share-based payment expenses	**12,145**	26,013
Subtotal	**22,086**	36,252
Total	**22,798**	36,958

* The bonuses paid to or receivable by the Directors and chief executive of the Company are discretionary with reference to their performance, the Company's remuneration policy and the prevailing market conditions. The Remuneration Committee of the Company will review the remuneration package payable to the individual executive directors and chief executive each year.

During the year and prior years, certain Directors were granted restricted share units and share options in respect of their services to the Group under the 2019 Share Incentive Plan and the Post-IPO Restricted Share Units Scheme of the Company, further details of which are set out in note 24 to the financial statements. The fair value of such restricted share units and share options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant, and the amount included in the financial statements for the current year is included in the above Directors' and the chief executive's remuneration disclosures.

(a) Independent non-executive Directors

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

	2024 RMB'000	2023 RMB'000
Dr. Sun Piaoyang	**–**	–
Mr. Sun Hongbin	**356**	353
Mr. Wang Lei	**356**	353
Total	**712**	706

There were no other emoluments payable to the independent non-executive Directors during the year (year ended 31 December 2023: Nil).

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

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

	Fees RMB'000	Salaries, bonuses, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Share-based payment expenses RMB'000	Total remuneration RMB'000
2024					
Executive Directors:					
Dr. YU Hongping	–	2,745	130	3,769	6,644
Dr. CHEN Zhui	–	2,755	130	3,769	6,654
Subtotal	–	5,500	260	7,538	13,298
Non-executive Director:					
Ms. Tang Yanmin (i)	–	–		–	–
Executive Director and chief executive:					
Dr. XU Yao-Chang	–	4,181	–	4,607	8,788
Total	–	9,681	260	12,145	22,086
2023					
Executive Directors:					
Dr. YU Hongping	–	2,829	113	8,015	10,957
Dr. CHEN Zhui	–	2,926	113	8,015	11,054
Subtotal	–	5,755	226	16,030	22,011
Non-executive Directors:					
Dr. XIA Gavin Guoyao (ii)	–	–	–	–	–
Ms. Tang Yanmin	–	–	–	–	–
Executive Director and chief executive:					
Dr. XU Yao-Chang	–	4,258	–	9,983	14,241
Total	–	10,013	226	26,013	36,252

There was no arrangement under which a Director or the chief executive waived or agreed to waive any remuneration during the year.

(i) Ms. Tang Yanmin was appointed as a Director of the Company on 10 June 2021 and resigned as a Director on 20 December 2024.

(ii) Dr. XIA Gavin Guoyao was appointed as a director of the Company on 22 October 2018 and resigned as a director on 22 June 2023.

10. FIVE HIGHEST PAID EMPLOYEES

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

	2024	2023
	RMB'000	RMB'000
Salaries, bonuses, allowances, and benefits in kind*	**8,183**	7,936
Pension scheme contributions	**200**	186
Share-based payment expenses	**4,048**	7,119
Total	**12,431**	15,241

* The bonuses paid to or receivable by the Company's five highest paid employees are discretionary with reference to their performance, the Company's remuneration policy and the prevailing market conditions. The remuneration package of five highest paid employees (if they are also executive directors or senior management), will be reviewed by the Remuneration Committee of the Company each year.

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

	2024	2023
HKD6,500,001 to HKD7,000,000	**2**	–
HKD7,000,001 to HKD7,500,000	**–**	–
HKD7,500,001 to HKD8,000,000	**–**	–
HKD8,000,001 to HKD8,500,000	**–**	1
HKD8,500,001 to HKD9,000,000	**–**	1
Total	**2**	2

During the year and prior years, share options and restricted share units were granted to non-Director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 24 to the financial statements. The fair value of such share options and restricted share units, which has been recognised in the statement of profit or loss over the vesting period was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-Director and non-chief executive highest paid employees' remuneration disclosures.

During the year, no emoluments were paid by the Group to any of the Directors or the five highest paid individuals (including Directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office (year ended 31 December 2023: Nil).

11. INCOME TAX

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

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to income tax under the two-tiered profits tax rates regime on the estimated assessable profits arising in Hong Kong during the year. The first HKD2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the “CIT Law”), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income. A subsidiary was accredited as a “High and New Technology Enterprise” (“HNTE”) in October 2022 and therefore it was entitled to a preferential CIT rate of 15% from 1 January 2022 to 31 December 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Australia

No provision for Australia income tax has been made as the Group had no assessable profits derived from or earned in Australia during the year. The subsidiary incorporated in Australia is subject to income tax at the rate of 30% on the estimated assessable profits arising in Australia during the year.

Germany

During the year ended 31 December 2024, the Group was subject to German withholding tax on licensing revenue received from a Germany-based customer.

The income tax expense of the Group is analysed as follows:

	2024 **RMB’000**	2023 RMB’000
Current tax		
German withholding tax	**49,727**	–

11. INCOME TAX (continued)

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rate for the country in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2024 RMB'000	2023 RMB'000
Profit/(Loss) before tax	78,029	(431,583)
Tax at the statutory tax rates	8,353	(117,656)
Withholding tax	49,727	–
Effect of different tax rates enacted by local authorities	(8,640)	37,931
Income not subject to tax	(137)	(136)
Additional deductible allowance for qualified research and development expenses	(64,196)	(60,646)
Expenses not deductible for tax	3,639	7,980
Temporary difference not recognised	(14)	2,040
Tax losses not recognised	60,995	130,487
Tax charge at the Group's effective rate	49,727	–

The Group had accumulated tax losses in Mainland China of approximately RMB2,425,463,000 as at 31 December 2024 (year ended 31 December 2023: RMB2,082,252,000), which will expire in five to ten years for offsetting against future taxable profits of the companies in which the losses arose:

	2024 RMB'000	2023 RMB'000
Expire in 2026	10,034	10,034
Expire in 2027	40,722	40,722
Expire in 2028	81,191	81,191
Expire in 2029	113,384	113,384
Expire in 2030	183,711	183,711
Expire in 2031	285,350	285,350
Expire in 2032	610,714	610,714
Expire in 2033	755,022	757,146
Expire in 2034	343,335	–
Total	2,425,463	2,082,252

The Group also had accumulated tax losses in overseas subsidiaries of approximately RMB123,366,000 as at 31 December 2024 (year ended 31 December 2023: RMB113,511,000), which will be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilised.

12. DIVIDENDS

No dividend was paid or declared by the Company during the year ended 31 December 2024 (year ended 31 December 2023: Nil).

13. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amounts is based on the profit or loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 633,992,967 (year ended 31 December 2023: 647,226,272) outstanding during the year, as adjusted to reflect the shares repurchased during the year.

The calculation of the diluted earnings/(loss) per share amounts is based on the profit or loss for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 December 2023 in respect of a dilution as the impact of the share options and restricted share units outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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

	2024	2023
	RMB'000	RMB'000
Earnings/(Loss)		
Profit/(Loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation	**28,302**	(431,583)

	Numbers of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings/(loss) per share calculation*	**633,992,967**	647,226,272
Effect of dilution – weighted average number of ordinary shares:		
Share incentive plan (note 24)	**15,601,842**	–
Total	**649,594,809**	647,226,272

* The weighted average number of shares was after taking into account the effect of treasury shares held.

14. PROPERTY, PLANT AND EQUIPMENT

	Electronic equipment RMB'000	Office equipment RMB'000	R&D equipment RMB'000	Motor vehicles RMB'000	Leasehold improvement RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024							
At 1 January 2024:							
Cost	2,643	367	41,075	1,244	3,931	9,804	59,064
Accumulated depreciation	(962)	(241)	(19,937)	(697)	(2,963)	–	(24,800)
Net carrying amount	1,681	126	21,138	547	968	9,804	34,264
At 1 January 2024, net of accumulated depreciation	1,681	126	21,138	547	968	9,804	34,264
Additions	–	–	333	–	1,968	3,613	5,914
Disposals of cost	(39)	–	(249)	–	–	–	(288)
Disposals of depreciation	37	–	223	–	–	–	260
Transfer from construction in progress	467	–	1,767	–	10,702	–	12,936
Transfer to property, plant and equipment	–	–	–	–	–	(12,936)	(12,936)
Depreciation provided during the year	(493)	(44)	(5,758)	(162)	(4,346)	–	(10,803)
At 31 December 2024, net of accumulated depreciation	1,653	82	17,454	385	9,292	481	29,347
At 31 December 2024:							
Cost	3,071	367	42,926	1,244	16,601	481	64,690
Accumulated depreciation	(1,418)	(285)	(25,472)	(859)	(7,309)	–	(35,343)
Net carrying amount	1,653	82	17,454	385	9,292	481	29,347
31 December 2023							
At 1 January 2023:							
Cost	2,075	359	29,588	1,244	3,931	13,682	50,879
Accumulated depreciation	(565)	(185)	(14,865)	(536)	(2,364)	–	(18,515)
Net carrying amount	1,510	174	14,723	708	1,567	13,682	32,364
At 1 January 2023, net of accumulated depreciation	1,510	174	14,723	708	1,567	13,682	32,364
Additions	568	8	7,700	–	–	140	8,416
Disposals of cost	–	–	(33)	–	–	–	(33)
Disposals of depreciation	–	–	31	–	–	–	31
Transfer from construction in progress	–	–	3,820	–	–	–	3,820
Transfer to property, plant and equipment	–	–	–	–	–	(3,820)	(3,820)
Transfer to others	–	–	–	–	–	(198)	(198)
Depreciation provided during the year	(397)	(56)	(5,103)	(161)	(599)	–	(6,316)
At 31 December 2023, net of accumulated depreciation	1,681	126	21,138	547	968	9,804	34,264
At 31 December 2023:							
Cost	2,643	367	41,075	1,244	3,931	9,804	59,064
Accumulated depreciation	(962)	(241)	(19,937)	(697)	(2,963)	–	(24,800)
Net carrying amount	1,681	126	21,138	547	968	9,804	34,264

As at 31 December 2024, there were no pledged property, plant and equipment (year ended 31 December 2023: Nil).

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of properties used in its operations. Leases of properties generally have lease terms between 5 and 6 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Property and office premises RMB'000
As at 1 January 2023	44,936
Disposals	(406)
Depreciation charge	(9,448)
As at 31 December 2023 and 1 January 2024	**35,082**
Disposals	**(1,975)**
Depreciation charge	**(9,636)**
As at 31 December 2024	**23,471**

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 **RMB'000**	2023 RMB'000
Carrying amount at 1 January	**35,724**	45,575
Disposals	**(1,975)**	(406)
Accretion of interest recognised during the year	**1,608**	2,170
Payments	**(11,071)**	(11,615)
Carrying amount at 31 December	**24,286**	35,724
Analysed into:		
Current portion	**11,017**	10,610
Non-current portion	**13,269**	25,114

The maturity analysis of lease liabilities is disclosed in note 31 to the financial statements.

15. LEASES (continued)

The Group as a lessee (continued)

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

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**1,608**	2,170
Depreciation charge of right-of-use assets	**9,636**	9,448
Expense relating to short-term leases	**770**	725
Total amount recognised in profit or loss	**12,014**	12,343

(d) The total cash outflow for leases is disclosed in note 25(c) to the financial statements.

16. OTHER INTANGIBLE ASSETS

	Software RMB'000
31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	**4,634**
Additions	**3,327**
Amortisation provided during the year	**(3,133)**
At 31 December 2024	**4,828**
At 31 December 2024:	
Cost	**13,343**
Accumulated amortisation	**(8,515)**
Net carrying amount	**4,828**
31 December 2023	
At 1 January 2023	
Cost	7,021
Accumulated amortisation	(2,516)
Net carrying amount	4,505
Cost at 1 January 2023, net of accumulated amortisation	4,505
Additions	2,648
Transferred from CIP	139
Amortisation provided during the year	(2,658)
At 31 December 2023	4,634
At 31 December 2023 and at 1 January 2024:	
Cost	9,808
Accumulated amortisation	(5,174)
Net carrying amount	4,634

17. OTHER NON-CURRENT ASSETS

	2024 RMB'000
Tax deduction related to withholding tax	28,967

During the year, a Germany-based customer withheld excessive tax amounting to approximately RMB78,694,000 on the Group's licensing revenue from the customer, without considering the relevant bilateral tax treaties. According to these treaties, licensing revenue received from a Germany-based customer is generally subject to a withholding tax rate of 10%. The non-current assets in relation to such excessive withholding tax amounted to approximately RMB28,967,000.

18. PREPAYMENTS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Prepayments to suppliers	9,054	21,292
Loans to employees*	3,705	9,381
Deposits and other receivables	48,254	38,320
Total	61,013	68,993

* The loans to employees were given by the Group for the purpose of enabling the employees to exercise share options of the Company.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Wealth management product	233	918

The above wealth management product was issued by a financial institution in Hong Kong. It was mandatorily classified as financial assets at fair value through profit or loss as its contractual cash flows are not solely payments of principal and interest.

20. TIME DEPOSITS OVER THREE MONTHS, PLEDGED TIME DEPOSITS AND CASH AND CASH EQUIVALENTS

The details of cash and bank balances (including time deposits over three months, pledged time deposits and cash and cash equivalents) are as follows:

	2024 **RMB'000**	2023 RMB'000
Cash and bank balances	**1,959,188**	1,971,491
Less:		
Pledged time deposits*	**–**	7,437
Time deposits over three months**	**1,669,657**	1,385,973
Cash and cash equivalents	**289,531**	578,081

* They represent one-year pledged time deposits of USD1,050,000 (equivalent to approximately RMB7,437,000) pledged for the Group's forward currency contracts with annual return rates ranging from 5.0% to 5.1%, which were withdrawn in August 2024.

** They represent time deposits with initial terms of over three months, acquired from commercial banks, with annual return rates ranging from 4.13% to 5.3% (year ended 31 December 2023: 2.02% to 5.7%) as at 31 December 2024. None of these deposits are either past due or impaired. None of these deposits are pledged.

The breakdown of cash and bank balances by the denomination of currency is as follows:

	2024 **RMB'000**	2023 RMB'000
Denominated in:		
RMB	**198,216**	594,887
USD	**1,749,408**	1,364,728
HKD	**6,029**	11,644
AUD	**5,535**	232
Cash and bank balances	**1,959,188**	1,971,491

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately RMB198,216,000 (year ended 31 December 2023: RMB594,887,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default.

21. OTHER PAYABLES AND ACCRUALS

	Note	**2024 RMB'000**	2023 RMB'000
Payables for research and development services		**67,632**	55,524
Payroll payable		**26,105**	25,740
Other tax payables		**16,142**	2,113
Payables of construction and purchase of equipment		**1,977**	132
Amounts due to related parties	28	**–**	388
Other payables		**12,569**	14,222
Total		**124,425**	98,119

Other payables and accruals are unsecured, non-interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in other payables and accruals as at the end of each of the reporting periods approximated to their fair values due to their short-term maturities.

22. SHARE CAPITAL

Shares

	2024 USD'000	2023 USD'000
Issued and fully paid:		
679,417,657 (2023: 701,774,350) ordinary shares	**7**	7
Equivalent to RMB'000	**44**	46

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital** RMB'000
At 31 December 2023 and 1 January 2024	701,774,350	46
Shares cancelled (i)	(22,594,000)	(2)
Share options exercised (ii)	237,307	–
At 31 December 2024 (iii)	**679,417,657**	**44**

(i) 22,594,000 repurchased shares were cancelled during the year and the total amount paid for the repurchase of the shares of HKD68,739,330 (equivalent to approximately RMB62,525,000) has been charged to share capital and share premium of the Company.

(ii) Under the Post-IPO Option Scheme, the subscription rights attaching to 169,979 share options were exercised at the subscription price of HKD2.850 per share, and 29,828 share options were exercised at the subscription price of HKD2.774 per share, 37,500 share options were exercised at the subscription price of HKD3.108 per share, resulting in the total issue of 237,307 shares for a total cash consideration, before expenses, of HKD683,733 (equivalent to approximately RMB629,126). An amount of USD2.37 (equivalent to approximately RMB16.99) was transferred from the share option reserve to share capital upon the exercise of the share options.

(iii) As at 31 December 2024, 4,800,000 shares repurchased during the year and 5,323,000 shares repurchased in 2023 are classified as treasury shares* held for the share incentive plan in the future.

* For the avoidance of doubt, treasury shares here is the concept under IAS 32.

23. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

(i) Share premium

The share premium account represents the amount paid by shareholders for capital injection, and also the proceeds from Hong Kong IPO global offering (less related costs), in excess of the nominal value of the shares.

(ii) Share option reserve

The share option reserve comprises the fair value of share options and restricted share units granted that have not yet been exercised or vested, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. This amount will be transferred to the share premium account when the related options or restricted share units are exercised or vested, or will be transferred to retained profits if the related options or restricted share units expire or are forfeited.

24. SHARE-BASED PAYMENTS

1) 2019 Share Incentive Plan ("2019 Share Incentive Plan" or "2019 Plan")

In July 2019, the Company adopted the 2019 Share Incentive Plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. Eligible participants of the 2019 Share Incentive Plan may include any employees and Directors of the Company and its subsidiaries. The maximum aggregate number of shares that may be issued under this plan is 83,602,800 shares (taking into account the effect of the Share Subdivision). Unless otherwise cancelled or amended, the 2019 Share Incentive Plan will remain in force for ten years from the adoption date.

The Board shall have the authority to approve the 2019 Plan and the separate programs under the 2019 Share Incentive Plan and the shareholders shall have the power to approve and determine the maximum aggregate number of ordinary shares which may be issued pursuant to all awards under the 2019 Share Incentive Plan.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the 2019 Share Incentive Plan as an equity-settled plan.

24. SHARE-BASED PAYMENTS (continued)

1) 2019 Share Incentive Plan ("2019 Share Incentive Plan" or "2019 Plan") (continued)

(a) Share options under the 2019 Share Incentive Plan

The exercise period of the share options granted is determinable by the Directors and commences after a vesting period of one to four years and ends on a date which is not later than ten years from the grant date of the share options.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the 2019 Share Incentive Plan during the years ended 31 December 2024 and 2023:

	Weighted average exercise price RMB per share	Number of options
At 1 January 2024	**1.41**	**9,396,452**
Forfeited during the year	**1.45**	**(785,185)**
Exercised during the year	**1.47**	**(1,817,572)**
At 31 December 2024	**1.38**	**6,793,695**
At 1 January 2023	1.39	10,509,145
Forfeited during the year	1.45	(559,850)
Exercised during the year	1.06	(552,843)
At 31 December 2023	1.41	9,396,452

The weighted average share price at the date of exercise for share options exercised during the year under the 2019 Share Incentive Plan was RMB3.88 per share (year ended 31 December 2023: RMB3.31).

24. SHARE-BASED PAYMENTS (continued)

1) 2019 Share Incentive Plan ("2019 Share Incentive Plan" or "2019 Plan") (continued)

(a) Share options under the 2019 Share Incentive Plan (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2024

Number of options	Exercise price RMB per share*	Exercise period
257,502	**0.01-0.2**	**1-12-19 to 1-12-29**
516,137	**1.34**	**1-12-20 to 1-12-29**
210,000	**1.45**	**1-12-21 to 1-12-30**
4,812,556	**1.45**	**1-12-21 to 1-6-31**
997,500	**1.45**	**1-9-22 to 1-9-31**
6,793,695		

2023

Number of options	Exercise price RMB per share	Exercise period
331,517	0.01-0.2	1-12-19 to 1-12-29
869,685	1.34-2.61	1-12-20 to 1-12-29
227,500	1.45	1-12-21 to 1-12-30
6,872,750	1.45	1-12-21 to 1-6-31
1,095,000	1.45	1-9-22 to 1-9-31
9,396,452		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted during the year was nil (year ended 31 December 2023: Nil), and the Group recognised share-based payment expenses of RMB1,470,281 during the year (year ended 31 December 2023: RMB9,559,011).

At the end of the reporting period, the Company had 6,793,695 share options outstanding under the 2019 Share Incentive Plan.

24. SHARE-BASED PAYMENTS (continued)

1) 2019 Share Incentive Plan ("2019 Share Incentive Plan" or "2019 Plan") (continued)

(b) Restricted share units

The purpose of granting the restricted share units ("RSUs") under the 2019 Share Incentive Plan is to incentivise the Directors and experts for their contribution to the Group and to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group, by providing them with the opportunity to own equity interests in the Company.

Unless otherwise cancelled or amended, the exercise period of the RSUs shall commence after a vesting period of one to four years and ends on a date which is not later than ten years from the grant date of the RSUs.

The following RSUs were outstanding under the 2019 Share Incentive Plan during the years ended 31 December 2024 and 2023:

	Number of RSUs
At 1 January 2024	**21,847,000**
Forfeited during the year	**(586,500)**
Surrendered during the year*	**(6,431,022)**
Vested during the year	**(10,404,228)**
At 31 December 2024	**4,425,250**
At 1 January 2023	23,272,250
Granted during the year	1,025,000
Forfeited during the year	(517,500)
Vested during the year	(1,932,750)
At 31 December 2023	21,847,000

* For the year ended 31 December 2024, individual income tax has been paid in February 2024 and January 2025 by the Group on behalf of an employee and certain Directors whose rights were vested under the 2019 Share Incentive Plan and 6,431,022 RSUs were deducted from the total number of RSUs entitled to be vested to that employee and those Directors, as settlement for the individual income tax paid by the Group on their behalf.

24. SHARE-BASED PAYMENTS (continued)

1) 2019 Share Incentive Plan ("2019 Share Incentive Plan" or "2019 Plan") (continued)

(b) Restricted share units (continued)

The exercise periods of the RSUs outstanding under the 2019 Share Incentive Plan as at 31 December 2024 are as follows:

2024

Number of RSUs	Exercise period
12,500	1-12-22 to 1-12-31
125,000	1-3-23 to 1-3-32
2,145,000	1-6-23 to 1-6-32
150,000	1-9-23 to 1-9-32
1,299,000	1-11-23 to 1-11-32
281,250	17-3-24 to 17-3-33
412,500	1-6-24 to 1-6-33
4,425,250	

2023

Number of RSUs	Exercise period
14,718,750	1-12-22 to 1-6-31
470,000	1-12-22 to 1-9-31
25,000	1-12-22 to 1-12-31
337,500	1-3-23 to 1-3-32
3,292,500	1-6-23 to 1-6-32
225,000	1-9-23 to 1-9-32
1,853,250	1-11-23 to 1-11-32
375,000	17-3-24 to 17-4-33
550,000	1-6-24 to 1-6-33
21,847,000	

The fair value of the RSUs granted during the year was nil (year ended 31 December 2023: RMB2,516,713), and the Group recognised share-based payment expenses of RMB13,585,371 (year ended 31 December 2023: RMB35,046,299) during the year.

The fair value of the RSUs granted during the year was measured as at the date of grant using the fair value of the Company's ordinary shares.

At the end of the reporting period, the Company had 4,425,250 RSUs outstanding under the 2019 Share Incentive Plan.

24. SHARE-BASED PAYMENTS (continued)

2) Post-IPO Share Option Scheme

In September 2021, the Company adopted the Post-IPO Share Option Scheme for the purpose of rewarding employees, Directors or consultants for their past contribution to the success of the Group and providing incentives to them to further contribute to the Group. The maximum aggregate number of shares that may be issued under this plan is 48,723,430 shares (taking into account the effect of the Share Subdivision). Unless otherwise cancelled or amended, the Post-IPO Share Option Scheme will remain in force for ten years from the commencement date.

The Board shall have the authority to approve the Post-IPO Share Option Scheme and the shareholders shall have the power to approve and determine the maximum aggregate number of ordinary shares which may be issued pursuant to all awards under the Post-IPO Share Option Scheme.

The Post-IPO Share Option Scheme shall be valid and effective for a period of ten years commencing on the date when the Post-IPO Share Option Scheme becomes unconditional, after which period no further options will be granted by the provisions of the Post-IPO Share Option Scheme, but the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme.

The exercise period of the share options granted is determinable by the Directors, and commences after a vesting period of one to four years and ends on a date which is not later than ten years from the grant date of the share options.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Post-IPO Share Option Scheme as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

24. SHARE-BASED PAYMENTS (continued)

2) Post-IPO Share Option Scheme (continued)

The following share options were outstanding under the Post-IPO Share Option Scheme during the years ended 31 December 2024 and 2023:

	Weighted average exercise price RMB per share	Number of options
At 1 January 2024	**3.03**	**4,265,000**
Forfeited during the year	**2.63**	**(217,500)**
Exercised during the year	**2.63**	**(207,307)**
At 31 December 2024	**3.07**	**3,840,193**
At 1 January 2023	3.09	3,635,000
Granted during the year	2.60	1,025,000
Forfeited during the year	2.63	(365,000)
Exercised during the year	2.63	(30,000)
At 31 December 2023	3.03	4,265,000

The weighted average share price at the date of exercise for share options exercised during the year under the Post-IPO Share Option Scheme was RMB4.23 per share (year ended 31 December 2023: RMB3.56).

The exercise prices and exercise periods of the share options outstanding under the Post-IPO Share Option Scheme as at 31 December 2024 are as follows:

2024

Number of options 000	Exercise price RMB per share*	Exercise period
1,700,000	**3.62**	**1-6-23 to 1-6-32**
1,282,521	**2.63**	**1-11-23 to 1-11-32**
337,500	**2.72**	**17-3-24 to 17-3-33**
520,172	**2.51**	**1-6-24 to 1-6-33**
3,840,193		

24. SHARE-BASED PAYMENTS (continued)

2) Post-IPO Share Option Scheme (continued)

2023

Number of options 000	Exercise price RMB per share*	Exercise period
1,700,000	3.62	1-6-23 to 1-6-32
1,640,000	2.63	1-11-23 to 1-11-32
375,000	2.72	17-3-24 to 17-3-33
550,000	2.51	1-6-24 to 1-6-33
4,265,000		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the equity-settled share options granted under the Post-IPO Share Option Scheme during the year was estimated as at the dates of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2024	2023
Dividend yield (%)	**N/A**	–
Expected volatility (%)	**N/A**	57.43-57.53
Risk-free interest rate (%)	**N/A**	2.97-3.36
Exercise multiple	**N/A**	2.2
Weighted average share price (HKD per share)	**N/A**	2.68-2.85

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the options granted was incorporated into the measurement of fair value.

The fair value of the share options granted under the Post-IPO Share Option Scheme during the year was nil (year ended 31 December 2023: RMB1,364,638), and the Group recognised share-based payment expenses of RMB1,397,562 during the year (year ended 31 December 2023: RMB2,793,270).

At the end of the reporting period, the Company had 3,840,193 share options outstanding under the Post-IPO Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the company, result in the addition of 3,840,193 ordinary shares of the Company.

24. SHARE-BASED PAYMENTS (continued)

3) Post-IPO Restricted Share Units Scheme

In April 2024, the Company adopted the Post-lPO Restricted Share Units Scheme for the purpose to incentivising the Directors and experts for their contribution to the Group and to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group, by providing them with the opportunity to own equity interests in the Company. The maximum aggregate number of shares that may be issued under this plan is 48,723,430 shares (taking into account the effect of the Share Subdivision). Unless otherwise cancelled or amended, the Post-lPO Restricted Share Units Scheme will remain in force for ten years from the commencement date.

Unless otherwise cancelled or amended, the exercise period of the RSUs shall commence after a vesting period of one to four years and end on a date which is the earlier of ten years from the grant date of the RSUs or the termination date of the grantee's employment.

The following RSUs were outstanding under the Post-IPO Restricted Share Units Scheme during the year ended 31 December 2024:

	Number of RSUs
At 1 January 2024	–
Granted during the year	7,482,500
At 31 December 2024	7,482,500

The exercise periods of the RSUs outstanding under the Post-IPO Restricted Share Units Scheme as at 31 December 2024 are as follows:

Number of RSUs	Exercise period
607,500	1-4-25 to 1-4-34
6,875,000	1-9-25 to 1-9-34
7,482,500	

The fair value of the RSUs granted during the year was RMB22,672,430 (year ended 31 December 2023: Nil), and the Group recognised share-based payment expenses of RMB4,285,307 (year ended 31 December 2023: Nil) during the year.

The fair value of the RSUs granted during the year was measured as at the date of grant using the fair value of the Company's ordinary shares.

At the end of the reporting period, the Company had 7,482,500 RSUs outstanding under the Post-IPO Restricted Share Units Scheme. The vesting in full of the outstanding RSUs, under the present capital structure of the Company, will not result in the increase of ordinary shares of the Company, since only RSUs with existing shares as underlying shares under the Post-IPO Restricted Share Units Scheme have been granted so far.

25. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group did not have non-cash additions to right-of-use assets (year ended 31 December 2023: Nil) and non-cash additions to lease liabilities (year ended 31 December 2023: Nil), in respect of lease arrangements for property and office premises.

(b) Changes in liabilities arising from financing activities

	Lease liabilities RMB'000
At 1 January 2024	**35,724**
Lease payments	**(11,071)**
Disposals of lease	**(1,975)**
Interest expenses	**1,608**
At 31 December 2024	**24,286**

	Lease liabilities RMB'000	Other payables and accruals RMB'000
At 1 January 2023	45,575	127
Lease payments	(11,615)	–
Reverse of share issue expenses	–	(127)
Disposals of lease	(406)	–
Interest expenses	2,170	–
At 31 December 2023	35,724	–

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within financing activities	**11,071**	11,615
Within operating activities	**770**	725
	11,841	12,340

26. COMMITMENTS

The Group had the following capital commitments as at the end of the reporting period:

	2024 **RMB'000**	2023 RMB'000
Contracted, but not provided for		
Plant and machinery	**17**	–

27. PLEDGE OF ASSETS

No asset was pledged by the Group during the year.

28. RELATED PARTY TRANSACTIONS

(a) Outstanding balances with related parties:

	2024 **RMB'000**	2023 RMB'000
Due to related parties:		
Dr. XU Yao-Chang	**–**	194
Dr. CHEN Zhui	**–**	194
	–	388

The Group had no outstanding balances due to certain Directors (year ended 31 December 2023: Approximately RMB388,000) as at the end of the reporting period.

(b) Compensation of key management personnel of the Group:

	2024 **RMB'000**	2023 RMB'000
Salaries, bonuses, allowances, and benefits in kind	**21,077**	23,535
Pension scheme contributions	**630**	698
Share-based payment expenses	**15,290**	36,376
Total compensation paid to key management personnel	**36,997**	60,609

Further details of Directors' and the chief executive's emoluments are included in note 9 to the consolidated financial statements.

29. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2024

Financial assets

	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets included in other receivables	–	10,297	10,297
Financial assets at fair value through profit or loss	233	–	233
Cash and bank balances	–	1,959,188	1,959,188
Total	233	1,969,485	1,969,718

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in other payables and accruals	82,178

As at 31 December 2024, financial assets included in trade and other receivables amounting to approximately RMB10,297,000 (year ended 31 December 2023: RMB15,226,000) were measured at amortised cost, and financial liabilities included in trade and other payables amounting to approximately RMB82,718,000 (year ended 31 December 2023: RMB70,266,000) were measured at amortised cost.

29. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2023

Financial assets

	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets included in other receivables	–	15,226	15,226
Financial assets at fair value through profit or loss	918	–	918
Cash and bank balances	–	1,971,491	1,971,491
Total	918	1,986,717	1,987,635

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Financial liabilities included in other payables and accruals	–	70,266	70,266
Derivative financial instruments	437	–	437
Total	437	70,266	70,703

30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		**Fair values**	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Financial assets				
Financial assets at fair value through profit or loss	**233**	918	**233**	918
Financial liabilities				
Derivative financial instruments	**–**	437	**–**	437

Management has assessed that the fair values of cash and cash equivalents, financial assets included in time deposits, prepayments and other receivables, and other assets, financial liabilities included in other payables and accruals, and other non-current liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The Directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

The Group invests in an unlisted investment, which represents a wealth management product issued by a financial institution in Hong Kong. The Group has estimated the fair value of the wealth management product based on fair value provided by the financial institution.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Financial assets at fair value through profit or loss	**–**	**233**	**–**	**233**

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	–	918	–	918
Derivative financial instruments	–	437	–	437

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (year ended 31 December 2023: Nil).

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as other receivables and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from changes in exchange rates.

The following table demonstrates the sensitivity at each reporting date to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	Increase/ (decrease) in rate of foreign currency	Increase/ (decrease) in loss before tax	Increase/ (decrease) in equity
	%	RMB'000	RMB'000
31 December 2024			
If RMB weakens against USD	**5**	**85,201**	**85,201**
If RMB strengthens against USD	**(5)**	**(85,201)**	**(85,201)**
If RMB weakens against AUD	**5**	**277**	**277**
If RMB strengthens against AUD	**(5)**	**(277)**	**(277)**
If RMB weakens against HKD	**5**	**302**	**302**
If RMB strengthens against HKD	**(5)**	**(302)**	**(302)**
31 December 2023			
If RMB weakens against USD	5	82,308	82,308
If RMB strengthens against USD	(5)	(82,308)	(82,308)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, financial assets included in deposits and other receivables and other assets, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's other receivables are widely dispersed in different sectors and industries.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

2024

	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
Financial liabilities in other payables and accruals	–	82,178	–	–	82,178
Lease liabilities	–	2,939	8,818	13,714	25,471
Total	–	85,117	8,818	13,714	107,649

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

2023

	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
Financial liabilities in other payables and accruals	–	70,266	–	–	70,266
Lease liabilities	–	2,495	8,248	29,036	39,779
Total	–	72,761	8,248	29,036	110,045

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2023.

32. EVENTS AFTER THE REPORTING PERIOD

The Group has no other significant events after the reporting period up to the approval date of these financial statements.

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Investments in a subsidiary	**2,109,585**	1,891,971
Total non-current assets	**2,109,585**	1,891,971
CURRENT ASSETS		
Prepayments and other receivables	**26,479**	13,714
Financial assets at fair value through profit or loss	**233**	918
Time deposits over three months	**1,227,985**	1,355,808
Pledged time deposits	**–**	7,437
Cash and cash equivalents	**175,336**	241,337
Total current assets	**1,430,033**	1,619,214
CURRENT LIABILITIES		
Other payables and accruals	**44,891**	914
Derivative financial instruments	**–**	437
Total current liabilities	**44,891**	1,351
NET CURRENT ASSETS	**1,385,142**	1,617,863
TOTAL ASSETS LESS CURRENT LIABILITIES	**3,494,727**	3,509,834
Net assets	**3,494,727**	3,509,834
EQUITY		
Share capital	**44**	46
Reserves	**3,494,683**	3,509,788
Total equity	**3,494,727**	3,509,834

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

A summary of the Company's equity is as follows:

	Attributable to owners of the parent					
	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	46	5,505,893	115,613	224,968	(2,336,686)	3,509,834
Profit for the year	–	–	–	–	49,402	49,402
Other comprehensive income for the year:						
Exchange differences on translation of the Company	–	–	–	22,084	–	22,084
Total comprehensive income for the year	–	–	–	22,084	49,402	71,486
Repurchase of shares	–	(89,223)	–	–	–	(89,223)
Cancellation of shares	(2)	–	–	–	–	(2)
Vesting of equity-settled share options and restricted share units	–	73,537	(91,644)	–	–	(18,107)
Share-based payment expenses	–	–	20,739	–	–	20,739
At 31 December 2024	44	5,490,207	44,708	247,052	(2,287,284)	3,494,727

	Attributable to owners of the parent					
	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	46	5,498,389	75,719	192,083	(2,379,646)	3,386,591
Profit for the year	–	–	–	–	42,960	42,960
Other comprehensive income for the year:						
Exchange differences on translation of the Company	–	–	–	32,885	–	32,885
Total comprehensive income for the year	–	–	–	32,885	42,960	75,845
Vesting of equity-settled share options and restricted share units	–	7,504	(7,504)	–	–	–
Share-based payment expenses	–	–	47,398	–	–	47,398
At 31 December 2023	46	5,505,893	115,613	224,968	(2,336,686)	3,509,834

34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of Directors on 3 March 2025.