



HARBOUR
BIOMED

和 鉑 醫 藥 控 股 有 限 公 司
HBM HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 02142

2024

Annual Report

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Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Dr. Jingsong Wang (*Chief Executive Officer*)
(*Chairperson*)
Dr. Yiping Rong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Robert Irwin Kamen
Dr. Xiaoping Ye
Mr. Ka Chi Yau (*resigned with effect from*
21 June 2024)
Dr. Albert R. Collinson
Ms. Weiwei Chen (*re-designated with effect from*
1 January 2025)

AUDIT COMMITTEE

Mr. Ka Chi Yau (*resigned with effect from*
21 June 2024)
Ms. Weiwei Chen (*re-designated as chairperson*
with effect from 1 January 2025)
Dr. Xiaoping Ye
Dr. Albert R. Collinson (*appointed with effect from*
21 June 2024)

REMUNERATION COMMITTEE

Dr. Albert R. Collinson (*Chairperson, appointed with*
effect from 21 June 2024)
Dr. Xiaoping Ye
Dr. Jingsong Wang
Mr. Ka Chi Yau (*resigned with effect from*
21 June 2024)

NOMINATION COMMITTEE

Dr. Jingsong Wang (*Chairperson*)
Dr. Robert Irwin Kamen
Dr. Xiaoping Ye
Ms. Weiwei Chen (*appointed with effect from*
01 January 2025)

AUTHORIZED REPRESENTATIVES

Dr. Jingsong Wang
Dr. Yiping Rong

JOINT COMPANY SECRETARIES

Mr. Wing Yat Christopher Lui
Ms. Yifan Gao (*appointed with effect from*
24 October 2024)

REGISTERED OFFICE IN THE CAYMAN ISLANDS

P.O. Box 472, Harbour Place, 2nd Floor
103 South Church Street, George Town
Grand Cayman KY1-1106
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN CHINA

Suite 202, Building A3,
218 Xinghu Street,
Suzhou Industrial Park, Suzhou, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1918, 19/F, Lee Garden One
33 Hysan Avenue, Causeway Bay,
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

International Corporation Services Ltd.
P.O. Box 472, Harbour Place, 2nd Floor
103 South Church Street, George Town
Grand Cayman KY1-1106, Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre, 16 Harcourt Road,
Hong Kong



AUDITOR

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

LEGAL ADVISER

As to Hong Kong law and United States law
Cooley HK

PRINCIPAL BANK

China Merchants Bank, Shenzhen Branch
23/F, No. 2016 Shennan Boulevard, Futian District
Shenzhen, China

COMPANY WEBSITE

www.harbourbiomed.com

STOCK CODE

02142



Financial Highlights

FINANCIAL HIGHLIGHTS

	As of 31 December/For the year ended 31 December				
	2024 US\$ in thousands	2023 US\$ in thousands	2022 US\$ in thousands	2021 US\$ in thousands	2020 US\$ in thousands
Revenue	38,100	89,502	40,659	4,308	14,107
Cost of sales	(4,486)	(2,034)	(130)	(137)	(449)
Other income and gains	11,167	6,589	4,768	5,965	5,270
Selling expense	(2,677)	(1,062)	–	–	–
Research and development expenses	(20,999)	(45,081)	(135,143)	(107,103)	(55,244)
Administrative expenses	(13,171)	(19,498)	(27,274)	(40,067)	(46,294)
Impairment losses on financial assets, net	(462)	(503)	–	–	–
Finance costs	(3,505)	(3,872)	(1,987)	(176)	(280)
Loss on fair value change of convertible redeemable preferred shares	–	–	–	–	(213,703)
Other expenses	(228)	(1,359)	(17,913)	(619)	(45)
Income tax credit/(expense)	(997)	81	(248)	(49)	99
Profit/(Loss) for the year	2,742	22,763	(137,268)	(137,878)	(296,539)
Earnings/(Loss) per share (Basic and diluted) (USD)	0.00	0.03	(0.19)	(0.19)	(1.69)
Cash and cash equivalents	166,821	140,324	171,705	216,304	356,794
Total assets	215,014	228,480	232,123	282,361	388,738
Total liabilities	90,962	108,851	139,622	59,447	27,730
Total equity	124,052	119,629	92,501	222,914	361,008



PROGRESS ON HARBOUR THERAPEUTICS

1. **BATOCLIMAB (HBM9161)**

The Biologics License Application (“**BLA**”) for the treatment of generalized myasthenia gravis (“**gMG**”) was accepted by the National Medical Products Administration of China (the “**NMPA**”) in July 2024.

2. **HBM9378/WIN378**

Submitted the Investigational New Drug (“**IND**”) application for chronic obstructive pulmonary disease (“**COPD**”) to NMPA in November 2024. Approval of the IND was received in February 2025.

Our collaboration partner Windward Bio is preparing for Phase II clinical trial.

3. **PORUSTOBART (HBM4003)**

Combination with PD-1 for Colorectal Carcinoma (“CRC”)

Patient enrolment was initiated in January 2024 and completed in December. The clinical trial is ongoing.

4. **HBM1020**

Presented the latest progress of Phase I clinical trial for advanced solid tumor at the European Society for Medical Oncology (“**ESMO**”) Congress 2024

5. **OTHER PRODUCTS**

Obtained the IND clearance to commence Phase I trial of HBM9027 for solid tumors from U.S. Food and Drug Administration (“**U.S. FDA**”) in January 2024.



BUSINESS DEVELOPMENTS

1. COLLABORATIONS ON ASSETS

- a. In May 2024, we entered into a global license and option agreement with AstraZeneca (LSE/STO/Nasdaq: AZN) ("**AZN**"), pursuant to which preclinical monoclonal antibodies that will be used to create targeted therapies in oncology was granted to AZN with an upfront payment of US\$19 million upon completion of the transaction, US\$10 million near-term milestone payment, and up to US\$575 million in milestone payments and tiered royalties on net sales.
- b. In December 2024, we entered into a research collaboration and license agreement to discover next-generation T-cell engagers ("**TCEs**") with Candid Therapeutics, Inc. ("**Candid**"). Under the terms of the agreement, Nona Biosciences is eligible to receive upfront payment and potential milestone payments up to \$320 million. Candid will be responsible for all further product development.
- c. In January 2025, we entered into an exclusive license agreement with Windward Bio, under which we and Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd ("**Kelun-Biotech**") granted Windward Bio an exclusive license of HBM9378/WIN378 globally (excluding Greater China and several Southeast and West Asian countries) with a total up to US\$970 million upfront and milestone payments as well as single to double-digit tiered royalties on net sales.

2. PLATFORM-BASED COLLABORATIONS

- a. In February 2024, Nona Biosciences (Suzhou) Co., Ltd ("**Nona Biosciences**") entered into a collaboration agreement with Boostimmune, Inc. ("**Boostimmune**"), a biotechnology company dedicated to developing next-generation anti-cancer therapies via modulating immune systems, in Antibody-Drug Conjugate ("**ADC**") development.
- b. In July 2024, Nona Biosciences entered into a collaboration agreement with Alaya.bio, a biotechnology company developing a novel polymeric delivery platform, to precisely target and reprogram cells in situ and thus to significantly simplify the way CAR-T cell therapies in particular are being developed, manufactured and administered.
- c. In September 2024, Nona Biosciences entered into a multi-target antibody discovery collaboration agreement with Umoja Biopharma, a transformative immunotherapy company creating off-the-shelf treatments that aim to extend the reach and effectiveness of CAR-T cell therapies in oncology and autoimmunity.
- d. In September 2024, Nona Biosciences entered into a strategic collaboration agreement with Alkyon Therapeutics, Inc. (AlkyonTx), a San Diego-based biotechnology company, to develop next-generation immunotherapy and other targeted therapy applications, using Nona's Harbour Mice[®] fully human antibody platform.



- e. In October 2024, Nona Biosciences entered into a strategic collaboration agreement with OverT Bio, a New York-based biotechnology company. The collaboration will focus on developing next-generation cell therapies for solid tumors by leveraging Nona's proprietary fully human HCAb Harbour Mice® platform and its innovative direct CAR-function-based HCAb library screening platform, NonaCarFx™.
- f. In December 2024, Nona Biosciences entered into a collaboration agreement with Kodiak Sciences Inc. (Nasdaq: KOD). This partnership aims to advance the discovery of novel multi-target antibodies to treat ophthalmic diseases, leveraging Nona's proprietary Harbour Mice® fully human antibody platform.

3. INCUBATION TO ADVANCE CUTTING-EDGE AREAS

- a. We advanced the collaboration with Boston Children's Hospital, an affiliate of Harvard Medical School since 2019. In February 2025, HBM Alpha Therapeutics ("**HBMAT**"), a joint venture between the Company and Boston Children's Hospital, announced a strategic collaboration and license agreement with a business partner.
- b. We advanced the exploration in NK cell therapy with Shanghai NK Cell Technology Limited ("**NK Cell Tech**") since 2021, pursuant to which the Company granted non-exclusive sublicense of its platforms to NK Cell Tech for specific cell therapy. In November 2024, NK Cell Tech announced that it has completed its A++ round financing which would accelerate the development and clinical process of its pipeline products.

ACADEMIC CONVENTIONS/PUBLICATIONS

- a. Published "Batoclimab vs Placebo for Generalized Myasthenia Gravis: A Randomized Clinical Trial" on JAMA Neurology March 2024.
- b. Published the Phase I study results in combination of toripalimab in patients with advanced melanoma and other solid tumors on the Journal of ImmunoTherapy of Cancer October 2024.
- c. Presented the "Phase I Dose-Escalation Study of HBM1020, a Novel Anti-B7H7 Antibody in Patients with Advanced Solid Tumors" in the European Society for Medical Oncology ("**ESMO**") Congress 2024.
- d. Published "High throughput identification of human monoclonal antibodies and heavy-chain-only antibodies to treat snakebite" on Toxicon: X.in March 2024.
- e. Published "Filamentous fungus-produced human monoclonal antibody provides protection against SARS-CoV-2 in hamster and non-human primate models" on Nature communication in March 2024.
- f. Presented the poster "Developing a fully human heavy chain only Claudin-18.2-specific CAR-T cell therapy" at AACR in April 2024.



Business Highlights

- g. Presented three posters about mRNA-Encoded T Cell Engager for Cancer Immunotherapy, CAR-Based Library Screening Platform, etc, at Immuno-Oncology Summit Europe 2024 in April 2024.
- h. Presented the posters about anti-TFR1 human heavy-chain-only antibodies and Blood-Brain Barrier Shuttle Technology in PEGS Boston Summit in May 2024.
- i. Published “Generation and preclinical evaluation of a human heavy-chain-only antibody recognizing the membrane-bound tumor-associated antigen mesothelin” Frontiers in Chemical Biology July 2024.
- j. Presented the poster “Discovery of T-Cell Receptor Mimic Antibody Derived T-Cell Engager” at 15th World Bispecific Summit in September 2024.
- k. Presented the poster “Fully Human Heavy Chain Only Antibodies to BCMA Identified by NonaCarFx™ Platform” at 9th Annual CAR-TCR Summit in September 2024.

For details of any of the aforementioned, please refer to the rest of this report and, where applicable, the Company’s prior press releases and announcements.



Chairman's Statement

Dear Shareholders,

On behalf of the Board, it is my pleasure to present to you the fifth annual report of the Group. I would like to take this opportunity to walk you through the results we achieved in 2024 and our exciting milestones for 2025.

For us, 2024 was a year of transformation, marked by strategic shifts and new initiatives. We embarked on a comprehensive transformation strategy aimed at positioning our company for long-term success in the rapidly evolving landscape. We made progress in several undertakings: transforming our technology platforms into a fully integrated global biotech innovation engine, expanding Harbour Therapeutics pipeline into immunology and inflammation therapeutics, and building Nona Biosciences as the powerhouse of antibody and drug discovery by leveraging our unique global patent protected technology platforms. We have achieved these initiatives with outstanding results in a year when high inflation, geopolitical tension, and other continued challenges were affecting most industries, the Company is well positioned in this new era to achieve results that will propel the Company to new heights and create robust returns for our Shareholders.

Despite the global uncertainties and the dynamic nature of the healthcare landscape, we continued to drive forward our research and development efforts, with a focus on delivering innovative solutions that have the potential to transform lives.

The Company is dedicated to the research and development (“**R&D**”) and commercialization of our portfolio products to address patients’ needs across the globe. In 2024, we have achieved rapid advancement in our core products, further strengthened our R&D capabilities and out-licensed internally discovered molecules to top-tier companies across the world. Besides the development of our internal portfolio and collaborations based on the products generated from our technology platform, our wholly-owned subsidiary, Nona Biosciences, providing next-generation antibody and biotherapeutic solutions to partners from discovery to IND, also delivered solid business performance and enhanced value for the Company. Nona Biosciences leverages Harbour BioMed’s technology platforms, including its Harbour Mice®, HBICE®, and HBICA™ with single B cell cloning platform for fully human antibody generation, and demonstrated expertise in discovery and development, along with an innovative business model to make these technologies broadly accessible to biotechnology and biopharmaceutical companies and academic institutions.



ADVANCEMENT OF ROBUST PORTFOLIO AND DIFFERENTIATED PIPELINE

Harbour Therapeutics, a sub-brand parallel to Nona Biosciences, will be individually responsible for the development of our products pipeline. Expanding into immunology and inflammation therapeutics, we own highly differentiated portfolio in Harbour Therapeutics, consisting multiple innovative drug candidates in clinical stage and novel candidates at IND/IND-enabling stages.

In 2024, we strategically expanded into immunology, with 8 assets from preclinical stage to late clinical stage. Leveraging our existing strengths and capabilities to reach a wider patient population. Additionally, we forged crucial partnerships and collaborations with global pharma and leading biotech companies. These alliances further enhanced our R&D capabilities.

We submitted the BLA of Batoclimab for the treatment of gMG in 2024. We also submitted the IND of HBM9378, anti-TLSP monoclonal antibody codeveloped with Kelun-Biotech, for COPD in China.

We also developed multiple preclinical assets, containing T cell engager and bispecific antibody for autoimmune diseases, aimed at over 20 billion potential market for diseases with unmet needs, such as asthma, COPD, IBD, and SLE.

At the meantime we remained global competitive in our oncology products. We focused on novel antibody-based innovation. Bi-specific and multi-specific antibodies generated from our HBICE® Platform with novel design and differentiated mechanism. In addition, utilizing our XDC platform and leveraging the advantages of Harbour Mice® platform, we explored multiple modalities therapeutic antibodies in oncology.

In 2024, we also obtained the IND clearance of HBM9027, PD-L1xCD40 bispecific antibody generated from HBICE® bispecific technology, from the U.S. FDA to initiate the clinical study in the U.S., The development of PD-L1xCD40 bispecific further expands our bispecific immune cell engager into the cutting-edge DC/myeloid cell engager field and demonstrates.

PLATFORM-VALUE-MAXIMIZED BUSINESS COLLABORATIONS

In 2024, we continued to expand our business collaborations with leading academic institutions and select industrial partners focusing on innovation and efficiency across the world. We believe our flexible business models built around our proprietary technologies and platforms can and will maximize our platform value by leveraging complementary advantages from the Company and our collaborators.



MULTIPLE COLLABORATIONS OF NONA BIOSCIENCES

With the technological advantage of our platform, we established Nona Biosciences (formerly known as Harbour BioMed (Suzhou) CO., LTD) to better empower the innovators in the industry and enable our collaborators from I to I™. Nona Biosciences is a global biotechnology company committed to providing a total solution for partners worldwide, from academies, biotechnology startups to biopharmaceutical giants. From the end of 2022, Nona Biosciences achieved big success in its launch as it has landed a number of international collaborations in multiple innovated formats. Nona Biosciences has established four leading technology units based on HCAB, including protein engineering, conjugation technology, delivery technology and cell therapy to empower the next-generation therapies.

In addition, we have entered into the global out license and option agreement with AstraZeneca for a preclinical monoclonal antibody that will be used to create targeted therapies in oncology in May 2024, and a research collaboration and license agreement to discover next-generation T-cell engagers with Candid Therapeutics in December 2024. With the multiple collaborations based on the assets generated from Harbour BioMed's technology platforms, our platform has shown its strength and unique advantages in expanding the technology boundaries and exploring innovation directions.

With the flexible business model and a great start, we believe that Nona Biosciences will show us a new path to expand our collaboration network and maximize the value of our platform.

INCUBATION ON CUTTING-EDGE COLLABORATIONS

To give full play to the value of our unique platform technologies, we have continued to explore the expandability of platform technology application scenarios which generate impactful values to the Company. We are incubating several joint ventures focusing on next-generation innovation ranging from multivalence to cell therapies, etc. Their common feature is to increase the application scenarios of our technology platform to bring incremental value to the Company.

In other words, this "technology for equity" model allows us to integrate incremental resources for a diversified deployment of our next-generation innovation, which will continuously bring us new value growth points with minimal marginal investment.



Chairman's Statement

2025 OUTLOOK: EXTENSIVE GLOBALIZATION AND BREAKTHROUGH INNOVATION

Looking to the future, we will keep driving business growth and accomplishing our mission through two key pillars, Harbour Therapeutics and Nona Biosciences. In 2025, for Harbour Therapeutics, we will advance multiple clinical trials of our internal pipeline to fully advance the global clinical development project. For Nona Biosciences, we will keep providing integrated discovery solutions for biotechnology and pharmaceutical companies and ultimately create an innovation ecosystem to promote biological advancement.

A range of products based on our technology platform and generated from the concept of T-cell engager, will be further transformed to immunology and our ADC platform will be upgraded to next generation. With a combination of in-house development and business collaborations, we believe the Company will form a portfolio of products with a differentiated competitive advantage in both immunology and immuno-oncology.

The platform-valued-maximized business collaborations will further drive the Company down the path of global development. We have seen very exciting value through these platform-based collaborations with top institutions around the world as our preclinical products become increasingly mature, and more extensive global collaborations are expected in 2025.

We insist on innovation and we believe that the Company will thrive in the fast evolutionary industry. With your support, we are confident that we will continue to bring sustainable and considerable values to our patients, our employees and our Shareholders.

Last but not least, on behalf of the Board and management team, I would like to thank our colleagues for their dedication and contribution. Our gratitude also extends to our Shareholders, our partners and external service providers for their continued support. We look forward to building another prosperous year in 2025 with all relevant parties.

Jingsong Wang

Chairman of the Board

31 March 2025



Management Discussion and Analysis

OVERVIEW

OUR VISION

Our vision is to deliver “Healthy life • Breakthrough Medicines” in immune oncology and immunological diseases to address current patients’ unmet medical needs.

CORPORATE PROFILE

Incorporated in July 2016, we are a clinical-stage biopharmaceutical company committed to the discovery, development and commercialization of novel antibody therapeutics in immunology and immune-oncology.

To realize our vision, we have been partnering with global academic institutions, biotechnology and pharmaceutical companies by leveraging our platforms. We have established a strong track record of portfolio comprising strategically selected co-development clinical assets and internal innovative next-generation projects to address unmet patient’s need. We also provide technology licensing for our proprietary Harbour antibody platform to accelerate the industry innovation on antibody therapeutics.

Since 2022, we strategically organized operations into two business segments to enhance focus, drive growth, and capitalize on distinct market opportunities, Harbour Therapeutics, focusing on pipeline development, products collaboration and commercialization, and Nona Biosciences, a global biotechnology company providing an Idea-to-IND solution for partners worldwide.

ABOUT HARBOUR THERAPEUTICS

Harbour Therapeutics is committed to the development and commercialization of novel antibody therapeutics focusing on immunology and oncology. We have built a robust portfolio and differentiated pipeline by leveraging our unique antibody technology platforms as well as our biological understanding and industry experience. Our portfolio also consists of strategically selected clinical assets with near-term revenue potential targeting diseases with high unmet needs.

ABOUT NONA BIOSCIENCES

Our proprietary antibody technology platforms, Harbour Mice®, generate fully human monoclonal antibodies in the classical two heavy and two light chain (H2L2) format, as well as heavy chain only (HCAb) format. Building upon our HCAb antibodies, the HCAb-based immune cell engagers (HBICE®) are capable of delivering tumor killing effects unachievable by combination therapies. Additionally, the HCAb-based bispecific immune cell antagonist (HBICA™) technology empowers the development of innovative biologics for immunological and inflammatory diseases. Integrated with our single B cell cloning platform, our antibody discovery engine is highly productive and efficient in driving innovation and the sustainable growth of the Company.



Management Discussion and Analysis

With such a unique leading edge and technological advantage of our technology platform, we established Nona Biosciences in 2022 to better empower the innovators in the industry and enable our collaborators from I to ITM (Idea to IND). Nona Biosciences is a global biotechnology company committed to providing total solution for partners worldwide, from academies, biotechnology startups to biopharmaceutical giants. The integrated antibody discovery services range from antigen preparation, animal immunization, single B cell screening, to antibody lead generation and engineering, developability assessment and pharmacological evaluation, leveraging the advantages of Harbour Mice[®] Platforms and the experienced therapeutic antibody discovery team.






We believe our flexible business models, which are built based on both Harbour Therapeutics and Nona Biosciences, can and will maximize our platform value by leveraging the complementary advantages of the Company and our collaborators.

PORTFOLIO

Since our establishment in 2016, we have strategically built robust pipeline focused on immunological and oncology diseases in pre-clinical to late clinical stages. The following table summarizes our product pipeline and the development status of each drug candidate in the areas indicated in the chart at the right column.

Management Discussion and Analysis



Project	Target	Indication	Region	Discovery	Pre-Clinical	IND	Phase I	Phase II	Phase III	BLA	Partner
Inflammatory & Immunology											
FcRn-targeted therapies for Autoimmune Disease											
Batoclimab HBM9161	FcRn	Myasthenia Gravis	Greater China Rights Out-licensed ⁱ	BLA							
Type 2 Pathways for Inflammatory & Immunology											
HBM9378 ²	TSLP	Asthma	Greater China	Ph1 Completed							
		COPD	Greater China	IND clearance							
Pathogenic B Cell Depletion for Autoimmune Diseases											
HBM7020 ³	BCMA x CD3	Autoimmune Diseases	Ex-China	IND Enabling							
TCE Program	CD19 x CD3	Autoimmune Diseases	Global								
BsAb Program	Undisclosed	Autoimmune Diseases	Global								
TsAb Program	Undisclosed	Autoimmune Diseases	Global								
Oncology/Immuno-Oncology											
mAb for next-gen IO therapeutics											
Porustobart HBM4003	CTLA-4	Melanoma	Global	Combo with PD-1 Ph 1b/2							
		CRC		Combo with PD-1 Ph 1b/2							
		HCC		Combo with PD-1 Ph 1b/2							
		NEN		Combo with PD-1 Ph 1b/2							
HBM1020	B7H7/HLA2	Solid Tumors	Global								
HBM1022	CCR8	Solid Tumors	Global	IND clearance							
HBM9014	LIFR	Solid Tumors	Global								
Immune cell Engager for Oncology											
HBM7022	CLDN18.2 x CD3	Solid Tumors	Global Out-license								
HBM7008	B7H4 x 4-1BB	Solid Tumors	Global								
HBM7020 ³	BCMA x CD3	Hematologic carcinoma	Ex-China	CN IND clearance							
HBM9027	PD-L1 x CD40	Solid Tumors	Global	US/CN IND clearance							
HBM7004	B7H4 x CD3	Solid Tumors	Global								
XDC Platform											
HBM9033	MSLN ADC	Solid Tumors	Global Out-license								
ADC Program	Undisclosed	Solid Tumors	Global								
RDC Program	Undisclosed	Solid Tumors	Global								

¹ HBM in-licensed the Greater China Rights of HBM9161 from HanAll in 2017, and the rights were out-licensed to CSPP in Oct 2022

² HBM9378 is co-developed with China partner Kelun Biotech. For HBM9378 Harbour BioMed and Kelun Biotech own rights in Greater China, Some Southeast Asian and West Asian countries

³ HBM7020 China rights was out-licensed to HuaLan Biologics in 2020



BUSINESS REVIEW

ROBUST PORTFOLIO AND DIFFERENTIATED PIPELINE

Harbour Therapeutics has a robust and diversified pipeline, and we continued to expand our business collaborations with leading academic institutions and selected industry partners focusing on innovation and efficiency across the world. The co-development and collaboration with industry partners not only reflects the industry recognition, but also helps the Company to leverage resources and enhance efficiency.

During the Reporting Period, Harbour Therapeutics continued to expand our business collaborations with leading academic institutions and selected industry partners focusing on innovation and efficiency across the world. The co-development and collaboration with industry partners on the development of our pipeline products not only shows that our products and technology platform were recognized by industry partners but will also help the Company to improve the efficiency of our portfolio advancement, spread the costs and risks, and lead to robust development of the Company.

PRODUCTS IN CLINICAL STAGE

Batoclimab (HBM9161)

Batoclimab is designed as a fully human monoclonal antibody that selectively binds to and inhibits the neonatal fragment crystallizable receptor (“FcRn”). FcRn plays a pivotal role in preventing the degradation of Immunoglobulin G (“IgG”) antibodies. High levels of pathogenic IgG antibodies drive many autoimmune diseases. As a novel, fully human anti-FcRn monoclonal antibody, Batoclimab has the potential to be a breakthrough treatment option for a wide range of autoimmune disease. On 10 October 2022, we entered into a license agreement with CSPC NBP Pharmaceutical Co. Ltd. (“NBP Pharma”, a wholly owned subsidiary of CSPC Pharmaceutical Group Limited), pursuant to which we granted NBP Pharma an exclusive sublicensable license to develop, manufacture and commercialize batoclimab in Greater China (including Hong Kong, Macau and Taiwan).

Batoclimab was the first anti-FcRn monoclonal antibody completed phase 1 to pivotal trials in China. In early 2023, we completed the treatment of patients and announced the positive topline results of the phase III clinical trial of batoclimab for the treatment of gMG in March, which is also the first positive pivotal trial outcome for batoclimab worldwide. This marks a major milestone as it is the Company’s first product to complete phase III clinical trial and be poised for commercialization to benefit the gMG patients. We also initiated Open-Label extension clinical trial for gMG in March 2023. The Open-Label extension was completed in April 2024. These additional data demonstrate the sustained efficacy and safety with long-term use of Batoclimab in treatment of gMG.

In June 2023, NMPA has accepted the BLA of batoclimab (HBM9161) for the treatment of gMG. This is also the first BLA accepted by NMPA since Harbour BioMed’s establishment.

In December 2023, the Company voluntarily planned to include additional long-term safety data, and we re-submitted the BLA for batoclimab (HBM9161) to the NMPA in June 2024.



In July 2024, NMPA accepted the BLA of batoclimab (HBM9161) for the treatment of gMG.

We presented the gMG Phase III pivotal clinical trial results on JAMA Neurology in March 2024. Together with the strong Open-Label extension data, we believe these will further optimize the market potential and advance the clinical development of HBM9161.

HBM9378

HBM9378 is a fully human monoclonal antibody against thymic stromal lymphopoietin (“**TSLP**”) generated from H2L2 platform, it is a co-development project conducted by the Company and Kelun-Biotech who together equally share the rights. HBM9378 inhibits the TSLP mediated signalling pathway by blocking the interaction between TSLP and TSLP receptor. TSLP plays important roles in DC cell maturation, T helper 2 (Th2) cell polarization and inflammation, particularly in both eosinophilic and non-eosinophilic inflammation asthma. HBM9378 has fully human sequences with less immunogenicity risk and better bioavailability compared to other TSLP target competitors. The long half-life optimization and outstanding biophysical properties support its favourable dosing and formulation advantages.

Within Greater China

We received the IND approval for moderate-to-severe asthma from NMPA in February 2022, and we completed Phase I clinical trial in healthy subjects within China in October 2023.

In November 2024, we submitted an IND application for COPD to NMPA. The IND was approved by NMPA in February 2025.

Global collaboration with Windward Bio

In January 2025, we entered into an exclusive license agreement with Windward Bio, under which we and Kelun-Biotech granted Windward Bio an exclusive license for the research, development, manufacturing and commercialization of HBM9378/WIN378 globally (excluding Greater China and several Southeast and West Asian countries).

The Company and Kelun-Biotech shared global rights with Windward Bio, and Windward Bio owns the rights in its territory. Windward Bio is preparing for global Phase II clinical trials.



Management Discussion and Analysis

Porustobart (HBM4003)

HBM4003 is a next-generation, fully human anti-CTLA-4 antibody against cytotoxic T-lymphocyte-associated antigen-4 (CTLA-4), one of the major negative regulators of T cell responses. It is also our first internally developed molecule generated on our HCAb platform, which we have advanced from candidate selection to clinical stage within three years. HBM4003 is the first fully human heavy chain only anti CTLA-4 antibody entered into clinical development around the world in history, and has favourable properties compared with conventional anti-CTLA-4 antibodies in pre-clinical settings. Compared with conventional CTLA-4 antibody, HBM4003 has unique, favourable properties including significant Treg cell depletion and optimized pharmacokinetics for improved safety. While increasing the potential to selectively deplete intratumoral Treg cells via enhanced antibody-dependent cellular cytotoxicity (ADCC) strategy, we believe HBM4003 will be able to break the significant immune-suppressive barrier of anti-cancer immunotherapies in solid tumors. HBM4003 has great potential to overcome the efficacy and toxicity bottleneck of the current CTLA-4 therapy and become a core product in cancer immunotherapy.

We have implemented the global development plan for multiple types of solid tumors with adaptive treatment designed for HBM4003. Positive data of efficacy and safety profile have been observed in the monotherapy trial targeting advanced solid tumor, and in trials of combination treatment with PD-1 inhibitor treating for melanoma, CRC, NEN and HCC.

Combination Therapy with PD-1

In January 2024, we initiated patient enrolment for combination with PD-1 inhibitor in trials with advanced colorectal carcinoma. The patient recruitment was completed in December 2024. Of the 23 evaluable patients, the objective response rate (ORR, including 1 unconfirmed PR) and disease control rate (DCR) are 30.4% and 47.8%, respectively.

In October 2024, we published the Phase I study results in combination of toripalimab in patients with advanced melanoma and other solid tumors on the Journal of *ImmunoTherapy of Cancer*. The objective response rate (ORR) was 33.3% in the anti-PD-1/PD-L1 treatment-naïve subgroup. For patients with mucosal melanoma, a sub-type of difficult-to-treat melanoma, the ORR in this anti-PD-1/PD-L1 treatment-naïve patients is 40.0%.

Key efficacy and safety data in CRC, HCC, and NEN clinical trials are in the process of publication.



HBM1020

HBM1020 is a first-in-class fully human monoclonal antibody generated from Harbour Mice® Platform targeting B7H7. As a newly discovered member of the B7 family, B7H7 expression is found non-overlapping with PD-L1 expression in multiple tumor types, potentially playing an important role for tumor cells to escape immune surveillance beside PD-L1. HBM1020 is the first product targeting B7H7 in clinical stage globally. With its excellent product design and target features, we believe that HBM1020 has great potential to address huge unmet medical needs on solid tumors treatment, especially in patients with low PD-L1 expression and patients with PD-(L)1 therapy resistant. In May 2023, we initiated Phase I clinical trial in the U.S.

In September 2024, we presented the latest clinical data for patients with advanced solid tumor at ESMO Congress 2024. The data demonstrated excellent safety and tolerability profiles of HBM1020 in patients with advanced solid tumors. Preliminary efficacy signals with disease control and tumor size reduction were observed. Of the 15 patients who received post-treatment tumor assessments, 7 patients (46.7%) achieved stable disease (SD), with two patients showing tumor shrinkage of 11% and 25%.

HBM7008

HBM7008 is a bispecific antibody targeting Tumor Associated Antigen (TAA) B7H4 and 4-1BB that not only displays high potency in the T cell co-stimulation and tumor growth inhibition, but also potentially translate to improved safety due to its strict dependency of TAA-mediated crosslinking T cell activation. HBM7008 is one of the fully human bispecific antibodies developed from the HBICE® Platform of the Company. It is the only bispecific antibody against these two targets in clinical stage globally. Its unique specificity on tumors and immune modulation activity makes it promising therapeutics in PD-L1 negative or PD1/PD-L1 resistant patients. It also has the potential to avoid 4-1BB liver toxicity risk observed in other products with the benefit of its innovative biology mechanisms and bispecific design.

In February 2023, we entered into a license and collaboration agreement with Cullinan Therapeutics, Inc. (formerly known as Cullinan Oncology, Inc., together with its affiliates, “Cullinan”), pursuant to which we granted Cullinan an exclusive sub-licensable license to exploit any product that is comprised of or contains the Company’s bispecific antibody targeting B7H4x4-1BB (HBM7008) in the United States of America and its territories and possessions (including the District of Columbia and Puerto Rico).

In August 2024, the Company received a termination notice from Cullinan terminating the Cullinan Agreement (the “Termination”) which will become effective on 3 November 2024, and the Company shall be under no obligation to return any monies received under the Cullinan Agreement prior to the Termination. The Company will regain the global right of HBM7008 and will continue to explore other development and potential commercialization opportunities.

During the Reporting Period, our partner had finished multiple dose levels dose-escalation study in patients with advanced solid tumors.



Management Discussion and Analysis

IND-ENABLING CANDIDATES PROJECTS

Engaged in the discovery and development of differentiated antibody therapeutics in immunology and immune-oncology disease areas, we are also exploring and developing multiple programs including novel and challenging antibody therapeutics in multiple disease areas:

- In the inflammatory and immunology field, the Company has built a robust preclinical pipeline, encompassing bispecific and multi-specific antibody programs and ultra long-acting in for immunology diseases.
- In the oncology field, the Company strategic focusing on novel antibody-based innovation. Bispecific and multi-specific antibodies generated from our HBICE® Platform with novel design and differentiated mechanism such as HBM9027 (PD-L1xCD40), HBM7004 (B7H4xCD3). In addition, utilizing our XDC platform, and leveraging the advantages of the Harbour Mice® Platform, we are exploring multiple modalities therapeutic antibodies in oncology, such as HBM9033 (a MSLN targeted ADC) and other ADC/RDC programs in early stage.

1. HBM7020

HBM7020 is a BCMAxCD3 bispecific antibody generated with our proprietary fully human HBICE® bispecific technology and Harbour Mice® Platform. HBM7020 can crosslink targeted cells and T cells by targeting BCMA on cell surface and CD3, and thus lead potent T cell activation and cell elimination. By using dual anti-BCMA binding sites for optimal cell targeting, and monovalent optimized CD3 activity to minimize CRS, HBM7020 demonstrated potent cytotoxicity with boarder applications in both immunological and oncology disease.

In August 2023, HBM7020 obtained the IND clearance to commence Phase I trial for cancer in China from NMPA.

In 2024, we had restructured our development strategy targeting immunological diseases. Currently, we are in the process of preparing an IND application.



2. **HBM9027**

HBM9027 is a novel PD-L1xCD40 bispecific antibody. Using our proprietary fully human HBICE® bispecific technology and Harbour Mice® Platform, we discovered a crosslinking dependent PD-L1xCD40 bispecific antibody to provide novel solutions for cancer immunotherapy from both efficacy and safety angles. The development of PD-L1xCD40 bispecific HBICE® further expands our bispecific immune cell engager into the cutting-edge DC/myeloid cell engager field and demonstrates HBICE® Platform's versatile geometry formats and plug-and-play advantages.

In January 2024, HBM9027 obtained the IND approval from U.S. FDA to initiate Phase I trial in the U.S.

3. **HBM7004**

HBM7004 is a novel B7H4xCD3 bispecific antibody. Using our proprietary fully human HBICE® bispecific technology and Harbour Mice® Platform (H2L2&HCAb), we discovered a B7H4xCD3 bispecific antibody to provide novel solutions for cancer immunotherapy from both efficacy and safety angles. The development of B7H4xCD3 bispecific HBICE® further consolidates our bispecific immune cell engager platform and demonstrates HBICE® platform's versatile geometry formats and plug-and-play advantages.

In preclinical studies, HBM7004 demonstrated an intratumor B7H4 dependent T cell activation manner. In multiple animal models, HBM7004 showed strong anti-tumor efficacy, remarkable in vivo stability and reduced systemic toxicity. Also, in preclinical models, HBM7004 showed strong synergistic effect when combining with B7H4x4-1BB bispecific antibody at low Effector: Target cell ratio, indicating the encouraging therapeutic window.

We are currently conducting IND-enabling studies for HBM7004.



Management Discussion and Analysis

4. HBM9014

HBM9014 is a first-in-class, fully human antibody targeting Leukemia Inhibitory Factor Receptor (“LIFR”) for cancer treatment. It has been discovered using Harbour Mice® Platform. HBM9014 blocks multiple IL6 family cytokine pathways via LIFR to inhibit their function in promoting tumor progression, metastasis and chemo-resistance.

In preclinical studies, HBM9014 shows significant in vivo antitumor efficacy, and enhanced efficacy in combination with Cisplatin in multiple tumor models. HBM9014 also shows great tolerability in monkey toxicology study.

In 2024, we will continue to actively explore drug development strategies and seek collaboration opportunities.

BUSINESS DEVELOPMENT

With our unique leading edge and technological advantage of our technology platform, we established Nona Biosciences in 2022 to better empower the innovators in the industry and enable our collaborators from I to I™ (Idea to IND). Nona Biosciences is a global biotechnology company committed to providing a total solution for partners worldwide, from academies, biotechnology startups to biopharmaceutical giants.

We believe our flexible business models built around our proprietary technologies and our strong internal discovery capabilities will maximize our platform value by leveraging complementary advantages from the Company and our collaborators. To give full play to the value of our unique platform technologies, we continue to explore the expandability of platform technology application scenarios which generate impactful values to the Company. We have established partnerships with industry pioneers and academic researchers in 2024 to further expand our network of collaborations in China and globally.

ASSET LICENSING

1. Collaboration Progress on HBM9033 with Pfizer

In December 2023, we entered into a global out-license agreement with Pfizer to develop and commercialize HBM9033, an ADC drug generated from the Harbour Mice® platform of the Company. In August 2024 Pfizer initiated Phase I international multi-centre clinical trial.

2. Global license and option agreement with AZN

In May 2024, we entered into a license agreement with AZN for preclinical monoclonal antibodies that will be used to create targeted therapies in oncology. Under the terms of the agreement, Nona Biosciences shall receive US\$19 million upon completion of the transaction. Nona Biosciences is eligible to receive an additional US\$10 million in potential near-term milestone payments and up to US\$575 million upon achieving specified development, regulatory, and commercial milestones, as well as tiered royalty payments on net sales. In addition, Nona Biosciences is eligible to receive payments for the option programs should AZN exercise these options.



3. Global collaboration and license agreement with Candid

In December 2024, we entered into a research collaboration and license agreement to discover next-generation T-cell engagers (“**TCEs**”) with Candid Therapeutics, Inc. (“**Candid**”). Under the terms of the agreement, Nona Biosciences is eligible to receive up to US\$320 million, including an upfront payment and potential milestone payments. Candid will be responsible for all further product development.

4. Global collaboration with Windward Bio

In January 2025, we entered into an exclusive license agreement with Windward Bio, under which we and Kelun-Biotech granted Windward Bio an exclusive license of HBM9378 globally (excluding Greater China and several Southeast and West Asian countries). In return, we and Kelun-Biotech are eligible to receive a total of up to US\$970 million upfront and milestone payments as well as single to double-digit tiered royalties on net sales of HBM9378/WIN378. The US\$45 million upfront and near-term payments include both cash consideration and equity in the parent company of Windward Bio. Subject to the terms and conditions of the license agreement, we are also eligible to receive additional payment from Windward Bio if Windward Bio undergoes a near-term change of control or enters into a sublicense agreement with a third party. The payments to be made by Windward Bio to us and Kelun-Biotech under the license agreement shall be paid in equal amounts.

5. HBM Alpha Therapeutics (HBMAT) Enters Strategic Collaboration and License Agreement

In February 2025, HBM Alpha Therapeutics, an innovative biotechnology company incubated by the Company, announced a strategic collaboration and license agreement with a business partner to advance novel therapies targeting corticotropin-releasing hormone (CRH) for various disorders. Under the agreement, the partner gains exclusive global rights, excluding Greater China (Mainland China, Taiwan, Hong Kong, and Macau), to develop and commercialize HAT001 (designated as HBM9013 by Harbour BioMed), a potent and selective anti-CRH-neutralizing antibody. In return, HBMAT is eligible to receive up to US\$395 million, including upfront, development, regulatory and commercial milestone payments, as well as tiered royalties on future net product sales. Additionally, HBMAT is also entitled to a warrant to receive minority interest in the partner.

TECHNOLOGY LICENSING

1. Collaborations with Boostimmune

In February 2024, we entered into an ADC discovery collaboration agreement with Boostimmune, a biotech company dedicated to developing next-generation anti-cancer therapies via modulating immune systems. The collaboration aims to leverage Nona Biosciences’ proprietary Harbour Mice® H2L2 (two heavy and two light chain) platform to accelerate the development of ADCs against novel targets.



Management Discussion and Analysis

2. Collaborations with Alaya.bio

In July 2024, we entered into a collaboration agreement with Alaya.bio, a biotechnology company developing a novel polymeric delivery platform, to precisely target and reprogram cells in situ and thus to significantly simplify the way CAR-T cell therapies in particular are being developed, manufactured and administered. This collaboration aims to leverage Nona's proprietary HCAb Harbour Mice® platform and its newly introduced site-specific conjugation technology, alongside Alaya.bio's polymeric in situ delivery platform, to develop CAR-T product candidates for potential clinical applications..

3. Collaborations with Umoja Biopharma

In September 2024, we entered into a multi-target antibody discovery collaboration with Umoja Biopharma, a transformative immunotherapy company creating off-the-shelf treatments that aim to extend the reach and effectiveness of CAR-T cell therapies in oncology and autoimmunity. This partnership aims to combine Nona's HCAb Harbour Mice® platform and direct CAR-function-based HCAb library screening platform (NonaCarFx™) with Umoja's VivoVec™ platform to develop novel in vivo CAR-T cell therapies and expand the potential reach of this innovative delivery technology.

4. Collaborations with Alkyon Therapeutics, Inc.

In September 2024, we entered into a strategic collaboration with Alkyon Therapeutics, Inc. (AlkyonTx), a San Diego-based biotechnology company, to develop next-generation immunotherapy and other targeted therapy applications, using Nona's Harbour Mice® fully human antibody platform. This collaboration will leverage Nona's proprietary platform to generate deep insights into the tumor microenvironment – particularly the extracellular matrix (ECM) and stroma – Alkyon uncovers novel therapeutic targets with enhanced translational potential, accelerating the development of breakthrough treatments for solid cancers.

5. Collaborations with OverT Bio

In October 2024, we entered strategic collaboration with OverT Bio, a New York-based biotechnology company. The collaboration will focus on developing next-generation cell therapies for solid tumors by leveraging Nona's proprietary fully human HCAb Harbour Mice® platform and its innovative direct CAR-function-based HCAb library screening platform, NonaCarFx™.

6. Collaborations with Kodiak Sciences Inc.

In December 2024, we entered a collaboration with Kodiak Sciences Inc. (Nasdaq: KOD). This partnership aims to advance the discovery of novel multi-target antibodies to treat ophthalmic diseases, leveraging Nona's proprietary Harbour Mice® fully human antibody platform.



Research, Development and Technology

We focus on innovative next-generation therapies in oncology and immunology. Our discovery and pre-clinical research teams conduct drug discovery, formulation development, process development and pre-clinical studies on new candidates. During the Reporting Period, we achieved progress on the academic research on our clinical development:

- Presented clinical results of HBM9161 for generalized myasthenia gravis on JAMA Neurology in March 2024.
- Presented the Phase I study results in combination of toripalimab in patients with advanced melanoma and other solid tumors on the Journal of ImmunoTherapy of Cancer.
- Presented the “Phase I Dose-Escalation Study of HBM1020, a Novel Anti-B7H7 Antibody in Patients with Advanced Solid Tumors” in the European Society for Medical Oncology (“ESMO”) Congress 2024.

Meanwhile, we have a professional team of scientists to optimize, upgrade and further develop our technology platforms. During the Reporting Period, the Company has made major progress in discovery, platform and patents as follows:

- Applied for 405 patents, and 16 patents have been granted by the China National Intellectual Property Administration, with 296 patent applications still in progress as of 31 December 2024. These patent applications have further strengthened the protection of intellectual property rights of the Company’s core products and technology platforms.

Nona Biosciences has established a robust antibody discovery platform, protein engineering platform, conjugation technology platform, HCAb-CAR screening platform and delivery technology platform to use mRNA-encoding target gene as immunogen to tackle difficult targets. Leveraging these technology platforms, the Company may move towards more novel and challenging drug targets globally. During the Reporting Period, the Company presented academic articles or conference posters as follows.

- Developed human monoclonal antibodies and heavy-chain-only antibodies to treat snakebite, which was published on Toxicon X in March 2024.
- Developed a novel human heavy-chain-only antibody to mitigate neutralization resistance of SARS-CoV-2 variants, which was presented on Nature communications in March 2024.
- Developed our direct CAR-based library screening platform and presented a poster at AACR in April 2024.
- Developed mRNA-encoded T cell engagers for cancer immunotherapy and presented a poster at Immuno-Oncology Summit Europe 2024 in April 2024.



Management Discussion and Analysis

- Developed anti-TFR1 human heavy-chain-only antibodies and Blood-Brain Barrier Shuttle Technology, and presented a poster in PEGS Boston Summit in May 2024.
- Presented the poster “Fully Human Heavy Chain Only Antibodies to BCMA Identified by NonaCarFx™ Platform” at 9th Annual CAR-TCR Summit in September 2024.

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

Significant Investments

To give full play to the value of our unique platform technologies, we continue to explore the expandability of platform technology application scenarios which generate impactful values to the Company. With limited investments, we are incubating several joint ventures focusing on next generation innovation varying from multivalent to cell therapies, etc. Their common objective is to increase the application scenarios of our technology platform and create the incremental value for the Company. In other words, this “technology for equity” model allows us to integrate incremental resources for the diversification deployment of our next generation innovation which will constantly bring us more new value growth points with minimal marginal investment.

Investment in NK Cell Tech

In June 2021, the Company entered into an agreement with NK Cell Tech, a startup company established in the PRC with globally leading technology and talents in the NK cell field, in respect of the co-development of novel NK cell therapy. The Company, via Harbour BioMed (Shanghai) Technology Development Co., Ltd (“**HBM Shanghai**”), a subsidiary of the Company, as the co-founder, made an investment in NK Cell Tech. Pursuant to the shareholders’ agreement entered into by the parties, HBM Shanghai subscribed for redeemable ordinary shares with preferential shares of NK Cell Tech, representing 15.8% of the equity interest in the registered capital of NK Cell Tech, for a consideration of cash and technology sublicense agreement. Upon completion of the subscription, the Company, through its subsidiary, held 15.8% of the total equity interest of NK Cell Tech and has the right to appoint a person as a director of NK Cell Tech. This investment shows the expandability of our platform technology application scenarios which generate impactful values to the Company in the diversified deployment of next generation innovation. It opens up a new channel for our platform technology value creation and conversion. In June 2022, NK Cell Tech announced that it has completed its A round financing raising a fund of over RMB100 million. In November 2024, NK Cell Tech announced that it has completed its A++ round financing which will accelerate the development and clinical process of its pipeline products. As of 31 December 2024, the Company, through HBM Shanghai, held 10.90% of the total equity interest of NK Cell Tech.

As of 31 December 2024, the fair value of the investment is US\$7.63 million, which represented 3.55% of the Company’s total assets. During the Reporting Period, the Group recorded unrealized gain on fair value change of US\$1.88 million of its investment in NK Cell Tech.



The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the total assets of the Group as at 31 December 2023) during the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

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

ISSUE OF SUBSCRIPTION SHARES UNER GENERAL MANDATE AND COLLABORATION WITH AZN

On 21 March 2025 (after trading hours), the Company entered into the share subscription under general mandate and collaboration with AstraZeneca.

Issue of subscription shares

The Company entered into the Share Subscription Agreement with AstraZeneca Holdings B.V. ("**AstraZeneca Holdings**"), a company incorporated in the Netherlands, pursuant to which the Company has conditionally agreed to allot and issue to AstraZeneca Holdings, and AstraZeneca Holdings has conditionally agreed to subscribe for, the Subscription Shares at the Subscription Price of US\$1.38 per Share (equivalent to approximately HK\$10.74 per Share). The Subscription Shares represent 9.15% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, the gross proceeds from the Subscription will be approximately US\$105.3 million (equivalent to approximately HK\$819.2 million), which will be used for research and development, operations and general working capital requirements of the Group.

Collaboration

On the same day, the Company entered into a global strategic collaboration Agreement with AZN to discover and develop next-generation therapeutic antibodies programs for immunology, oncology and beyond, pursuant to which AZN will obtain the option to license two preclinical immunology programs and will nominate further target for HBM Shanghai to discover next-generation multi-specific antibodies. AZN will have the option to license these programs for advancement into clinical development.

In return, HBM Shanghai will receive an upfront payment, near-term milestone payments, and option exercise fees for additional programs, totaling US\$175 million, as well as up to US\$4.4 billion in additional development and commercial milestone payments, along with tiered royalties on net sales. Additionally, AZN has the option to include additional programs in the Collaboration over the next five years, and the parties have the option to extend the terms of the agreement for an addition five years upon mutual agreement.

To support the collaboration programs under the Collaboration Agreement and other joint initiatives between the two parties, the Group will establish an innovation center in Beijing, China to be co-located with AZN.

Save as disclosed in this annual report, as at the date of this report, the Company is not aware of any other major subsequent events of the Company after December 31, 2024 and up to the date of this report which need to be disclosed in the annual report.



Management Discussion and Analysis

Prospects and Outlook

The Company's achievements and growth momentum in 2024 gave us confidence that we will be able to successfully address the complex market environment and provide innovative therapeutic drugs for immune diseases and cancer patients in the near future.

We have been committed to developing innovative therapies for patients around the world and accelerated our transition to a fully integrated global biotech innovation engine with core technological advantages and a differentiated portfolio. We will maintain our proactive and dynamic approach to create sustainable value for all our stakeholders.

In 2025, Harbour Therapeutics will further accelerate the progress of its portfolio and expanding into immunology strategically. We will advance projects generated from our discovery engine with an approach of designing molecules against novel targets or innovative molecules against known targets. In addition, we expect to file INDs for at least two new products, and we will continue to identify new quality candidates through Harbour Mice[®], HBICA[™] and HBICE[®], our highly effective drug discovery engine.

The values of the antibody discovery platforms and flexible partnership models of Nona Biosciences have been well validated through the collaboration in the past years. We will enhance the approaches with partners worldwide, from academies, biotechnology startups to pharmaceutical giants, providing total solution. The platform-valued-maximized business collaborations will further drive the Company down the path of global development. We have seen very exciting value through these platform-based collaborations with top institutions around the world as our preclinical products become increasingly mature, continues progress on key business metrics are expected in 2025.

We will re-allocate internal resources to focus on the development of portfolio of assets generated from our platform, and the exploration on expanding the collaboration networks by Nona Biosciences.

FINANCIAL REVIEW

OVERVIEW

For the year ended 31 December 2024, the Group recorded a revenue of US\$38.1 million, compared to US\$89.5 million for the year ended 31 December 2023. Meanwhile, recurring revenue increased from US\$5.7 million for the year ended 31 December 2023 to US\$16.9 million for the year ended 31 December 2024. The research and development expenses decreased by US\$24.1 million, or 53.4%, from US\$45.1 million for the year ended 31 December 2023 to US\$21.0 million for the year ended 31 December 2024. The administrative expenses decreased by US\$6.3 million, or 32.3%, from US\$19.5 million for the year ended 31 December 2023 to US\$13.2 million for the year ended 31 December 2024. Other income and gains increased by US\$4.6 million, or 69.7%, from US\$6.6 million for the year ended 31 December 2023 to US\$11.2 million for the year ended 31 December 2024. The Group recorded a profit of US\$2.7 million and cash profit¹ of US\$30.7 million for the year ended 31 December 2024.

1. operating net cash inflow



REVENUE

Our revenue primarily consists of molecule licence fee, research service fee and technology licence fee. Among these, the research service fee, technology licence fee (the first two items are referred to as “**platform-based research revenue**”), and milestone payments associated with molecule licence agreements are regarded as recurring revenue.

	2024 USD'000	2023 USD'000
– Milestone payments of Molecule licence	8,572	1,779
– Platform-based research revenue	8,341	3,930
<i>Subtotal of recurring revenue</i>	16,913	5,709
– Upfront payment of Molecule licence fee	21,187	83,793
Total	38,100	89,502

For the year ended 31 December 2024, recurring revenue increased by US\$11.2 million, or 196.5%, from US\$5.7 million for the year ended 31 December 2023 to US\$16.9 million.

COST OF SALES

Our cost of sales increased by US\$2.5 million, from US\$2.0 million for the year ended 31 December 2023 to US\$4.5 million for the year ended 31 December 2024, mainly consisted of the labour costs and material costs for the research service. The increase was consistent with the growth of research service fee income.

OTHER INCOME AND GAINS

Other income and gains primarily consist of interest income, government grants recognized and other miscellaneous income, which increased from US\$6.6 million for the year ended 31 December 2023 to US\$11.2 million for the year ended 31 December 2024, primarily due to the increase in cash which generated more interest and fair value gain on other financial assets.

RESEARCH AND DEVELOPMENT COSTS

The implementation of innovative business models has driven substantial enhancements in expense management efficiency. Our research and development costs decreased by US\$24.1 million, or 53.4%, from US\$45.1 million for the year ended 31 December 2023 to US\$21.0 million for the year ended 31 December 2024.

This decrease was primarily attributable to the combined impact of (i) re-allocating research and development resources into early immunology innovations from late stage developments; and (ii) strictly controlling the labor cost resulted in reduction from US\$14.2 million to US\$10.4 million.

	For the year ended December 31			
	2024 US\$ in thousands		2023 US\$ in thousands	
Third-party contracting costs	6,359	30.3%	21,393	47.5%
Employee costs	10,361	49.4%	14,155	31.4%
Depreciation and amortization	2,522	12.0%	3,761	8.3%
Materials	1,057	5.0%	2,966	6.6%
Others	700	3.3%	2,806	6.2%
	20,999	100.0%	45,081	100.0%

ADMINISTRATIVE EXPENSES

Our administrative expenses decreased from US\$19.5 million for the year ended 31 December 2023 to US\$13.2 million for the year ended 31 December 2024, primarily driven by reductions in employee cost from US\$10.4 million to US\$8.0 million.

	For the year ended 31 December			
	2024 US\$ in thousands		2023 US\$ in thousands	
Employee costs	7,960	60.4%	10,379	53.2%
Professional expenses	3,865	29.3%	6,498	33.3%
Depreciation and amortization	343	2.7%	870	4.5%
Others	1,003	7.6%	1,751	9.0%
	13,171	100.0%	19,498	100.0%



OTHER EXPENSES

Our other expenses decreased from US\$1.4 million for the year ended 31 December 2023 to US\$0.2 million for the year ended 31 December 2024, primarily due to the absence of exchange loss and fair value change loss in 2024.

PROFIT FOR THE YEAR

As a result of the above factors, the profit for the Group recorded as US\$2.7 million for the year ended 31 December 2024.

Ageing Analysis of Accounts Receivable

	2024 USD'000	2023 USD'000
Within 6 months	8,603	52,323
6 to 12 months	50	—
Above 12 months	787	—
Less: Impairment allowance	461	—
Net carrying amount	8,979	52,323

A majority of the accounts receivables aged less than six months.

After the Reporting Period to the date of this report, 71.9% of the ending balance have been collected.

Ageing Analysis of Accounts Payables

An analysis of the trade payables as at the end of each year, based on the invoice date, is as follows:

	2024 USD'000	2023 USD'000
Within 1 month	2,288	14,864
1-3 months	934	256
3-6 months	385	234
6-12 months	1,469	9
Above 12 months	178	—
	5,254	15,363

The trade payables are non-interest-bearing and are normally settled on terms of 1 to 3 months.



Management Discussion and Analysis

LIQUIDITY AND SOURCE OF FUNDING

Our primary uses of cash are to fund our research, clinical trials, purchase of equipment and materials and other expenses. During the Reporting Period, we primarily funded our working capital requirements through the cashflow generated by our revenue. We closely monitor uses of cash and cash equivalents (mainly held in RMB and USD) and maintain a healthy liquidity for our operations.

Key Financial Ratios

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

	As of 31 December	
	2024	2023
Current ratio ⁽¹⁾	2.82	3.28
Gearing ratio ⁽²⁾	N/A ⁽³⁾	N/A ⁽³⁾

(1) Current ratio is calculated using current assets divided by current liabilities as of the same date.

(2) Gearing ratio is calculated by net debt divided by the adjusted capital plus net debt. Net debt includes lease liabilities, trade payables and financial liabilities included in other payables and accruals, less cash and cash equivalents and restricted bank balances. Adjusted capital includes equity attributable to owners of the parent.

(3) As at 31 December 2024 and 31 December 2023, the Group's cash and cash equivalents plus restricted bank balances exceeded the financial liabilities. As such, no gearing ratio as of 31 December 2024 and 31 December 2023 was presented.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies and joint ventures for the year ended 31 December 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSET

The Group did not have detailed future plans for material investments or capital assets.

PLEDGE OF ASSETS

As of 31 December 2024, except the cash in bank amounting to US\$0.9 million (31 December 2023: US\$0.7 million) was restricted, the Group had no other pledge of assets.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as of 31 December 2024 (as of 31 December 2023: Nil).



FOREIGN EXCHANGE EXPOSURE

During the year ended 31 December 2024, the Group mainly operated in China and the majority of the transactions were settled in Renminbi (“**RMB**”), whereas the funding source of the Company was United States dollars (“**US\$**”), the functional currency of the Company. Our financial assets and liabilities are subject to foreign currency risk as a result of certain bank deposits, trade and other receivables and trade and other payables denominated in non-functional currencies. Therefore, the fluctuations in the exchange rate of functional currency against non-functional currency could affect our results of operations. We have not entered into any hedging transactions to manage the potential fluctuation in foreign currency as of 31 December 2024.

BANK LOANS AND OTHER BORROWINGS

As of 31 December 2024, we had bank loans of US\$59.4 million and lease liabilities of US\$1.9 million.

The table below summarizes the maturity profile of the Group’s bank loans and lease liabilities as of the dates indicated, based on contractual undiscounted payments:

	Less than 1 year <i>US\$ in thousands</i>	Between 1-5 years <i>US\$ in thousands</i>	Total <i>US\$ in thousands</i>
As of 31 December 2024			
Lease liabilities	1,026	867	1,893
Bank borrowings – unsecured*	56,470	3,947	60,417
As of 31 December 2023			
Lease liabilities	874	731	1,605
Bank borrowings – unsecured*	39,103	28,993	68,096

* The bank borrowings carry interest at rates ranging from 1.5% to 3.55% (2023: 3.45% to 4.65%) per annum.



Management Discussion and Analysis

EMPLOYEES AND REMUNERATION

As of 31 December 2024, 156 of our employees were located in the PRC, 25 were located in the United States, and 2 was located in the Netherlands. The following table sets forth the total number of employees by function as of 31 December 2024:

Function	Number of Employees	% of Total Employees
Research and Development	126	68.9
General and Administrative	57	31.1
Total	183	100.0

The total remuneration cost incurred by the Group for the year ended 31 December 2024 was US\$23.7 million (including share-based payment amounting to US\$1.2 million), as compared to US\$26.3 million for the year ended 31 December 2023.

The Group has also adopted a pre-IPO equity plan, a post-IPO share option scheme and a post-IPO share award scheme.

FINAL DIVIDEND

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



Directors and Senior Management

EXECUTIVE DIRECTORS

Dr. Jingsong Wang, M.D., Ph.D. (王勁松), aged 60, is an executive Director, the chief executive officer and chairman of the Board. Dr. Wang is a member of Remuneration Committee and the chairman of Nomination Committee. Dr. Wang is also a director of HBM Holdings BVI and HBM Therapeutics, as well as the legal representative and chief executive officer of HBM Shanghai, Nona Biosciences Suzhou, HBM Guangzhou and HBM Beijing. Dr. Wang is the principal founder of the Group and joined the Group in July 2016.

Dr. Wang was the associate director of translational medicine at Wyeth from July 2005 to May 2007. After that, he served as director of clinical discovery immunology at Bristol-Myers Squibb from June 2007 to November 2011. From November 2011 to December 2015, Dr. Wang served as the head of China research and development at Sanofi.

Dr. Wang has served as an independent director of Xinjiang Bai Hua Cun Pharma Tech Co., Ltd. (新疆百花村醫藥集團股份有限公司) from September 2021 to August 2024 and an independent non-executive director of Frontage Holdings Corporation (HKEX: 1521) since April 2018.

Dr. Wang received his M.D. in clinical medicine from Xuzhou Medical College in China in June 1986, his master's degree in medical science (immunology) from Jilin University in China in July 1989, and his Ph.D. in molecular pharmacology from China Pharmaceutical University in China in July 2011. Dr. Wang also obtained a physician qualification awarded by the Commonwealth of Massachusetts Board of Registration in Medicine in May 2002, as well as a Diplomate in Internal Medicine and a Diplomate in Rheumatology, both awarded by the American Board of Internal Medicine in 2003 and 2004 respectively. He obtained an unrestricted licensure in medicine awarded by the State Board of Medicine of the Commonwealth of Pennsylvania in 2005. In addition, Dr. Wang served as a research/clinical fellow in rheumatology at Brigham and Women's Hospital and Harvard Medical School from June 2001 to June 2005.



Directors and Senior Management

Dr. Yiping Rong, Ph.D. (戎一平), aged 47, is an executive Director and the chief scientific officer of the Company.

Dr. Rong was an associate scientist at Shanghai Biochip Co., Ltd. between June 2002 and June 2003. He then served as the associate research investigator at Roche R&D Center (China), where he designed and led two oncology projects (tumor antigen target by antibody modality, protein interaction target by peptide or SMI) between January 2009 to September 2012, with his last position as a principal scientist. From September 2012 to July 2014, Dr. Rong served as senior scientist and group leader of Translation Research, Department of Oncology at Janssen Pharmaceutical R&D, Johnson & Johnson, Shanghai Discovery Center. He was in charge of preclinical translational oncology research for liver cancer indication. As a biology leader, he also successfully generated the preclinical data package and patient stratification biomarker strategy to support the first Janssen oncology Phase I filing in China. In July 2014, he joined Sanofi Asia Pacific R&D Hub, AP TSU Research as an associate director, where he led and managed the early-stage cancer therapeutics projects for liver cancer until he departed from the position in May 2016 to join the Company.

Dr. Rong received his master's degree in Molecular Biology in June 2002 from East China University of Science and Technology & Chinese National Human Genome Center in China and his Ph.D in Pharmacology in May 2008 from Case Western Reserve University in the U.S.A.. Dr. Rong has also been a member of the American Association of Cancer Research.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Robert Irwin Kamen, Ph.D., aged 80, is an independent non-executive Director. Dr. Kamen is a member of the Nomination Committee. Dr. Kamen joined the Group in December 2016. He also served as a director of Harbour Antibodies from December 2007 to December 2016 prior to the acquisition of Harbour Antibodies by our Group. Dr. Kamen has served as an independent Director on our Board as well as a member of our scientific advisory board since December 2016. He provides our Group with independent consulting and advisory services and is not involved in the day-to-day management of the Group.

Dr. Kamen was the head of the transcription laboratory and a principal investigator of the Imperial Cancer Research Fund from 1976 to 1982, after which he served as the senior vice president of scientific affairs at Genetics Institute, Inc. from 1982 to 1989, where he was the overall head of research and development. He then served as the president of the BASF Research Corporation from 1991 to 2000, and the president and unit head of the Abbott Bioresearch Center, where he was also a member of the Abbott Labs executive committee, from 2000 to 2002. Dr. Kamen served as an executive in residence at Oxford Bioscience Partners, a venture capital firm, from 2002 to 2008. He has served as a venture partner at Third Rock Ventures since 2010.



Dr. Kamen has served as a director of the following listed companies:

- Jounce Therapeutics (NASDAQ: JNCE), since June 2013; and
- Neon Therapeutics (which was formerly NASDAQ-listed with ticker symbol NTGN and subsequently acquired by Biopharmaceutical New Technologies (NASDAQ: BNTX), in May 2020), since October 2015.

Dr. Kamen received his bachelor's degree of arts in biophysics from Amherst College in the United States in 1965 and his Ph.D. in biochemistry and molecular biology from the Harvard University Graduate School of Arts and Sciences in the United States in 1970. He has also been a member of the European Molecular Biology Organization since 1976.

Dr. Xiaoping Ye, Ph.D. (葉小平), aged 62, is an independent non-executive Director. Dr. Ye is a member of each of the Audit Committee, Nomination Committee and Remuneration Committee. Dr. Ye joined the Group in December 2020.

Dr. Ye is the chairman of the board and actual controller of Hangzhou Tigermed Consulting Co., Ltd. (SZSE: 300347/HKEX: 3347) ("**Hangzhou Tigermed**").

Dr. Ye received his Ph.D. in immunology from Oxford University in April 2001, has nearly thirty years of experience in pharmaceutical industry. Dr. Ye serves successively as the chairman of the board and a director of Hangzhou Tigermed, where he is responsible for the overall strategic of the Group, as well as the supervision of the company's business management. Dr. Ye is also the chairman of the Strategy Development Committee of Hangzhou Tigermed.

From March 1999 to March 2005, Dr. Ye is the Director of Medical Registration Department at Roche Pharmaceutical Co., LTD in Shanghai.

Dr. Ye has served as a director of Dian Diagnostics (SZSE: 300244) since March 2020.



Directors and Senior Management

Dr. Albert R. Collinson, Ph.D., aged 67, is an independent non-executive Director. He is the member of Audit Committee and the chairman of Remuneration Committee. He has over 30 years of experience in the pharmaceutical and biotechnology industries. Dr. Collinson has been the president and chief executive officer at Theracos, Inc. from July 2009 to July 2023, a pharmaceutical research and development company focusing on mid – to late-stage assets for the treatment of human diseases including type-2 diabetes. Prior to joining the Group, Dr. Collinson founded and served as president and chief executive officer of Opsonic Therapeutics from 2009 to June 2014, a privately held biotechnology company engaged in the development of the next generation of antibody therapeutics. Dr. Collinson also served as the chief business officer of Rib-X Pharmaceuticals from 2004 to 2009, the senior vice president of business development at Phylos, Inc. from 2000 to 2004, and the vice president of global research & development licensing at BASF Pharma from 1998 to 2000. Dr. Collinson began his career as a scientist at ImmunoGen, Inc..

Dr. Collinson received his Ph.D. in Biochemistry from Brandeis University in 1987 and his bachelor's degree in science in Biology (General) from the University of Rhode Island in 1980. Dr. Collinson was a post-doctoral fellow at the Dana Farber Cancer Institute and Harvard Medical School.

Ms. Weiwei Chen (陳維維), aged 59, is an independent non-executive Director. Ms. Chen had been serving as a non-executive Director from June 2021 to December 2024. Prior to that, Ms. Chen was an independent non-executive Director from December 2020 to June 2021. Ms. Chen joined the Group in December 2020.

Ms. Chen joined Sanofi Group in February 2004 as chief financial officer (China) and had subsequently served as the chief financial officer (Asia) since April 2011 until her departure in June 2012. Ms. Chen then served as the chief financial officer of Yum! Brands, Inc. (China Division) between July 2012 and May 2015. In June 2015, she joined Starbucks (China) where she has served as vice president and chief financial officer till December 2020.

Ms. Chen has served as a non-executive director of Dairy Farm International Holdings Limited, traded as DFI Retail Group (London stock exchange: DFIB, Singapore stock exchange: D01), a company listed on the London Stock Exchange, with secondary listings on the Bermuda and Singapore stock exchanges, since November 2021. She also joined the LianBio board, a Nasdaq listed company (symbol: LIAN), as an independent non-executive director in April 2022.

Ms. Chen received her bachelor's degree in accountancy from the University of Illinois in the United States in May 1993 and her Master of Business Administration from Rutgers University in the United States in October 2002.



SENIOR MANAGEMENT

Dr. Jingsong Wang, M.D., Ph.D. (王勁松), aged 60, is an executive Director, the chief executive officer of our Company and chairman of the Board. For further details, see “Executive Directors” above.

Dr. Yiping Rong, Ph.D. (戎一平), aged 47, is an executive Director and the chief scientific officer of our Company. For further details, see “Executive Directors” above.

Dr. Xiaolu Tao, Ph.D. (陶曉路), aged 51, is our senior vice president and head of Translational Development of our Company. Dr. Tao joined the Group in July 2020.

Prior to joining the Group, Dr. Tao served as Associate Vice President at Cstone Pharmaceuticals from 2018 till 2020. She also served as Executive Director at Simcere Pharmaceutical Groups from 2016 to 2018, establishing and heading Drug metabolism and pharmacokinetics (DMPK) and Clinical Pharmacology department for these two companies. Before starting her career in China, Dr. Tao worked in the U.S. at Akros Pharma Inc., Bristol-Myers Squibb and Novartis in the area of clinical pharmacology and pharmacometrics as Senior Scientist and subsequently. She had successfully supported IND as well as BLA/NDA filings in the U.S., Europe and China for multiple programs. Dr. Tao currently is one of the The International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) M12 Experts working on globally harmonized Drug-Drug interaction guideline.

Dr. Tao received her Ph.D. from Temple University School of Pharmacy, and obtained both bachelor of science and masters of science degree from China Pharmaceutical University.



Directors' Report

The Board is pleased to present its Directors' Report for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in two business segments. Harbour Therapeutics is focus in the discovery and development of differentiated antibody therapeutics in oncology and immunology disease areas in clinical stage, while Nona Biosciences is focus in collaboration on multiple modalities of therapies in these disease areas. Details of the principal activities of the principal subsidiaries are set out in note 1 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year. Record of the Company's key relationships with its employees, customers, suppliers and others that have a significant impact on the Company will be set out in the "Environmental, Social and Governance Report" which will be published on the same day with this report.

RESULTS

The Group's profit for the year ended 31 December 2024 and the Group's financial position at that date are set out in the consolidated financial statements.

FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2024.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2024 and the business outlook of the Group are set out in the section headed "Management Discussion and Analysis" on pages 13 to 34 of this annual report.

KEY FINANCIAL PERFORMANCE INDICATORS

The key financial performance indicators of the Group for the year ended 31 December 2024 are set out in the section headed "Financial Highlights" on page 4 of this annual report.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years are set out on page 4 of this annual report. This summary does not form part of the audited consolidated financial statements.



MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, the Group's purchases from its largest supplier accounted for 12.6% (2023: 12.5%) of its total purchases, and the purchases from the five largest suppliers in aggregate accounted for 36.0% (2023: 30.6%) of its total purchases.

For the year ended 31 December 2024, the Group's sales to its largest customer accounted for 49.9% (2023: 57.3%) of the Group's revenue, and the sales to the five largest customers in aggregate accounted for 72.6% (2023: 96.2%) of its total revenue.

None of the Directors or any of their close associates or any Shareholders (which, to the knowledge of the Directors, own more than 5% of the number of issued Shares of the Company) has any interest in the Group's five largest customers and suppliers.

SUBSIDIARIES

Details of the major subsidiaries of the Company as of 31 December 2024 are set out in note 1 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended 31 December 2024 are set out in note 28 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company did not have any distributable reserves.

BANK LOANS AND BORROWINGS

Particulars of bank loans and borrowings of the Company and the Group as at 31 December 2024 are set out in note 26 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save for the share schemes as set out in the section headed "Equity Incentive Plans" below, the Group has not entered into any equity-linked agreements, nor there were any equity-linked agreements subsisted during the year ended 31 December 2024.



RISKS AND UNCERTAINTIES RELATING TO THE GROUP'S BUSINESS

The Group's financial positions, results of operations, businesses and prospects shall be subject to a number of risks and uncertainties. The Group's key risk exposures are summarised as follows:

- (i) Risks related to our reliance on third parties;
- (ii) Risks related to our financial positions and need for additional capital;
- (iii) Risks related to clinical development of our drug candidates;
- (iv) Risks related to obtaining regulatory approval for our drug candidates;
- (v) Risks related to commercialization of our drug candidates;
- (vi) Risks related to our intellectual property rights;
- (vii) Risks related to our industry, business and operations; and
- (viii) Risks related to doing business in China.

RISKS RELATED TO OUR RELIANCE ON THIRD PARTIES

- As we rely on third parties (such as CROs and CMOs) to conduct our pre-clinical studies and clinical trials, we may have limited control over the manufacturing and clinical development of our drug candidates. In addition, if we lose our relationships with these third parties or if they do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our drug candidates and our business could be substantially harmed.
- We expect to rely on third parties to manufacture our drug candidate supplies, and we intend to rely on third parties for the manufacturing process of our drug candidates, if approved. Our business could be harmed if those third parties fail to provide us with sufficient quantities of product or fail to do so at acceptable quality levels or prices.
- We have entered into collaborations and may form or seek collaborations or strategic alliances or enter into additional licensing arrangements in the future. We may not realize the benefits of such alliances or licensing arrangements.



RISKS RELATED TO OUR FINANCIAL POSITIONS AND NEED FOR ADDITIONAL CAPITAL

- We have incurred net losses in previous years and may incur further net losses in the future should we be unable to maintain profitability. Investors are at risk of losing substantially all of their investments in our Shares.
- We have recorded net operating cash outflows during the Reporting Period.
- We have a large balance of intangible assets and we may incur significant impairment charges which could materially impact our financial positions.
- We have a limited operating history, which may make it difficult to evaluate our current business and predict our future performance. The risks involved in our business may cause prospective investors to substantially lose all of their investments in our business.
- We may need to obtain additional financing to fund our operations. If we fail to obtain such financing, we may be unable to complete the development and commercialization of our major drug candidates.
- Raising additional capital may cause dilution to the interests to the Shareholders, restrict our operations or require us to relinquish rights to our technologies or drug candidates.

Details of the Group's financial risk management are set out in note 37 to the consolidated financial statements.

RISKS RELATED TO CLINICAL DEVELOPMENT OF OUR DRUG CANDIDATES

- Our approach to developing and identifying our antibodies using our antibody platforms is novel and unproven and may not result in marketable products.
- We were established in 2016 and our business, including most of our drug candidates, is in early stages of development. It may require a long time before we commercialize a drug candidate, if ever. If we are unable to advance our drug candidates to clinical development, obtain regulatory approval and ultimately commercialize our drug candidates, or experience significant delays in doing so, our business will be materially harmed.
- Clinical development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results.
- We depend substantially on the success of our drug candidates, all of which are in pre-clinical or clinical development. If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our drug candidates, or experience significant delays in doing so, our business will be materially harmed.
- We may not be successful in our efforts to use and expand our technology platforms to build a pipeline of drug candidates.



- If we encounter delays or difficulties in enrolling patients in our clinical trials, our clinical development progress could be delayed or otherwise adversely affected.
- If clinical trials of our drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our drug candidates.

RISKS RELATED TO OBTAINING REGULATORY APPROVAL FOR OUR DRUG CANDIDATES

- All material aspects of the research, development and commercialization of pharmaceutical products are heavily regulated.
- The regulatory approval processes of the NMPA, the U.S. FDA and other comparable regulatory authorities are time-consuming and may evolve over time. If we are ultimately unable to obtain regulatory approval for our drug candidates, our business will be substantially harmed.
- The absence of patent linkage, patent term extension and data and market exclusivity for NMPA-approved pharmaceutical products could increase the risk of early generic competition with our products in China.
- Our drug candidates may cause undesirable adverse events or have other properties that could delay or prevent their regulatory approval, limit the commercial profile of an approved label, or result in significant negative consequences following regulatory approval.
- If we are unable to obtain the NMPA approval for our drug candidates to be eligible for an expedited registration pathway as innovative or breakthrough treatment drug candidates, the time and cost we incur to obtain regulatory approvals may increase.
- Even if we receive regulatory approval for our drug candidates, we will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expenses and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our drug candidates.

RISKS RELATED TO COMMERCIALIZATION OF OUR DRUG CANDIDATES

- Our drug candidates may fail to achieve the degree of market acceptance by physicians, patients, third-party payors and others in the medical community necessary for commercial success.
- We may not be able to identify, discover or in-license new drug candidates, and may allocate our limited resources to pursue a particular drug candidate or indication and fail to capitalize on drug candidates or indications that may later prove to be more profitable, or for which there is a greater likelihood of success.



- We face intense competition and rapid technological change and the possibility that our competitors may develop therapies that are similar, more advanced, or more effective than ours, which may adversely affect our financial condition and our ability to successfully commercialize our drug candidates.
- The manufacture of biologics is a complex process which requires significant expertise and capital investment. If we encounter problems in manufacturing our future products, our business could suffer.
- We have no experience in launching and marketing drug candidates. We may not be able to effectively build and manage our sales network, or benefit from third-party collaborators' sales networks.
- Even if we are able to commercialize any approved drug candidates, reimbursement may be limited or unavailable in certain market segments for our drug candidates, and we may be subject to unfavorable pricing regulations, which could harm our business.
- Current and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our drug candidates and affect the prices we may obtain.
- As we out-license some of our commercialization rights and engage in other forms of collaboration worldwide, including conducting clinical trials abroad, we may be exposed to specific risks of conducting our business and operations in international markets.
- If safety, efficacy, or other issues arise with any medical product that is used in combination with our drug candidates, we may be unable to market such drug candidate or may experience significant regulatory delays or supply shortages, and our business could be materially harmed.
- Illegal and/or parallel imports and counterfeit pharmaceutical products may reduce demand for our future approved drug candidates and could have a negative impact on our reputation and business.
- Lack of third-party combination drugs may materially and adversely affect demand for our drugs.

RISKS RELATED TO OUR INTELLECTUAL PROPERTY RIGHTS

- If we are unable to obtain and maintain patent and other intellectual property protection for our drug candidates or technology platforms, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us. Our ability to successfully commercialize any product or technology may be adversely affected.
- Changes in either patent laws or in interpretations of patent laws may diminish the value of our intellectual property.
- We may from time to time be involved in lawsuits to protect or enforce our patents or defend against patent infringements by third parties, which could be expensive, time consuming and unsuccessful.



Directors' Report

- We enjoy only limited geographical protection with respect to certain patents and may not be able to protect our intellectual property rights throughout the world, including in the PRC.
- Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment, and other requirements imposed by governmental patent agencies. Our patent protection could be reduced or eliminated for non-compliance with these requirements.
- Our owned and in-licensed patents and other intellectual property may be subject to further priority disputes or to inventorship disputes and similar proceedings. If we or our licensors are unsuccessful in any of these proceedings, we may be required to obtain licenses from third parties, which may not be available on commercially reasonable terms or at all, or to modify or cease the development, manufacture and commercialization of one or more of the drug candidates we may develop, which could have a material adverse impact on our business.
- Claims that our drug candidates or the sale or use of our future products infringe, misappropriate or otherwise violate the patents or other intellectual property rights of third parties could result in costly litigation or could require substantial time and money to resolve, even if litigation is avoided.
- Issued patents covering one or more of our drug candidates could be found invalid or unenforceable if challenged in court.
- Intellectual property litigation may lead to unfavorable publicity which may harm our reputation and cause the market price of our Shares to decline. Any unfavorable outcome from such litigation could limit our research and development activities and/or our ability to commercialize our drug candidates.
- Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our drug candidates.
- If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed. We may also be subject to claims that our employees, consultants, or advisers have wrongfully used or disclosed alleged trade secrets of their former employers or claims asserting ownership of what we regard as our own intellectual property.
- We may not be successful in obtaining or maintaining necessary rights for our development pipeline through acquisitions and in-licenses.
- Our rights to develop and commercialize our drug candidates are subject, in part, to the terms and conditions of licenses granted to us by others.



- If we fail to comply with our obligations in the agreements under which we license intellectual property rights from third parties or otherwise experience disruptions to our business relationships with our licensors, we could be required to pay monetary damages or could lose license rights that are important to our business.
- Intellectual property rights do not necessarily protect us from all potential threats to our competitive advantage.
- If our trademarks and trade names are not adequately protected, we may not be able to build name recognition in our markets of interest and our competitive position may be adversely affected.
- Terms of our future patents may not be sufficient to effectively protect our drug candidates and business.

RISKS RELATED TO OUR INDUSTRY, BUSINESS AND OPERATIONS

- We face competition from entities that have developed or may develop technology platforms for the treatment of the diseases that we may target. If these entities develop technology platforms more rapidly than we do, or if their technology platforms are more effective, our ability to develop and successfully commercialize our technology platforms may be adversely affected.
- Our future success depends on our ability to attract, retain and motivate senior management and qualified scientific employees.
- We will need to increase the size and capabilities of our organization, and we may experience difficulties in managing our growth.
- The data and information that we gather in our research and development process could be inaccurate or incomplete, which could harm our business, reputation, financial condition and results of operations.
- We may be subject to liability lawsuits arising from our clinical trials.
- We have limited insurance coverage. Any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.
- Disruptions in the financial markets and economic conditions could affect our ability to raise capital.
- Our employees, independent contractors, consultants, commercial partners and vendors may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements.



Directors' Report

- If we engage in future acquisitions or strategic partnerships, this may increase our capital requirements, dilute the value of your investment in our Shares, cause us to incur debt or assume contingent liabilities, and subject us to other risks.
- If we fail to comply with applicable anti-bribery laws, our reputation may be harmed and we could be subject to penalties and significant expenses that have a material adverse effect on our business, financial condition and results of operations.
- Any failure to comply with applicable regulations and industry standards or obtain various licenses and permits could harm our reputation and our business, results of operations and prospects.
- If we or our CROs or other contractors or consultants fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.
- If we face allegations of non-compliance with laws and encounter sanctions, our reputation, revenues and liquidity may suffer. Our drug candidates and future drugs could be subject to restrictions or withdrawal from the market.
- Our internal computer systems, or those used by our CROs or other contractors or consultants, may fail or suffer security breaches.
- Product liability claims or lawsuits could cause us to incur substantial liabilities.
- Failure to comply with existing or future laws and regulations related to privacy or data security could lead to government enforcement actions, which could include civil or criminal fines or penalties, private litigation, other liabilities, and/or adverse publicity. Compliance or the failure to comply with such laws could increase the costs of our products and services, could limit their use or adoption, and could otherwise negatively affect our operating results and business.
- Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses.
- Any harm to our brand recognition and reputation may materially and adversely affect our business, results of operations and prospects.
- Negative publicity with respect to us, our management, employees, business partners, affiliates, or our industry, may materially and adversely affect our reputation, business, results of operations and prospects.
- We are subject to changing law and regulations regarding regulatory matters, corporate governance and public disclosure that have increased both our costs and the risk of non-compliance.



RISKS RELATED TO DOING BUSINESS IN CHINA

- The biotechnology industry in China is highly regulated and such regulations are subject to change which may affect approval and commercialization of our drugs.
- Changes in the political and economic policies of the PRC government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.
- There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations.
- It may be difficult to effect service of process upon us or our management that reside in China or to enforce against them or us in China any judgments obtained from foreign courts.
- Our business benefits from certain financial incentives and discretionary policies granted by local governments. Expiration of, or changes to, these incentives or policies would have an adverse effect on our results of operations.
- We may be restricted from transferring our scientific data abroad.
- Changes in U.S. and international policies, particularly with regard to China, may adversely impact our business and operating results.
- If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders.
- Failure to renew our current leases could materially and adversely affect our business.
- All of our leasehold interests in leased properties in the PRC have not been registered with the relevant PRC governmental authorities as required by relevant PRC laws. The failure to register leasehold interests may expose us to potential fines.
- Fluctuations in exchange rates could have a material and adverse effect on our results of operations and the value of your investment.
- Certain PRC regulations may make it more difficult for us to pursue growth through acquisitions.
- We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have. Any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.



Directors' Report

- Any failure to comply with PRC regulations regarding our share incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.
- PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries' ability to change their registered capital or distribute profits to us or otherwise expose us or our PRC resident beneficial owners to liability and penalties under PRC laws.
- PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of our Global Offering to make loans to our PRC subsidiaries in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business.
- We and our shareholders face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises or other assets attributable to a PRC establishment of a non-PRC company.

There may be other risks and uncertainties in addition to those mentioned above which are not known to the Group or which may not be material now but could be material in the future.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's business is principally to discover and develop differentiated antibody therapeutics in immunology and oncology disease areas, which in general does not have any material impact on the environment. The Group is committed to the long-term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavors to comply with laws and regulations regarding environmental protection and adopts effective measures to achieve efficient use of resources, energy saving and waste reduction. The "Environmental, Social and Governance Report" containing further details of the Group's environmental policies and performance will be published on the same day of this report.

DIRECTORS

The Directors in office during the year ended 31 December 2024 and up to Latest Practicable Date were:

Executive Directors: Dr. Jingsong Wang (chairman of the Board, chief executive officer of the Company), and Dr. Yiping Rong.

Independent non-executive Directors: Dr. Robert Irwin Kamen, Dr. Xiaoping Ye, Mr. Ka Chi Yau (resigned on 21 June 2024), Dr. Albert R. Collinson and Ms. Weiwei Chen (re-designated as an independent non-executive Director with effect from 1 January 2025).



BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 35 to 39 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' SERVICE CONTRACTS AND APPOINTMENT LETTERS

EXECUTIVE DIRECTORS

Dr. Jingsong Wang has entered into a service contract with the Company on 23 November 2020 and renew the appointment letter with the Company on 31 December 2023; and Dr. Yiping Rong has entered into a service contract with the Company on 5 May 2022. The term of appointment is (i) three years from 30 November 2020 or until the third annual general meeting of the Company after the Listing Date, whichever is sooner, or (ii) three years from the date of appointment (as the case maybe) (subject to retirement as and when required under the Articles of Association). Either party may terminate the agreement by giving not less than three months' written notice.

The executive Directors are not entitled to receive any director's fees in their capacities as executive Directors under their respective service contracts.

NON-EXECUTIVE DIRECTORS

Ms. Weiwei Chen has entered into an appointment letter with the Company on 9 June 2021 and renewed the appointment letter with the Company on 31 December 2023. The term of appointment is three years from the date of appointment (subject to retirement as and when required under the Articles of Association). Either party may terminate the agreement by giving not less than three months' written notice.

Under her appointment letter, Ms. Weiwei Chen is entitled to receive an annual fee of US\$50,000 for her position as a non-executive Director as at 31 December 2024. Due to the re-designation of Ms. Weiwei Chen as independent non-executive Director with effect on 1 January 2025, Ms. Weiwei Chen was not entitled to receive any remuneration and benefits in her capacities as non-executive Directors.



INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of Dr. Robert Irwin Kamen and Dr Xiaoping Ye entered into an appointment letter with the Company on 23 November 2020 and renewed the appointment letter with the Company on 1 December 2023. Mr. Ka Chi Yau entered into an appointment letter with the Company on 9 June 2021 and resigned on 21 June 2024. Dr. Albert R. Collinson entered into an appointment letter with the Company on 13 July 2023. Ms. Weiwei Chen has entered into an appointment letter with the Company on 1 January 2025. The term of appointment is (i) three years from 30 November 2020 or until the third annual general meeting of the Company after the Listing Date, whichever is sooner, or (ii) three years from the date of appointment (as the case maybe) (subject to retirement as and when required under the Articles of Association). Either party may terminate the agreement by giving not less than three months' written notice.

The annual director's fees payable to the independent non-executive Directors under their respective appointment letters is US\$50,000.

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save for those transactions disclosed in note 34 to the consolidated financial statements, no Director nor any entity connected with a Director is or was materially interested, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries, its parent company or fellow subsidiaries was a party during or at the end of the Reporting Period.

MANAGEMENT CONTRACTS

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

EMPLOYEES, DIVERSITY AND REMUNERATION POLICY

As of 31 December 2024, the Group had an aggregate of 183 full-time employees. The Company has established the Remuneration Committee for reviewing the Group's remuneration policy and the emolument of all of the Directors and senior management of the Group taking into consideration the Group's operating results, individual performance of each of the Directors and senior management and comparable market practices.



WORKFORCE DIVERSITY

The Company is committed to building a diverse workforce at all levels, without discrimination of any kind, to serve a diverse range of customers globally and to operate in a variety of environments. The Company makes employment decisions based on the principle of equal employment opportunity. As of 31 December 2024, the gender ratio of the workforce is shown as the following chart:

	Workforce	Senior Management
Male	74	2
Female	109	1
Total	183	3

The total gender diversity of the Group is balanced, at 59.6%, representing 109 females out of 183 employees (including senior management). The Group has a strong focus on promoting gender diversity in the workforce, having set an overall gender diversity target of over 50% female representation across the organisation. To support the achievement of these targets, specific initiatives have included a review of the recruitment process, with job descriptions and postings amended to motivate a broader applicant pool, as well as changes to applicant screening and interviews. In addition, to support diversity across all facets, the Group is enhancing diversity and inclusion efforts through employee networks, mentoring programmes, equitable hiring practices, policies and awareness raising events and training for all employees to support inclusive behaviours.

REMUNERATION POLICIES

The Company has also adopted the Pre-IPO Equity Plan, the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme to incentivize eligible employees, details of which are set out in the section headed "Equity Incentive Plans" below.

No Director has waived or agreed to waive any remuneration, and no remunerations were paid by the Group to any Directors as an inducement to join the Group or upon joining the Group or as compensation for loss of office.

The Group's employee remuneration policy is determined by taking into account factors such as remuneration in respect of the local market, the overall remuneration standard in the industry, the inflation level, corporate operating efficiency and employee performance. The Group conducts performance appraisals once every year for its employees, the results of which are applied in annual salary reviews and promotional assessments. The Group's employees are considered for annual bonuses according to certain performance criteria and appraisals results. Social insurance contributions and other pensions which are required by local laws are made by the Group for its employees in accordance with the relevant regulations.



The Group also provides continuous learning and training programs to its employees to enhance their skills and knowledge, so as to maintain their competitiveness and improve customer service. The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or suffer from any material labour dispute during the Reporting Period.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors, the senior management and the five highest paid individuals are set out in note 10 and note 11 to the consolidated financial statements.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the listing Rule, the changes in Directors' information during the Reporting Period and subsequent to the date of annual report for the year ended 31 December 2024 of the Company are set out below:

- Mr. Ka Chi Yau resigned as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee with effect from 21 June 2024
- Dr. Albert R. Collinson, an independent non-executive Director, has been appointed as a member of the Audit Committee and the chairman of the Remuneration Committee with effect from 21 June 2024
- Dr. Xiaoping Ye, an independent non-executive Director, has been re-designated from a member to the chairman of the Audit Committee and redesignated from the chairman to a member of the Remuneration Committee with effect from 21 June 2024. Further, Dr. Xiaoping Ye was re-designated from the chairman to a member of the Audit Committee with effect from 1 January 2025
- Ms. Weiwei Chen was re-designated from a non-executive Director to an independent non-executive Director, the chairwoman of the Audit Committee and a member of the Nomination Committee with effect from 1 January 2025

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

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

As at 31 December 2024, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or which will be required, pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" contained in the Listing Rules, to be notified to the Company and the Stock Exchange are set out below:

INTEREST IN THE COMPANY

Name of Director	Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of interest in the Company ⁽²⁾
Dr. Jingsong Wang ⁽³⁾	Founder of a discretionary trust who can influence how the trustee exercises his discretion	60,334,400 (L)	7.85%
Dr. Jingsong Wang ⁽⁴⁾	Beneficial interest	9,563,000 (L)	1.25%
Dr. Robert Irwin Kamen ⁽⁵⁾	Beneficial interest	4,128,040 (L)	0.54%
Dr. Yiping Rong ⁽⁶⁾	Beneficial interest	3,033,000 (L)	0.40%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) The calculation is based on the total number of 764,766,410 Shares in issue as of 31 December 2024 and rounded off to two decimal places.
- (3) As of 31 December 2024, Dr. Wang's interests in the Shares were held by HARBOURBIO LLC the membership interests of which were in turned held in three trusts of which he is the settlor. South Dakota Trust Company LLC (acting on the instructions of Dr. Wang) is the trustee of two of the trusts which together own 99.96% equity interest in HARBOURBIO LLC.
- (4) Dr. Wang has been granted 7,200,000 options pursuant to the Post-IPO Share Option Scheme and 1,913,000 restricted shares pursuant to Post-IPO Share Award Scheme which are held on his behalf by Kastle Limited.
- (5) Dr. Kamen holds 2,625,960 shares in his personal capacity, and the other 1,302,080 shares are restricted shares granted to Dr Kamen pursuant to the Pre-IPO Equity Plan being held on his behalf by Shuxin Biotech Limited ("Shuxin").
- (6) Dr Rong has been granted 2,625,000 options pursuant to the Post-IPO Share Option Scheme and 408,000 restricted shares pursuant to Post-IPO Share Award Scheme which are held on his behalf by Kastle Limited.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at any time during the year ended 31 December 2024, there were no rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouses or children under 18 years of age, nor were any such rights exercised by them; nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouses or children under 18 years of age to acquire such rights in any other body corporate.

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

As at 31 December 2024, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of interest in the Company ⁽²⁾
Golden Link Investment Limited ⁽³⁾	Beneficial interest	93,561,360 (L)	12.23%
Advantech Master Investment Limited ⁽³⁾	Interest in controlled corporations	93,561,360 (L)	12.23%
Advantech Capital L.P. ⁽³⁾	Interest in controlled corporations	93,561,360 (L)	12.23%
Advantech Capital Partners Ltd. ⁽³⁾	Interest in controlled corporations	93,561,360 (L)	12.23%
Advantech Capital Holdings Ltd. ⁽³⁾	Interest in controlled corporations	93,561,360 (L)	12.23%
Pang Kee Chan Hebert ⁽³⁾	Interest in controlled corporations	93,561,360 (L)	12.23%
LC Healthcare Fund I, L.P. ⁽⁴⁾	Beneficial interest	68,601,000 (L)	8.97%
LC Healthcare Fund I GP, L.P. ⁽⁴⁾	Interest in controlled corporations	68,601,000 (L)	8.97%
LC Fund GP Limited ⁽⁴⁾	Interest in controlled corporations	68,601,000 (L)	8.97%
Union Season Holdings Limited ⁽⁴⁾	Interest in controlled corporations	68,601,000 (L)	8.97%
Legend Capital Co., Ltd ⁽⁴⁾	Interest in controlled corporations	68,601,000 (L)	8.97%
HARBOURBIO LLC ⁽⁵⁾	Beneficial interest	60,334,400 (L)	7.89%
South Dakota Trust Company LLC	Trustee	60,334,400 (L)	7.89%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares. The letter "S" denotes the person's short position in the Shares.
- (2) The calculation is based on the total number of 764,766,410 Share in issue as of 31 December 2024 and rounded off two decimal places.
- (3) Golden Link Investment Limited is a wholly-owned subsidiary of Advantech Master Investment Limited, which is in turn a wholly-owned subsidiary of Advantech Capital L.P. ("**Advantech Capital**"). The general partner of Advantech Capital is Advantech Capital Partners Ltd., which is wholly-owned by Advantech Capital Holdings Ltd., which is in turn wholly-owned by Mr. Pang Kee Chan Hebert. Therefore, under the SFO, Advantech Master Investment Limited, Advantech Capital, Advantech Capital Partners Ltd., Advantech Capital Holdings Ltd. and Mr. Pang are deemed to be interested in the 2,339,034 Shares held by Golden Link Investment Limited.



- (4) Legend Capital Co., Ltd is deemed to be interested in the equity interests held by LC Healthcare Fund I, L.P., due to the fact that it is the sole shareholder of Union Season Holdings Limited, which is the sole shareholder of LC Fund GP Limited, which in turn is the general partner of LC Healthcare Fund I GP, L.P., which in turn is the general partner of LC Healthcare Fund I, L.P.. Legend Capital Co., Ltd is ultimately controlled by each of Zhu Linan, Chen Hao and Wang Nengguang. Therefore, under the SFO, LC Healthcare Fund I GP, L.P., LC Fund GP Limited, Union Season Holdings Limited and Legend Capital Co., Ltd are deemed to be interested in the 68,601,000 Shares held by LC Healthcare Fund I, L.P..
- (5) HARBOURBIO LLC is a company incorporated in the State of South Dakota in the U.S. and is wholly owned and controlled by Dr. Jingsong Wang.

Save as disclosed above, as of 31 December 2024, the Directors are not aware of any other person who have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting Shares of the Company or any other member of the Group.

EQUITY INCENTIVE PLANS

The Company has three existing share schemes, namely the Pre-IPO Equity Plan, the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme, which were all adopted before the effective date of the new Chapter 17 of the Listing Rules on 1 January 2024. The Company has complied and will comply with the new Chapter 17 to the extent required by the transitional arrangements for the existing share schemes.

13,211,000 new Shares, representing approximately 1.56% of the weighted average of issued share capital of the Company, may be issued in respect of all options and awards granted during the Reporting Period to eligible participants pursuant to the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme. Further details and relevant breakdowns of each of the share schemes of the Company are set out below:

1. PRE-IPO EQUITY PLAN

The Pre-IPO Equity Plan was approved and adopted pursuant to the written resolution of the sole shareholder of the Company dated 11 November 2016 and amended on 26 October 2017, 6 August 2018, 19 September 2019 and 24 June 2020.



Purpose

The purposes of the Pre-IPO Equity Plan are:

- (a) to attract and retain the best available personnel for positions of substantial responsibility;
- (b) to provide incentives that align the interests of employees, Directors and Consultants with those of the Company's shareholders; and
- (c) to promote the success of the Company's business.

The Pre-IPO Equity Plan permits the grant of incentive stock options, non-statutory stock options (together with the incentive stock options, the "**Pre-IPO Options**"), stock appreciation rights, restricted stock (the "**RS**") and restricted stock units (the "**RSU**", together with the Pre-IPO Options, stock appreciation rights and RS, the "**Pre-IPO Award**").

Incentive stock options may be granted only to employees (as defined in the Pre-IPO Equity Plan), while non-statutory stock options, stock appreciation rights, RS and RSU may be granted to employees, directors or consultants.

Maximum number of Shares available for grant

The maximum aggregate number of Shares that are available for all Pre-IPO Awards is 132,499,240 Shares. During the term of the Pre-IPO Awards, the Company shall at all times reserve and keep available such number of Shares as will be sufficient to satisfy such Pre-IPO Awards. The Shares may be authorized but unissued Shares, reacquired Shares or a combination thereof.

As of January 1, 2024, 11,031,840 Shares were available for grant under the Pre-IPO Equity Plan. During the Reporting Period, 0 and 3,040,000 Shares were granted to eligible participants pursuant to the Post-IPO Equity Plan and lapsed/cancelled, respectively. It follows that, as of December 31, 2024, 14,071,840 Shares (including awards lapsed/cancelled during the Reporting Period) were available for grant under the Pre-IPO Equity Plan.

Maximum entitlement of each participant

There is no maximum entitlement of each participant.



Exercise period

The period during which a Pre-IPO Option may be exercised will be determined by the scheme administrator at the time such Pre-IPO Option is granted, provided that no Pre-IPO Option may be exercised after the expiration of its term.

Vesting period

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

Consideration and purchase price

Pursuant to the Pre-IPO Equity Plan, there is no amount payable on application or acceptance of the Pre-IPO Award and no purchase price for grant of Pre-IPO Awards.

Exercise price

The exercise price for Pre-IPO Option will be determined by the scheme administrator, but will be no less than 100% of the fair market value per Share on the date of grant. In addition, in the case of an incentive stock option granted to an employee who, at the time the incentive stock option is granted, owns (or, pursuant to Section 424(d) of the U.S. Internal Revenue Code of 1986, as amended, is deemed to own) stock representing more than 10% of the total combined voting power of all classes of stock of the Company or any affiliate, the exercise price will be no less than 110% of the fair market value per Share on the date of grant.

Remaining life of the Pre-IPO Equity Plan

The Pre-IPO Equity Plan has a term of ten years commencing from 11 November 2016. The Scheme is administrated by the Board and the trustee of the Pre-IPO Equity Plan.

For details of the Pre-IPO Equity Plan, please refer to the prospectus of the Company

Unvested RS and RSU granted under the Pre-IPO Equity Plan

Details of the unvested RS granted under the Pre-IPO Equity Plan (to be satisfied by existing Shares) are as follows:



Directors' Report

Name	Date of grant	Vesting period	Purchase price	Unvested RS as of 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Unvested RS as of 31 December 2024	Closing price of Shares immediately before the date of grant during the Reporting Period	Fair value of RS on the date of grant during the Reporting Period ⁽ⁱⁱ⁾	Weighted average closing price of Shares immediately before the date of vesting during the Reporting Period
Directors												
-	-	-	-	-	-	-	-	-	-	-	-	-
Five highest paid individuals during the Reporting Period in aggregate	31 July 2020 & 20 July 2021	(a) 30% shall vest on the first anniversary of the respective grant date; (b) 30% shall vest on the second anniversary of the respective grant date (c) 40% shall vest on the third anniversary of the respective grant date;	Nil	0	Nil	0	0	0	0	N/A	N/A	0
Other grantees in aggregate	31 July 2020 & 12 October, 2021	(a) 30% shall be vested on the first anniversary of the Grant Date; (b) 30% shall be vested on the second anniversary of the Grant Date (c) 40% shall be vested on the third anniversary of the Grant Date.	Nil	0	Nil	0	0	0	0	N/A	N/A	0
Total				0	Nil	0	0	0	0			

Note:

- The fair value of RS are calculated in accordance with the accounting standards and policies adopted for preparing the Company's financial statements and based on the closing price on the date of grant.



Details of the unvested RSUs granted under the Pre-IPO Equity Plan (to be satisfied by existing Shares) are as follows:

Name	Date of grant	Vesting period	Purchase price	Unvested RSU as of 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Unvested RSU as of 31 December 2024	Closing price of Shares immediately before the date of grant during the Reporting Period	Fair value of RSU on the date of grant during the Reporting Period ⁽¹⁾	Weighted average closing price of Shares immediately before the date of vesting during the Reporting Period
Directors	-	-	-	-	-	-	-	-	-	-	-	-
Five highest paid individuals during the Reporting Period in aggregate	7 November 2022	(a) 30% shall vest from 1 December 2022; (b) 30% shall vest from December 1, 2023; (c) 40% shall vest from December 1, 2024;	Nil	0	Nil	0	0	0	0	N/A	N/A	0
Other grantees in aggregate	31 July 2020 and 10 December 2022	For one participant, (a) 30% of the Award Shares shall be vested in you on March 1, 2023; (b) 30% of the Award Shares shall be vested in you on March 1, 2024; and (c) the remaining 40% of the Award Shares shall be vested in you on March 1, 2025. For another one, (a) 60% of the Award Shares shall be vested in you on January 10, 2023; (b) 40% of the Award Shares shall be vested in you on December 10, 2023; For others, (a) 30% shall vest from December 10, 2021; (b) 30% shall vest from December 10, 2022; (c) 40% shall vest from December 10, 2023;	Nil	3,251,456	Nil	90,624	3,040,000	0	120,832	N/A	N/A	HK\$1.57
Total	-	-	-	3,251,456	Nil	90,624	3,040,000	0	120,832	-	-	-

Note:

- The fair value of PS are calculated in accordance with the accounting standards and policies adopted for preparing the Company's financial statements and based on the closing price on the date of grant.



2. POST-IPO SHARE OPTION SCHEME

The Post-IPO Share Option Scheme was conditionally adopted pursuant to the written resolutions of the Shareholders passed on 23 November 2020.

Purpose

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

Eligible participants

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

Maximum number of Shares available for grant

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option schemes of our Company is 76,789,116, being no more than 10% of the Shares in issue on the Listing Date.

As at 1 January 2024, 38,595,116 Shares were available for grant under the Post-IPO Share Option Scheme. During the Reporting Period, 9,605,000 and 8,576,100 Shares were granted to eligible participants pursuant to the Post-IPO Share Option Scheme and lapsed/cancelled, respectively. Therefore, as at 31 December 2024, the total number of Shares available for grant under the Post-IPO Share Option Scheme was 37,566,266 Shares. As at the Latest Practicable Date, 37,566,266 new Shares (representing approximately 4.45% of the number of the issued share capital of the Company) were available for issue under the Post-IPO Share Option Scheme.

Maximum entitlement of a selected participant

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of our Company to each selected participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.



Consideration

A consideration of HK\$1.00 is payable within 20 business days from the date of grant of an option.

Exercise period

An option may, subject to the rules of the Post-IPO Share Option Scheme and 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 our Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

Vesting period

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

Exercise price

Pursuant to the Post-IPO Share Option Scheme, the participants may subscribe for the Shares on the exercise of an option at the price determined by the Board provided that it shall be at least the highest of (a) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; (b) the average closing price of the 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 (c) the nominal value of a Share on the date of grant.

Remaining life of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme shall be valid and effective for the period of ten years commencing on the Listing Date (after which no further options shall be offered or granted).



Directors' Report

Details of the outstanding options granted under the Post-IPO Share Option Scheme (to be satisfied by new Shares) are as follows:

Name	Role	Date of Grant	Vesting Period	Exercise price	Outstanding options as of 1 January 2024		Granted during the Reporting Period		Exercised during the Reporting Period		Cancelled during the Reporting Period		Lapsed during the Reporting Period		Outstanding options as of 31 December 2024		Closing price of Shares immediately before the date of grant during the Reporting Period	Fair value of options at the date of grant during the Reporting period ⁽¹⁾	Weighted average closing price of the Share immediately before the date of exercise during the Reporting Period	Performance targets for grant of options during the Reporting Period
					2024	Period	2024	Period	2024	Period	2024	Period	2024	Period						
Directors																				
Dr. Jingsong Wang	Executive Director, chief executive officer and chairman of the Board	27 July 2022	(i) 25% shall vest on 31 March 2023; (ii) 25% shall vest on 31 March 2024; (iii) 25% shall vest on 31 March 2025; and (iv) 25% shall vest on 31 March 2026	HK\$6.20	3,381,000	Nil	0	0	0	0	0	0	0	0	3,381,000	N/A	N/A	N/A	N/A	N/A
					2,247,000	2,247,000	0	0	0	0	0	0	2,247,000	HK\$2.26	N/A	N/A	N/A	N/A	N/A	
					691,680	691,680	0	0	0	0	0	0	691,680	HK\$1.36	N/A	N/A	N/A	N/A	N/A	
Dr. Yiping Rong	Executive Director	27 July 2022	(i) 25% shall vest on 31 March 2023; (ii) 25% shall vest on 31 March 2024; (iii) 25% shall vest on 31 March 2025; and (iv) 25% shall vest from 31 March 2026	HK\$6.20	435,000	Nil	0	0	0	0	0	0	0	435,000	N/A	N/A	N/A	N/A	N/A	N/A
					1,664,000	1,664,000	0	0	0	0	0	0	1,664,000	HK\$2.26	N/A	N/A	N/A	N/A	N/A	
					231,440	231,440	0	0	0	0	0	0	231,440	HK\$1.36	N/A	N/A	N/A	N/A	N/A	
		18 April 2023	(i) 20% shall vest on 18 April 2023; (ii) 20% shall vest on 18 April 2024; (iii) 20% shall vest on 18 April 2025; and (iv) 40% shall vest on 18 April 2026	HK\$2.41	1,664,000	0	0	0	0	0	0	0	0	1,664,000	HK\$2.26	N/A	N/A	N/A	N/A	N/A
					231,440	231,440	0	0	0	0	0	0	231,440	HK\$1.36	N/A	N/A	N/A	N/A	N/A	
					231,440	231,440	0	0	0	0	0	0	231,440	HK\$1.36	N/A	N/A	N/A	N/A	N/A	
		3 April 2024	(i) 50% shall vest on 3 April 2024; (ii) 50% shall vest on 3 April 2025	HK\$1.362	N/A	526,000	526,000	0	0	0	0	0	0	526,000	HK\$1.36	231,440	N/A	N/A	N/A	N/A
					231,440	231,440	0	0	0	0	0	0	231,440	HK\$1.36	N/A	N/A	N/A	N/A	N/A	
					231,440	231,440	0	0	0	0	0	0	231,440	HK\$1.36	N/A	N/A	N/A	N/A	N/A	



Name	Role	Date of Grant	Vesting Period	Exercise price	Outstanding options as of 1 January 2024		Granted during the Reporting Period		Exercised during the Reporting Period		Cancelled during the Reporting Period		Lapsed during the Reporting Period		Outstanding options as of 31 December 2024		Closing price of Shares immediately before the date of grant during the Reporting Period	Fair value of options at the date of grant during the Reporting period ⁽¹⁾	Weighted average closing price of the Share immediately before the date of exercise during the Reporting Period	Performance targets for grant of options during the Reporting Period
					2024	Period	2024	Period	2024	Period	2024	Period	2024	Period	2024	Period				
Other grantees in category																				
Employee Participants ⁸		27 July 2022	See Note 4	HK\$5.65 & HK\$6.20 ⁽⁵⁾	2,305,500	Nil			0	0	0	0	973,500	1,332,000	N/A	N/A	N/A	N/A		
		18 April 2023	See Note 6	See Notes 5	28,045,200	0			0	0	0	5,600,600	22,340,200	HK\$2.26	N/A	N/A	See Note 2 and Note 6			
		12 January 2024	(i) 25% shall vest on 31 March 2025; (ii) 25% shall vest on 31 March 2026; (iii) 25% shall vest on 31 March 2027; and (iv) 25% shall vest from 31 March 2028		1,297,000				0	0	0	1,297,000	HK\$1.78	622,560	N/A	N/A				
		3 April 2024	(i) 50% shall vest on 3 April 2024; (ii) 50% shall vest on 3 April 2025		6,210,000				396,000	0	2,002,000	3,812,000	HK\$1.36	2,732,400	N/A	N/A				
Total																				



Directors' Report

Notes:

1. The fair value of options granted are calculated in accordance with the accounting standards and policies adopted for preparing the Company's financial statements. The assumptions including the expected volatility, the exercise multiple, the risk-free rate, the dividend yield and the fair value of the ordinary shares. For expected volatility, we have made reference to historical volatility of several comparable companies in the same industry. The exercise multiple was estimated as the average ratio of the stock price to the exercise price of when employees would decide to voluntarily exercise their vested share options. The risk-free rate for periods within the contractual life of the share options is based on the market yield of Hong Kong Government Bonds in effect at the time of grant. The dividend yield is based on the expected dividend policy over the contractual life of the share options.
2. Each vesting of the abovementioned options will be subject to the results of the individual performance appraisal of each grantee. The Group will conduct performance appraisal on each grantee before each vesting, and the performance appraisal criteria (such as financial benchmarks or business/operative milestones, etc) shall be determined by the Board. The said options will only vest if the grantee obtains over a certain score at his/her performance appraisal. Based on the above vesting schedule, subject to the satisfaction of the individual performance appraisal, 20% of the options shall vest immediately after the grant.
3. Employee Participants other than Dr. Jingsong Wang and Dr. Yiping Rong as disclosed above, on individual basis.
4. For one participant: (a) 25% shall vest on 31 March 2022; (b) 25% shall vest on 31 March 2023; (c) 25% shall vest on 31 March 2024; and (d) the remaining 25% shall vest on 31 March 2025. For another one: (a) 25% shall vest on 11 April 2023; (b) 25% shall vest on 11 April 2024; (c) 25% shall vest on 11 April 2025; and (d) the remaining 25% shall vest on 11 April 2026. For others: (a) 25% shall vest on 31 March 2023; (b) 25% shall vest on 31 March 2024; (c) 25% shall vest on 31 March 2025; and (d) the remaining 25% shall vest on 31 March 2026.
5. the exercise price of the options granted is HK\$2.41 per Share, save for the 1,284,000 options granted to 5 non-connected employees whose exercise price is HK\$6.20 per Share.
6. Among the 36,056,000 options, 1,284,000 options granted to 5 non-connected employees, (i) 25% of which shall vest on 18 April 2024; (ii) 25% of which shall vest on 18 April 2025; (iii) 25% of which shall vest on 18 April 2026; and (iv) the remaining 25% shall vest on 18 April 2027. There is no performance targets attached to these 1,284,000 options.

Save for the 1,284,000 options as stated above, subject to the satisfaction of the performance targets as stated in Note 2, the remaining options (i) 20% of which shall vest on 18 April 2023; (ii) 20% of which shall vest on 18 April 2024; (iii) 20% of which shall vest on 18 April 2025; and (iv) the remaining 40% shall vest on 18 April 2026. The performance targets for these options are set out in note 2 above.
7. The options have a term of 10 years from the date of grant.
8. The exercise period of the options granted under the Post-IPO Share Option Scheme shall commence from the date on which the relevant options become vested and end on the 10th anniversary of the grant date, subject to the terms of the Post-IPO Share Option Scheme and the share option award agreement signed by the grantee.



3. POST-IPO SHARE AWARD SCHEME

The Post-IPO Share Award Scheme conditionally adopted by resolutions passed in the meeting of our Shareholders dated 23 November 2020.

Purpose

The purposes of the Post-IPO Share Award Scheme are to align the interests of Eligible Persons' with those of the 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 the Group.

Eligible Person

Any individual, being an employee, director (including executive Directors, non-executive Directors and independent non-executive Directors), officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider 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 (the "**Post-IPO Award**"). An Post-IPO Award gives a selected participant a conditional right, when the Post-IPO Awards vest, to obtain the Shares underlying the Post-IPO Awards (the "**Award Shares**") or, if in the absolute discretion of the Board or its delegate(s), it is not practicable for the selected participant to receive the Post-IPO Award in Shares, the cash equivalent from the sale of the Award Shares.

Maximum number of Award Shares (which can be satisfied by new Shares or existing Shares) available for grant

The aggregate number of Award Shares underlying all grants made pursuant to the Post-IPO Share Award Scheme (excluding Award Shares which have been forfeited in accordance with the Post-IPO Share Award Scheme) will not exceed 38,394,558 Shares (representing approximately 5% of the total issued Shares immediately after completion of the Global Offering) without Shareholders' approval, subject to an annual limit of 1% of the total number of issued Shares at the relevant time.

As of 1 January 2024, 33,796,808 Award Shares were available for grant under the Post-IPO Share Award Scheme. During the Reporting Period, 4,655,000 and 2,620,500 Award Shares were granted to Eligible Persons pursuant to the Post-IPO Share Award Scheme and lapsed/cancelled, respectively. It follows that, as at 31 December 2024, 31,762,308 Award Shares were available for grant under the Post-IPO Share Award Scheme.



Maximum number of new Shares available for issue

The total number of new Shares issued and may be issued pursuant to the Post-IPO Share Award Scheme will not exceed 38,394,558 Shares (the “**Scheme Mandate**”).

As at 1 January 2024, 37,856,808 new Shares were available for issue under the Scheme Mandate. During the Reporting Period, 1,811,500 new Shares were issued pursuant to the Post-IPO Share Award Scheme. It follows that, as at 31 December 2024 and the Latest Practicable Date, 36,045,308 new Shares and 34,342,308 new Shares (representing approximately 4.07% of the issued share capital of the Company as of the Latest Practicable Date) were available for issue under the Scheme Mandate, respectively.

Maximum entitlement of an Eligible Person

Under the Post-IPO Share Award Scheme, there is no specific limit on the maximum number of shares which may be granted to a single Eligible Person.

Vesting period

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

Consideration and purchase price

Pursuant to the Post-IPO Share Award Scheme, there is no amount payable on application or acceptance of the Post-IPO Award and no purchase price of Shares awarded.

Remaining life of the Post-IPO Share Award Scheme

The Post-IPO Share Award Scheme has a term of ten years commencing on the Listing Date.



Details of the unvested Award Shares granted under the Post-IPO Share Award Scheme (to be satisfied by new Shares) are as follows:

Name	Role	Date of grant	Vesting period	Purchase price	Unvested award Shares as of 1 January 2024	Granted during the Reporting Period ⁽ⁱ⁾	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Unvested award Shares as of 31 December 2024	Closing price of Shares immediately before the date of grant during the Reporting Period	Fair value of award Shares on the date of grant during the Reporting Period ⁽ⁱⁱ⁾	Weighted average closing price of Shares immediately before the date of vesting during the Reporting Period	Performance targets for grant of awards during the Reporting Period
Directors														
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other grantees in category														
Employee Participants		27 July 2022	See Note 2	Nil	483,000	N/A	161,000	0	0	322,000	N/A	N/A	HK\$1.38	N/A
		18 April 2023	(i) 25% shall vest on 18 April 2024; (ii) 25% shall vest on 18 April 2025; (iii) 25% shall vest on 18 April 2026; and (iv) 25% shall vest on 18 April 2027.	Nil	527,000	N/A	98,000	307,500	Nil	121,500	N/A	N/A	HK\$1.09	Nil
		12 January 2024	(i) 25% shall vest on 31 March 2025; (ii) 25% shall vest on 31 March 2026; (iii) 25% shall vest on 31 March 2027; and (iv) 25% shall vest from 31 March 2028	Nil	0	501,000	0	0	0	501,000	HK\$1.78	891,780		
		3 April 2024	(i) 50% shall vest on 3 April 2024; (ii) 50% shall vest on 3 April 2025	Nil	0	3,105,000	1,552,500	535,000	0	1,017,500	HK\$1.36	4,222,800	HK\$1.36	
Total					1,010,000	3,606,000	1,811,500	842,500	0	1,962,000				

Notes:

- The fair value of award Shares are calculated in accordance with the accounting standards and policies adopted for preparing the Company's financial statements and based on the closing price on the date of grant.
- For one participant: (a) 25% shall vest on 31 March 2022; (b) 25% shall vest on 31 March 2023; (c) 25% shall vest on 31 March 2024; and (d) the remaining 25% shall vest on 31 March 2025. For another one: participant (a) 25% shall vest on 11 April 2023; (b) 25% shall vest on 11 April 2024; (c) 25% shall vest on 11 April 2025; and (d) the remaining 25% shall vest on 11 April 2026; For others: (a) 25% shall vest on 31 March 2023; (b) 25% shall vest on 31 March 2024; (c) 25% shall vest on 31 March 2025; and (d) the remaining 25% shall vest on 31 March 2026.



Directors' Report

Details of the unvested Award Shares granted under the Post-IPO Share Award Scheme (to be satisfied by existing Shares) are as follows:

Name	Role	Date of grant	Vesting period	Purchase price	Unvested award Shares as of 1 January 2024				Granted during the Reporting Period				Vested during the Reporting Period				Lapsed during the Reporting Period				Cancelled during the Reporting Period				Unvested award Shares as of 31 December 2024				Closing price of Shares immediately before the date of grant during the Reporting Period				Fair value of Award Shares on the date of grant during the Reporting Period ⁽¹⁾				Weighted average closing price of Shares immediately before the date of vesting during the Reporting Period				Performance targets for grant of awards during the Reporting Period																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											
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Dr. Jingsong Wang	Executive Director, chief executive officer and chairman of the Board	27 July 2022	Note 2	Nil & HK\$8.20	1,445,750	Nil	281,750	600,500	0	563,500	N/A	N/A	HK\$1.38	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A



Notes:

1. The fair value of Award Shares are calculated in accordance with the accounting standards and policies adopted for preparing the Company's financial statements. The methodology and assumptions used was based on the closing price on the date of grant.
2. For the grant on 27 July 2022, (i) 25% shall vest from 31 March 2023; (ii) 25% shall vest from 31 March 2024; (iii) 25% shall vest from 31 March 2025; and (iv) 25% shall vest from 31 March 2026.
3. For the grant on 31 December 2021, (i) 50% of the award Shares shall be vested upon the first anniversary of the date of grant; and (ii) the remaining 50% of the award Shares shall be vested upon the occurrence of the following events (whichever is the earlier to occur): (i) the second anniversary of the date of grant, and (ii) the first Business Day falling after the first anniversary of the date of grant but before the second anniversary of the date of grant on which the closing price of the Share as quoted on the Stock Exchange is HK\$12.38 or more.

CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

During the year ended 31 December 2024, the Company had no controlling shareholder.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Pursuant to an ordinary resolution of the Shareholders passed at the Company's annual general meeting on 8 June 2022, the Board was granted a general mandate to repurchase Shares not exceeding 10% of the total number of issued Shares as at the date of passing of the relevant resolution granting such mandate (the **"Share Repurchase Mandate"**). During the Reporting Period, the Company exercised its powers under the Share Repurchase Mandate, which shall expire at the conclusion of the next annual general meeting of the Company and repurchased a total of 4,120,000 Shares (the **"Share Repurchased"**) and are held as treasury shares by the Company on the Stock Exchange at an aggregate consideration of HK\$4,995,780, all of which were cancelled.



Directors' Report

Particulars of the Shares Repurchased are as follows:

Trading Month	Number of Shares Repurchased	Highest Price Paid (HK\$)	Lowest Price Paid (HK\$)	Total Consideration Paid (HK\$)
September 2024	1,411,000	1.28	1.08	1,689,630
October 2024	869,000	1.45	1.19	1,114,000
November 2024	1,840,000	1.24	1.15	2,192,150
Total	4,120,000			4,995,780

Save as disclosed above, during the Reporting Period, the Company and its subsidiaries have neither sold, purchased nor redeemed any of its listed securities (including the sale of treasury shares (as defined under the Listing Rules)).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Companies Act, 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 listed securities.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this annual report, as at 31 December 2024, none of the Directors or their respective associates engaged in or had any interest in any business which competes or may compete, either directly or indirectly, with the businesses of the Group.



CONNECTED TRANSACTIONS

During the Reporting Period, the Group has not entered into any connected transactions (or continuing connected transactions) which are not exempt from the annual reporting requirements pursuant to Chapter 14A of the Listing Rules.

A summary of all significant transactions with related parties (the “**Related Party Transactions**”) entered into by the Group during the Reporting Period is contained in note 34 to the consolidated financial statements. None of the related party transactions disclosed in note 34 to the consolidated financial statements constituted a connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules and the Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules as and where applicable and relevant.

CHARITABLE DONATIONS

During the Reporting Period, the Group has not made any charitable donations.

SIGNIFICANT LEGAL PROCEEDINGS AND PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director, Auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director, Auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. Subject to the Companies Act, if any Director or other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Director or person so becoming liable as aforesaid from any loss in respect of such liability.

Such permitted indemnity provision has been in force for the year ended 31 December 2024. For the year ended 31 December 2024, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance as known to the Directors to be pending or threatened against the Company.

For the year ended 31 December 2024, the Company has arranged appropriate liability insurance to cover the Directors for their liabilities arising out of corporate activities. The insurance coverage will be reviewed on an annual basis.



DISCLOSURE UNDER RULES 13.20 TO 13.22 OF THE LISTING RULES

The Directors are not aware of any circumstances resulting in a disclosure obligation under Rules 13.20 to 13.22 of the Listing Rules.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 76 to 95 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, at least 25% of the Company's total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, were held by the public at all times as of the Latest Practicable Date.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2024 have been audited by Ernst & Young. A resolution will be proposed by the Company in the forthcoming Annual General Meeting ("AGM") to re-appoint Ernst & Young as the auditor of the Company.

IMPORTANT EVENTS AFTER REPORTING DATE

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

ISSUE OF SUBSCRIPTION SHARES UNDER GENERAL MANDATE AND COLLABORATION WITH AZN

On 21 March 2025 (after trading hours), the Company entered into the share subscription under general mandate and collaboration with AZN.

Issue of subscription shares

The Company entered into the Share Subscription Agreement with AstraZeneca Holdings B.V. ("**AstraZeneca Holdings**"), a company incorporated in the Netherlands, pursuant to which the Company has conditionally agreed to allot and issue to AstraZeneca Holdings, and AstraZeneca Holdings has conditionally agreed to subscribe for, the Subscription Shares at the Subscription Price of US\$1.38 per Share (equivalent to approximately HK\$10.74 per Share). The Subscription Shares represent 9.15% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, the gross proceeds from the Subscription will be approximately US\$105.3 million (equivalent to approximately HK\$819.2 million), which will be used for research and development, operations and general working capital requirements of the Group.



Collaboration

On the same day, the Company entered into a global strategic collaboration Agreement with AZN to discover and develop next-generation therapeutic antibodies programs for immunology, oncology and beyond, pursuant to which AZN will obtain the option to license two preclinical immunology programs and will nominate further target for HBM Shanghai to discover next-generation multi-specific antibodies. AZN will have the option to license these programs for advancement into clinical development.

In return, HBM Shanghai will receive an upfront payment, near-term milestone payments, and option exercise fees for additional programs, totaling US\$175 million, as well as up to US\$4.4 billion in additional development and commercial milestone payments, along with tiered royalties on net sales. Additionally, AZN has the option to include additional programs in the Collaboration over the next five years, and the parties have the option to extend the terms of the agreement for an addition five years upon mutual agreement.

To support the collaboration programs under the Collaboration Agreement and other joint initiatives between the two parties, the Group will establish an innovation center in Beijing, China to be co-located with AZN.

Save as disclosed in this annual report, as at the date of this report, the Company is not aware of any other major subsequent events of the Company after December 31, 2024 and up to the date of this report which need to be disclosed in the annual report.

On behalf of the Board
Dr. Jingsong Wang
Chairman
31 March 2025



Corporate Governance Report

The Board is pleased to present the corporate governance report of the Company for the year ended 31 December 2024 (the “**Review Period**”).

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving and establishing high standards of corporate governance, which 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.

The Company has adopted and complied with the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. The Company has devised its own Corporate Governance Policy which incorporates the principles and practices as set out in the CG Code. The Board will continue to review and enhance its corporate governance practice of the Company to ensure compliance and alignment with the latest measures and standards set out in the CG Code.

The Board is of the view that, during the Review Period, the Company has complied with all the code provisions of the CG Code, save and except for the deviation from code provision C.2.1 of the CG Code, details of which are set out below.

RISK MANAGEMENT AND INTERNAL CONTROL

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. Our Audit Committee would assist the Board in leading the management and overseeing the design, implementation and supervision of internal control.

During the Review Period, we regularly reviewed and enhanced our risk management and internal control system, which has been designed to manage the risks and uncertainties that could cause the Group’s financial condition or business performance to differ materially from expected or historical results. Below is a summary of the risk management and internal control policies, measures and procedures we have implemented or plan to implement:

- We have adopted various measures and procedures regarding each aspect of our business operation, such as protection of intellectual property, environment protection and occupational health and safety.
- We have established standard operating programs that govern our activities, including an integrated procure-to-pay process, standardized accrual methods, and budgeting and tracking mechanisms.



- We provide our staff with staff handbooks that are revised from time to time. To enhance compliance awareness, we established a staff induction training program and we also provide regular internal and external compliance training to our staff as a part of the staff training program.
- With the help of our legal advisers, the Directors who are responsible for monitoring the Group's corporate governance also regularly review our compliance with all relevant laws and regulations.
- Our Audit Committee assists the Board in overseeing the effectiveness of the risk management of the internal control system. Our Audit Committee maintains a regular dialogue with the Company's external auditors and reviews the Company's financial statements. Our Audit Committee makes recommendations to the Directors on the appointment and removal of the external auditors and makes recommendations on financial reporting and supervision of the Group's internal control procedures. The Company has established a compliance team to review grants and sponsorships and other compliance initiatives.
- The Board evaluates the design and operational effectiveness of the Company's internal control system and no material weaknesses are revealed in the evaluation results.
- We have engaged a PRC/US law firm to regularly advise us on and keep us abreast with the PRC laws and regulations. We will continue to arrange various trainings to be provided by external advisers from time to time when necessary and/or by any appropriate accredited institution to update our Directors, senior management and relevant employees on the latest PRC laws and regulations.

We maintained strict anti-corruption policies among all our staff, personnel and distributors. We ensure that our employees comply with the requirements, including restrictions on the purchasing and business cooperation, restrictions on the promotion of drugs for unapproved uses or patient populations and restrictions on industry-sponsored scientific and educational activities.

We also established a whistleblowing policy and system for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the Audit Committee (or any designated committee comprising a majority of independent non-executive directors) about possible improprieties in any matter related to the Company.

We currently do not have an internal audit function. We are committed to continuously monitoring and assessing the necessity to establish an internal audit function on an annual basis. During the Review Period, we reviewed and concluded that the current internal mechanism was adequate to enable the effectiveness of the Company's internal control and risk management systems. Furthermore, as an additional comfort, no material weakness with the Company's internal controls over financial reporting was identified during the course of audit by our external auditor.



Corporate Governance Report

As an ongoing monitoring and assessment process, we have taken, including but not limited to, the following consideration factors into account when reviewing and concluding if an internal audit function is required:

- Limited headcounts of the Company;
- Current clinical stage of the Company with a primary focus on research and development activities;
- Relying on CRO & CDMO over our significant business operations;
- Occasional and simple revenue sources mainly from licensing without any product sales;
- Limited, simple and straight forward expenditure items; and
- External consultants, including GxP audit to CRO/CDMO, providing ongoing guidance and advice, thereby ensuring the operations of the Company meeting the legal and regulatory-compliance requirements.

We have established procedures and internal controls for the handling and dissemination of inside information. We have reviewed the effectiveness of the risk management and internal control systems during the Review Period. We consider such procedures and internal controls as effective and adequate.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. The Company has made specific enquiry of all Directors and they confirmed that they have strictly complied with the Model Code during the Review Period.

The Company has also established written guidelines (the “**Employees Written Guidelines**”) no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

BOARD OF DIRECTORS

RESPONSIBILITY

The Board is responsible for the overall leadership of the Group and oversees the Group’s strategic decisions and monitors the business and performance, ensuring that any changes to board composition can be managed without undue disruption. The Board has delegated to the Group’s senior management the authority and responsibility for the day-to-day management and operations of the Group. To oversee specific aspects of the Company’s affairs, the Board has established three Board committees, including the Audit Committee, the Remuneration Committee and the Nomination Committee (collectively, the “**Board Committees**”). The Board has delegated a number of responsibilities to the Board Committees, which are set out in their respective terms of reference.

All Directors ensure that they perform their duties in good faith, comply with applicable laws and regulations, and at all times act in the interests of the Company and its Shareholders.

As stipulated in Principle B.1 of the CG Code, the Board regularly reviews the contribution required from a Director to perform his role and responsibilities to the Company, and whether the Director is spending sufficient time performing them.

The Company has arranged for the Directors to take out appropriate liability insurance to indemnify them against liabilities arising from their corporate activities. The scope of the insurance will be reviewed annually.

COMPOSITION OF THE BOARD

Our Board currently consists of two executive Directors (namely Dr. Jingsong Wang (chief executive officer and chairman of the Board) and Dr. Yiping Rong, four independent non-executive Directors (namely Dr. Robert Irwin Kamen, Dr. Xiaoping Ye, Dr. Albert R. Collinson and Ms. Weiwei Chen). The biographical details of the Directors are set out in the section titled “Directors and Senior Management” on pages 35 to 39 in this annual report.

Since Mr. Yau is the independent non-executive Director who has the appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules, following his redesignation on 21 June 2024, there was no independent non-executive Director who possesses the Relevant Qualification as required under Rule 3.10(2) of the Listing Rules; and the Audit Committee comprised no independent non-executive Director with the Relevant Qualifications as required under Rule 3.21 of the Listing Rules. The Company has applied to the Stock Exchange, and the Stock Exchange has granted to the Company, a waiver from strict compliance with the requirements under Rules 3.10(2) and 3.21 of the Listing Rules and an extension of time to 31 December 2024 (the “Grace Period”) for filling the vacancy. With effect from 1 January 2025, Ms. Weiwei Chen has been re-designated as an independent non-executive Director. Ms. Chen possesses appropriate professional accounting or related financial management expertise required under Rule 3.10(2) of the Listing Rules and confirms that she has gained such expertise through her experiences. Therefore, following the re-designation, the Company has met the requirements set out under Rules 3.10(2) and 3.21 of the Listing Rules and further strengthened its corporate governance.

Under Rule 3.10A of the Listing Rules, a listed issuer must appoint independent non-executive Directors representing at least one-third of the board. The Company currently has four independent non-executive Directors representing more than half of the Board, and hence the Company is in compliance with Rule 3.10A of the Listing Rules.

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

None of the Directors has any personal relationships (including financial, business, family or other material/related relationships) with any other Directors and members of senior management.



All Directors, including the independent non-executive Directors, bring a variety of valuable business experience, knowledge and expertise to the Board for efficient and effective operation. The independent non-executive Directors are invited to join the Audit Committee, the Remuneration Committee and the Nomination Committee.

To the extent that the provisions of the CG Code require the Directors to disclose to the issuer the number and nature of offices held in public companies or organizations and other significant commitments, and the duties and the time involved, the Directors have agreed to disclose their duties and commitments to the Company in a timely manner.

BOARD DIVERSITY POLICY

The Board has established the board diversity policy (the “**Board Diversity Policy**”), which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level. Pursuant to the Board Diversity Policy, in reviewing the suitability of a candidate to serve as a Director, the Nomination Committee will consider a number of aspects, including gender, age, cultural, educational background and professional experience. According to the policy, at least one female Director should be included as member of the Board, and members of the Board should include candidates from a diverse background, such as professionals with extensive industry experience, risk management skills and financial knowledge, so as to provide a holistic and integrated perspective and outlook to enhance corporate decision-making.

During the Review Period, the Board has reviewed and considered the implementation of the Board Diversity Policy to be effective. The Board Diversity Policy is well implemented as evidenced by the fact that there are both female and male Directors from a diverse age group with experience from different industries and sectors. The Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of business management, e-commerce, engineering, finance, law and computer science. They obtained degrees in various areas including business administration, economics, computer science and technology. Gender diversity of the Board stands at 16.7%, representing one female out of six Directors, which has met the goal of our gender diversity.

We will maintain a focus on gender diversity when recruiting staff at the mid to senior level so as to develop a pipeline of potential female successors to our Board. The Company will also identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be reviewed by our nomination committee periodically to maintain gender diversity of our Board.

APPOINTMENT AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed director will receive formal, comprehensive and individually tailored induction training upon his or her appointment to ensure that he or she has a proper understanding of the business and operations of the Company and is fully aware of the roles, functions, duties and responsibilities of directors under the Listing Rules and relevant statutory requirements.



The Company arranges regular seminars for the Directors from time to time to provide updates on the latest development and changes in the Listing Rules and other relevant laws and regulatory requirements. The Directors are also provided with regular updates on the performance, position and prospects of the Company to facilitate the discharge of their duties by the Board as a whole and each of the Directors.

The Company encourages the Directors to participate in continuous professional development to develop and update their knowledge and skills. During the Review Period, all the Directors participated in continuous professional development to develop and update their knowledge and skills in accordance with code provision C.1.4 of the CG Code. The Company's external lawyers also provided briefings, presentations and information to the Directors to enable each of them to have further training on the roles, functions and responsibilities of directors of listed companies. All Directors received this training. The Company's external company secretarial service organization updates and provides written training materials on the roles, functions and responsibilities of Directors from time to time and all Directors study such materials and are required to submit signed training records to the Company annually.

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

Name of Directors	Types of Training ^{Note}
Dr. Jingsong Wang	A, B
Dr. Yiping Rong	A, B
Ms. Weiwei Chen	A, B
Dr. Robert Irwin Kamen	A, B
Dr. Xiaoping Ye	A, B
Mr. Ka Chi Yau ⁽¹⁾	A, B
Dr. Albert R. Collinson	A, B

Note:

- (1) Mr. Ka Chi Yau resigned as an independent non-executive Director, chairman of the Audit Committee and member of the Remuneration Committee effective on 21 June 2024.

Types of Training:

- A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops
- B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications (such as the Stock Exchange's letters to authorized representatives of listed issuers)



CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to code provision C.2.1 of the CG Code, the responsibilities between the chairman and the chief executive officer should be separate and should not be performed by the same individual. Companies listed on the Stock Exchange are expected to comply with such requirement, but may choose to deviate from such requirement. Currently, the Company does not have a separate chairman and chief executive officer and Dr. Jingsong Wang currently performs both roles.

Our Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of chairman of our Board and the chief executive officer of our Company at a time when it is appropriate by taking into account the circumstances of our Group as a whole.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Dr. Jingsong Wang has entered into a service contract with the Company on 23 November 2020 and renewed the appointment letter with the Company on 31 December 2023; and Dr. Yiping Rong has entered into a service contract with the Company on 5 May 2022. The term of appointment is (i) three years from 30 November 2020 or until the third annual general meeting of the Company after the Listing Date, whichever is sooner, or (ii) three years from the date of appointment (as the case maybe) (subject to retirement as and when required under the Articles of Association). Either party may terminate the agreement by giving not less than three months' written notice.

Ms. Weiwei Chen has entered into an appointment letter with the Company on 9 June 2021 and renewed the appointment letter with the Company on 31 December 2023 as non-executive Director. Due to the re-designation from non-executive Director to independent non-executive Director with effect on 1 January 2025, Ms. Weiwei Chen has entered into an appointment letter with the Company on the same day. The term of appointment is three years from the date of appointment (subject to retirement as and when required under the Articles of Association). Either party may terminate the agreement by giving not less than three months' written notice.

Each of Dr. Robert Irwin Kamen and Dr. Xiaoping Ye entered into an appointment letter with the Company on 23 November 2020 and renewed the appointment letter with the Company on 1 December 2023. Dr. Albert R. Collinson entered into an appointment letter with the Company on 13 July 2023. The term of appointment is (i) three years from 30 November 2020 or until the third annual general meeting of the Company after the Listing Date, whichever is sooner, or (ii) three years from the date of the appointment (as the case maybe) (subject to retirement as and when required under the Articles of Association). Either party may terminate the agreement by giving not less than three months' written notice.



Pursuant to the Articles of Association, at every annual general meeting 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 retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

The procedures and processes for the appointment, re-election and removal of the Directors are set out in the Articles of Association.

The Nomination Committee is responsible for reviewing the composition of the Board and monitoring the appointment, re-election and succession plan of the Directors.

BOARD MEETINGS AND DIRECTORS' ATTENDANCE RECORDS

The Company adopts the practice of holding regular Board meetings at least four times a year and approximately once every quarter, involving active participation, either in person or through electronic means of communication, of a majority of Directors. The Company gives not less than 14 days' notice of all regularly scheduled Board meetings to give all Directors an opportunity to attend the regular meetings and to put relevant matters on the agenda. For other Board and committee meetings, reasonable notice will generally be given. The agenda and accompanying Board papers are sent to the Directors or committee members at least three days prior to the meeting to ensure that they have sufficient time to review the documents and prepare adequately for the meeting. When a Director or committee member is unable to attend a meeting, he or she will be informed of the matters to be discussed and will have an opportunity to express his or her views to the Chairman prior to the meeting. Minutes of the meetings are kept by the company secretary of the Company and copies will be sent to all Directors for reference and records.

Minutes of the Board and committee meetings record in sufficient detail of the matters considered and decisions reached by the Board and the respective committee, including any questions from the Directors. Draft minutes of each Board meeting and committee meeting are sent to the Directors for comment within a reasonable time after the date of the meeting. The Directors have the right to inspect the minutes of the Board meetings.

Code provision C.5.1 of the CG Code stipulates that the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the Review Period, the Board has held four meetings and held one general meeting.

The Board will make arrangements for holding at least four regular Board meetings and a meeting between the Chairman and the non-executive Directors (including independent non-executive Directors) without the presence of executive Directors once a year.



Corporate Governance Report

The attendance record of each of the Directors at such meetings are set out in the following table

Director	Attendance/Eligible Attendance	
	Board meeting	General meeting
Dr. Jingsong Wang	4/4	1/1
Dr. Yiping Rong	4/4	1/1
Ms. Weiwei Chen	4/4	1/1
Dr. Robert Irwin Kamen	4/4	1/1
Dr. Xiaoping Ye	4/4	1/1
Mr. Ka Chi Yau ⁽¹⁾	1/1	1/1
Dr. Albert R. Collinson	4/4	1/1

Note:

- (1) Mr. Ka Chi Yau resigned as an independent non-executive Director, chairman of the Audit Committee and member of the Remuneration Committee effective on 21 June 2024.

During the Review Period, the Chairman of the Board held one meeting with the independent non-executive Directors without the presence of other Directors.

AUTHORIZATION BY THE BOARD

The Board reserves the right of decision making on all major issues of the Company, including: approving and monitoring all policy matters, overall strategy and budget, internal control and risk management systems, material transactions (especially those with potential conflicts of interest), financial information, appointment of directors and other material financial and operational matters. Directors may seek independent professional advice at the Company's expense when they perform their duties and the Company encourages the Directors to seek independent advice from the Company's senior management.

Responsibility for the day-to-day management, administration and operations of the Group has been delegated to the senior management. The delegated functions and responsibilities are regularly reviewed by the Board. Management shall obtain the Board's approval before entering into any material transactions.



CORPORATE GOVERNANCE FUNCTIONS

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

The Board would review the Company's corporate governance policies and practices, training and continuous professional development of the directors and the senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report. The Board has performed the above duties during the Review Period.

The Board is aware that corporate governance is a shared responsibility of all Directors, including:

- To develop, review and implement the Company's policies and practices on corporate governance and make recommendations to the Board;
- To review and monitor the training and continuous professional development of Directors and senior management;
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- To develop, review and monitor the code of conduct and compliance manual applicable to employees and directors;
- To review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and
- To develop, review and monitor the implementation of shareholders' communication policy to ensure its effectiveness, and to make recommendations to the Board when appropriate to help strengthen the relationship between the Company and its shareholders.

During the year ended 31 December 2024, the Company has updated the compliance manual on disclosable transactions and inside information in accordance with the Listing Rules as a guide for employees to report undisclosed inside information to the Company to ensure consistent and timely disclosure and to meet the Company's continuous disclosure obligations.

BOARD COMMITTEE

NOMINATION COMMITTEE

For the year ended 31 December 2024, the Nomination Committee consists of three members, namely Dr. Jingsong Wang (executive Director), Dr. Robert Irwin Kamen (independent non-executive Director) and Dr. Xiaoping Ye (independent non-executive Director). Dr. Jingsong Wang is the chairman of the Nomination Committee.



Corporate Governance Report

The major duties of the Nomination Committee include the following:

- To review the structure, size and composition of the Board, and to make recommendations for any proposed change;
- To identify suitable candidates to be appointed as directors;
- To make recommendations to the Board on the appointment or re-appointment of directors and succession planning; and
- To assess the independence of independent non-executive Directors.

The Nomination Committee will evaluate the candidates or incumbent candidates based on criteria such as integrity, experience, skills and ability to commit time and effort to perform their duties and responsibilities. The recommendation of the Nomination Committee will then be put to the Board for decision and its written terms of reference is available on the websites of the Stock Exchange and the Company.

During the Review Period, one Nomination Committee meeting was held.

Director	Attendance/ Eligible Attendance
Dr. Jingsong Wang (<i>Chairman</i>)	1/1
Dr. Robert Irwin Kamen	1/1
Dr. Xiaoping Ye	1/1

BOARD'S NOMINATION POLICY FOR THE NOMINATION OF DIRECTORS

The Company has adopted a nomination policy for the election of directors (the “**Board's Nomination Policy**”), details of which are as follows:

NOMINATION CRITERIA

When considering a candidate nominated for directorship or a director's proposed re-appointment, the Nomination Committee will take into account the following factors:

- Age, skills, experience, professional and educational qualifications, background and other personal qualities of the candidate;
- Effect on the Board members' composition and diversity;
- Potential/actual conflicts of interest that may arise if the candidate is selected, and independence of the candidate;



- Commitment of the candidate to devote sufficient time to effectively carry out his/her duties;
- In the case of a proposed re-appointment of an independent non-executive Director, the number of years he/she has already served the Company; and
- Other factors considered to be relevant by the Nomination Committee on a case by case basis.

NOMINATION PROCEDURES

The nomination procedures are as follows:

The Nomination Committee shall consider the suitability of such person and assess the independence of the proposed independent non-executive Director in accordance with the Listing Rules, the Board's Diversity Policy and the Board's Nomination Policy;

The Nomination Committee shall make recommendations to the Board;

The Board shall consider the people recommended by the Nomination Committee in accordance with the Listing Rules (including the CG Code in Appendix C1 to the Listing Rules), the Board's Nomination Policy and the Board's Diversity Policy;

When filling a vacancy and appointing a new director, the Board confirms the person appointed as a director and the new director is subject to re-election by the shareholders of the Company at the next annual general meeting in accordance with the Articles of Association;

Upon retirement of a retiring Director, the Board shall recommend the retiring Directors for re-election at the annual general meeting pursuant to the recommendation of the Nomination Committee. The appointment of the retiring Directors is subject to the approval of the Shareholders at the annual general meeting; and

The Board reserves the right of final decision on all matters relating to the selection and appointment of Directors.

REMUNERATION COMMITTEE

As at 31 December 2024, the Remuneration Committee consists of three members, namely Dr. Jingsong Wang (executive Director), Dr. Xiaoping Ye (independent non-executive Director) and Dr. Albert R. Collinson (independent non-executive Director, appointed on 21 June 2024), Dr. Albert R. Collinson is the chairman of the Remuneration Committee.



Corporate Governance Report

The major duties of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management; reviewing and approving management's remuneration proposals with reference to the Board's corporate goals and objectives; making recommendations to the Board on specific remuneration packages for all executive Directors and senior management; and reviewing and/or approving matters relating to the Company's share schemes under Chapter 17 of the Listing Rules. The written terms of reference of the Remuneration Committee is available on the websites of the Stock Exchange and the Company.

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

- the Board has resolved to grant a total of 8,308,000 share options under the Post-IPO Share Option Scheme on 3 April 2024 to 16 grantees, among which 14 are non-connected employees and two are Directors of the Company (being 1,572,000 and 526,000 options were granted to Dr. Jingsong Wang and Dr. Yiping Rong, respectively); and
- Each vesting of the 8,308,000 options will be subject to the results of the individual performance appraisal of each grantee. The Group will conduct performance appraisal on each grantee before each vesting, and the performance appraisal criteria (such as financial benchmarks or business/operative milestones, etc) shall be determined by the Board. The said options will only vest if the grantee obtains over a certain score at his/her performance appraisal. Based on the vesting schedule, subject to the satisfaction of the individual performance appraisal, 50% of the options shall vest immediately after the grant. There are no restrictions under the Post-IPO Share Option Scheme in respect of a vesting period of less than 12 months. These grants shall vest in batches with a total vesting period (i.e. the period between the date of grant and the last vesting date) of more than 12 months. Given that the vesting of the said options is also subject to the satisfaction of the performance appraisals, the Remuneration Committee is of the view that such arrangement aligns with the purpose of the Post-IPO Share Option Scheme as it incentivizes and encourages them to work towards enhancing the value of the Company and its Shares.

For details of the above grant of share options, please refer to the announcement of the Company dated 3 April 2024.

Directors' remuneration policy

The Remuneration Committee is also responsible for establishing a transparent process for developing such remuneration policy and structure to ensure that no Director or any of his/her associates is involved in determining his/her own remuneration. The remuneration of Directors comprises an annual directors' fee and may also be entitled to options and/or awards under the rules of the share option scheme or share award scheme adopted by the Company from time to time. Such remuneration is determined and recommended by the Remuneration Committee with reference to individual and Company performance as well as market practice and market conditions.



During the Review Period, one Remuneration Committee meeting was held.

Director	Attendance/ Eligible Attendance
Dr. Albert R. Collinson ⁽¹⁾ (<i>Chairman</i>)	0/0
Dr. Xiaoping Ye ⁽²⁾	1/1
Dr. Jingsong Wang	1/1
Mr. Ka Chi Yau ⁽³⁾	1/1

Notes:

- (1) Dr. Albert R. Collinson, an independent non-executive Director, was appointed as a member of the Audit Committee and the Chairman of the Remuneration Committee effective on 21 June 2024.
- (2) Dr. Xiaoping Ye, an independent non-executive Director, was redesigned from a member to the Chairman of the Audit Committee and redesignated from the Chairman to a member of the Remuneration Committee effective on 21 June 2024.
- (3) Mr. Ka Chi Yau resigned as an independent non-executive Director, chairman of the Audit Committee and member of the Remuneration Committee effective on 21 June 2024.

During the Review Period, the Remuneration Committee met once to review and make recommendations to the Board on the remuneration policy and packages and other related matters.

Remuneration by band of the 3 members of the senior management of the Company for the year ended 31 December 2024 are set out below.

Annual Remuneration	Number of Individual(s)
HK\$2,000,001 to HK\$2,500,000	0
HK\$2,500,001 to HK\$3,000,000	0
HK\$3,000,001 to HK\$3,500,000	2
HK\$3,500,001 to HK\$4,000,000	0
Above HK\$4,000,001	1
	3



AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code set out in Appendix C1 to the Listing Rules. As at 31 December 2024, the Audit Committee consists of three members, namely Ms. Weiwei Chen (non-executive Director), Dr. Xiaoping Ye (independent non-executive Director) and Dr. Albert R. Collinson (independent non-executive Director). Dr. Xiaoping Ye is the chairman of the Audit Committee.

Following Mr. Yau's redesignation on 21 June 2024, there was no independent non-executive Director who possesses the Relevant Qualification as required under Rule 3.10(2) of the Listing Rules; and the Audit Committee comprised no independent non-executive Director with the Relevant Qualifications as required under Rule 3.21 of the Listing Rules. The Company has applied to the Stock Exchange, and the Stock Exchange has granted to the Company, a waiver from strict compliance with the requirements under Rules 3.10(2) and 3.21 of the Listing Rules and an extension of time to 31 December 2024 for filling the vacancy. With effect from January 1, 2025, Ms. Weiwei Chen has been re-designated as an independent non-executive Director, and also re-designated from a member to the chairwoman of the audit committee. Ms. Chen possesses appropriate professional accounting or related financial management expertise required under Rule 3.10(2) of the Listing Rules and confirms that she has gained such expertise through her experiences. Following Ms. Chen's re-designation, the Audit Committee consists of three members, namely Ms. Weiwei Chen (independent non-executive Director), Dr. Xiaoping Ye (independent non-executive Director) and Dr. Albert R. Collinson (independent non-executive Director). Ms. Weiwei Chen is the chairwoman of the Audit Committee. The Company has met the requirements set out under Rules 3.10(2) and 3.21 of the Listing Rules.

The major duties of the Audit Committee include the following:

- To review the financial statements and reports before submission to the Board and to consider any significant or unusual items raised by the internal audit department or the external auditors;
- To review the relationship with the external auditor with reference to the work performed by the auditor, its fees and terms of engagement, and to make recommendations to the Board on the appointment, reappointment and removal of the external auditor; and
- To review the adequacy and effectiveness of the Company's financial reporting system, risk management and internal control system and related programs, including the adequacy of the Company's resources, staff qualifications and experience, training programs and budget for the accounting and financial reporting function.



During the Review Period, two Audit Committee meetings were held.

Director	Attendance/ Eligible Attendance
Dr. Xiaoping Ye ⁽¹⁾ (<i>Chairman</i>)	2/2
Mr. Ka Chi Yau ⁽²⁾	1/1
Ms. Weiwei Chen	2/2
Dr. Albert R. Collinson ⁽³⁾	1/1

Notes:

- (1) Dr. Xiaoping Ye, an independent non-executive Director, was redesignated from a member to the Chairman of the Audit Committee and redesignated from the Chairman to a member of the Remuneration Committee effective on 21 June 2024.
- (2) Mr. Ka Chi Yau resigned as an independent non-executive Director, chairman of the Audit Committee and member of the Remuneration Committee effective on 21 June 2024.
- (3) Dr. Albert R. Collinson, an independent non-executive Director, was appointed as a member of the Audit Committee and the Chairman of the Remuneration Committee effective on 21 June 2024.

Subsequent to 31 December 2024, the Audit Committee held a meeting to review the financial reporting system, compliance process, risk management and internal control system and its process and reappointed external auditor.

The Audit Committee also reviewed the final results for the financial year, and the audit report prepared by the external auditors on the accounting matters and significant findings arising from the audit process. The Company has made appropriate arrangements for employees to raise concerns in confidence about possible improprieties in financial reporting, risk management and other matters of the internal control system, and its written terms of reference is available on the websites of the Company and the Stock Exchange.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING IN RELATION TO FINANCIAL STATEMENTS

The Directors are fully aware of their responsibilities in relation to the preparation of the financial statements for the year ended 31 December 2024 and give a true and fair view of the affairs of the Company and the Group and of the results and cash flows of the Group.

Our senior management has provided related explanation and information to the Board as is necessary to make an informed assessment of the Company's financial statements, which is subject to the Board's approval. The Company provides quarterly updates on the Company's performance, position and prospects to all members of the Board.

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



Corporate Governance Report

The statement of the Company's auditors regarding their reporting responsibilities on the Company's consolidated financial statements are set out in the Independent Auditor's Report on pages 98 to 102 of this Annual Report.

JOINT COMPANY SECRETARIES

Ms. Yifan Gao (appointed with effect from 24 October 2024) ("**Ms. Gao**") and Mr. Wing Yat Christopher Lui ("**Mr. Lui**"), senior manager of Tricor Services Limited, an external service provider, have been appointed as the Company's joint company secretaries.

Ms. Gao has been designated as the primary contact person at the Company which would work and communicate with Mr. Lui on the Company's corporate governance and secretarial and administrative matters.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters.

For the year ended 31 December 2024, each of Ms. Gao and Mr. Lui has undertaken not less than 15 hours of relevant professional training to update their respective skills and knowledge, thus in compliance with Rule 3.29 of the Listing Rules.

AUDITOR'S REMUNERATION

The audit fees paid by the Group to the auditor in respect of audit and non-audit services for the year ended 31 December 2024 were approximately US\$0.38 million and nil, respectively.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

SHAREHOLDERS' COMMUNICATION POLICY

The Company believes that effective communication with shareholders is essential to improve investor relations and understanding of the Group's business, performance and strategy. The Company also recognizes the importance of timely and non-selective disclosures that will enable shareholders and investors to make informed investment decisions.

The Company endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The annual general meeting provides an opportunity for shareholders to communicate directly with the Directors. The chairman of the Board will attend the annual general meeting to answer questions from Shareholders. The Company's external auditors will also attend the annual general meeting to answer questions about the audit, the preparation and content of the auditor's report, accounting policies and auditor independence.



In order to facilitate effective communication, the Company has adopted a shareholder communication policy aimed at establishing mutual relationship and communication between the Company and its Shareholders via maintaining a website at www.harbourbiomed.com. The Company will post updates relating to its business operations and development, financial information, corporate governance practices and other information on its website for public access. Further, the Company discloses information and publishes periodic reports and announcements to the public in accordance with the Listing Rules, the relevant laws and regulations.

The Company has reviewed and considered the implementation of the Shareholders' communication policy to be effective during the Review Period.

SHAREHOLDERS' RIGHTS

In order to protect the interests and rights of shareholders, each matter will be proposed at a general meeting by way of individual resolution, including the election of individual directors.

All resolutions proposed at the AGM will be voted on by way of poll in accordance with the Listing Rules and the poll results will be published on the Company's website and the website of the Stock Exchange in due course after each AGM.

DIVIDEND POLICY

The Board has approved and adopted a dividend policy (the "**Dividend Policy**"). Pursuant to the Dividend Policy, it is expected that, subject to compliance with applicable laws and regulations, the Company will declare dividends, which will be announced after the publication of the interim results announcement and the annual results announcement respectively. The dividend will be declared and paid in Hong Kong dollars.

In accordance with the Dividend Policy, the Board shall consider the following factors before declaring or recommending dividends:

- the Company's actual and expected financial performance;
- retained earnings and distributable reserves of the Company and each of the subsidiaries of the Group;
- the Group's working capital requirements, capital expenditure requirements and future expansion plans;
- the Group's liquidity position;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
- other factors that the Board may consider relevant.



Corporate Governance Report

The payment of dividend by the Company is also subject to applicable laws and regulations, including the Cayman Islands laws and the Articles of Association. The Board will review this Dividend Policy from time to time and does not guarantee that any particular amount of dividend will be paid for any specified period.

BOARD INDEPENDENCE

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

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

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

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

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



CONVENING EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

Proposals may be put forward by Shareholders for consideration at general meetings in accordance with the Articles of Association. Pursuant to Article 12.3 of the Articles of Association, general meetings shall also be convened on the written requisition of any two or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the voting rights, on a one vote per share basis, in the share capital of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s). If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company. The procedures for nominating a person for election as a Director are available on the Company's website and the website of the Stock Exchange.

MAKING ENQUIRIES TO THE BOARD

Shareholders who wish to make enquiries about the Company to the Board may send their enquiries to the Company's principal place of business in Hong Kong at Room 1918, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong (email address: ir@harbourbiomed.com).

AMENDMENT TO CONSTITUTIONAL DOCUMENTS

During the Review Period, no changes were made to the memorandum and articles of association of the Company.



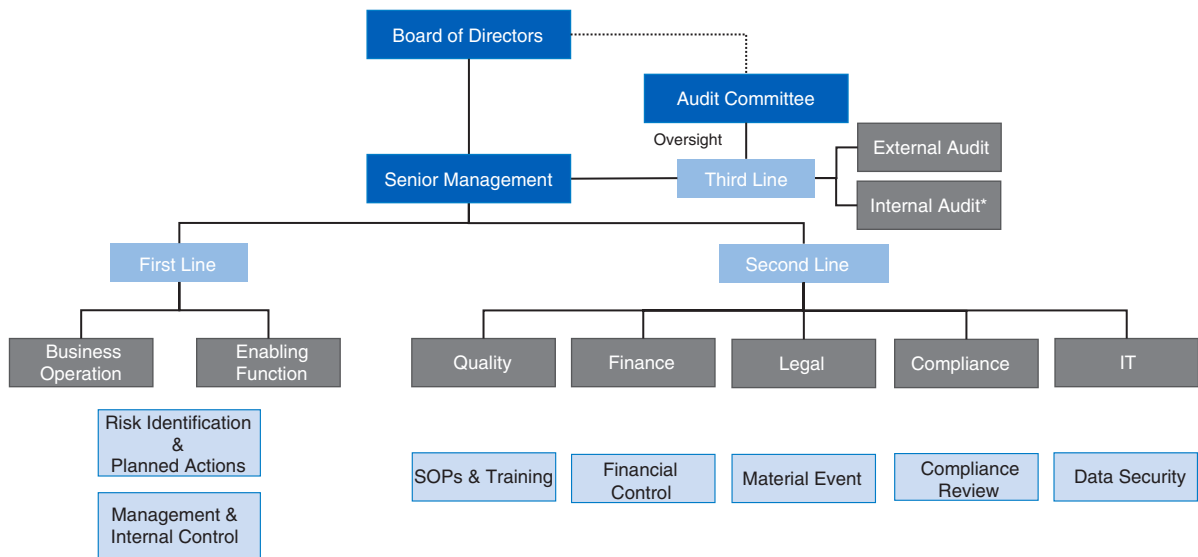
Risk Management Report

RISK MANAGEMENT CONCEPT

In pursuit of sustainable steady business growth, the Board acknowledges that the Group must maintain robust risk management to support the efficient portfolio development. The Board regards risk management as a proactive measure for creating efficiencies and promotes its responsibilities. The management and all staff members as well as its entire business system are fully engaged in the risk management mechanism including regular identification, assessment, effective control, escalation if needed and report.

RISK MANAGEMENT FRAMEWORK

The Group has established a risk management framework with “three lines of defence”:



- 1st line of defence: Business Functions – During the course of business activities, each of the functional departments and business units, as well as personnel holding the respective business position, shall be the first responsible unit for handling matters within their terms of reference for risk identification and management.
- 2nd line of defence: Supervision and support for risk management – The functional departments, including the departments responsible for the functions of legal affairs, compliance, IT, and finance/HR, shall assist the front-line business departments to assume joint responsibilities for overseeing, inspecting and evaluating those works relating to the implementation of risk management.
- 3rd line of defence: Independent assurance – The Audit Committee under the Board shall be responsible for overseeing and reviewing the results of the risk management and external audit report.

* For the Internal Audit function, please refer to page 77 in the report.



During the Review Period, we regularly reviewed and enhanced our risk management and internal control system, which has been designed to manage the risks and uncertainties that could cause the Group's financial condition or business performance to differ materially from expected or historical results. We regularly review the various nodes of internal control to ensure that there are no material weaknesses in internal control and report the results to the Audit Committee and the Board of Directors. If a material weakness is identified, the Company will hold a high-level management meeting to develop an internal control plan and report the results of implementation to the Audit Committee and the Board of Directors. During the Review Period, we reviewed and concluded that the current internal mechanism was adequate to enable the effectiveness of the Company's internal control and risk management systems. Furthermore, as an additional comfort, no material weakness with the Company's internal controls over financial reporting was identified during the course of audit by our external auditor.

RISK MANAGEMENT IDENTIFICATION AND RESPONSE MEASURES

Pursuant to the risk assessment at the beginning of 2024, the major risks of the Group in the next 12 months, which have been aligned with the ESG materiality issues of the company, are as below:

- (i) We believe the uncertainty in global monetary and fiscal policy is a major risk related to the trade environment impact, which may cause dramatic volatility in the supply chain price system and capital market system and we plan to pay our attention on market changes and restructure a more flexible strategy on the development of global immune-oncology therapy and continuous overseeing on the annual budget as well.
- (ii) Our future success depends on our ability to attract, retain and motivate senior management and qualified scientific employees. To improve our products development capability and achieve our sustainability objective on the development of human resources, we will make all efforts on people retention, establish the career success plan and enhance recruitment system.
- (iii) The regulatory approval processes of the China NMPA, the U.S. FDA and other comparable regulatory authorities may evolve over time. We believe that this factor may contribute to the uncertainty of our products development. To improve our products development capability and products & service quality, we will build a comprehensive guidance on global clinical development and enhance the data review and quality works for BLA purpose.
- (iv) Our business could be harmed with insufficient quantities of investigational product or failure at acceptable quality levels or prices during our clinical study activities. This factor spurs us to pay more attention on our products & service quality and we will enhance monitoring and management to ensure the quality & quantities of clinical supplies.



Independent Auditor's Report



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To the shareholders of HBM Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of HBM Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 103 to 201, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) 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 (“HKSA”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

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



KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Impairment of an indefinite-life intangible asset</i>	
<p>The carrying value of the indefinite-life intangible asset (technology licencing agreement) in the consolidated financial statements amounted to USD7,600,000 as at 31 December 2024.</p> <p>In accordance with IFRSs, the Group is required to perform an impairment test for the indefinite-life intangible asset at least on an annual basis. The impairment test is based on the recoverable amount of the individual asset which is determined based on fair value less costs of disposal. The impairment testing process is complex and involves significant management judgements and estimates.</p> <p>The disclosures about the impairment of the indefinite-life intangible asset are included in note 2.4 <i>Material accounting policies</i>, note 3 <i>Significant accounting judgements and estimates</i> and note 17 <i>Intangible assets</i> to the financial statements.</p>	<p>Our audit procedures included, among others, involving internal valuation specialists to assist us in evaluating the assumptions and methodologies used by management, in particular, discount rate, royalty rate and growth rate beyond the budget period used in the valuation method based on the cash flow forecast of the asset. We paid attention to the forecast used with respect to future revenues and operating results by comparing the forecast with the business development plan of the indefinite-life intangible asset. We also evaluated the objectivity, competence and capability of the external valuer engaged by management.</p> <p>We also focused on the adequacy of the related disclosures in the consolidated financial statements.</p>

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 IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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 HKSAAs, 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.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit and 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 purpose of the group audit. We remain solely responsible for our audit opinion.

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

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



Independent Auditor's Report

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

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

The engagement partner on the audit resulting in this independent auditor's report is HO Siu Fung, Terence.

Ernst & Young
Certified Public Accountants
Hong Kong

31 March 2025



Consolidated Statement of Profit or Loss

Year ended 31 December 2024

	Notes	2024 USD'000	2023 USD'000
REVENUE	5	38,100	89,502
Cost of sales		(4,486)	(2,034)
Gross profit		33,614	87,468
Other income and gains	5	11,167	6,589
Selling expenses		(2,677)	(1,062)
Administrative expenses		(13,171)	(19,498)
Research and development costs		(20,999)	(45,081)
Other expenses	6	(228)	(1,359)
Impairment losses on financial assets, net	7	(462)	(503)
Finance costs	8	(3,505)	(3,872)
PROFIT BEFORE TAX	9	3,739	22,682
Income tax (expense)/credit	12	(997)	81
PROFIT FOR THE YEAR		2,742	22,763
Attributable to:			
Owners of the parent		2,778	22,797
Non-controlling interests		(36)	(34)
		2,742	22,763
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (USD)	14	0.00	0.03
Diluted (USD)	14	0.00	0.03



Consolidated Statement of Comprehensive Income

Year ended 31 December 2024

	2024 USD'000	2023 USD'000
PROFIT FOR THE YEAR	2,742	22,763
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	326	778
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	326	778
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3,068	23,541
Attributable to:		
Owners of the parent	3,104	23,575
Non-controlling interests	(36)	(34)
	3,068	23,541



Consolidated Statement of Financial Position

31 December 2024

	Notes	31 December 2024 USD'000	31 December 2023 USD'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	1,788	3,324
Right-of-use assets	16	1,798	1,555
Intangible assets	17	7,684	7,678
Prepayments, other receivables and other assets	20	23	–
Other financial assets	21	7,626	5,747
Total non-current assets		18,919	18,304
CURRENT ASSETS			
Inventories	18	2,374	–
Trade receivables	19	8,979	52,323
Prepayments, other receivables and other assets	20	17,040	16,876
Restricted bank balances	22	881	653
Cash and cash equivalents	22	166,821	140,324
Total current assets		196,095	210,176
CURRENT LIABILITIES			
Trade payables	23	5,254	15,363
Other payables and accruals	24	6,017	10,087
Contract liabilities	25	1,550	1,246
Interest-bearing bank borrowings	26	55,584	36,560
Lease liabilities	16	1,026	874
Total current liabilities		69,431	64,130
NET CURRENT ASSETS		126,664	146,046
TOTAL ASSETS LESS CURRENT LIABILITIES		145,583	164,350



Consolidated Statement of Financial Position

31 December 2024

	Notes	31 December 2024 USD'000	31 December 2023 USD'000
NON-CURRENT LIABILITIES			
Contract liabilities	25	14,250	14,079
Interest-bearing bank borrowings	26	3,862	27,847
Lease liabilities	16	867	731
Deferred tax liabilities	27	2,552	2,064
Total non-current liabilities		21,531	44,721
Net assets		124,052	119,629
EQUITY			
Equity attributable to owners of the parent			
Share capital	28	19	19
Treasury shares	28	(8,869)	(9,223)
Reserves	29	133,297	129,192
		124,447	119,988
Non-controlling interests		(395)	(359)
Total equity		124,052	119,629

Jingsong Wang
Director

Yiping Rong
Director



Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Attributable to owners of the parent							Non-controlling interests	Total
	Share capital USD'000	Treasury shares USD'000	Share premium* USD'000	Capital reserve* USD'000	Exchange fluctuation reserve* USD'000	Accumulated losses* USD'000	Sub-total USD'000		
At 1 January 2024	19	(9,223)	826,960	11,764	1,772	(711,304)	119,988	(359)	119,629
Profit for the year	-	-	-	-	-	2,778	2,778	(36)	2,742
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	-	-	-	-	326	-	326	-	326
Total comprehensive income for the year	-	-	-	-	326	2,778	3,104	(36)	3,068
Repurchase of ordinary shares (note 28)	-	(644)	-	-	-	-	(644)	-	(644)
Share-based payments (note 30)	-	-	-	1,999	-	-	1,999	-	1,999
Cancellation of shares	-	998	-	(998)	-	-	-	-	-
At 31 December 2024	19	(8,869)	826,960	12,765	2,098	(708,526)	124,447	(395)	124,052



Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Attributable to owners of the parent							Non-controlling interests	Total
	Share capital USD'000	Treasury shares USD'000	Share premium* USD'000	Capital reserve* USD'000	Exchange fluctuation reserve* USD'000	Accumulated losses* USD'000	Sub-total USD'000		
At 1 January 2023	19	(8,869)	826,960	7,823	994	(734,101)	92,826	(325)	92,501
Profit for the year	-	-	-	-	-	22,797	22,797	(34)	22,763
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	-	-	-	-	778	-	778	-	778
Total comprehensive income for the year	-	-	-	-	778	22,797	23,575	(34)	23,541
Share-based payments (note 30)	-	-	-	3,941	-	-	3,941	-	3,941
Repurchase of ordinary shares (note 28)	-	(354)	-	-	-	-	(354)	-	(354)
At 31 December 2023	19	(9,223)	826,960	11,764	1,772	(711,304)	119,988	(359)	119,629

* These reserve accounts comprise the consolidated reserves of USD133,297,000 (2023: USD129,192,000) in the consolidated statement of financial position.



Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 USD'000	2023 USD'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,739	22,682
Adjustments for:			
Finance costs	8	3,505	3,872
Foreign exchange (gain)/loss, net	5/6	(1,035)	850
Bank interest income	5	(6,783)	(5,624)
Loss on disposal of property, plant and equipment	6	–	3
Gain on disposal of right-of-use assets	9	(13)	(20)
(Gain)/loss on fair value change of other financial assets	5/6	(1,983)	506
Share-based payment expenses	9	1,190	3,941
Provision for impairment of trade receivables	7	462	–
Provision for impairment of other receivables	7	–	503
Depreciation of property, plant and equipment	15	1,618	2,799
Depreciation of right-of-use assets	16	1,166	1,281
Amortisation of intangible assets	17	101	551
		1,967	31,344
(Increase)/decrease in inventories		(2,374)	1,044
Decrease/(increase) in trade receivables		42,895	(45,196)
Decrease/(increase) in prepayments, other receivables and other assets		47	(2,805)
Decrease in trade payables		(10,332)	(6,927)
Increase/(decrease) in contract liabilities		474	(5)
(Decrease)/increase in other payables and accruals		(1,493)	3,473
Cash generated from/(used in) operations		31,184	(19,072)
Income tax paid		(508)	(50)
Net cash flows generated from/(used in) operating activities		30,676	(19,122)



Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 USD'000	2023 USD'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Prepayment for right-of-use assets		(4)	–
Interest received		6,783	5,624
Purchases of property, plant and equipment		(175)	(2,397)
Purchases of intangible assets		(56)	(83)
Disposal of property, plant and equipment		7	14,943
Decrease in time deposits with original maturity of more than three months but less than one year when acquired, net		–	10,000
Net cash flows generated from investing activities		6,555	28,087
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		33,162	11,426
Interest paid		(3,458)	(3,635)
Repurchase of ordinary shares	28	(644)	(354)
Principal portion of lease liabilities	16	(1,108)	(1,279)
Interest portion of lease liabilities	16	(66)	(90)
Repayment of bank loans		(38,123)	(35,211)
Net cash flows used in financing activities		(10,237)	(29,143)
Net increase/(decrease) in cash and cash equivalents		26,994	(20,178)
Cash and cash equivalents at beginning of year		140,324	161,705
Effect of foreign exchange rate changes, net		(497)	(1,203)
Cash and cash equivalents at end of year		166,821	140,324



Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 USD'000	2023 USD'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position	22	166,821	140,324
Cash and cash equivalents as stated in the consolidated statement of cash flows		166,821	140,324



Notes to the Consolidated Financial Statements

31 December 2024

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 20 July 2016. The registered office address of the Company is P.O. Box 472, 2nd Floor, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands.

The Company is an investment holding company. During the year, the Company's subsidiaries were engaged in the business of developing innovative therapeutics in the fields of immuno-oncology and immunology diseases.

Information about subsidiaries

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

Name	Place and date of incorporation/ registration and place of business	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Harbour BioMed Holdings Limited	British Virgin Islands 8 June 2016	–	100%	–	Investment holding
Harbour BioMed Therapeutics Limited	People's Republic of China ("PRC")/Hong Kong 19 July 2016	USD1	–	100%	Investment holding
Harbour BioMed (Shanghai) Co., Ltd.* (和鉅醫藥(上海)有限責任公司)	PRC/Mainland China 26 December 2016	USD180,000,000	–	100%	Research and development of innovative therapeutics
Nona Biosciences (Suzhou) Co., Ltd.* (諾納生物(蘇州)有限公司, former name: Harbour BioMed (Suzhou) Co., Ltd.)	PRC/Mainland China 11 September 2018	USD90,000,000	–	100%	Research and development of innovative therapeutics
B7 Therapeutics Inc. (former name: Harbour BioMed US, Inc.)	United States 11 January 2019	USD0.1	–	100%	Clinical trial



1. CORPORATE INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place and date of incorporation/ registration and place of business	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Harbour Antibodies US, Inc.	United States 29 January 2016	USD1	–	100%	Research and development of innovative therapeutics
Nona Biosciences US, Inc. ("Nona US")	United States 11 August 2022	USD1	–	100%	Development of biotechnology
Nona Biosciences (Shanghai) Co., Ltd.* (諾納生物(上海)有限 公司)	PRC/Mainland China 6 July 2024	RMB60,000,000	–	100%	Research and development of biotechnology

* The English names of the companies represent the best effort made by management of the Company to directly translate the Chinese names as they do not register any official English names.

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



Notes to the Consolidated Financial Statements

31 December 2024

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”), and International Accounting Standards (“IASs”) and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for other financial assets which have been measured at fair value. These financial statements are presented in United States dollars (“USD”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, 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.



2. ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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



Notes to the Consolidated Financial Statements

31 December 2024

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

The nature and the impact of the revised 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	<i>Presentation and Disclosure in Financial Statements</i> ³
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to IAS 21	<i>Lack of Exchangeability</i> ¹
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	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

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



Notes to the Consolidated Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

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

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. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed. However, the amendments are available for adoption now.

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

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:



Notes to the Consolidated Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

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

2.4 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures other financial assets 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.



2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories 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 the 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.



Notes to the Consolidated Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

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

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

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



2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties (continued)

- (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.

Property, plant and equipment and depreciation

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

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



Notes to the Consolidated Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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

Plant and machinery	20.00% to 33.33%
Electronic equipment	20.00% to 33.33%
Furniture and fixtures	20.00% to 33.33%
Leasehold improvements	The shorter of remaining lease terms and estimated useful lives

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

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

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 with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.



2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill) (continued)

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

Software	2 to 3 years
Backlog	4 years
Technology licencing agreement	Indefinite

The useful lives of software are assessed by the Group considering different purposes and usage of the software, and the authorised period for use. Backlog is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of 4 years. Technology licencing agreement is assessed to have an indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows.

Research and development costs

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

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

Leases

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

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.



Notes to the Consolidated Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., 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. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease terms. Right-of-use assets are subject to impairment.

(b) Lease liabilities

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

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



2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases (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). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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



Notes to the Consolidated Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

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

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.



2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)

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

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 10 to 45 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.



Notes to the Consolidated Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

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 which apply the simplified approach as detailed below.

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

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

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

Simplified approach

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

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, or payables, as appropriate.

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

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



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 designated upon initial recognition as at fair value through profit or loss.

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, 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. The net fair value gain or loss recognised in the statement of profit or loss 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 bank 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 when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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

Derecognition of financial liabilities

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



Notes to the Consolidated Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities (continued)

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.

Treasury shares

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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



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.

Income tax

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

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

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

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

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



Notes to the Consolidated Financial Statements

31 December 2024

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, 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 the reporting period.

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



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.

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

Revenue recognition

Revenue from contracts with customers

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

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

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.



Notes to the Consolidated Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

The Group recognises revenue from the following major sources:

(a) Molecule licence fee

The Group provides licences of its developed molecules for further development and commercialisation in identified fields to customers and revenue is recognised when the customers obtain rights to use the underlying molecules.

(b) Technology licence fee

The Group provides licences of its patented technology (the “Harbour Technology”) to customers so that customers can use the Group’s transgenic mouse platforms (the “Harbour Mice”) for the purpose of generating antibodies and commercialisation of antibodies and antibody products in identified fields. The consideration for the licence comprises upfront fees, annual fees, and variable elements (including but not limited to per-mouse fees, development milestone payments and sales-based royalties). The upfront fees and annual fees are recognised as revenue throughout the licence period when customers obtain rights to access the Harbour Technology. Per-mouse fees and development milestone payments are included in the transaction price and recognised as revenue throughout the licence period when it is highly probable that there will not be a subsequent reversal of a significant amount of revenue. Sales-based royalties are not included in the transaction price until customers make the sales. Upfront fees received by the Group are initially recognised as a contract liability.

(c) Research service fee

The Group earns revenues by providing research services to a customer. Upfront payments received by the Group are initially recognised as a contract liability. Service revenue is recognised at a point in time when the agreed research results are delivered to and accepted by the customer. For certain type of contracts, services are delivered to the customers based on the process towards completion of the performance obligation as the Group’s performance does not create an asset with an alternative future use and the contract terms specify that the Group has an enforceable right to payment for the performance completed to date. Therefore, revenue generated from such contracts is recognised over time based on the stage of completion of the contracts.



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.

Contract liabilities

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

Contract costs

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

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

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

Share-based payments

The Group operates a share award plan. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees for share grants 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, further details of which are given in note 30 to the financial statements.



Notes to the Consolidated Financial Statements

31 December 2024

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments (continued)

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

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

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

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

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

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



2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Other employee benefits

Pension scheme

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

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Borrowing costs

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

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.



Notes to the Consolidated Financial Statements

31 December 2024

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 the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

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

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 subsidiaries are currencies other than USD. As at the end of the reporting period, the assets and liabilities of these entities are translated into USD at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into USD at the exchange rates that approximate to those prevailing at the dates of the transactions.



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.

For the purpose of the consolidated statement of cash flows, the cash flows of these entities are translated into USD at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of these entities which arise throughout the year are translated into USD at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Revenue from contracts with customers

When determining whether a licence granted to a customer provides the customer with rights to use, or access, the Group's intellectual property, the following criteria are considered: (a) the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the intellectual property to which the customer has rights; (b) the rights granted by the licence directly expose the customer to any positive or negative effects of the Group's activities identified in (a); and (c) those activities do not result in the transfer of a good or a service to the customer as those activities occur. When all criteria are met, the licence granted provides the customer with rights to access the Group's intellectual property. Management judgements are required based on the terms of the contracts and the nature of the intellectual property to consider whether continuous activities, that do not transfer a good or service, will be undertaken by the Group to significantly affect the intellectual property.



Notes to the Consolidated Financial Statements

31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Revenue from contracts with customers (continued)

The Group also makes judgements to determine the method used in estimating the variable consideration and whether the amount of variable consideration is constrained. 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. The Group determined that the most likely amount method is the appropriate method to use in estimating the variable consideration, since reaching the requirements of a milestone or other variable consideration is an either-or situation. If a milestone or other variable consideration relates specifically to the Group's efforts to satisfy a single performance obligation or to a specific outcome from satisfying the performance obligation, the Group generally allocates that milestone amount entirely to that performance obligation once it is probable that a significant revenue reversal would not occur.

Deferred tax assets

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

The Group has tax losses of USD360,934,000 (2023: USD387,590,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have decreased by USD6,664,000 this year. Further details on deferred taxes are disclosed in note 27 to the financial statements.

Estimation uncertainty

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



3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of the reporting period. Indefinite life intangible asset is tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset or valuation techniques such as the relief from the royalty method. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit using key assumptions such as the growth rate, the gross margin and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of non-financial assets are set out in notes 15, 16 and 17 to the financial statements.

Cut-off of research and development costs

The Group relies on contract research organizations, clinical site management operators, and clinical trial centres (collectively referred as "Outsourced Service Providers") to conduct, supervise, and monitor the Group's ongoing clinical trials. Determining the amounts of research and development costs incurred up to the end of each reporting period requires the management of the Group to estimate and measure the progress of receiving research and development services under the contracts with Outsourced Service Providers using inputs such as number of patient enrolments, time elapsed and milestone achieved.

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 36 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments at 31 December 2024 was USD7,626,000 (2023: USD5,747,000). Further details are included in note 21 to the financial statements.

Share-based payments arrangements

The Group has granted share awards to its employees and other qualifying participants as mentioned in note 30. The directors have adopted the binomial option pricing model to determine the total fair value of the options granted, which is to be expensed over the respective vesting periods. Significant judgment on parameters, such as risk-free interest rate, dividend yield and expected volatility, is required to be made by the directors in applying the option pricing model.



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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Provision for expected credit losses on other receivables

Impairment loss on other receivables represent management's best estimate of losses incurred in other receivables at the reporting date under ECL models. Management assesses whether the credit risk of other receivables have increased significantly since their initial recognition and apply a three-stage impairment model to calculate their ECLs. The Group is required to exercise judgement in making assumptions and estimates when calculating impairment losses on other receivables, including any observable data indicating that there is a measurable decrease in the estimated future cash flows from other receivables and historical loss experience on the basis of the relevant observable data that reflects current economic conditions. The realisable values of collateral have been taken into account when individually and collectively assessing the ECL for other receivables.

The measurement of the ECLs involves significant management judgments and assumptions, primarily including the selection of appropriate models and determination of relevant key measurement parameters, criteria for determining whether there was a significant increase in credit risk or a default was incurred, economic indicators for forward-looking measurement, and the application of economic scenarios and weightings, management consideration due to significant uncertain factors not covered in the models and the estimated future cash flows in stage 3.

Allowance for inventories

Management reviews the net realisable values of inventories at the end of the reporting period based on the estimated selling prices in the ordinary course of business less the estimated selling expenses and related taxes to determine the allowance for inventories. Management may take reference to the available price in the open market or the most recent/subsequent selling price if the open market information is not available. These estimates could change significantly as a result of change in market demand of products or technical innovation and impact the expectation of net realisable value and allowance for inventories required.



4. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group has only one reportable operating segment, which is the development of innovative therapeutics in the fields of immuno-oncology and immunology diseases. 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 USD'000	2023 USD'000
Europe	19,546	278
United States	9,998	78,430
Mainland China	7,650	10,598
Others	906	196
Total revenue	38,100	89,502

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

(b) Non-current assets

	2024 USD'000	2023 USD'000
Europe	8,007	8,157
Mainland China	2,395	3,276
United States	891	1,124
Total non-current assets	11,293	12,557

Except for the intangible asset information which is based on the countries of the respective subsidiaries owning the assets, the non-current asset information above is based on the locations of the assets and excludes financial instruments.



Notes to the Consolidated Financial Statements

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4. OPERATING SEGMENT INFORMATION (continued)

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	2024 USD'000	2023 USD'000
Customer A	19,027	–
Customer B	2,413	51,332
Customer C	–	25,000

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 USD'000	2023 USD'000
<i>Types of goods or services</i>		
– Molecule licence fee		
Upfront payment	21,187	83,793
Millstone payment	8,572	1,779
Subtotal	29,759	85,572
– Platform-based research fee		
Research service fee	6,951	3,169
Technology licence fee	1,390	761
Subtotal	8,341	3,930
Total	38,100	89,502



5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

	2024 USD'000	2023 USD'000
Timing of revenue recognition		
<i>At a point in time</i>		
– Molecule licence fee	29,759	85,572
– Research service fee	814	860
<i>Over time</i>		
– Research service fee	6,137	2,309
– Technology licence fee	1,390	761
Total	38,100	89,502

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2024 USD'000	2023 USD'000
Technology licence fee	549	451
Total	549	451



Notes to the Consolidated Financial Statements

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5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(ii) Performance obligations

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

Molecule licence fee

The performance obligation is satisfied at a point in time as the customers obtain rights to use of the underlying licences and payment is generally due within 10 business days from the date of billing.

Technology licence fee

The performance obligation is satisfied over time throughout the licence period as the customers are granted rights to access the know-hows which the Group has exclusive rights to use. Upfront payment is generally due within 10 days after the effective date of contract, whereas other payment is generally due within 30 to 45 days from the date of billing.

Research service fee

The performance obligation is satisfied at a point in time when research results are delivered to and accepted by the customer. For certain type of the contracts, the performance obligation is satisfied over the service period based on the stage of completion of the contract. The payment is generally due within 30 days from the date of billing.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2024 USD'000	2023 USD'000
Amounts expected to be recognised as revenue:		
– Within one year	1,492	909
– After one year	155	40
Total	1,647	949

The above remaining performance obligations mainly relate to the contracts of licences and research service fee. The amounts expected to be recognised after one year relate to performance obligations that will be satisfied in the coming years. The amounts disclosed above do not include variable consideration which is constrained.



5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(ii) Performance obligations (continued)

Research service fee (continued)

An analysis of other income and gains is as follows:

	2024 USD'000	2023 USD'000
Other income and gains		
– Interest income	6,783	5,624
– Gains on fair value change of other financial assets	1,983	–
– Government grants recognised*	1,048	840
– Foreign exchange gain, net	1,035	–
– Others	318	125
Total other income and gains	11,167	6,589

* Government grants have been received from the PRC local government authorities to support the subsidiaries' research and development activities. There are no unfulfilled conditions relating to these government grants.

6. OTHER EXPENSES

An analysis of other expenses is as follows:

	2024 USD'000	2023 USD'000
Foreign exchange losses, net	–	850
Loss on fair value change of other financial assets	–	506
Loss on disposals of property, plant and equipment	–	3
Others	228	–
Total	228	1,359



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7. IMPAIRMENT LOSSES ON FINANCIAL ASSETS, NET

	2024 USD'000	2023 USD'000
Provided for		
Impairment of trade receivables	462	–
Impairment of other receivables	–	503
Total	462	503

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 USD'000	2023 USD'000
Interest on bank borrowings	2,944	3,017
Interest on contract liabilities	485	765
Interest on lease liabilities	76	90
Total	3,505	3,872

9. PROFIT BEFORE TAX

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

	Notes	2024 USD'000	2023 USD'000
Cost of sales (excluding employee benefit expense)		2,123	987
Depreciation of property, plant and equipment	15	1,618	2,799
Depreciation of right-of-use assets	16	1,166	1,281
Amortisation of intangible assets	17	101	551
Loss on disposals of property, plant and equipment		–	3
Gain on disposals of right-of-use assets	16	(13)	(20)
Employee benefit expense (including directors' remuneration):			
– Wages and salaries		21,406	21,292
– Pension scheme contributions*		1,084	1,116
– Share-based payment expenses		1,190	3,941
Auditors' remuneration		375	464
Lease expenses arising from short-term leases	16	50	41
Foreign exchange (gain)/losses, net	5/6	(1,035)	850

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.



10. 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 USD'000	2023 USD'000
Fees	227	221
Other emoluments:		
Salaries, allowances and benefits in kind	1,427	1,266
Share-based payment expenses	407	864
Pension scheme contributions	59	53
Subtotal	1,893	2,183
Total	2,120	2,404

During the year, certain directors were granted restricted shares, share award and options in respect of their services to the Group, under the share award plan of the Company, further details of which are included in note 30 to the financial statements. The fair values of such share-based payment, which have been recognised in the statement of profit or loss over the vesting period, were determined as at the grant date and the amounts included in the financial statements for the current year are included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

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

	2024 USD'000	2023 USD'000
Dr. Robert Irwin Kamen	50	50
Dr. Xiaoping Ye	50	50
Dr. Albert R. Collinson (appointed in July 2023)	50	21
Mr. Ka Chi Yau (resigned from June 2024)	27	50
Total	177	171



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10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(a) Independent non-executive directors (continued)

The share-based payment expense of Dr. Robert Irwin Kamen during the year was nil (2023: USD51,000).

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

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

	Other emoluments				Total USD'000
	Fees USD'000	Salaries, allowances and benefits in kind USD'000	Pension scheme contributions USD'000	Share-based payment expenses USD'000	
2024					
Executive directors:					
Dr. Jingsong Wang*	-	1,026	49	315	1,390
Dr. Yiping Rong	-	401	10	92	503
Non-executive director:					
Ms. Weiwei Chen	50	-	-	-	50
Total	50	1,427	59	407	1,943



10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

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

		Other emoluments			Total
		Salaries, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	
2023	Fees USD'000	USD'000	USD'000	USD'000	USD'000
Executive directors:					
Dr. Jingsong Wang*	–	885	43	657	1,585
Dr. Yiping Rong	–	381	10	156	547
Non-executive director:					
Ms. Weiwei Chen	50	–	–	–	50
Total	50	1,266	53	813	2,182

* Dr. Jingsong Wang is also the chief executive of the Company, and his remuneration disclosed above included the remuneration for the services rendered by him as the chief executive.



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11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2023: two directors), respectively, details of whose remuneration are set out in note 10 above. Details of the remaining three (2023: three) highest paid employees who are neither a director nor chief executive of the Group are as follows:

	2024 USD'000	2023 USD'000
Salaries, allowances and benefits in kind	1,806	1,245
Share-based payment expenses	(77)	674
Pension scheme contributions	8	65
Total	1,737	1,984

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

	Number of employees	
	2024	2023
HK\$3,000,001 to HK\$3,500,001	–	2
HK\$3,500,001 to HK\$4,000,000	1	–
HK\$4,000,001 to HK\$4,500,001	1	–
HK\$6,000,001 to HK\$6,500,000	1	–
HK\$8,500,001 to HK\$9,000,000	–	1
Total	3	3

During the year, no remuneration was paid by the Group to the directors or any of the five highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office (2023: Nil).



12. INCOME TAX

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

Cayman Islands

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

British Virgin Islands

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

Hong Kong

Hong Kong profits tax has been provided for at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, unless such profits are taxable at the half-rate of 8.25% (2023: 8.25%) that may apply for the first HK\$2,000,000 (2023: HK\$2,000,000) of the assessable profits.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in Mainland China are subject to corporate income tax ("CIT") at a rate of 25% (2023: 25%) on the taxable income, except the subsidiary, Harbour BioMed (Shanghai) Co., Ltd., which was certified as a High and New Technology Enterprise in 2020 and renewed the certificate in December 2023 and was entitled to a preferential CIT rate of 15% (2023: 15%), Nona Biosciences (Suzhou) Co., Ltd., which was certified as a High and New Technology Enterprise in 2021 and renewed the certificate in November 2024 and was entitled to a preferential CIT rate of 15% (2023: 15%).

Netherlands

The subsidiaries which operate in the Netherlands are subject to profits tax at a rate of 15% (2023: 15%) for the first EUR200,000 (2023: EUR200,000) of taxable income, and the excess amount is subject to corporate income tax at a rate of 25.8% (2023: 25.8%) during the year.



Notes to the Consolidated Financial Statements

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12. INCOME TAX (continued)

United States

The subsidiaries which operate in the United States are subject to federal income tax at a rate of 21% (2023: 21%) and the Massachusetts state income tax at a rate of 8% (2023: 8%) on the taxable income.

The major components of income tax debit/credit of the Group are as follows:

	2024 USD'000	2023 USD'000
Current income tax	509	50
Deferred income tax (note 27)	488	(131)
Total tax debit/(credit) for the year	997	(81)

A reconciliation of the tax expense applicable to profit before tax at the statutory rate applicable in Mainland China to the tax expense at the effective tax rate is as follows:

	2024 USD'000	2023 USD'000
Profit before tax	3,739	22,682
Tax at a tax rate of 25%	935	5,671
Effect of different tax rates enacted by local authorities	(486)	(3,270)
Tax losses not recognised	6,365	2,619
Expenses not deductible for tax purposes	253	2,622
Tax losses utilised from previous periods	(3,069)	(1,730)
Income not subject to tax	(427)	(808)
Additional deductible allowance for qualified research and development costs	(2,574)	(5,185)
Tax expense at the Group's effective tax rate	997	(81)



13. DIVIDENDS

No dividend has been paid or declared by the Company and its subsidiaries during the year (2023: Nil).

14. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the earnings attributable to the owners of the parent and the weighted average number of ordinary shares outstanding excluding the treasury shares during the year.

The calculation of the diluted earnings per share amount for the year ended 31 December 2024 is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares 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 exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

	2024	2023
Earnings		
Earnings attributable to owners of the parent (USD'000)	2,778	22,797
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	768,246,295*	733,944,377
Effect of dilution – weighted average number of ordinary shares:		
Restricted share units	4,210,407	8,585,633
Option/Share Award**	–	–
Total	772,456,702	742,530,010
Basic earnings per share (USD per share)	0.37 cents	3.11 cents
Diluted earnings per share (USD per share)	0.37 cents	3.07 cents

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

** The option/share award were not assumed to be exercised because they were antidilutive in the period.



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15. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery USD'000	Electronic equipment USD'000	Furniture and fixtures USD'000	Leasehold improvements USD'000	Total USD'000
31 December 2024					
Cost					
As at 1 January 2024	15,078	620	228	4,657	20,583
Additions	134	21	–	–	155
Disposals	(29)	(108)	(29)	–	(166)
Exchange differences	(230)	(9)	(3)	(68)	(310)
As at 31 December 2024	14,953	524	196	4,589	20,262
Accumulated depreciation					
As at 1 January 2024	(12,030)	(532)	(213)	(4,484)	(17,259)
Charge for the year	(1,410)	(77)	(13)	(118)	(1,618)
Disposals	22	108	29	–	159
Exchange differences	169	8	1	66	244
As at 31 December 2024	(13,249)	(493)	(196)	(4,536)	(18,474)
Net carrying amount					
As at 31 December 2024	1,704	31	–	53	1,788
As at 31 December 2023	3,048	88	15	173	3,324
31 December 2023					
Cost					
As at 1 January 2023	14,520	765	231	4,678	20,194
Additions	898	8	–	57	963
Disposals	(134)	(140)	–	–	(274)
Exchange differences	(206)	(13)	(3)	(78)	(300)
As at 31 December 2023	15,078	620	228	4,657	20,583
Accumulated depreciation					
As at 1 January 2023	(9,786)	(515)	(183)	(4,420)	(14,904)
Charge for the year	(2,507)	(122)	(33)	(137)	(2,799)
Disposals	131	97	–	–	228
Exchange differences	132	8	3	73	216
As at 31 December 2023	(12,030)	(532)	(213)	(4,484)	(17,259)
Net carrying amount					
As at 31 December 2023	3,048	88	15	173	3,324
As at 31 December 2022	4,734	250	48	258	5,290

As at 31 December 2024, there were no pledged property, plant and equipment (2023: Nil).



16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases certain buildings for its office and laboratory use. The movements in right-of-use assets and lease liabilities during the year are as follows:

	2024 USD'000	2023 USD'000
<u>Right-of-use assets</u>		
Carrying amount at 1 January	1,555	2,667
Additions	1,490	745
Depreciation charge	(1,166)	(1,281)
Exchange differences	(18)	(25)
Termination	(63)	(551)
Carrying amount at 31 December	1,798	1,555
<u>Lease liabilities</u>		
Carrying amount at 1 January	1,605	2,737
New leases	1,490	745
Interest during the year	66	90
Payments	(1,174)	(1,369)
Exchange differences	(18)	(27)
Termination	(76)	(571)
Carrying amount at 31 December	1,893	1,605
Analysed into:		
Current portion	1,026	874
Non-current portion	867	731



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16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The amounts recognised in profit or loss in relation to leases are as follows:

	2024 USD'000	2023 USD'000
Depreciation charge of right-of-use assets	1,166	1,281
Interest on lease liabilities	66	90
Expense relating to short-term leases	50	41
Total amount recognised in profit or loss	1,282	1,412

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2024 USD'000	2023 USD'000
Within operating activities	50	41
Within financing activities	1,174	1,369
Total	1,224	1,410



17. INTANGIBLE ASSETS

	Software USD'000	Backlog USD'000	Technology licencing agreement USD'000	Total USD'000
31 December 2024				
Cost				
As at 1 January 2024	1,614	1,728	7,600	10,942
Additions	108	–	–	108
Exchange differences	(25)	–	–	(25)
As at 31 December 2024	1,697	1,728	7,600	11,025
Amortisation				
As at 1 January 2024	(1,536)	(1,728)	–	(3,264)
Charge for the year	(101)	–	–	(101)
Exchange differences	24	–	–	24
As at 31 December 2024	(1,613)	(1,728)	–	(3,341)
Net carrying amount				
As at 31 December 2024	84	–	7,600	7,684
31 December 2023				
Cost				
As at 1 January 2023	1,572	1,728	7,600	10,900
Additions	69	–	–	69
Exchange differences	(27)	–	–	(27)
As at 31 December 2023	1,614	1,728	7,600	10,942
Amortisation				
As at 1 January 2023	(1,004)	(1,728)	–	(2,732)
Charge for the year	(551)	–	–	(551)
Exchange differences	19	–	–	19
As at 31 December 2023	(1,536)	(1,728)	–	(3,264)
Net carrying amount				
As at 31 December 2023	78	–	7,600	7,678



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17. INTANGIBLE ASSETS (continued)

Technology licencing agreement was recognised from the Group's acquisition of Harbour Antibodies BV and its subsidiaries ("HA Group") in 2016 (the "2016 Acquisition") for HA Group's licence agreement with the licensors, who exclusively licenced the Harbour Technology to HA Group to research, develop, manufacture, market, supply, keep or otherwise exploit antibodies in all fields of use and to sublicense the Harbour Technology, which the licensors will further develop together with the characteristic of the Harbour Mice through providing research consultancy services to Harbour Antibodies BV.

Impairment testing of technology licencing agreement

As the technology licencing agreement between HA Group and the licensors has no expiration date and HA Group had a long-term cooperation history with the licensors for further development of the Harbour Technology, the Group expects the technology licencing agreement with the licensors to have an indefinite useful life. Management tests the technology licencing agreement with indefinite useful life for impairment annually by comparing its carrying amount with its recoverable amount.

The recoverable amount of the technology licencing agreement is determined based on the fair value less costs of disposal, and the fair value of the technology licencing agreement is determined using the relief from royalty method taking into account the nature of the asset, using cash flow projections based on financial budgets covering a 14-year period, and the growth rate used to extrapolate the cash flows beyond the 14-year period is 2% (2023: 2%), which is close to the long-term inflation rate. Management believes that using a 14-year forecast period is appropriate because it generally takes longer for a biotechnology company to use the technologies to generate therapeutics and develop them into products to reach perpetual growth mode when the market of such products is developing with substantial growth potential. Hence, financial budget covering a 14-year period is more feasible and reflects a more accurate value. The fair value measurement hierarchy of the technology licencing agreement was Level 3. Other key assumptions to the valuation model used are as follows:

	2024	2023
Discount rate	16.0%	16.0%
Royalty rate	6.0%	6.0%

Discount rate – The discount rate used is before tax and reflect specific risks relating to the technology licencing agreement.

Royalty rate – The basis used to determine the value assigned to royalty rate is the market royalty rate where the technology licencing agreement located, taking into account the profitability of the Group and other qualitative factors.



18. INVENTORIES

	2024 USD'000	2023 USD'000
Raw materials	353	–
Work in progress	2,021	–
Total	2,374	–

There were no inventories pledged as at 31 December 2024.

19. TRADE RECEIVABLES

	2024 USD'000	2023 USD'000
Within 6 months	8,603	52,323
6 to 12 months	50	–
Above 12 months	787	–
	9,440	52,323
Less: Impairment allowance	461	–
Net carrying amount	8,979	52,323

The Group's trading terms with its customers are based on the payment schedule of the contracts with normal credit terms of 10 to 45 days from the day of billing.

The ageing of major trade receivables as at the end of the reporting period, based on the date of invoice or the date of the service rendered, is less than six months and the expected credit loss is minimal.

Trade receivables are non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values.



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19. TRADE RECEIVABLES (continued)

Movements in the provision for impairment of trade receivables are as follows:

	2024 USD'000	2023 USD'000
At beginning of year	–	–
Impairment losses, net (note 7)	462	–
Exchange differences	(1)	–
At end of year	461	–

The Group applies the simplified approach in calculating ECLs for trade receivables. Trade receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing of bills for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

	Expected credit loss rate	Gross carrying amount USD'000	Expected credit losses USD'000	Net carrying amount USD'000
Provision on collective basis				
Aged less than 6 months	–	8,603	–	8,603
Aged 6 to 12 months	50.00%	50	(25)	25
Aged above 12 months	55.40%	787	(436)	351
Total	4.88%	9,440	(461)	8,979



20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 USD'000	2023 USD'000
Other receivables	9,867	9,652
Prepayments (i)	2,972	2,947
Loans provided to an associate	2,782	2,824
Value-added tax recoverable	1,537	1,553
Deposits	399	401
	17,557	17,377
Less: Impairment allowance on Other receivables	494	501
Total	17,063	16,876
Less: Non-current portion Prepayments (i)	23	–
Current portion	17,040	16,876

(i) Prepayments primarily consist of prepayments made in connection with the purchase of reagents and research and development related devices and services, construction in process and other prepaid expenses.

The financial assets included in the above balances are non-interest-bearing, unsecured and repayable on demand.

Movements in the provision for impairment of other receivables are as follows:

	2024 USD'000	2023 USD'000
At beginning of year	501	–
Impairment losses, net (note 7)	–	503
Exchange differences	(7)	(2)
At end of year	494	501

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.



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21. OTHER FINANCIAL ASSETS

	2024		2023	
	Categories	Carrying amount USD'000	Categories	Carrying amount USD '000
Assets:				
Debt instruments (including hybrid contracts):				
Unlisted equity investments	FVPL	7,626	FVPL	5,747
Total		7,626		5,747

FVPL: Financial assets or financial liabilities at fair value through profit or loss

The unlisted equity investments represent the Group's equity interests in unlisted PRC companies.

On 10 June 2021, the Group subscribed 590,625 shares of Shanghai NK Cells Technology Limited ("NK") and held 15.7895% interests in NK. The consideration of the subscription was RMB32,660,000 (equivalent to USD5.1 million) in the form of cash and RMB3,400,000 (equivalent to USD0.5 million) in the form of technology sub-licencing agreements.

The investment in NK is redeemable ordinary shares with preferential rights. The Group has the right to require and demand to redeem from the investee all of the shares held by the Group at a guaranteed predetermined fixed amount upon redemption events. The investment is accounted for as a debt instrument and is measured as a financial asset at fair value through profit or loss.

As at 31 December 2024, the interests of the Group held in NK was diluted to 10.90% when NK issued certain series A++ shares to certain investors.



22. CASH AND CASH EQUIVALENTS

	2024 USD'000	2023 USD'000
Cash and cash balances	167,702	140,977
Time deposits with original maturity of more than three months but less than one year when acquired	–	–
Subtotal		
Less:	167,702	140,977
Restricted bank balances (a)	881	653
Cash and cash equivalents	166,821	140,324
Denominated in:		
USD	148,492	103,778
RMB	16,836	35,143
Others	1,493	1,403
Total	166,821	140,324

(a) As at 31 December 2024, cash in bank amounting to USD881,000 (31 December 2023: USD653,000) was restricted.

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. The remittance of funds out of Mainland China is subject to exchange restrictions imposed by the PRC government.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between seven days and twelve 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 time deposits are deposited with creditworthy banks with no recent history of default.



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23. TRADE PAYABLES

An analysis of the trade payables as at the end of each year, based on the invoice date, is as follows:

	2024 USD'000	2023 USD'000
Within 1 month	2,288	14,864
1 to 3 months	934	256
3 to 6 months	385	234
6 to 12 months	1,469	9
Above 12 months	178	–
Total	5,254	15,363

The trade payables are non-interest-bearing and are normally settled on terms of 1 to 3 months.

24. OTHER PAYABLES AND ACCRUALS

	2024 USD'000	2023 USD'000
Payroll and welfare	3,122	3,357
Other payables	1,740	2,371
Other accrued expenses	598	3,746
Other tax payables	557	613
Total	6,017	10,087

Other payables are non-interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in other payables and accruals approximate to their fair values.



25. CONTRACT LIABILITIES

	31 December 2024 USD'000	31 December 2023 USD'000	1 January 2023 USD'000
Amounts received in advance for molecule licence fee	14,202	14,209	13,723
Amounts received in advance for research service fee	1,306	506	817
Amounts received in advance for the technology licence fee	292	610	790
Total	15,800	15,325	15,330
Less: Non-current portion	14,250	14,079	13,860
Current portion	1,550	1,246	1,470



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26. INTEREST-BEARING BANK BORROWINGS

	2024 USD'000	2023 USD'000
Bank borrowings – unsecured	59,446	64,407
Analysed into:		
On demand or within one year	55,584	36,560
More than one year, but not exceeding five years	3,862	27,847
Total	59,446	64,407
Current	55,584	36,560
Non-current	3,862	27,847

As at 31 December 2024, the Group's banking facilities amounted to RMB1,145,000,000, (31 December 2023: RMB1,110,000,000), of which RMB427,323,000 (31 December 2023: RMB456,174,000) had been utilised.

The bank borrowings carry interest at rates ranging from 1.5% to 3.55% (2023: 3.45% to 4.65%) per annum.

The directors estimate that the carrying amounts of the Group's current and non-current borrowings approximate to their fair values.



27. DEFERRED TAX

The movements in deferred tax liabilities during the year are as follows:

	Fair value adjustments arising from acquisition of subsidiaries and investments USD'000
31 December 2024	
As at 1 January 2024	2,064
Deferred tax credited to the consolidated statement of profit or loss during the year (note 12)	488
As at 31 December 2024	2,552
31 December 2023	
As at 1 January 2023	2,195
Deferred tax credited to the consolidated statement of profit or loss during the year (note 12)	(131)
As at 31 December 2023	2,064

Deferred tax assets have not been recognised in respect of the following items:

	2024 USD'000	2023 USD'000
Tax losses	360,934	387,590
Deductible temporary differences	5,826	1,536
Total	366,760	389,126



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27. DEFERRED TAX (continued)

The following table shows the tax losses information based on the locations of subsidiaries:

	2024 USD'000	2023 USD'000
Mainland China (tax losses expire in one to ten years)	329,693	349,554
United States (tax losses with no expiration)	18,536	21,294
Netherlands (tax losses with no expiration)	12,705	16,742
Total	360,934	387,590

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

28. SHARE CAPITAL AND TREASURY SHARES

Issued and fully paid

	31 December 2024 Number of shares in issue	Share capital USD'000
Ordinary shares of USD0.000025 each*	764,766,410	19
Restricted shares of USD0.000025 each**	—	—
Total	764,766,410	19

	31 December 2023 Number of shares in issue	Share capital USD'000
Ordinary shares of USD0.000025 each*	768,428,910	19
Restricted shares of USD0.000025 each**	—	—
Total	768,428,910	19

* This includes treasury shares as set out in the table below.

** Amount less than USD1,000.



28. SHARE CAPITAL AND TREASURY SHARES (continued)

Issued and fully paid (continued)

Movements in the share capital and treasury shares were as follows:

	Number of shares in issue			Total	Share capital USD'000
	Ordinary shares	Treasury shares	Restricted shares		
At 1 January 2023	732,152,270	32,229,800	3,547,840	767,929,910	19
Ordinary share issued	499,000	–	–	499,000	–
Restricted shares vested	3,513,280	–	(3,513,280)	–	–
Forfeiture of restricted shares	–	34,560	(34,560)	–	–
Repurchase of ordinary shares	(1,750,000)	1,750,000	–	–	–
At 31 December 2023 and 1 January 2024	734,414,550	34,014,360	–	768,428,910	19
Ordinary share issued (a)	2,207,500	–	–	2,207,500	–
Repurchase of ordinary shares (b)	(4,120,000)	4,120,000	–	–	–
Cancellation of ordinary shares	–	(5,870,000)	–	(5,870,000)	–
At 31 December 2024	732,502,050	32,264,360	–	764,766,410	19

Notes:

- (a) The subscription rights attaching to 396,000 options were exercised at the subscription price of HK\$1.362 per share and 1,811,500 restricted share units, resulting in the total of issue of 2,207,500 shares for a total cash consideration, before expenses, of HK\$529,352.
- (b) The Company repurchased its own ordinary shares of 4,120,000 (2023: 1,750,000) on the Stock Exchange through the trusts at an aggregate consideration of HK\$4,995,780 (2023: HK\$2,744,000), approximately equivalent to USD644,000 (2023: USD354,300).



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29. 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.

Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received.

Capital reserve

The capital reserve represents the share-based payment granted to employees of the Group. The amount previously recognized in capital reserve will transfer to share premium when the equity-settled awards are exercised or expire. For the restricted shares units, the Group has elected to continue to present in capital reserve.

Exchange fluctuation reserve

The exchange fluctuation reserve is used to record the exchange differences arising from the translation of the financial statements of subsidiaries whose functional currency is not USD.

30. SHARE-BASED PAYMENTS

2016 Equity Incentive Plan

On 11 November 2016, the Company adopted the 2016 Equity Incentive Plan (the "2016 Plan") for the purpose of providing incentives and rewards to eligible participants who have contributed or will contribute to the Group. Under the 2016 Plan, the Company initially reserved an aggregate of 1,500,000 ordinary shares of par value of USD0.001 each for issuance.

On 11 November 2016, the Company issued and granted an aggregate of 1,263,200 restricted shares to its founders and certain employees.

The vesting schedule pursuant to the grant agreements is as follows:

- 1) On 7 December 2016 (the "Vesting Commencement Date 1"), 10% of the total number of restricted shares granted shall vest.
- 2) So long as a grantee's continuous status as a service provider has not yet terminated, 22.5% of the total number of restricted shares granted shall vest on the first anniversary of the Vesting Commencement Date 1.
- 3) So long as a grantee's continuous status as a service provider has not yet terminated, the remaining 67.5% of the total number of restricted shares granted hereunder shall vest monthly in equal instalments over the next three consecutive years from the first anniversary of the Vesting Commencement Date 1.



30. SHARE-BASED PAYMENTS (continued)

2016 Equity Incentive Plan (continued)

The Company was incorporated on 20 July 2016. On the grant date of the restricted shares, the Company had not started business operations and only had issued one ordinary share with par value of USD0.001. The fair value of the restricted shares at that date approximates to the par value, which is minimal.

For the year ended on 31 December 2019, one founder and two other employees resigned from the Group and the 44,625 unvested restricted shares granted to them were forfeited.

On 31 July 2020, the Company granted 1,742,862 restricted shares and 243,878 restricted share units to the Group's employees, directors and consultants under the 2016 Plan. The fair value of the restricted shares and restricted share units on the grant date was USD22.06 per share/per unit. Among the 1,742,862 restricted shares:

- (a) all the restrictions with respect to 425,734 shares are removed on the grant date;
- (b) 1,257,024 shares are subject to the vesting schedule as follows:
 - 1) restrictions with respect to 30% of the restricted shares shall be removed on the first anniversary of the grant date;
 - 2) restrictions with respect to 30% of the restricted shares shall be removed on the second anniversary of the grant date; and
 - 3) restrictions with respect to 40% of the restricted shares shall be removed on the third anniversary of the grant date;
- (c) 22,552 shares are subject to the vesting schedule as follows:
 - 1) restrictions with respect to 7,552 restricted shares shall be removed on the grant date;
 - 2) restrictions with respect to 4,500 restricted shares shall be removed on the first anniversary of the grant date;
 - 3) restrictions with respect to 4,500 restricted shares shall be removed on the second anniversary of the grant date; and
 - 4) restrictions with respect to 6,000 restricted shares shall be removed on the third anniversary of the grant date;

and



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30. SHARE-BASED PAYMENTS (continued)

2016 Equity Incentive Plan (continued)

(d) 37,552 shares are subject to the vesting schedule as follows:

- 1) restrictions with respect to 7,552 restricted shares shall be removed on the grant date;
- 2) restrictions with respect to 9,000 restricted shares shall be removed on the first anniversary of the grant date;
- 3) restrictions with respect to 9,000 restricted shares shall be removed on the second anniversary of the grant date; and
- 4) restrictions with respect to 12,000 restricted shares shall be removed on the third anniversary of the grant date.

The vesting schedule of the 243,878 restricted share units granted on 31 July 2020 is as follows:

- 1) 30% of shares subject to the restricted shares units shall vest on the first anniversary of the date on which the shares of the Company are first listed on any internationally recognised stock exchange (including but not limited to The Stock Exchange of Hong Kong Limited, The New York Stock Exchange, Shanghai Stock Exchange and Shenzhen Stock Exchange) (the “Vesting Commencement Date 2”);
- 2) 30% of shares subject to the restricted shares units shall vest on the second anniversary of the Vesting Commencement Date 2; and
- 3) 40% of shares subject to the restricted shares units shall vest on the third anniversary of the Vesting Commencement Date 2.

For the above restricted shares and restricted share units granted, the employees, directors and consultants shall remain as service providers during the vesting periods.

On 20 October 2020, the Company granted 25,585 restricted shares and 7,536 restricted share units to the Group’s ex-employees. On 25 December 2020, the Company granted 21,600 (after share subdivision) restricted share units to an ex-employee. On 15 June 2021, the Company granted 1,728,000 (after share subdivision) restricted shares to an ex-director. The fair values of the restricted shares and restricted share units granted on 20 October and 25 December 2020 and 15 June 2021 were USD60.23 (before share subdivision), USD1.29 and USD1.18 per share/per unit, respectively. The restricted shares and restricted share units granted to the ex-employees are compensations for their past services provided to the Group and were fully vested on the date of grant.



30. SHARE-BASED PAYMENTS (continued)

2016 Equity Incentive Plan (continued)

On 20 July 2021, the Company granted 7,600,000 (after share subdivision) restricted shares to a Group's employee under the 2016 Plan, the vesting schedule is as follows:

- 1) restrictions with respect to 30% of the restricted shares shall be removed on the first anniversary of the grant date;
- 2) restrictions with respect to 30% of the restricted shares shall be removed on the second anniversary of the grant date; and
- 3) restrictions with respect to 40% of the restricted shares shall be removed on the third anniversary of the grant date;

On 12 October 2021, the Company granted 3,800,000 (after share subdivision) restricted shares to a Group's employee under the 2016 Plan, the vesting schedule is as follows:

- 1) restrictions with respect to 30% of the restricted shares shall be removed on the first anniversary of the employees on board date;
- 2) restrictions with respect to 30% of the restricted shares shall be removed on the second anniversary of the employees on board date; and
- 3) restrictions with respect to 40% of the restricted shares shall be removed on the third anniversary of the employees on board date;

On 7 November 2022, the Company granted 7,600,000 (after share subdivision) restricted share units to a Group's employee under the 2016 Plan, the vesting schedule is as follows:

- 1) restrictions with respect to 30% of the restricted share units shall be removed on 1 December 2022;
- 2) restrictions with respect to 30% of the restricted share units shall be removed on 1 December 2023; and
- 3) restrictions with respect to 40% of the restricted share units shall be removed on 1 December 2024;



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30. SHARE-BASED PAYMENTS (continued)

2016 Equity Incentive Plan (continued)

On 10 December 2022, the Company granted a total of 1,510,400 (after share subdivision) restricted share units to two certain eligible persons under the 2016 Plan, of which 1,208,320 restricted shares will be vested in part in 2023, the remaining of 302,080 restricted shares will be vested is as follows:

- 1) restrictions with respect to 30% of the restricted share units shall be removed on 1 March 2023;
- 2) restrictions with respect to 30% of the restricted share units shall be removed on 1 March 2024; and
- 3) restrictions with respect to 40% of the restricted share units shall be removed on 1 March 2025;

The fair values of the restricted shares and restricted share units granted on 20 July 2021, 12 October 2021, 7 November 2022, and 10 December 2022 were determined by the stock price on the date of grant.

For the year ended on 31 December 2024, 1 employee resigned from the Group and 3,040,000 unvested restricted share units (after share subdivision) were forfeited (2023: 16 employees resigned from the Group and 34,560 unvested restricted shares (after share subdivision) and 308,160 unvested restricted share units (after share subdivision) granted to them were forfeited).

The following table illustrates the number of the outstanding restricted shares and restricted share units under the 2016 Plan during the year:

	2024	2023
Restricted shares:		
At the beginning of the year	–	3,547,840
Vested during the year	–	(3,513,280)
Forfeited during the year	–	(34,560)
At the end of the year	–	–



30. SHARE-BASED PAYMENTS (continued)

2016 Equity Incentive Plan (continued)

The following table illustrates the number of the outstanding restricted shares and restricted share units under the 2016 Plan during the year: (continued)

	2024	2023
Restricted share units:		
At the beginning of the year	3,251,456	8,726,560
Forfeited during the year	(3,040,000)	(308,160)
Vested during the year	(90,624)	(5,166,944)
At the end of the year	120,832	3,251,456

The Group reversed share-based payment expenses of USD356,000 in 2024 (2023: The Group recognised share-based payment expenses of USD1,180,000) in relation to the restricted shares and restricted share units under the 2016 Plan.

2020 Post-IPO Share Award Scheme

On 23 November 2020, the Company adopted a share award scheme by a resolution passed by its shareholders ("2020 Post-IPO Share Award Scheme") for the purpose of providing incentives and rewards ("Award Shares") to eligible participants within the Group who contribute to the success of the Group's operation. The 2020 Post-IPO Share Award Scheme became effective for the period of 10 years commencing on 10 December 2020. The maximum number of the Company's shares in respect of which options may be granted pursuant to the 2020 Post-IPO Share Award Scheme is 38,394,558 shares, representing approximately 5% of the total issued shares immediately after the Company's listing on the Stock Exchange.

Pursuant to the rules of the share award scheme, the Company has set up the trust for the purposes of administering the share award scheme and holding the Award Shares before vested and the expiry of the effective trust period. The Company can (i) remit payment to the trust from time to time for the purchase of the Award Shares under the trust deed agreement; (ii) instruct its broker to purchase existing shares in the Company from the market, settle payments and costs and deliver the same to the trustee to hold on trust for the eligible employees; and (iii) allot and issue new shares of the Company to the trustee to hold on trust for the eligible employees.



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30. SHARE-BASED PAYMENTS (continued)

2020 Post-IPO Share Award Scheme (continued)

On 31 December 2021, the Company granted 7,686,000 share awards to the Group's eligible person under the 2020 Post-IPO Share Award Scheme. The vesting schedule is as follows:

- 1) 50% of awards shall be vested on the first anniversary of the grant date;
- 2) The remaining 50% of awards shall be vested upon the occurrence of the following events (whichever is the earlier to occur):
 - (i) the second anniversary of the grant date, and
 - (ii) the first business day falling after the first anniversary of the grant date but before the second anniversary of the grant date on which the closing price of the share as quoted on the Stock Exchange is HK\$12.38 or more.

The fair values of equity-settled awards granted on 31 December 2021 were estimated as at the date of grant using a binomial model, taking into account of the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2020 Post-IPO Share Award Scheme
Expected dividend yield	0
Expected volatility	40%
Risk-free interest rate	1.13%
Expected life of options (year)	10
Weighted average exercise price	HK\$8.22

On 27 July 2022, the Company granted 3,381,000 restricted shares units to the Group's eligible person under the 2020 Post-IPO Share Award Scheme, of which 155,000 restricted shares units will be vested in four equal batches on each of the date of grant, 31 March 2023, 2024 and 2025, and 2,126,000 restricted shares units will be vested in four equal batches on each of 31 March 2023, 2024, 2025 and 2026, and the remaining 1,100,000 restricted shares units will be vested in four equal batches on each of 11 April 2023, 2024, 2025 and 2026.

On 18 April 2023, the Company granted 527,000 restricted shares units to the Group's eligible person under the 2020 Post-IPO Share Award Scheme, of which 527,000 restricted shares units will be vested in four equal batches on each of 18 April 2024, 2025, 2026 and 2027.

The fair values of the restricted share units granted on 27 July 2022 and 18 April 2023 were determined by the stock price on the date of grant.



30. SHARE-BASED PAYMENTS (continued)

2020 Post-IPO Share Award Scheme (continued)

On 12 January 2024, the Company granted 501,000 restricted shares units to the Group's eligible person under the 2020 Post-IPO Share Award Scheme, of which 501,000 restricted shares units will be vested in four equal batches on each of 31 March 2025, 2026, 2027 and 2028.

On 03 April 2024, the Company granted 4,154,000 restricted shares units to the Group's eligible person under the 2020 Post-IPO Share Award Scheme, of which 4,154,000 restricted shares units will be vested in two equal batches on each of 04 April 2024 and 2025.

The fair values of the restricted share units granted on 27 July 2022, 18 April 2023, 12 January 2024 and 03 April 2024 were determined by the stock price on the date of grant.

For the year ended on 31 December 2024, 4 employees (2023: 7) resigned from the Group and 842,500 unvested restricted share units (2023: 975,250 unvested restricted share units and 126,500 unvested share awards) granted to them under the 2020 Post-IPO Share Award Scheme were forfeited.

The following table illustrates the number of the share awards and restricted share units under the 2020 Post-IPO Share Award Scheme during the year:

	2024	2023
Share awards:		
At the beginning of the year	–	1,904,500
Forfeited during the year	–	(126,500)
Vested during the year	–	(1,778,000)
At the end of the year	–	–
	2024	2023
Restricted share units:		
At the beginning of the year	1,964,000	3,229,250
Granted during the year	4,655,000	527,000
Forfeited during the year	(842,500)	(975,250)
Vested during the year	(2,654,000)	(817,000)
At the end of the year	3,122,500	1,964,000

The Group recognised share-based payment expenses of USD426,000 in 2024 (2023: USD666,000) in relation to the share awards and restricted share units under the 2020 Post-IPO Share Award Scheme.



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30. SHARE-BASED PAYMENTS (continued)

2020 Post-IPO Share Option Scheme

On 23 November 2020, the Company adopted a Share Option Scheme by a resolution passed by its shareholders ("2020 Post-IPO Share Option Scheme") for the purpose of providing eligible participants with the opportunity to acquire proprietary interests in the Company and to encourage eligible participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and Shareholders as a whole. The 2020 Post-IPO Share Option Scheme has become effective for the period of 10 years commencing on 10 December 2020. The maximum number of the Company's shares which may be issued upon exercise of all options to be granted under any other share option scheme of the Company is 76,789,116, representing approximately 10% of the total issued Shares immediately after the Company's listing on the Stock Exchange. The shares shall be allotted and issued pursuant to the exercise of options.

On 27 July 2022, the Company granted 9,318,000 options to the Group's eligible person under the 2020 Post-IPO Share Option Scheme, of which 465,000 options units will be vested in four equal batches on each of the date of grant, 31 March 2023, 2024 and 2025, and 5,544,000 options will be vested in four equal batches on each of 31 March 2023, 2024, 2025 and 2026, and the remaining 3,309,000 options will be vested in four equal batches on each of 11 April 2023, 2024, 2025 and 2026.

The fair values of options granted on 27 July 2022 were estimated as at the date of grant using a binomial model, taking into account of the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used:

	2020 Post-IPO Share Option Scheme
Expected dividend yield	0
Expected volatility	41%
Risk-free interest rate	2.53%
Expected life of options (year)	10
Weighted average exercise price	HK\$5.65, HK\$6.2

On 18 April 2023, the Company granted 39,967,000 options to the Group's eligible person under the 2020 Post-IPO Share Option Scheme, of which 1,284,000 options units will be vested in four equal batches on each of 18 April 2024, 2025, 2026 and 2027, and 23,209,800 options will be vested in three equal batches on each of 18 April 2023, 2024 and 2025, and the remaining 15,473,200 options will be vested on 18 April 2026.



30. SHARE-BASED PAYMENTS (continued)

2020 Post-IPO Share Option Scheme (continued)

The fair values of options granted on 18 April 2023 were estimated as at the date of grant using a binomial model, taking into account of the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2020 Post-IPO Share Option Scheme
Expected dividend yield	0
Expected volatility	49%
Risk-free interest rate	3.80%
Expected life of options (year)	10
Weighted average exercise price	HK\$2.41, HK\$6.2

On 12 January 2024, the Company granted 1,297,000 options to the Group's eligible person under the 2020 Post-IPO Share option Scheme, of which 1,297,000 options units will be vested in four equal batches on each of 31 March 2025, 2026, 2027 and 2028.

The fair values of options granted on 12 January 2024 were estimated as at the date of grant using a binomial model, taking into account of the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2020 Post-IPO Share Option Scheme
Expected dividend yield	0
Expected volatility	42%
Risk-free interest rate	3.80%
Expected life of options (year)	10
Weighted average exercise price	HK\$1.73

On 03 April 2024, the Company granted 8,308,000 options to the Group's eligible person under the 2020 Post-IPO Share option Scheme, of which 8,308,000 options units will be vested in two equal batches on each of 03 April 2024 and 2025.



Notes to the Consolidated Financial Statements

31 December 2024

30. SHARE-BASED PAYMENTS (continued)

2020 Post-IPO Share Option Scheme (continued)

The fair values of options granted on 03 April 2024 were estimated as at the date of grant using a binomial model, taking into account of the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2020 Post-IPO Share Option Scheme
Expected dividend yield	0
Expected volatility	42%
Risk-free interest rate	3.80%
Expected life of options (year)	10
Weighted average exercise price	HK\$1.36

For the year ended on 31 December 2024, 16 employees (2023: 40) resigned from the Group and 4,390,700 unvested options (2023: 10,052,950 unvested options) granted to them under the 2020 Post-IPO Share Option Scheme were forfeited.

The following table illustrates the number of the options under the 2020 Post-IPO Share Option Scheme during the year:

	2024	2023
Options:		
At the beginning of the year	28,880,200	8,975,750
Granted during the year	9,605,000	39,967,000
Forfeited during the year	(4,390,700)	(10,052,950)
Vested during the year	(11,578,500)	(10,009,600)
At the end of the year	22,516,000	28,880,200

The Group recognised share-based payment expenses of USD1,122,000 in 2024 (2023: USD2,095,000) in relation to the options under the 2020 Post-IPO Share Option Scheme.



31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of USD1,490,000 (2023: USD745,000) and USD1,490,000 (2023: USD745,000), respectively, in respect of lease agreements for its office and laboratory use.

Except for the transaction above, there were no major non-cash transactions during the year.

(b) Changes in liabilities arising from financing activities

2024

	Interest-bearing bank borrowings USD'000	Lease liabilities USD'000
At 1 January 2024	64,407	1,605
Changes from financing cash flows	(4,961)	(1,174)
New leases	–	1,490
Interest during the year	–	66
Exchange differences	–	(18)
Termination	–	(76)
At 31 December 2024	59,446	1,893

2023

	Interest-bearing bank borrowings USD'000	Lease liabilities USD'000
At 1 January 2023	88,192	2,737
Changes from financing cash flows	(23,785)	(1,369)
New leases	–	745
Interest during the year	–	90
Exchange differences	–	(27)
Termination	–	(571)
At 31 December 2023	64,407	1,605



Notes to the Consolidated Financial Statements

31 December 2024

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 USD'000	2023 USD'000
Within operating activities	50	41
Within financing activities	1,174	1,369
Total	1,224	1,410

32. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as of 31 December 2024 and 31 December 2023.

33. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2024 USD'000	2023 USD'000
Contracted, but not provided for:		
Plant and machinery	601	419

34. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the year:

	2024 USD'000	2023 USD'000
Service provided to an associate	61	580
Key management personnel service fees paid by the Company		
Dr. Robert Irwin Kamen*	50	30

* The fee was paid for the services in relation to the scientific advisory board of the Group provided by Dr. Robert Irwin Kamen.

**34. RELATED PARTY TRANSACTIONS** (continued)**(b) Outstanding balances with related parties**

The Group had the following balances with related parties:

	2024	2023
	USD'000	USD'000
Amount due from an associate	3,198	3,180
Amount due to a director Dr. Robert Irwin Kamen	–	6

(c) Compensation of key management personnel of the Group

	2024	2023
	USD'000	USD'000
Short term employee benefits	3,234	2,558
Contributions to the pension scheme	67	83
Share-based payment expenses	226	1,629
Total	3,527	4,270

Further details of directors' and the chief executive's remuneration are included in note 10 to the financial statements.



Notes to the Consolidated Financial Statements

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35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the reporting periods are as follows:

2024

Financial assets

	Financial assets at fair value through profit or loss USD'000	Financial assets at amortised cost USD'000	Total USD'000
Other financial assets	7,626	–	7,626
Trade receivables	–	8,979	8,979
Financial assets included in prepayments, other receivables and other assets	–	12,649	12,649
Restricted bank balances	–	881	881
Cash and cash equivalents	–	166,821	166,821
Total	7,626	189,330	196,956

Financial liabilities

	Financial liabilities at amortised cost USD'000	Total USD'000
Trade payables	5,254	5,254
Financial liabilities included in other payables and accruals	1,865	1,865
Interest-bearing bank borrowings	59,446	59,446
Lease liabilities	1,893	1,893
Total	68,458	68,458

**35. FINANCIAL INSTRUMENTS BY CATEGORY** (continued)**2023***Financial assets*

	Financial assets at fair value through profit or loss USD'000	Financial assets at amortised cost USD'000	Total USD'000
Other financial assets	5,747	–	5,747
Trade receivables	–	52,323	52,323
Financial assets included in prepayments, other receivables and other assets	–	12,476	12,476
Restricted bank balances	–	653	653
Cash and cash equivalents	–	140,324	140,324
Total	5,747	205,776	211,523

Financial liabilities

	Financial liabilities at amortised cost USD'000	Total USD'000
Trade payables	15,363	15,363
Financial liabilities included in other payables and accruals	5,468	5,468
Interest-bearing bank borrowings	64,407	64,407
Lease liabilities	1,605	1,605
Total	86,843	86,843



Notes to the Consolidated Financial Statements

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35. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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:

	2024		2023	
	Carrying amount USD'000	Fair value USD'000	Carrying amount USD'000	Fair value USD'000
Financial assets:				
Other financial assets	7,626	7,626	5,747	5,747

Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals, and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each year, 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 fair values of investments in financial products have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

The fair values of unlisted equity investments have been estimated by the back-solve method taking into consideration from the most recent transaction price of series A++ redeemable shares. Management believes that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statements of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values as at 31 December 2024.

The fair values of lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximated as their carrying amounts.



36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 31 December 2024

	Fair value measurement using			Total USD'000
	Quoted prices in active markets (Level 1) USD'000	Significant observable inputs (Level 2) USD'000	Significant unobservable inputs (Level 3) USD'000	
Financial assets:				
Other financial assets				
– Unlisted equity investments	–	–	7,626	7,626

As at 31 December 2023

	Fair value measurement using			Total USD'000
	Quoted prices in active markets (Level 1) USD'000	Significant observable inputs (Level 2) USD'000	Significant unobservable inputs (Level 3) USD'000	
Financial assets:				
Other financial assets				
– Unlisted equity investments	–	–	5,747	5,747

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36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Financial instruments in Level 3

The movements in fair value measurements within Level 3 during the year are as follows:

	2024 USD'000	2023 USD'000
At 1 January	5,747	6,357
Total gain/(losses) recognised in the statement of profit or loss	1,879	(610)
At year end	7,626	5,747

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 both financial assets and financial liabilities (2023: Nil).

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2024:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Investment in equity investment of NK	back-solve method	Risk-free interest rate	1.21%	1% increase/(decrease) in risk-free interest rate would result in increase/(decrease) in fair value by USD15,000/(USD15,000)
		Volatility	71%	1% increase/(decrease) in volatility would result in (decrease)/increase in fair value by (USD2,000)/USD3,000
		Discount of lack of marketability	25%	1% increase/(decrease) in discount of lack of marketability would result in (decrease)/increase in fair value by (USD103,000)/USD103,000



37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, restricted bank balances, other financial assets, lease liabilities and interest-bearing bank borrowings. 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 trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables and financial liabilities included in other payables and accruals which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The directors of the Company review and agree the policies for managing each of these risks which are summarised below.

Interest rate risk

The Group's exposure to interest rate risk for changes in interest rates relates primarily to the Group's bank balances and bank borrowings with floating interest rates. The Group does not use derivative financial instruments to hedge its interest rate risk.

The Group's bank balances have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. Management considers the Group's exposure of the short-term bank deposits to interest rate risk is not significant as interest-bearing bank balances are within a short maturity period.

The sensitivity analysis below has been determined based on the exposure to interest rates for floating interest-bearing bank borrowings at the end of the reporting period assuming the stipulated changes had taken place at the beginning of the reporting period and were held constant throughout the reporting period.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).



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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

2024

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax USD'000	Increase/ (decrease) in equity* USD'000
If interest rates increase	100	(241)	(241)
If interest rates decrease	(100)	241	241

2023

If interest rates increase	100	(258)	(258)
If interest rates decrease	(100)	258	258

* Excluding retained profits

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates.

The Group's financial assets and liabilities are subject to foreign currency risk as a result of certain bank deposits, trade and other receivables and trade and other payables denominated in non-functional currency. Therefore, the fluctuations in the exchange rate of functional currency against non-functional currency could affect the Group's results of operations. The Group does not enter into any hedging transactions to manage the potential fluctuations in foreign currencies.

The following table demonstrates the sensitivity at the end of each year to a reasonably possible change in the USD exchange rates, with all other variables held constant, of the Group's profit before tax (arising from EUR and RMB denominated financial instruments) and equity (due to changes in foreign currency exchange reserve).



37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

2024

	Increase/ (decrease) in EUR/RMB rate %	Increase/ (decrease) in profit before tax USD'000	Increase/ (decrease) in equity* USD'000
If USD weakens against EUR	5	(64)	(64)
If USD strengthens against EUR	(5)	64	64
If USD weakens against RMB	5	(3,171)	(687)
If USD strengthens against RMB	(5)	3,171	687

2023

If USD weakens against EUR	5	(165)	(165)
If USD strengthens against EUR	(5)	165	165
If USD weakens against RMB	5	(2,752)	(5,548)
If USD strengthens against RMB	(5)	2,752	5,548

* Excluding retained profits



Notes to the Consolidated Financial Statements

31 December 2024

37. 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, restricted bank balances, financial assets included in prepayments, other receivables and other assets and trade receivables arises from default of the counterparty, with a maximum exposure equal to the carrying amounts 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. As at 31 December 2024 the Group had certain concentrations of credit risk as 73% (2023: 98%) of the Group's trade receivables were due from the customers with five largest balances.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			Total USD'000
	Stage 1 USD'000	Stage 2 USD'000	Stage 3 USD'000	Simplified approach USD'000	
Trade receivables	-	-	-	8,979	8,979
Financial assets included in prepayments, other receivables and other assets – Normal*	12,649	-	-	-	12,649
Restricted bank balances Not yet past due	881	-	-	-	881
Cash and cash equivalents – Not yet past due	166,821	-	-	-	166,821
Total	180,351	-	-	8,979	189,330



37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 USD'000	Stage 2 USD'000	Stage 3 USD'000	Simplified approach USD'000	Total USD'000
Trade receivables	–	–	–	52,323	52,323
Financial assets included in prepayments, other receivables and other assets – Normal*	12,476	–	–	–	12,476
Restricted bank balances Not yet past due	653	–	–	–	653
Cash and cash equivalents – Not yet past due	140,324	–	–	–	140,324
Total	153,453	–	–	52,323	205,776

* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is "doubtful".

Notes to the Consolidated Financial Statements

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group monitors its risk to a shortage of funds by considering the maturities of both its financial liabilities and financial assets.

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group aims to maintain sufficient cash and cash equivalents to meet its liquidity requirements.

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:

	31 December 2024			
	On demand or less than 12 months USD'000	1 to 5 years USD'000	More than 5 years USD'000	Total USD'000
Lease liabilities	1,026	867	–	1,893
Interest-bearing bank borrowings	56,470	3,947	–	60,417
Trade payables	5,254	–	–	5,254
Financial liabilities in other payables and accruals	1,865	–	–	1,865
Total	64,615	4,814	–	69,429

	31 December 2023			
	On demand or less than 12 months USD'000	1 to 5 years USD'000	More than 5 years USD'000	Total USD'000
Lease liabilities	874	731	–	1,605
Interest-bearing bank borrowings	39,103	28,993	–	68,096
Trade payables	15,363	–	–	15,363
Financial liabilities in other payables and accruals	5,468	–	–	5,468
Total	60,808	29,724	–	90,532



37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. 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 during the years ended 31 December 2024 and 31 December 2023.

The Group monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes interest-bearing bank borrowings, lease liabilities, trade payables and financial liabilities included in other payables and accruals, less cash and cash equivalents and restricted bank balances. The gearing ratios as at the end of the reporting periods were as follows:

	2024 USD'000	2023 USD'000
Interest-bearing bank borrowings	59,446	64,407
Lease liabilities	1,893	1,605
Trade payables	5,254	15,363
Financial liabilities included in other payables and accruals	1,865	5,468
Less: Cash and cash equivalents	(166,821)	(140,324)
Restricted bank balances	(881)	(653)
Net debt	(99,244)	(54,134)
Equity attributable to owners of the parent	124,447	119,988
Adjusted capital and net debt	25,203	65,854
Gearing ratio*	N/A	N/A

* As at 31 December 2024 and 2023, the Group's cash and cash balances exceeded the financial liabilities. As such, no gearing ratio as at 31 December 2024 and 2023 was presented.



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31 December 2024

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 USD'000	2023 USD'000
NON-CURRENT ASSETS		
Investments in subsidiaries	23,110	13,110
Total non-current assets	23,110	13,110
CURRENT ASSETS		
Prepayments, other receivables and other assets	994	1,382
Amounts due from subsidiaries	441,414	449,063
Cash and cash equivalents	17,802	21,207
Total current assets	460,210	471,652
CURRENT LIABILITIES		
Other payables and accruals	62	190
Amount due to subsidiaries	436	524
Total current liabilities	498	714
NET CURRENT ASSETS	459,712	470,938
TOTAL ASSETS LESS CURRENT LIABILITIES	482,822	484,048
Net assets	482,822	484,048
EQUITY		
Share capital	19	19
Treasury shares	(8,869)	(9,223)
Reserves	491,672	493,252
Total equity	482,822	484,048



38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

A summary of the Company's reserves is as follows:

	Share premium USD'000	Capital reserve USD'000	Accumulated losses USD'000	Total USD'000
At 1 January 2023	826,960	7,823	(342,031)	492,752
Loss for the year	–	–	(3,441)	(3,441)
Share-based payments	–	3,941	–	3,941
At 31 December 2023 and 1 January 2024	826,960	11,764	(345,472)	493,252
Loss for the year	–	–	(2,581)	(2,581)
Share-based payments	–	1,999	–	1,999
Cancellation of shares	–	(998)	–	(998)
At 31 December 2024	826,960	12,765	(348,053)	491,672

39. EVENTS AFTER THE REPORTING PERIOD

On 21 March 2025, the Group entered into a share subscription agreement with AstraZeneca Holdings B.V. to conditionally allot and issue shares which represent 9.15% of the issued share capital (excluding treasury shares) at the subscription price of US\$1.38 per Share. On the same day, the Group entered into a global strategic collaboration with AstraZeneca Ireland Limited, pursuant to which AstraZeneca Ireland Limited will obtain two preclinical immunology programs and certain nomination for further targets.

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2025.



Definitions

“Articles” or “Articles of Association”	the seventh amended and restated articles of association of our Company adopted with effect from 8 June 2022
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors of the Company
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“Companies Act”	the Companies Act (Revised), Cap. 22 of the Cayman Islands and any amendments thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor
“China” or “the PRC”	the People’s Republic of China
“China/PRC NMPA” or “NMPA”	National Medical Products Administration of the People’s Republic of China
“BLA”	Biologics License Application
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, or “the Company”	HBM Holdings Limited (和铂醫藥控股有限公司), a company with limited liability incorporated in the Cayman Islands on 20 July 2016
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of our Company
“Dr. Wang”	Dr. Jingsong Wang, M.D., Ph.D. (王勁松), an executive Director, the chief executive officer and chairman of the Board
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Governmental Authority”	any governmental, regulatory, or administrative commission, board, body, authority, or agency, or any stock exchange, self-regulatory organisation, or other non-governmental regulatory authority, or any court, judicial body, tribunal, or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, or supranational



“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	the Company and its subsidiaries from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“Harbour Antibodies”	Harbour Antibodies B.V., a limited liability company incorporated in the Netherlands on 27 December 2006 and a direct wholly-owned subsidiary of the Company
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRS”	International Financial Reporting Standards, as issued and amended from time to time by the International Accounting Standards Board
“Latest Practicable Date”	April 16, 2025
“Laws”	all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, directives, requests, orders, judgments, decrees, or rulings of any Governmental Authority (including the Stock Exchange and the Securities and Futures Commission of Hong Kong) of all relevant jurisdictions
“Listing Date”	10 December 2020, the date on which the Shares were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Nona Biosciences”	Nona Biosciences (Suzhou) Co., Ltd, a subsidiary wholly-owned by the Company
“Nomination Committee”	the nomination committee of the Board



Definitions

“Post-IPO Share Award Scheme”	the post-IPO share award scheme adopted by the Company on 23 November 2020
“Post-IPO Share Option Scheme”	the post-IPO share option scheme adopted by the Company on 23 November 2020
“Pre-IPO Equity Plan”	the share incentive plan approved and adopted by our Company on 11 November 2016, as amended on 26 October 2017, 6 August 2018, 19 September 2019 and 24 June 2020
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	from 1 January 2024 to 31 December 2024
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.000025 each
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“U.S. FDA”	U.S. Food and Drug Administration
“United States”, “U.S.” or “US”	United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US dollars”, “U.S. dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the United States
“%”	per cent