3D Medicines Inc.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1244)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023 AND PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

The Board hereby announces the audited consolidated financial statements of the Group for the year ended December 31, 2023. This annual results announcement and consolidated financial statements have been reviewed by the Audit Committee.

In this annual results announcement, "we", "us" and "our" refer to the Company or where the context otherwise requires, the Group.

FINANCIAL HIGHLIGHTS

	2023	2022	**Changes**
	RMB'000	*RMB'000*	***%***
Revenue	**634,949**	567,392	11.9%
Cost of sales	**(49,091)**	(42,215)	16.3%
Gross profit	**585,858**	525,177	11.6%
Research and development expenses	**(425,497)**	(350,864)	21.3%
Selling and marketing expenses	**(378,806)**	(357,659)	5.9%
Total comprehensive loss for the year	**(562,521)**	(1,052,030)	(46.5%)
Adjusted total comprehensive loss for the year (as illustrated under "**Non-IFRSs Measures**")	**(263,558)**	(253,181)	4.1%

	December 31, 2023	December 31, 2022	**Changes**
	RMB'000	*RMB'000*	***%***
Cash and bank balances, financial assets at fair value through profit and loss and financial assets measured at amortized costs	**1,120,849**	942,028	19.0%

IFRSs MEASURES:

1. Revenue

– *During the Reporting Period, all of our revenue was generated from the sales of commercialized 恩維達® (Envafolimab, Subcutaneously-Injectable PD-L1) to pharmacy operating companies and to distributors cooperating with us directly. For the year ended December 31, 2023, our revenue increased by 11.9% to RMB634.9 million from RMB567.4 million for the same period in 2022, reflecting the rapid sales growth of 恩維達® since its launch in 2021. Benefiting from differentiating advantages of the product, strategic cooperation with mature sales platform ahead of the launch and highly productive sales force, our 恩維達® achieved strong sales results in the fierce market competition.*

2. Cost of Sales

– *During the Reporting Period, the cost of sales represented our purchases from our contract manufacturer for production of 恩維達®. Our cost of sales increased by 16.3% from RMB42.2 million for the year ended December 31, 2022 to RMB49.1 million for the year ended December 31, 2023, which was in line with the growth in sales volume of 恩維達®.*

3. Gross Profit and Gross Profit Margin

– *Our gross profit increased by 11.6% from RMB525.2 million for the year ended December 31, 2022 to RMB585.9 million for the year ended December 31, 2023. It was mainly attributable to the growth in product sales. Our gross profit margin reached 92.6% and 92.3% in the years ended December 31, 2022 and 2023, respectively, demonstrating an efficient and consistently stable business model.*

4. Research and Development Expenses

– *During the Reporting Period, our research and development expenses primarily consisted of (i) employee benefit expenses, including salaries, social insurance, pension, bonus and share-based expenses related to our research and development personnel; and (ii) third-party contracting expenses paid to service providers.*

– *For the year ended December 31, 2023, our research and development expenses increased by 21.3% to RMB425.5 million from RMB350.9 million for the same period in 2022. The increase was mainly due to (i) an increase of RMB52.1 million in third-party contracting expenses paid to service providers; (ii) an increase of RMB56.5 million in employee benefit expenses related to our research and development personnel, including salaries, social insurance, pension, bonus and share-based expenses; and (iii) a decrease of RMB34.6 million in the upfront and milestone costs associated with the exclusive development rights of our in-licensed drug candidates in designated regions.*

5. Selling and Marketing Expenses

– *During the Reporting Period, our selling and marketing expenses mainly represented expenses for promoting 恩維達® in China in accordance with industry standards to boost sales. Our selling and marketing expenses increased by 5.9% from RMB357.7 million for the year ended December 31, 2022 to RMB378.8 million for the year ended December 31, 2023. The increase was primarily attributable to the sales growth of 恩維達®, with its sales growth rate in 2023 (i.e. 11.9%) exceeding the sales growth rate in 2022 (i.e. 5.9%).*

Non-IFRSs Measures:

In order to supplement our consolidated statements of profit or loss and other comprehensive income which are presented in accordance with IFRSs, we use adjusted loss and total comprehensive loss as an additional financial measure, which is not required by, or presented in accordance with IFRSs. Our adjusted loss and total comprehensive loss represents our loss and total comprehensive loss for the year, adjusted to add back fair value losses on preferred shares and share-based payment expenses. We believe that such measure provides investors and other persons with useful information to understand and evaluate our consolidated results of operation in the same manner as it helps our management. However, adjusted net loss presented by us may not be comparable to the similar financial measure presented by other companies. There are limitations to the non-IFRSs measure used as an analytical tool, and you should not consider it in isolation or regard it as a substitute for our results of operation or financial position analysis that is presented in accordance with IFRSs.

The following table sets forth our loss and total comprehensive loss and adjusted loss and total comprehensive loss for the year, which is adjusted by adding back fair value losses on preferred shares and share-based payment expenses, for the years indicated:

	2023	2022	**Changes**
	RMB'000	*RMB'000*	***%***
Total comprehensive loss for the year	**(562,521)**	(1,052,030)	(46.5%)
Add:			
Fair value losses on preferred shares	**–**	657,155	–
Share-based payment expenses	**298,963**	141,694	111.0%
Adjusted total comprehensive loss for the year	**(263,558)**	(253,181)	4.1%

BUSINESS HIGHLIGHTS

For the year ended December 31, 2023, we have made significant progress in advancing our pipeline of investigational products, which consists of 12 drug candidates. Among which, 恩維達® (Envafolimab, Subcutaneously-Injectable PD-L1) has been successfully commercialized, of which pivotal phase III trial for lung cancer adjuvant/neoadjuvant has been initiated, and 7 others are in various stages of clinical development. We are accelerating the development of the next-generation tumor immune checkpoint inhibitor 3D057 and the next-generation cancer vaccines 3D124. Our strong execution capabilities in discovering values, developing products, managing business operations, commercializing products, and integrating resources have enabled us to achieve the following milestones and accomplishments:

- *In January 2024, the new drug application approval for 恩維達® was granted by the Pharmaceutical Administration Bureau of Macao, China.*

- *In January 2023, 3D185 was granted the orphan-drug designation by the FDA for the treatment of gastric cancer and gastro-esophageal junction cancer.*

- *On March 9, 2023, the phase II clinical study of 恩維達® in combination with BD0801 with or without chemotherapy in patients with advanced solid tumors has completed patient enrollment.*

- *On October 28, 2023, the FDA further approved the phase III Multinational, Multicenter, Randomized, Open label, Clinical Study Comparing Envafolimab plus Lenvatinib Versus Carboplatin paclitaxel as First Line Therapy in Subjects with Mismatch Repair Proficient (pMMR) Advanced or Recurrent Endometrial Cancer.*

- *On November 24, 2023, 恩維達® was granted Breakthrough Therapy Designation for the treatment of non-microsatellite instability-high (Non-MSI-H)/non-mismatch repair deficiency (Non-dMMR) advanced endometrial cancer in combination with Lenvatinib, a multi-target RTK inhibitor, in patients who has failed or are intolerant to at least first-line platinum-based chemotherapy.*

- *On December 14, 2023, the randomized, placebo-controlled, double-blind, multicenter phase III clinical trial of 恩維達® plus platinum-based doublet chemotherapy compared with placebo plus platinum-based doublet chemotherapy for neoadjuvant/adjuvant treatment of resectable stage III NSCLC patients has been approved for clinical trials by the National Medical Products Administration and accelerated patient enrollment has commenced.*

- *恩維達® achieved remarkable sales revenue of RMB634.9 million in China for the year ended December 31, 2023, representing a growth rate of 11.9% compared to the same period last year. 恩維達® has been included in the list of drugs covered by "Huimin Insurance" ("惠民保") in 36 cities in China with business network covering 30 provinces, 312 cities, 1,300 hospitals and 1,100 pharmacies.*

- *As a marketing authorization holder (MAH) of 恩維達®, the Company always insisted on the principle of quality first, established quality management system in accordance with relevant laws and regulations and secured its effective operation. In 2023, it passed all the quality supervision inspection by regulators.*

- *As of the date of this annual results announcement, 恩維達® was recommended for use in three National Comprehensive Cancer Network (NCCN) clinical practice guidelines in oncology, including cervical cancer, uterine neoplasms, ovarian cancer (including fallopian tube cancer) and primary peritoneal cancer. Meanwhile, 恩維達® was recommended for use in nine Chinese Clinical Treatment Guidelines, including gastric cancer, colorectal cancer, endometrial cancer, cervical cancer, ovarian cancer, esophageal cancer, esophageal squamous cell carcinoma and gynecological tumors.*

The Company has been selected and included as an eligible stock in the security list of Hong Kong Stock Connect, with effect from March 13, 2023. On February 23, 2023, the Company was also selected as a constituent stock of the Hang Seng Composite Index by the Hang Seng Indexes Company Limited, with effect from March 13, 2023.

In May 2023, the "B" marker was removed from the Company's stock name and stock short name following the dis-application of Rules 18A.09 to 18A.11 of the Listing Rules, as the Company has satisfied the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules.

In July 2023, the Company raised approximately HK$226.8 million through the placing of new Shares to further strengthen our financial position and expedite the development of corporate operation and various clinical programs.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

In January 2024, 3D Medicines Beijing, our wholly-owned subsidiary, and Jiangsu Alphamab entered into a license agreement with Glenmark, pursuant to which, the 3D Medicines Beijing and Jiangsu Alphamab agreed to grant Glenmark an exclusive license and the right to sublicence in respect of oncology indications of Envafolimab to, among other things (a) develop Envafolimab in the Territory for the purpose of commercialization in all field of use in oncology in the Territory; and (b) commercialize Envafolimab in all field of use in oncology in the Territory, subject to the terms and conditions of the license agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

Established in 2014, 3D Medicines Inc. is a commercial-stage bio-pharmaceutical enterprise dedicated to help people with cancer live longer and better. We develop and commercialise oncology drug candidates and products encompasses a blend of in-house discovery, in-licensing, and collaborative development initiatives with our partners. We are steadfast in augmenting our internal discovery prowess and conducting pivotal clinical trials to address the unmet medical needs of cancer patients, while simultaneously innovating to optimize more treatment options.

Advancing the Pipeline to Meet Future Unmet Medical Needs

As of December 31, 2023, we have established a diverse pipeline consisting of 12 drugs or drug candidates. Among which, 恩維達® (Envafolimab, Subcutaneously-Injectable PD-L1) was approved and commercialized in mainland China in November 2021, and in Macao in January 2024. During pre-clinical stage, we strengthen the development of the next-generation tumor immune checkpoint inhibitor with stronger targetability and conduct study on mRNA candidates in the CGT area based on our extensive clinical development experience.

恩維達® Achieving 11.9% Sales Growth with Stable Profit Margin

With excellent safety and efficacy profile, the well-established commercialization platform and the great efforts by the highly productive sales force, our revenue from the sales of 恩維達® reached RMB634.9 million for the year ended December 31, 2023, reflecting 11.9% year-on-year revenue growth while maintaining a stable profit margin. The principal driver of the Group's revenue and gross profit for the year ended December 31, 2023 is primarily attributable to the substantial sales growth and gross profit of 恩維達®. We obtained approval for launching in Macao and out-licensing in emerging markets is expected to obtain certain revenue growth from sales.

Developing Next-generation Cancer Immune Checkpoint Inhibitor

By leveraging the antibody-like cell linker platform (ALICE), we have been developing next-generation tumor immune checkpoint inhibitor. Among which, 3D057 has a unique design (anti-PD-L1 Fab × anti-CD3 Fv) that enhances the killing effect on cancer cells while reducing non-specific T cell toxicity, enhances precision killing effect, improves efficacy, reduces toxic side effects, further improving the patients' quality of life.

Developing Next-generation Cancer Vaccines

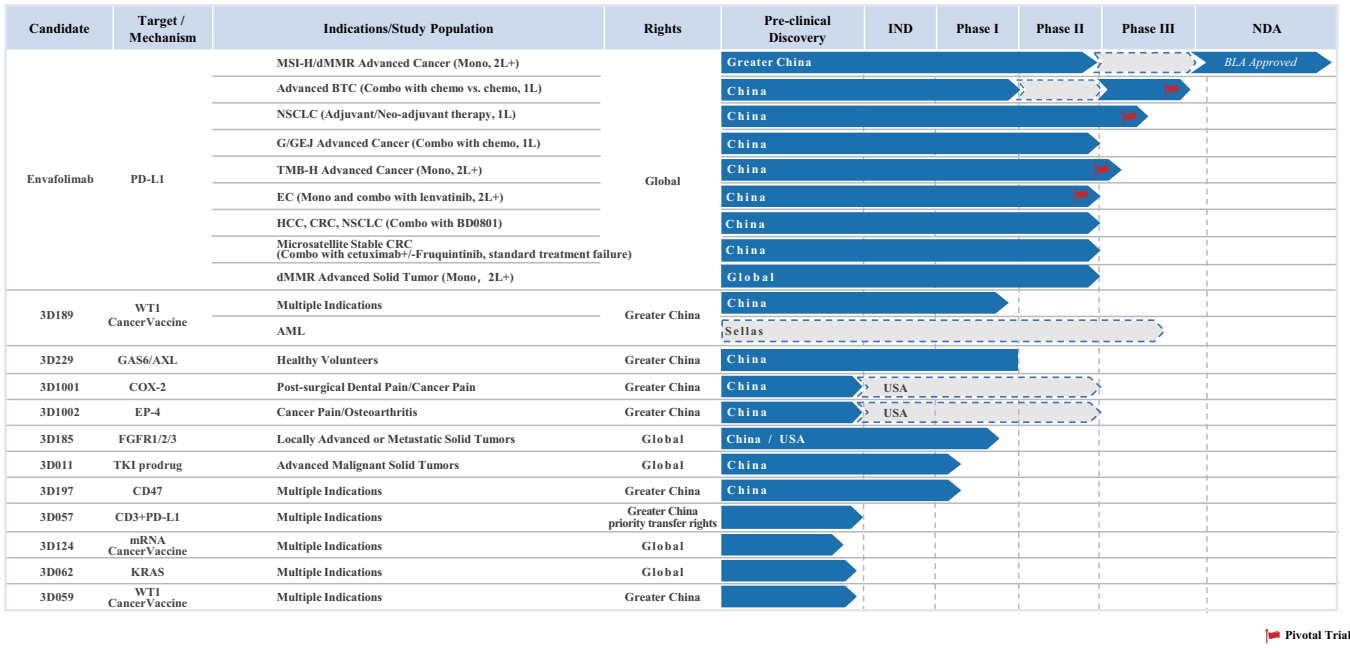
Cancer vaccines utilize cancer epitopes to activate CD8+T cells and initiate active immunity to eliminate cancer cells, leading to systemic cancer regression and prolonged patient survival. While existing immunotherapies have achieved remarkable results in oncology treatment, cancer vaccines have the unique advantage of targeting intracellular antigens, including cancer-specific surface antigens, and may even elicit novel cancer-specific T cell responses. Our Company's prospective layout includes peptide cancer vaccines and mRNA cancer vaccines.

- FIC cancer peptide vaccine targeting WT1: 3D189 has completed enrollment for the phase I clinical trial.

- The third-generation cancer vaccines: mRNA treated cancer vaccine 3D124 is screened by

a unique AI algorithm platform based on pan-cancer neoantigens, activating the patient's immune system to eliminate cancer cells, currently at pre-clinical development stage. mRNA vaccines induce the production of antibodies to defend against foreign pathogens and trigger a strong cytotoxic T cell response specifically targeting cancer cells. Compared to other technical approaches, neoantigen-based mRNA cancer vaccines have disruptive advantages such as specificity, safety, efficacy, durable immunity, short R&D period, and large-scale production. They can overcome limitations of other types of cancer vaccines and have greater potential for combination with PD1/PDL1 and other drugs.

The following chart highlights the clinical development status of our pipeline candidates as of the date of this annual results announcement:



Key Business Development

- *恩維達® envafolimab, a fusion protein of single domain PD-L1 antibody, which is a subcutaneously-injectable PD-L1 inhibitor for the treatment of tumor-agnostic indications has been approved in China for the treatment of previously treated MSI-H/dMMR advanced solid tumors November 2021.*

  1. *Achieving 11.9% Sales Growth with Stable Profit Margin*

     恩維達® achieved remarkable sales revenue of RMB634.9 million in China for the year ended December 31, 2023, representing a growth rate of 11.9% compared to the same period last year.

  - *Commercialization*

    – *Number of Cities with 恩維達®'s "Huimin Insurance" ("惠民保") Coverage: As of December 14, 2023, 36 cities have entered Huimin Insurance.*

- *Commercial Network Layout: 30 provinces, 312 cities, 1,300 hospitals, 1,100 pharmacies.*

- *The Patient Assistance Program, since December 2021 has provided assistance to tens of thousands of patients.*

- *恩維達® received approval for Phase III Study in Endometrial Cancer and Breakthrough Therapy Designation*

  - *On October 28, 2023, 恩維達® received approval from the U.S. Food and Drug Administration (FDA) to proceed with a phase III multinational, multicenter, randomized, open-label clinical study comparing envafolimab plus lenvatinib versus carboplatin paclitaxel for first-line therapy in patients with mismatch repair proficient (pMMR) advanced or recurrent endometrial cancer.*

  - *Additionally, on November 24, 2023, 恩維達® (envofolimab injection) was granted breakthrough therapy designation (BTD) by the NMPA Center for Drug Evaluation (CDE). The potential indication is 恩維達® in combination with the multi-target RTK inhibitor lenvatinib in patients with advanced endometrial cancer characterized by non-microsatellite instability-high (Non-MSI-H)/non-mismatch repair deficient (Non-dMMR), who have failed at least one line of platinum-based chemotherapy or are intolerant to platinum-based chemotherapy. The breakthrough therapy designation is intended to expedite the development and review process of 恩維達® for this indication, highlighting its potential as a significant advancement in the treatment of advanced endometrial cancer.*

- *Enrollment of First Patient in Phase III Clinical Study of 恩維達® in Combination with Platinum-Based Doublet Chemotherapy for Stage III Non-Small Cell Lung Cancer*

  - *On December 14, 2023, the randomized, controlled, double-blind, multicenter Phase III clinical study (KN035-CN-017) achieved the enrollment of the first patient (FPI) at Tianjin Medical University Cancer Institute and Hospital. Led by Professor Changli Wang, the study aims to compare the efficacy of 恩維達® in combination with platinum-based doublet chemotherapy versus placebo in combination with platinum-based doublet chemotherapy for neoadjuvant/adjuvant treatment of resectable stage III non-small cell lung cancer patients. The study plans to enroll a total of 390 patients from approximately 60 study institutions nationwide. The introduction of 恩維達® into the field of early-stage lung cancer holds promise in meeting the urgent needs of intravenously intolerant cancer patients and significantly improving their quality of life.*

- *Patient Enrollment Completed for Phase II Clinical Study of Envofolimab in Combination with BD0801 for Advanced Solid Tumors*

  - *On March 9, 2023, patient enrollment was completed for the Phase II clinical study of envofolimab in combination with BD0801, with or without chemotherapy, for the treatment of advanced solid tumors.*

- *Approval of Investigational New Drug Application for Phase III Clinical Trial of 恩維達® in Combination with Platinum-Based Doublet Chemotherapy for Stage III Non-Small Cell Lung Cancer*

  – *On August 23, 2023, we obtained Investigational New Drug (IND) application approval from the National Medical Products Administration (NMPA) for the randomized, placebo-controlled, double-blind, multi-center Phase III clinical trial of 恩維達® in combination with platinum-based doublet chemotherapy versus placebo in combination with platinum-based doublet chemotherapy as neoadjuvant/adjuvant treatment for resectable stage III non-small cell lung cancer patients (Trial ID: KN035-CN-017). This IND was submitted in June of the same year. This study aims to compare the efficacy and safety of 恩維達® in combination with platinum-based doublet chemotherapy versus placebo in combination with platinum-based doublet chemotherapy as neoadjuvant followed by adjuvant monotherapy (恩維達® or placebo) for patients with operable stage IIIA, IIIB (N2) non-small cell lung cancer (NSCLC). The study is a registration Phase III trial, with a planned enrollment of approximately 390 subjects. Patients will be randomized 1:1 to receive either 恩維達® in combination with platinum-based doublet chemotherapy (experimental group) or placebo in combination with platinum-based doublet chemotherapy (control group) as neoadjuvant treatment. Neoadjuvant treatment will involve 3-4 cycles (as determined by the investigator), followed by an assessment of operability by the investigator 4-6 weeks after completing the neoadjuvant treatment. Surgery will be performed if the patient is deemed eligible. Adjuvant treatment with 恩維達® monotherapy (experimental group) or placebo (control group) will be administered postoperatively.*

- *Promising Results of 恩維達® in Combination with SOX Chemotherapy for PD-L1 Positive Advanced Gastric Cancer*

  – *In September 2023, progress was made in the first-line treatment of PD-L1 positive advanced gastric cancer with 恩維達® in combination with SOX chemotherapy. A total of 13 patients with PD-L1 positive metastatic or recurrent gastric adenocarcinoma received subcutaneous 恩維達® in combination with SOX therapy. Among which, 8 patients were included in the efficacy analysis, and 9 in the safety analysis. The objective response rate (ORR) was 50%, and the disease control rate (DCR) was 87.5%. The most common treatment-related adverse events were elevated AST, elevated ALT, and leukocyte reduction. Preliminary results suggest that 恩維達® in combination with SOX chemotherapy is a promising and well-tolerated treatment option for patients with advanced gastric adenocarcinoma.*

- *Progress in Key Clinical Study of ENVASARC for Advanced Soft-tissue Sarcoma*

  – *The Key Clinical Study of ENVASARC, evaluating the treatment of advanced soft-tissue sarcoma with envafolimab and envafolimab in combination with ipilimumab, is currently underway. This pivotal trial focuses on patients with advanced or metastatic undifferentiated pleomorphic sarcoma or myxofibrosarcoma who have experienced progression after prior chemotherapy. The study aims to assess the efficacy and safety of envafolimab as a monotherapy or in combination with ipilimumab.*

- *Recommendation of 恩維達® in 3 NCCN Guidelines*

  - *On October 11, 2023, the National Comprehensive Cancer Network (NCCN) released the Chinese version of the "2023 NCCN Cervical Cancer Clinical Practice Guidelines (1st Edition)" and the "2023 NCCN Uterine Tumor Clinical Practice Guidelines (2nd Edition)". 恩維達® was included in both NCCN guidelines due to its excellent efficacy and safety, recommended as a second-line treatment for microsatellite instability-high (MSI-H)/mismatch repair gene-deficient (dMMR) advanced cervical cancer or endometrial cancer.*

  - *On November 7, 2023, the NCCN released the Chinese version of the "2023 NCCN Ovarian Cancer including Fallopian Tube Cancer and Primary Peritoneal Cancer Clinical Practice Guidelines (2nd Edition)". 恩維達® was included in this NCCN guideline, recommended as a treatment for MSI-H/dMMR ovarian cancer/ fallopian tube cancer/primary peritoneal cancer.*

  - *As of now, 恩維達® has been recommended in three NCCN clinical practice guidelines, including:*

    - *NCCN Clinical Practice Guidelines in Oncology (NCCN Guidelines®). China Edition. Cervical Cancer. Version 1.2023.*

    - *NCCN Clinical Practice Guidelines in Oncology (NCCN Guidelines®). China Edition. Uterine Neoplasms. Version 2.2023.*

    - *NCCN Clinical Practice Guidelines in Oncology (NCCN Guidelines®). China Edition. Ovarian Cancer including Fallopian Tube Cancer and Primary Peritoneal Cancer. Version 2.2023.*

- *Recommendation of 恩維達® in Chinese Clinical Authoritative Guidelines*

  - *CSCO Guidelines for Gastric Cancer 2022 Version (Class I recommendation for dMMR/MSI-H population (regardless of HER2 status) who have not previously used PD-1/PD-L1 monoclonal antibody, Level 2A evidence).*

  - *CSCO Guidelines for Colorectal Cancer 2022 Version (Class II recommendation for MSI-H/dMMR patients with advanced second and third-line colorectal cancer who have not previously used immune checkpoint inhibitors, Level 2A evidence).*

  - *CSCO Guidelines for Clinical Application of Immune Checkpoint Inhibitors 2022 Version (Class I recommendation for patients with MSI-H/dMMR advanced solid tumors in the second-line or later, Level 2A evidence).*

  - *CSCO Guidelines for Endometrial Cancer 2022 Version (Class II recommendation for second-line biomarker-directed systemic therapy for recurrent and metastatic endometrial cancer).*

  - *CSCO Guidelines for Cervical Cancer 2022 Version (Class II recommendation for second-line treatment of recurrent and metastatic cervical cancer).*

- *CSCO Guidelines for Ovarian Cancer 2022 Version (Class III recommendation for (i) the evaluation of MSI-H/dMMR platinum-sensitive recurrent ovarian epithelial carcinoma that cannot be surgically resected to achieve satisfactory tumor reduction; and (ii) the evaluation of MSI-H/dMMR platinum-resistant recurrent ovarian epithelial carcinoma that cannot be surgically resected to achieve satisfactory tumor reduction, Level 2B evidence).*

- *Chinese Guidelines for the Radiotherapy of Esophageal Cancer 2022 Edition (multiple ongoing II/III clinical studies of PD-1/PD-L1 antibodies, including envafolimab, in combination with concurrent radiotherapy for locally advanced inoperable squamous esophageal cancer with preliminary confirmation of the efficacy and safety of radiotherapy in combination with immunotherapy).*

- *Patients with MSI-H/dMMR advanced/recurrent gynecological tumors who have failed prior treatments in the Guidelines for Clinical Application of Gynecological Tumor Immune Checkpoint Inhibitors (Version 2023).*

- *Patients population with MSI-H/dMMR advanced/recurrent endometrial cancer in the Chinese Medical Association Clinical Guidelines for Gynecologic Oncology (Version 7. 2023).*

• *Recent academic publications on 恩維達® (envafolimab, subcutaneous PD-L1 inhibitor)*

- *ASCO annual meeting. The 2023 American Society of Clinical Oncology (ASCO) annual meeting will be held in Chicago from June 2 to 6. 3D Medicines innovative drug products Two studies of 恩維達® will be published at this annual conference. Including:*

- *First-line envafolimab plus SOX chemotherapy for PD-L1 positive metastatic or recurrent gastric adenocarcinoma: A multi-centre, single-arm phase II clinical trial.*

- *A pivotal trial of envafolimab and envafolimab in combination with ipilimumab in patients with advanced or metastatic undifferentiated pleomorphic sarcoma or myxofibrosarcoma who have progressed on prior chemotherapy*

- *ESMO Congress. October 20 to 24 in Madrid, Spain.The ESMO Annual Meeting is one of the most influential oncology conferences globally. 恩維達®, had been selected for presentation at the 2023 European Society for Medical Oncology (ESMO) Annual Meeting.*

- *A multicenter, open-label, multiple-cohort Phase Ib/II clinical trial, evaluating the efficacy and safety of 恩維達® in combination with lenvatinib for advanced solid tumors.*

- *Phase II clinical studies on envofolimab in combination with chemotherapy for locally advanced nasopharyngeal carcinoma.*

- *恩維達® combined with suvemcitug (a VEGF mAb) for the treatment of hepatocellular carcinoma in a Phase II clinical trial.*

- *恩維達® combined with suvemcitug and FOLFIRI for the treatment of microsatellite stable (MSS) or mismatch repair proficient (pMMR) colorectal cancer patients in a Phase II clinical trial.*

- *恩維達® combined with suvemcitug and chemotherapy for non-small cell lung cancer in a Phase II clinical trial.*

- *X. Wang, F. Han, Y. Huang, et al. Envafolimab plus chemoradiotherapy for locally advanced nasopharyngeal carcinoma (NPC), a prospective, single armed phase II trial.https://doi.org/10.1016/j.annonc.2023.09.2064*

- *Liu RR, Gu SZ, et al. A phase I study of subcutaneous envafolimab (KN035) monotherapy in Chinese patients with advanced solid tumors. Zhonghua Zhong Liu Za Zhi. 2023 Oct 23; doi: 10.3760/cma.j.cn112152-20220530-00373.*

- *Zhang Y, Ding Y, et al. Noninvasive Imaging of Tumor PD-L1 Expression Using (99m)Tc Tc-Labeled KN035 with SPECT/CT. Mol Pharm. 2023 Jan 2; doi: 10.1021/acs.molpharmaceut.2c00874.*

- *Fan S, Gai C, Li B, Wang G.Efficacy and safety of envafolimab in the treatment of advanced dMMR/MSI-H solid tumors: A single-arm meta-analysis.Oncol Lett. 2023 Jun 30; doi: 10.3892/ol.2023.13937. eCollection 2023 Aug.*

- *Liu MH, Li YX, Liu Z.Envafolimab combined with chemotherapy in the treatment of combined small cell lung cancer: A case report.World J Clin Cases. 2023 Feb 16; doi: 10.12998/wjcc.v11.i5.1115.*

- *Wang L, Mou H, Hou X, Liao Q.Case report: A case of complete clinical response in a patient experiencing high microsatellite instability unresectable colon cancer being treated with a PD-L1 inhibitor after interstitial pneumonia. Front Oncol. 2023 Mar 14; doi: 10.3389/fonc.2023.1126769. eCollection 2023.*

- *Successful Quality Supervision Inspection for 恩維達® by Sichuan Provincial Drug Administration*

  - *On July 18, 2023, the product holder (MAH) of 恩維達® successfully passed a routine quality supervision inspection conducted by the Sichuan Provincial Drug Administration, achieving a flawless result with zero defects. This inspection marked the first quality supervision assessment by the Sichuan Provincial Drug Administration since obtaining the drug production license (B certificate).*

- *3D229 (Batiraxcept), a high-affinity, soluble Fc-fusion protein designed to bind Growth Arrest Specific 6 (GAS6), intercept the binding of GAS6 to its receptor AXL and block the activation of the GAS6-AXL signaling path-way*

  - *In August 2023, our partner Aravive (ARAV.us) announced that the Phase III trial of Bartiraxcept for platinum-resistant ovarian cancer did not meet its primary endpoint of progression-free survival.*

- *3D189 (Galinpepimut-S), a peptide cancer vaccine that targets the WT1 protein, which is present and over-expressed in an ar-ray of hematological malignancies and solid tumors*

  - *Satisfactory Progress in Phase I Trial of 3D189 in Chinese Patients with Hematological Malignancies*

    – *The Company's Phase I clinical trial, focusing on evaluating the safety and immunogenicity of 3D189 in Chinese patients with hematological malignancies, is making satisfactory progress. This multicenter, open-label, single-arm Phase I trial aims to assess the safety and immunogenicity of the 3D189 WT1 peptide vaccine in patients with acute leukemia (AL) who are WT1-positive and in complete remission after at least first-line standard of care therapy. Additionally, it includes patients with multiple myeloma (MM), non-Hodgkin's lymphoma (NHL), or higher-risk myelodysplastic syndrome (MDS) who have achieved complete remission or partial remission. As of the date of this annual results announcement, no new safety signals for 3D189 have been observed in Chinese patients.*

- *3D185, a fibroblast growth factor receptors (FGFR) 1-3 and colony stimulating factor 1 receptor (CSF1R) inhibitor*

  - *Granted Orphan-Drug Designation by the FDA for Treatment of Gastric Cancer and Gastro-esophageal Junction Cancer*

    – *On January 13, 2023, 3D185 was granted the orphan-drug designation by the FDA for the treatment of gastric cancer and gastro-esophageal junction cancer. This is the second orphan-drug designation granted to 3D185; in October 2022, 3D185 also received an orphan-drug designation for the treatment of biliary tract cancer.*

Our Selected IND-enabling Drug Candidates

In addition to our clinical-stage drug candidates, we are also developing four drug candidates in IND-enabling stage:

Assets	Target(s)	Indications	Rights	Partner
3D057	CD3+PD-L1	Multiple indications	Greater China Worldwide Priority Transfer right	Y-Biologics
3D059	WT1	Multiple indications	Greater China	SELLAS
3D124	mRNA	Multiple indications	Worldwide	Cansino Biologics Inc.
3D062	KRAS	Multiple indications	Worldwide	—

Warning under Rule 18A.08(3) of the Rules Governing the Listing of Securities on the Stock Exchange: There is no assurance that the Company will continuously succeed in the commercialization of 恩維達® (Envafolimab, Subcutaneously-Injectable PD-L1). There is no assurance that Batiraxcept (3D229), Galinpepimut-S (3D189), 3D1001, 3D1002, 3D185, 3D011, 3D197, 3D057, 3D059, 3D124, and 3D062 will ultimately be successfully developed and/or marketed by the Company. As of the date of this annual results announcement, no material adverse changes had occurred with respect to the regulatory approvals we had received in relation to our drug candidates.

Other Business Development

1. Strengthening Strategic Partnership with Innolake Biopharm (Hangzhou) Co. Ltd.

Building upon complementary strengths, the Company and Innolake Biopharm (Hangzhou) Co. Ltd. (英諾湖醫藥(杭州)有限公司) are further enhancing their strategic partnership in the ILB-2109 project, with a particular focus on clinical development, medical strategy, and translational medicine.

2. Cooperative Development of mRNA Therapeutic Tumor Vaccines

On August 26, 2023, the Company and Cansino Biologics Inc. ("康希諾") entered into a cooperative development agreement in Qingdao, China. The agreement aims to facilitate the joint efforts of both parties in the development of next-generation mRNA cancer vaccines, with the goal of providing more precise treatment options for cancer patients. The Company brings valuable global experience in the development and commercialization of innovative drugs, evidenced by the cumulative sales of its first commercialized product, 恩維達®, exceeding RMB1 billion. Additionally, Cansino Biologics Inc.'s first tumor vaccine has entered the global phase III clinical stage. The Cansino Biologics Inc. team possesses extensive expertise in mRNA vaccine research and process scale-up.

3. Strategic Cooperation with Qingdao Sino-Cell Biomed

The signing ceremony for the strategic cooperation between the Company and Qingdao Sino-Cell Biomedicine Co, Ltd. ("**Sino-Cell Biomed**") took place in Shanghai, China, on January 26, 2024. Dr. Gong Zhaolong, Chairman of the Board and CEO of the Company, and Mr. Gao Qing, Chairman of the Board of Directors of Sino-Cell Biomed, entered into the strategic cooperation agreement. The agreement aims to facilitate joint research efforts in innovative therapy within the field of oncology immunotherapy, leveraging the respective advantages of both parties. They also aim to explore new collaborative models to provide improved treatment options for cancer patients.

4. Strategic Cooperation with Novatim (Zhejiang) Pharmaceutical Technology Co., LTD. (hereinafter referred to as "Novatim")

On February 21, 2024, 3D Medicines Inc. and Novatim strategic cooperation signing ceremony was held in Shanghai, which aims to explore the combination of 恩維達® (Envafolimab) and KY-0118. In addition, the two parties will also discuss further cooperation in many aspects such as the product rights and interests of Novatim Pharmaceutical's double-target CAR-T and global clinical trial research.

5. Removal of "B" Marker from Company's Stock Name and Short Name

In May 2023, the "B" marker was removed from the Company's stock name and stock short name following the dis-application of Rules 18A.09 to 18A.11 of the Listing Rules, as the Company has satisfied the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules.

6. Adoption of Share Option Scheme to Reward Employees, Directors and Service Providers

To reward employees and directors of the Group, and recognize the efforts of service providers (including the suppliers, business partners and distributors) of the Group who play a vital part to enhancing the competitiveness of the Group, the Company adopted the Share Option Scheme on June 26, 2023, the principal terms of which are disclosed in the circular of the Company dated June 2, 2023.

7. Issuance of New Shares via 2023 Placing with Independent Third-Party Investors

On July 21, 2023, an aggregate of 2,150,000 new shares were issued at a price of HK$108.00 per share to not less than six professional, institutional or other investors that are Independent Third Parties (the "2023 Placing") pursuant to the placing agreement (the "2023 Placing Agreement") dated July 14, 2023, representing approximately 0.83% of the enlarged issued share capital of the Company immediately following the 2023 Placing. The placing price per share was HK$108.00, and the net price per share for the subscription after deducting related costs and expenses was approximately HK$105.2 per share. The net proceeds raised from the 2023 Placing were approximately HK$226.8 million. Further details of the 2023 Placing were set out in the announcements of the Company dated July 14 and July 21, 2023, respectively.

Research and Development

Our management team has extensive industry experience for new drug development including working experience in the FDA and global pharmaceutical companies, which has led us to build a proven track record capability from discovery to commercialization.

Our R&D platform has strong molecule screening and design capabilities that increase the possibility of success in moving molecules from pre-clinical studies to market, enable innovative therapeutic approaches and support pipeline assets built around key pathways and targets.

Our R&D centers in Shanghai and Beijing include large and small molecule platforms, cell line screening platforms, and compound screening platforms. We believe that R&D is key to maintaining competitiveness in our industry. We have built a platform to enable our R&D in the area of chronic cancer treatment. Leveraging our proprietary R&D platform, we are able to conduct pre-clinical R&D activities including drug activity screening, studies of cellular functions of drugs, drug biochemical studies and biomolecule detection.

We employ a clinical-demand-oriented and market-driven approach to our clinical R&D efforts. Our clinical development team is composed of scientists and physicians with years of experience in drug development. Our clinical development team carefully customizes clinical development plan for each of our candidate drugs by taking into consideration scientific rationale, probability of technical and regulatory success, competition, commercial assessment, expert feedback, timeline and cost.

Manufacture

We have been building our in-house production facilities in Xuzhou, Jiangsu province, with current GMP-compliant manufacturing system and facilities throughout the drug development process, including chemical drugs and biologics, to meet stringent global standards. Our GMP-compliant manufacturing facilities are designed and validated according to the FDA, the EMA, and the NMPA regulations, to support the entire drug development process, from drug discovery to process development, GMP-compliant pilots and commercial manufacturing. In anticipation of the large needs of our drugs upon commercialization, we purchased the land use right of the land in Xuzhou with an aggregate area of 65,637.97 square meters. We have obtained the construction permit and started construction of new manufacturing facilities in Xuzhou.

We work with qualified CMOs to manufacture and test drug candidates for pre-clinical and clinical supply. In the near future, we plan to continue outsourcing the manufacturing of our product and drug candidates, including commercial-scale manufacturing of our approved drugs, to qualified CMOs/CDMOs.

As disclosed in the Company's announcement dated July 14, 2023, around 40% of the net proceeds from the 2023 Placing (as defined below) shall be allocated to expediting the building construction and the procurement of new equipment for our manufacturing facilities in Xuzhou, China. We have a steady capacity expansion plan to meet our future clinical development and commercialization needs.

Sales and Marketing

We are devoted to accelerating the commercialization progress of 恩維達® (Envafolimab, Subcutaneously-Injectable PD-L1) with combining efforts through the marketing strategy targeted at the needs of patients, academic oriented marketing activities were held to highlight the characteristics of product differentiation and improve the quality of life for cancer patients. We have been recommended by some professional clinical guidelines to actively provide necessary assistance to cancer patients and win the recognition of third-party payers to reduce the cost of patients using our products.

We have been establishing our sales and marketing department dedicated to the commercialization of our pipeline products. We have been building our qualified sales and marketing department in place with rich experience in the commercialization of oncology treatment, and to be mainly responsible for product positioning, market strategy, promotional activity planning and patient assistance.

As we already received NDA approval for the treatment of previously treated MSI-H/dMMR advanced solid tumors on November 24, 2021, we sell 恩維達® (i) to pharmacy operating companies and (ii) to distributors cooperating with us directly (for hospital channel). We hire professional employees to negotiate the contracts, manage the distributors and supply chain, provide sufficient products for patients.

In 2023, 恩維達® has been included in the list of drugs covered by "Huimin Insurance" ("惠民保") in 36 cities in China with business network covering 30 provinces, 312 cities, 1,300 hospitals and 1,100 pharmacies.

For products that are close to commercialization, pre-market preparations are also gradually being carried out.

Intellectual Property Rights

We have an extensive portfolio of patents to protect our product, drug candidates and technologies. As of the date of this annual results announcement, we owned (including co-owned) (i) 13 granted patents in China, (ii) 18 granted patents in other jurisdictions, and (iii) 21 pending patent applications, including 7 Chinese patent applications, and 14 patent applications in other jurisdictions, relating to certain of our product, drug candidates and technologies.

Social and Industrial Recognition

- ***New Special Expertise Enterprise***

  On August 23, 2023, 3D Medicines Biotechnology (Shanghai) Co., Ltd. was certified as one of the second batch of 2023 Shanghai New Special Expertise Enterprise SMEs in Shanghai, China, with a validity period of three years.

- ***High-Tech Enterprise***

  3D Medicines announced that its subsidiary, 3D Medicines Sichuan Co., Ltd., was recently certified as a "National High-tech Enterprise".

- ***Cool Techs for Oncology***

  On May 17, 2023, 3D Medicines was granted two awards at the "3rd Cool Techs for Oncology (CTO)" jointly organized by Beijing Xisike Clinical Oncology Research Foundation (CSCO), Liangyihui, and Sci Value Hub. The awards received were "Top 10 Cool Techs for Oncology of the Year" and "High-growth Enterprise of the Year." Distinguished professors, entrepreneurs, and investors in the industry evaluated the participating companies based on three different dimensions: clinical, corporate, and investment. These awards demonstrate the recognition of 3D Medicines by social professionals in terms of new drug research and development, corporate performance, and investment potential.

- ***Healthcare Executive Innovative Medicine and ESG***

  In November 2023, 3D Medicines was listed in the "Top 100 Chinese Pharmaceutical Innovation Enterprises" and the "Top 20 ESG Competitiveness of Chinese Listed Pharmaceutical Companies." These listings were jointly organized by Healthcare Executive and three independent institutions in Hangzhou, China. It is the second consecutive year that 3D Medicines received the "Top 100 Chinese Pharmaceutical Innovation Enterprises" title and the first time the Company received an ESG-related award since its listing. This recognition of the Company's ESG work reflects the increasing concern over ESG performance by consumers, regulators, and investors. 3D Medicines will continue its efforts to build a world-class pharmaceutical company in line with the development direction of society and the times.

- ***GuruClub Golden Award***

  On December 21, 2023, 3D Medicines received the "Outstanding Healthcare Enterprise of the Year" Award at the Award Ceremony of Annual Outstanding Company of Global Investment Carnival organized by GuruClub.

- ***Securities Daily ESG***

  3D Medicines was selected as an "Excellent Case of ESG Pioneer Practitioners" in the "2023 Environmental, Social, and Corporate Governance Development Exchange Conference on Reshaping Corporate Value and Building ESG Ecosystem with Chinese Characteristics" organized by Securities Daily on December 27, 2023.

FINANCIAL REVIEW

	2023	2022
	RMB'000	*RMB'000*
Revenue	**634,949**	567,392
Cost of sales	**(49,091)**	(42,215)
Gross profit	**585,858**	525,177
Other income and gains	**40,988**	48,945
Research and development expenses	**(425,497)**	(350,864)
Administrative expenses	**(217,080)**	(142,830)
Selling and marketing expenses	**(378,806)**	(357,659)
Royalty expenses	**(61,845)**	(59,965)
Other expenses	**(99,149)**	(53,391)
Finance costs	**(7,772)**	(3,113)
Fair value losses on preferred shares	**–**	(657,155)
Impairment of financial assets, net	**837**	(1,175)
LOSS BEFORE TAX	**(562,466)**	(1,052,030)
Income tax expense	**(55)**	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(562,521)**	(1,052,030)
Attributable to:		
Owners of the parent	**(524,697)**	(1,024,350)
Non-controlling interests	**(37,824)**	(27,680)
	(562,521)	(1,052,030)

Overview

The following discussion is based on, and in conjunction with, the financial information and the notes included elsewhere in this annual results announcement.

Revenue

For the year ended December 31, 2023, our revenue increased to RMB634.9 million from RMB567.4 million for the same period in 2022, representing an increase of 11.9%. All of our revenue during the Reporting Period was generated from the sales of 恩維達® (Envafolimab, Subcutaneously-Injectable PD-L1) which was approved and commercialized in late November 2021. The revenue growth is benefited from differentiation advantages of the product itself, broader coverage of pharmacies and hospitals, strong recognitions of doctors and patients. Thus, our 恩維達® achieved strong sales results in the fierce market competition.

Cost of Sales

During the Reporting Period, the cost of sales represented our purchases from our contract manufacturer for production of 恩維達®. For the year ended December 31, 2023, our cost increased by 16.3% to RMB49.1 million from RMB42.2 million for the same period in 2022. The increase in cost of sales was mainly attributable to the increase in the number of units sold for 恩維達® (Envafolimab, Subcutaneously-Injectable PD-L1).

Gross Profit and Gross Profit Margin

Our gross profit increased by 11.6% from RMB525.2 million for the year ended December 31, 2022 to RMB585.9 million for the year ended December 31, 2023. It was mainly attributable to the strong increase in product sales. Our gross profit margin reached 92.6% and 92.3% for the year ended December 31, 2022 and 2023, respectively, which remained relatively stable, demonstrating the generally mature nature of our business model.

Other Income and Gains

During the Reporting Period, our other income and gains primarily consisted of (i) investment income and fair value gains on certain financial instruments; (ii) government grants income; and (iii) interest income. For the years ended December 31, 2023 and 2022, we recorded other income and gains of RMB41.0 million and RMB48.9 million, respectively.

Research and Development Expenses

During the Reporting Period, our research and development expenses primarily consisted of (i) employee benefit expenses, including salaries, social insurance, pension, bonus and share-based expenses related to our research and development personnel; and (ii) third-party contracting expenses paid to service providers.

For the year ended December 31, 2023, our research and development expenses increased by 21.3% to RMB425.5 million from RMB350.9 million for the same period in 2022. The increase was mainly due to (i) an increase of RMB52.1 million in third-party contracting expenses paid to service providers; (ii) an increase of RMB56.5 million in employee benefit expenses related to our research and development personnel, including salaries, social insurance, pension, bonus and share-based expenses; and (iii) a decrease of RMB34.6 million in the upfront and milestone costs associated with the exclusive development rights of our in-licensed drug candidates in designated regions.

Administrative Expenses

During the Reporting Period, our administrative expenses primarily consisted of (i) employee benefit expenses, including salaries, social insurance, pension, bonus and share based expenses related to our administrative personnel; and (ii) professional service expenses paid to third parties primarily in connection with operating activities. For the year ended December 31, 2023, our administrative expenses increased by RMB74.3 million to RMB217.1 million from RMB142.8 million for the same period in 2022, which was primarily attributable to an increase of share-based payment expenses of RMB85.4 million, due to the exercise of certain of the Group's restricted share units (RSUs)..

Selling and Marketing Expenses

During the Reporting Period, our selling and marketing expenses mainly represented expenses incurred for promoting 恩維達® in China in accordance with industry standards to boost sales. Our selling and marketing expenses increased by 5.9% from RMB357.7 million for the year ended December 31, 2022 to RMB378.8 million for the year ended December 31, 2023. The increase was primarily attributable to the sales growth of 恩維達® since December 2021, with its sales growth rate for 2023 (i.e. 11.9%) exceeding the growth rate of selling and marketing expenses in same period (i.e. 5.9%).

Royalty Expenses

In February 2016, we entered into a co-development agreement, as amended, with Alphamab Group for envafolimab (collectively with the subsequent amendments and supplemental agreements thereto, the "**Co-Development Agreements**").

As agreed under the Co-Development Agreements, upon the approval and commercialization of 恩維達®, we are entitled to 51% while Alphamab Group is entitled to 49% of the profit before tax generated from the sales of 恩維達® globally in the field of oncology therapy.

For the year ended December 31, 2023, our royalty expenses increased by 3.1% to RMB61.8 million from RMB60.0 million for the same period in 2022, which was primarily attributable to the increase in sales of 恩維達®.

Total Comprehensive Loss for the Year

For the reasons discussed above, total comprehensive loss for the year decreased by 46.5% from RMB1,052.0 million for the year ended December 31, 2022 to RMB562.5 million for the year ended December 31, 2023.

Non-IFRSs Measures

In order to supplement our consolidated statements of profit or loss and other comprehensive income which are presented in accordance with IFRSs, we use adjusted loss and total comprehensive loss as an additional financial measure, which is not required by, or presented in accordance with IFRSs. Our adjusted loss and total comprehensive loss represents our loss and total comprehensive loss for the year, adjusted to add back fair value losses on preferred shares and share-based payment expenses. We believe that such measure provides investors and other persons with useful information to understand and evaluate our consolidated results of operation in the same manner as it helps our management. However, adjusted net loss presented by us may not be comparable to the similar financial measure presented by other companies. There are limitations to the non-IFRSs measure used as an analytical tool, and you should not consider it in isolation or regard it as a substitute for our results of operation or financial position analysis that is presented in accordance with IFRSs.

The following table sets forth our loss and total comprehensive loss and adjusted loss and total comprehensive loss for the year, which is adjusted by adding back fair value losses on preferred shares and share-based payment expenses, for the years indicated:

	2023	2022
	RMB'000	*RMB'000*
Total comprehensive loss for the year	**(562,521)**	(1,052,030)
Add:		
Fair value losses on preferred shares	**–**	657,155
Share-based payment expenses	**298,963**	141,694
Adjusted total comprehensive loss for the year	**(263,558)**	(253,181)

Selected Data from Consolidated Statement of Financial Position

	December 31, 2023	December 31, 2022
	RMB'000	*RMB'000*
Total non-current assets	**333,728**	189,005
Total current assets	**1,095,154**	1,143,058
Total assets	**1,428,882**	1,332,063
Total non-current liabilities	**57,826**	60,400
Total current liabilities	**500,371**	376,249
Total liabilities	**558,197**	436,649

Liquidity and Capital Resources

Since our inception, we have incurred net losses and negative cash flows from our operations. Our primary uses of cash are to fund the research and development of our drug pipeline, our clinical trials, administrative expenses and other recurring expenses.

As of December 31, 2023, the current assets of the Group were RMB1,095.2 million, including cash and bank balances, financial assets at fair value through profit or loss, and financial assets measured at amortised cost with a total amount of RMB996.6 million, which increased by RMB54.5 million to RMB996.6 million as of December 31, 2023 from RMB942.0 million as of December 31, 2022. The increase is primarily attributable to funds raised by issue of ordinary shares, bank borrowings and cash generated from our sales. As of December 31, 2023, the current liabilities of the Group were RMB500.4 million, mainly including trade payables of RMB71.9 million, other payables and accruals of RMB178.5 million, interest-bearing bank borrowings of RMB201.4 million, lease liabilities of RMB23.2 million, and contract liabilities of RMB24.5 million.

Our net cash used in operating activities amounted to RMB144.4 million and RMB278.8 million for the years ended December 31, 2023 and 2022, respectively. As our business develops and expands, we expect to generate more cash from our operating activities mainly through sales of our products. We shall continue to advance our late stage clinical assets into NDA stage and commercialization which will bring incremental cash flow to fund our operations in the foreseeable future.

For the year ended December 31, 2023, our net cash flows used in investing activities was RMB187.6 million, primarily as a result of (i) purchase of items of property, plant and equipment of RMB6.3 million; (ii) purchase of financial assets at FVTPL of RMB163.0 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB69.7 million; and (iii) purchase of financial assets measured at amortised cost of RMB263.1 million, partially offset by proceeds from disposal of financial assets at amortised cost of RMB168.7 million.

For the year ended December 31, 2023, our net cash flows from financing activities was RMB304.5 million, primarily as a result of (i) proceeds from issue of ordinary shares during the year with an amount of RMB216.4 million; (ii) new interest-bearing bank borrowings of RMB242.6 million and partially offset by repayment of interest-bearing bank borrowings of RMB149.4 million; and (iii) lease payments of RMB20.8 million.

Contingent Liabilities

As at December 31, 2023, the Group did not have any material contingent liabilities.

On December 20, 2023, the Company received a notice of arbitration from SELLAS Life Sciences Group, Inc.. Please refer to the announcement dated December 27, 2023 for details. The Company considers that it has valid defence against the claim and having consulted legal advisors, the Company currently intends to defend the claim. Accordingly, the Group has not provided for any provision arising from the claim.

Foreign Exchange Exposure

For the year ended December 31, 2023, the Group mainly operated in China and a majority of its transactions were settled in Renminbi, the functional currency of the Company's primary subsidiaries. The Group is exposed to foreign currency risk as a result of certain cash and bank balances, financial assets at fair value through profit and loss, and financial assets measured at amortised cost. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

Future Investment Plans and Expected Funding

The Group had no material capital expenditure plan as of the date of this annual results announcement.

Employees and Remuneration

As of December 31, 2023, the Group had 198 full-time employees, who were based in Shanghai, Beijing, and other cities of China and U.S.. The total employee benefits expenses of our Group, which consisted of (i) wages, salaries and bonuses, (ii) social security costs, (iii) employee welfare and (iv) equity-settled share awards, for the year ended December 31, 2023, were approximately RMB403.7 million.

We recruit our employees based on a number of factors, including work experience, educational background and the requirements of a relevant vacancy etc. We invest in continuing education and training programs for our management staff and other employees to upgrade their skills and knowledge continuously. We provide our employees with regular feedback as well as internal and external training in various areas, such as product knowledge, project development and team building. We also assess our employees based on their performance to determine their salary, promotion and career development. In compliance with the relevant PRC labor laws, we enter into individual employment contracts with our employees covering matters such as terms, wages, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. In addition, we are required under PRC laws to make contributions to statutory employee benefit plans (including pension plans, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing funds) at a certain percentage of our employees' salaries, up to a maximum amount specified by local governments.

FUTURE DEVELOPMENT

We have built a diversified and competitive product portfolio in the field of chronic cancer treatment to address the unmet clinical needs, centered around 恩維達®, which is becoming a primary revenue source and will support the development of our future pipeline and additional combination therapies. Our goal is to develop safe and effective innovative drugs to help people with cancer live longer and better. Looking ahead, the Company will continue to strive to achieve our strategic goals of sustainable growth and global innovation. Therefore, the Company will further accelerate the product development and commercialization process, improve operational efficiency, and bring forward novel medicines through our advanced R&D platform, as well as collaborations with our partners.

We have built differentiated commercial capabilities in mainland China, and we will build our commercial capabilities in the global market with our partners. Our commercial model in mainland China is very effective that generated commercial revenue for the Company.

We have demonstrated our clinical development and commercialization capabilities through the success of 恩維達® (Envafolimab, Subcutaneously-Injectable PD-L1). We have proven our internal research and development capabilities in innovative products. 恩維達® has achieved rapid growth of market share in PD-1/PD-L1 classes. Looking ahead, we will strategically collaborate with our partner to expand into emerging markets for the development and commercialization of 恩維達®.

We have built a global clinical development team with sufficient experience. To expedite the efficient operation of key clinical programs and advance the commercialization of our products, we will carry out more clinical studies. Moreover, we plan to maximize the commercial value of 恩維達® and other products by conducting clinical trials independently and in collaboration with partners outside of China.

Additionally, we are exploring cell therapy by establishing a universal mRNA discovery platform. We will bring our first mRNA cancer vaccine, 3D124, into the clinical stage in the near future. Furthermore, we intend to leverage our strengths in product development through strategic collaborations with our cell therapy partners. We will actively conduct clinical trials to evaluate the efficacy of combination therapy with our pipelines.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

In January 2024, the Company and Jiangsu Alphamab entered into a license agreement with Glenmark, pursuant to which, the former parties agreed to grant the latter an exclusive license and the right to sublicence in respect of oncology indications of Envafolimab to, among other things (a) develop Envafolimab in the Territory for the purpose of commercialization in all field of use in oncology in the Territory; and (b) commercialize Envafolimab in all field of use in oncology in the Territory, subject to the terms and conditions of the license agreement.

Save as disclosed above, as of the date of this annual results announcement, the Group had no significant events after the Reporting Period.

USE OF NET PROCEEDS FROM LISTING

The 255,642,000 Shares were listed on the Main Board of the Stock Exchange by way of Global Offering on December 15, 2022, and the total net proceeds received by the Company from the Global Offering (excluding the proceeds from the partial exercise of the Over-allotment Option) amounted to approximately HK$251.1 million after deducting professional fees, underwriting commissions and other related listing expenses.

The 415,000 Shares in connection with the partial exercise of the Over-allotment Option were listed on the Main Board of the Stock Exchange on January 11, 2023, and the additional net proceeds (together with the total net proceeds from the Global Offering, the "Net Proceeds") received by the Company amounted to approximately HK$10.4 million after deducting professional fees, underwriting commissions and other related listing expenses.

The intended uses and the balance of the total net proceeds from the Global Offering (including the proceeds from the partial exercise of the Over-allotment Option) as at December 31, 2023 are set out below:

Intended use of proceeds as stated in the Prospectus			Percentage to total amount *%*	Total net proceeds from the Global Offering (including the proceeds from the partial exercise of the Over-allotment Option) *(RMB'000)*	Actual utilisation during the Reporting Period *(RMB'000)*	Utilised amount as at December 31, 2023 *(RMB'000)*	Expected time frame for unutilized amounts
(a)	Research and development, regulatory filings and commercialization of our product and drug candidates:		90	209,635.1	85,939.5	97,842.4	Dec 2025
	(i)	恩維達® envafolimab	55	128,110.3	45,058.4	56,337.4	Dec 2025
	(ii)	other drug candidates	25	58,232.0	37,516.0	38,139.8	Dec 2024
	(iii)	the construction of our in-house production facilities in Xuzhou, Jiangsu province and procurement of new machineries, instruments and equipment	10	23,292.8	3,365.2	3,365.2	Dec 2025
(b)	General corporate and working capital purposes		10	23,292.8	21,992.4	23,292.8	Not applicable
Total			100	232,927.9	107,931.8	121,135.1	

The Group will utilize the Net Proceeds in accordance with the intended purposes as set out in the Prospectus. The Board is not aware of any material change to the planned use of the Net Proceeds as at the date of this annual results announcement.

USE OF NET PROCEEDS FROM THE 2023 PLACING

On July 21, 2023, an aggregate of 2,150,000 new shares were issued at a price of HK$108.00 per share to not less than six professional, institutional or other investors that are Independent Third Parties (the "**2023 Placing**") pursuant to the placing agreement (the "**2023 Placing Agreement**") dated July 14, 2023, representing approximately 0.83% of the enlarged issued share capital of the Company immediately following the 2023 Placing. The placing price per share was HK$108.00, and the net price per share for the subscription after deducting related costs and expenses was approximately HK$105.2 per share. The net proceeds raised from the 2023 Placing were approximately HK$226.8 million. The intended uses and the balance of the total net proceeds from the 2023 Placing as at December 31, 2023 are set out below:

Intended use of proceeds		Percentage to total amount %	Total net proceeds from the 2023 Placing *(RMB'000)*	Utilised amount as at December 31, 2023 *(RMB'000)*	Expected time frame for unutilized amounts
(a)	Planned clinical trials to evaluate envafolimab monotherapy	50	103,686.4	309.4	Dec 2025
(b)	Building construction and procurement of equipment for our manufacturing facilities in Xuzhou, China	40	82,949.2	0	Dec 2025
(c)	Our general corporate working capital purposes	10	20,737.3	20,737.3	Not applicable
Total		100	207,372.9	21,046.7	

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended December 31, 2023.

CLOSURE OF THE REGISTER OF MEMBERS

The Company will hold the AGM on Wednesday, June 26, 2024. The register of members of the Company will be closed from Friday, June 21, 2024 to Wednesday, June 26, 2024, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Thursday, June 20, 2024.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions of the CG Code during the Reporting Period, save for the following deviations from the code provisions C.2.1 and F.1.1 as explained below. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be segregated and should not be performed by the same individual. According to the current structure of the Board, the positions of the Chairman and Chief Executive Officer of the Company are held by Dr. Gong Zhaolong.

The Board believes that this structure does not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the Directors and that the Board comprises three independent non-executive Directors out of seven Directors, and the Board believes there is sufficient check and balance on the Board, (ii) Dr. Gong Zhaolong and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of the Company and will make decisions of the Group accordingly, and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Group. Moreover, the overall strategic and other key business, financial and operational policies of the Group are made collectively after thorough discussion at both the Board and senior management levels. Finally, as Dr. Gong Zhaolong is our principal founder, the 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 the Group and enables more effective and efficient overall strategic planning for the Group. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

Code provision F.1.1 of the CG Code provides that the issuer should have a policy on payment of dividends. As the Company expects to retain all future earnings for use in the operation and expansion of the business and does not have any dividend policy to declare or pay any dividends in the near future. The Board will review the Company's status periodically and consider adopting a dividend policy if and when appropriate.

A detailed Corporate Governance Report setting out the Group's framework of governance and explanations about how the provisions of the CG Code have been applied will be included in the Company's 2023 Annual Report to be published.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding directors' securities transactions.

Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period.

To the best knowledge of the Company, on January 29 and 30, 2024, the spouse of a non-executive Director acquired a total of 13,000 shares of the Company on the open market at the price of HK$6.16 and HK$5.84 per share respectively without notifying the Company prior to such acquisition, with a total holding of 41,000 shares of the Company. The relevant Director reported the non-compliance of rule A.3(a) and B.8 of the Model Code was inadvertent and he and his spouse had no intention to commit such breaches. The relevant Director also confirmed that neither himself nor his spouse possess any inside information of the Company when the dealing took place, and he will apply closer scrutiny towards rule A.3(a) and B.8 of the Model Code to avoid committing similar breaches in the future.

Upon becoming aware of the above incident, the Company has immediately reminded the Directors and senior management again of the requirements of the Model Code and the importance of compliance with the Model Code. In order to ensure compliance with the Model Code and prevent similar incidents in the future, the Company will continue to provide regular training to the Directors, senior management and staff of the Company so as to keep them abreast of the relevant requirements. The Company will also circulate the Model Code and remind the Directors to comply with the Model Code more frequently, in addition to the reminders sent before the commencement of each blackout period, to ensure compliance with and enhance their awareness of good corporate governance practices.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year ended December 31, 2023.

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed the consolidated financial statements and annual results of the Group for the year ended December 31, 2023 and confirmed that it has complied with all applicable accounting principles, standards and requirements, and made sufficient disclosures. The Audit Committee has also discussed the matters of audit and financial reporting.

PUBLICATION OF THE ANNUAL RESULTS AND 2023 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.3d-medicines.com), and the 2023 Annual Report containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

The Board proposes to seek approval from the Shareholders at the AGM for amendments to the existing memorandum and articles of association of the Company (the "**Articles**") for the purpose of updating and bringing the Articles in line with the amendments to the Listing Rules which mandate the electronic dissemination of corporate communications by listed issuers to their securities holders from December 31, 2023 onwards, as well as other housekeeping changes (the "**Proposed Amendments**"). The Company will seek approval from the Shareholders at the AGM for the adoption of the amended and restated memorandum and articles of association of the Company incorporating the Proposed Amendments.

The Proposed Amendments and the adoption of the amended and restated memorandum and articles of association of the Company are subject to the approval of the Shareholders by way of special resolution at the AGM. A circular containing, among other things, particulars relating to Proposed Amendments together with a notice convening the AGM will be despatched to the Shareholders according to the applicable law, the Articles and the Listing Rules.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
REVENUE	*4*	**634,949**	567,392
Cost of sales	*7*	**(49,091)**	(42,215)
Gross profit		**585,858**	525,177
Other income and gains	*4*	**40,988**	48,945
Research and development expenses		**(425,497)**	(350,864)
Administrative expenses		**(217,080)**	(142,830)
Selling and marketing expenses		**(378,806)**	(357,659)
Royalty expenses		**(61,845)**	(59,965)
Other expenses	*5*	**(99,149)**	(53,391)
Finance costs	*6*	**(7,772)**	(3,113)
Fair value losses on preferred shares		**–**	(657,155)
Impairment of financial assets, net		**837**	(1,175)
LOSS BEFORE TAX	*7*	**(562,466)**	(1,052,030)
Income tax expense	*8*	**(55)**	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(562,521)**	(1,052,030)
Attributable to:			
Owners of the parent		**(524,697)**	(1,024,350)
Non-controlling interests		**(37,824)**	(27,680)
		(562,521)	(1,052,030)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*10*	**(2.30)**	(22.52)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**133,266**	126,822
Intangible assets		**727**	828
Right-of-use assets		**59,984**	51,021
Other non-current assets		**14,202**	8,263
Financial assets measured at amortised cost		**124,272**	–
Amounts due from related parties		**1,277**	2,071
Total non-current assets		**333,728**	189,005
CURRENT ASSETS			
Inventories		**4,612**	1,196
Trade receivables	*11*	**5,459**	78,041
Prepayments, other receivables and other assets		**88,506**	120,552
Amounts due from related parties		**–**	1,241
Financial assets at fair value through profit or loss ("FVTPL")		**209,329**	108,604
Financial assets measured at amortised cost		**120,776**	136,684
Cash and bank balances		**666,472**	696,740
Total current assets		**1,095,154**	1,143,058
CURRENT LIABILITIES			
Trade payables	*12*	**71,899**	15,880
Other payables and accruals		**178,483**	245,068
Interest-bearing bank borrowings		**201,374**	103,993
Income tax payables		**55**	–
Amount due to a related party		**800**	–
Lease liabilities		**23,225**	11,308
Contract liabilities		**24,535**	–
Total current liabilities		**500,371**	376,249
NET CURRENT ASSETS		**594,783**	766,809
TOTAL ASSETS LESS CURRENT LIABILITIES		**928,511**	955,814

continued/

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at December 31, 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**28,584**	33,400
Interest-bearing bank borrowings		**29,242**	27,000
Total non-current liabilities		**57,826**	60,400
NET ASSETS		**870,685**	895,414
EQUITY			
Equity attributable to owners of the parent			
Share capital		**226**	223
Treasury shares		**(12)**	(26)
Reserves		**936,525**	942,804
		936,739	943,001
Non-controlling interests		**(66,054)**	(47,587)
TOTAL EQUITY		**870,685**	895,414

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2023

1. CORPORATE INFORMATION

3D Medicines Inc. (the "Company") was incorporated in the Cayman Islands ("Cayman") on January 30, 2018 as a limited liability company. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investing holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the research, development and commercialisation of pharmaceutical products.

2. BASIS OF PREPARATION

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

3. OPERATING SEGMENT INFORMATION

Operating segment information

The Group is engaged in biopharmaceutical research, development and commercialisation, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Therefore, no further operating segment analysis thereof is presented.

Geographical information

During the reporting period, all of the Group's revenues were derived from customers located in Chinese Mainland and almost all of the Group's non-current assets were located in Chinese Mainland, and therefore no geographical information is presented in accordance with IFRS 8 *Operating Segments*.

Information about major customers

Revenue from each major customer (including sales to a group of entities which are known to be under common control with that customer) which accounted for 10% or more of the Group's revenue during the reporting period is set out below:

	2023	2022
	RMB'000	*RMB'000*
Customer A	**271,776**	234,018
Customer B	**79,165**	61,050
Customer C	**71,510**	73,543

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sales of products	**634,949**	567,392

Revenue from contracts with customers

(a) Disaggregated revenue information

	2023	2022
	RMB'000	*RMB'000*
Geographical market		
Chinese Mainland	**634,949**	567,392
Timing of revenue recognition		
Goods transferred at a point in time	**634,949**	567,392

There was no revenue recognised during the reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods.

(b) Performance obligations

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

Sales of products

The performance obligation is satisfied upon delivery of the products and acceptance by the customers. During the year ended December 31, 2023 and 2022, for customers obtained through Jiangsu Simcere/Simcere Zaiming's distribution network, Jiangsu Simcere/Simcere Zaiming reconciled the payments received from the customers with the Group on a monthly basis, and the credit term given to Jiangsu Simcere/Simcere Zaiming is usually 70 days, while direct customers developed by the Group usually have a credit term of 45 to 60 days.

An analysis of other income and gains is as follows:

	2023	2022
	RMB'000	*RMB'000*
Other income		
Government grants*	**14,137**	4,811
Investment income on other investments classified as financial assets at amortised cost	**12,891**	314
Interest income	**6,531**	7,210
Investment income on other investments classified as financial assets at FVTPL	**44**	1,595
Others	**6**	–
Subtotal	**33,609**	13,930
Gains		
Fair value gains on other investments classified as financial assets at FVTPL	**7,379**	155
Foreign exchange gains, net	**–**	34,860
Subtotal	**7,379**	35,015
Total	**40,988**	48,945

* The government grants mainly represent subsidies received from the local governments for the purpose of compensation of expenses spent on research, clinical trial activities and allowances for new drug development. There were no unfulfilled conditions or contingencies relating to the grants.

5. OTHER EXPENSES

	2023	2022
	RMB'000	*RMB'000*
Donations*	**96,213**	53,340
Foreign exchange losses, net	**2,554**	–
Others	**382**	51
Total	**99,149**	53,391

* Donations represented the expenditures incurred in relation to a drug donation program organised by a charity organisation.

6. FINANCE COSTS

	2023 *RMB'000*	2022 *RMB'000*
Interest on bank borrowings	**6,333**	1,203
Interest on lease liabilities	**1,439**	1,910
Total	**7,772**	3,113

7. LOSS BEFORE TAX

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

	2023 *RMB'000*	2022 *RMB'000*
Marketing service fees*	**339,854**	326,213
Donations	**96,213**	53,340
Royalty expenses**	**61,845**	59,965
Cost of inventories sold	**49,091**	42,215
Depreciation of right-of-use assets	**17,501**	13,627
Depreciation of property, plant and equipment	**7,859**	7,872
Auditor's remuneration	**4,038**	2,990
Lease payments in respect of short-term leases	**987**	440
Amortisation of intangible assets	**101**	101
Fair value losses on preferred shares	**–**	657,155
Listing expenses	**–**	29,192
Impairment of trade receivables, net	**(123)**	26
Impairment of financial assets measured at amortised cost, net	**(714)**	1,149
Fair value gains on other investments classified as financial assets at FVTPL	**(7,379)**	(155)
Employee benefit expenses (excluding directors' and chief executive's remuneration)		
Wages and salaries	**91,589**	119,451
Equity-settled share-based payment expenses	**13,150**	39,157
Pension scheme contributions***	**8,955**	11,708
Staff welfare expenses	**2,403**	3,206
Total	**116,097**	173,522

* Pursuant to the marketing and promotion agreement with Jiangsu Simcere/Simcere Zaiming, the Group agreed to pay Jiangsu Simcere/Simcere Zaiming marketing service fees for the marketing and promotion services performed by Jiangsu Simcere/Simcere Zaiming for the Group's sales of envafolimab. The marketing service fees are recognised in selling and marketing expenses at the time when the Group is obligated to pay and the amounts are determinable.

** Pursuant to the co-development agreement with Jiangsu Alphamab, the Group agreed to pay Jiangsu Alphamab royalty fees on profit-sharing basis as part of the consideration for the exclusive rights acquired from Jiangsu Alphamab to conduct clinical trials and commercialise envafolimab worldwide. The royalty expenses are recognised at the time when the Group is obligated to pay and the amounts are determinable.

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

8. INCOME TAX

	2023	2022
	RMB'000	*RMB'000*
Current income tax		
– Hong Kong profits tax	**55**	–
Total	**55**	–

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

9. DIVIDENDS

No dividends have been declared and paid by the Company during the year (2022: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue (excluding shares reserved for share incentive scheme) during the reporting period. The weighted average number of ordinary shares for the year ended December 31, 2023 has been retrospectively adjusted for the effect of the implemented share subdivision.

No adjustment has been made to the basic loss per share amount presented for the reporting period in respect of a dilution as the impact of the preferred shares and restricted share units had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of the basic loss per share is based on:

	2023	2022
Loss for the year		
Loss for the year attributable to ordinary equity holders of the parent, used in the basic loss per share calculation (RMB'000)	**(524,697)**	(1,024,350)
Number of shares		
Weighted average number of ordinary shares in issue during the year, used in the basic loss per share calculation ('000)	**228,469**	45,488
Loss per share (basic and diluted)		
RMB per share	**(2.30)**	(22.52)

11. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**5,492**	78,197
Impairment	**(33)**	(156)
Total	**5,459**	78,041

The Group's trade terms with Jiangsu Simcere/Simcere Zaiming and the distributors are payment on credit. The credit period is generally 70 days for Jiangsu Simcere/Simcere Zaiming and 45 to 60 days for the distributors. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing. The Group did not have a concentration of credit risk of trade receivables due from Jiangsu Simcere/Simcere Zaiming, service providers of the Group at the end of the year (2022: 96%).

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**5,459**	78,041

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023	2022
At beginning of year	**156**	130
Impairment changes, net	**(123)**	26
At end of year	**33**	156

The Group performed an impairment analysis during the reporting period by considering the probability of default of the debtors or comparable companies with published credit ratings. Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	2023	2022
Expected credit loss rate	**0.6%**	0.2%
Gross carrying amount (RMB'000)	**5,492**	78,197
Expected credit losses (RMB'000)	**33**	156

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting periods, based on the invoice date, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**40,501**	11,346
3 to 6 months	**18,254**	255
6 months to 1 year	**13,144**	4,279
Total	**71,899**	15,880

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

DEFINITIONS AND GLOSSARY

In this annual results announcement, unless the context otherwise requires, the following expressions shall have the following meanings.

"恩維達®"	envafolimab (brand name: ENWEIDA, 恩維達®), a subcutaneously-injectable PD-L1 inhibitor for the treatment of tumor-agnostic indications
"3D Medicines Beijing"	3D Medicines (Beijing) Co., Ltd.* (思路迪(北京)醫藥科技有限公司), a limited liability company incorporated under the laws of the PRC on December 22, 2014, being an indirect subsidiary of the Company
"AGM"	the annual general meeting of the Company to be held on Wednesday, June 26, 2024
"Alphamab Group"	Alphamab Oncology (康寧傑瑞生物製藥), an exempted company with limited liability incorporated under the laws of the Cayman Islands on March 28, 2018 and listed on the Stock Exchange (stock code: 9966), and its subsidiaries
"AML"	acute myeloid leukemia, a type of cancer that progresses rapidly and aggressively, and affects the bone marrow and blood
"Audit Committee"	the audit committee of the Board
"AXL"	a receptor tyrosine kinase that transduces signals from the extracellular matrix into the cytoplasm28 and regulates many physiological processes, including cell survival, proliferation, differentiation and immune responses
"BAT"	best available therapy
"BLA"	biologic license application
"Board of Directors" or "Board"	the board of Directors
"CD3"	cluster of differentiation 3, a protein complex (enzyme) and T-cell co-receptor that is involved in activating both the cytotoxic T-cell and T helper cells
"CD47"	cluster of differentiation 47, a glycoprotein found on the surface of immune cells such as T helper cells
"CDE"	Center for Drug Evaluation of the NMPA

"CD8+ T cell"	CD8+ T cell, also known as a cytotoxic T cell, is a type of white blood cell that kills cancer cells, cells that are infected by intracellular pathogens, or damaged cells
"CG Code"	the "Corporate Governance Code" as contained in Appendix C1 to the Listing Rules
"CGT"	Cell and gene therapy
"China" or "PRC"	the People's Republic of China, which, for the purpose of this annual results announcement and for geographical reference only, excludes Hong Kong, Macao and Taiwan
"CMO(s)"	a contract manufacturing organization, which provides support to the pharmaceutical industry in the form of manufacturing services outsourced on a contract basis
"CRO"	contract research organization, a company provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research and development services outsourced on a contract basis
"CSCO"	the Chinese Society of Clinical Oncology
"Company" or "our Company"	3D Medicines Inc., an exempted company with limited liability incorporated under the laws of the Cayman Islands on January 30, 2018, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1244)
"Director(s)"	the director(s) of the Company or any one of them
"EC"	Endometrial cancer
"ESG"	Environmental, social and governance
"EMA"	European Medicines Agency
"FDA"	the United States Food and Drug Administration
"FIC"	Fine chromatin patterns
"Global Offering"	the Hong Kong Public Offering and the International Offering
"GMP"	good manufacturing practice, guidelines and regulations issued from time to time pursuant to the PRC Law on the Administration of Pharmaceuticals (《中華人民共和國藥品管理法》) as part of quality assurance which ensures that pharmaceutical products subject to these guidelines and regulations are consistently produced and controlled in conformity to the quality and standards appropriate for their intended us

"Group", "our Group", "our", "we", or "us"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"IFRSs"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"Independent Third Party" or "Independent Third Parties"	a person or entity who is not a connected person of the Company under the Listing Rules
"Jiangsu Alphamab"	Jiangsu Alphamab Biopharmaceuticals Co., Ltd. (also known as Jiangsu Alphamab Pharmaceuticals Co., Ltd.) (江蘇康寧傑瑞生物製藥有限公司), a limited liability company established in PRC on July 14, 2015 and a wholly owned subsidiary of Alphamab Oncology (康寧傑瑞生物製藥)
"KRAS"	Kirsten rat sarcoma virus, a gene that provides instructions for making a protein called K-Ras, a part of the RAS/MAPK pathway
"Listing"	the listing of the Shares on the Main Board of 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)
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 to the Listing Rules
"MRCT"	multi-regional clinical trial
"mRNA"	Messenger RNA
"NDA"	new drug application
"NMPA"	the National Medical Product Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)

"NSCLC"	non-small cell lung cancer
"NSG mice"	NOD scid gamma mice, a brand of immunodeficient laboratory mice, which is the model of choice for cancer xenograft modeling, stem cell biology and infectious disease research
"Over-allotment Option"	the option exercised by the Joint Representatives on behalf of the International Underwriters under the International Underwriting Agreement in respect of an aggregate of 415,000 Shares on January 6, 2023
"PD-1"	programmed cell death protein 1, an immune checkpoint receptor expressed on T cells, B cells and macrophages. The normal function of PD-1 is to turn off the T cell mediated immune response as part of the process that stops a healthy immune system from attacking other pathogenic cells in the body. When PD-1 on the surface of a T cell attaches to certain proteins on the surface of a normal cell or a cancer cell, the T cell turns off its ability to kill the cell
"PD-L1"	PD-1 ligand 1, which is a protein on the surface of a normal cell or a cancer cell that attaches to certain proteins on the surface of the T cell that causes the T cell to turn off its ability to kill the cancer cell
"R&D"	research and development
"PDX"	Patient-derived tumor xenografts
"Phase III trial"	Phase III clinical trial, where researchers study the safety and the effectiveness of the new treatment compared with a standard treatment
"PROC"	platinum resistant ovarian cancer
"Prospectus"	the prospectus of the Company dated November 29, 2022
"RCC"	renal cell carcinoma
"Reporting Period"	for the year ended December 31, 2023
"RMB"	Renminbi, the lawful currency of the PRC
"RTK"	Receptor tyrosine kinase
"Share(s)"	ordinary share(s) with nominal value of HK$0.001 each in the share capital of the Company
"Share Option Scheme"	the share option scheme approved and adopted by our Company on June 28, 2022, as amended from time to time
"Shareholder(s)"	holder(s) of the Share(s)

"SOX"	Oxaliplatin
"stage IIIA"	Stage IIIA non-small cell lung cancer, a stage of cancer where the tumor is 5 centimeters or smaller and cancer has spread to lymph nodes on the same side of the chest as the primary tumor
"stage IIIB"	Stage IIIB non-small cell lung cancer, stage of cancer where the tumor is 5 centimeters or smaller and cancer has spread to lymph nodes above the collarbone on the same side of the chest as the primary tumor or to any lymph nodes on the opposite side of the chest as the primary tumor
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Territory"	Countries and regions including India, Asia Pacific (except Singapore, Thailand and Malaysia), Middle-east and Africa, Russia, the Commonwealth of Independent States and Latin America
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"WT1"	Wilms Tumor 1, a protein that in humans is encoded by the WT1 gene on chromosome 11p
"%"	per cent

By order of the Board
3D Medicines Inc.
Dr. Gong Zhaolong
Chairman of the Board and Executive Director

Hong Kong, March 28, 2024

As at the date of this announcement, the Board of Directors of the Company comprises Dr. GONG Zhaolong as executive Director, Mr. ZHU Pai, Mr. ZHOU Feng and Ms. CHEN Yawen as non-executive Directors, and Dr. LI Jin, Dr. LIN Tat Pang and Mr. LIU Xinguang as independent non-executive Directors.