EVERECT MEDICINES

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Everest Medicines Limited

雲頂新耀有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1952)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the "**Board**") of Everest Medicines Limited (the "**Company**") announces the audited annual results of the Company and its subsidiaries for the year ended 31 December 2024. This announcement, containing the full text of the 2024 annual report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in relation to information accompanying preliminary announcements of annual results.

These annual results have been reviewed by the Company's audit committee and the Company's auditors, Ernst & Young.

Both the Chinese and English versions of this results announcement are available on the websites of the Company (www.everestmedicines.com) and the Stock Exchange (www.hkexnews.hk). Printed versions of the Company's 2024 annual report will be delivered to shareholders of the Company who have chosen to receive printed versions and electronic versions will be available for viewing on the websites of the Company (www.everestmedicines.com) and the Stock Exchange (www.hkexnews.hk) by the end of April 2025.

By Order of the Board
Everest Medicines Limited
Wei Fu
Chairman and Executive Director

Hong Kong, 25 March 2025

As at the date of this announcement, the Board comprises Mr. Wei Fu as Chairman and Executive Director, Mr. Yongqing Luo and Mr. Ian Ying Woo as Executive Directors, Mr. William Ki Chul Cho and Mr. Honggang Feng as Non-executive Directors, and Ms. Hoi Yam Chui, Mr. Yifan Li and Mr. Shidong Jiang as Independent Non-executive Directors.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wei Fu (傅唯) *(Chairman of the Board)*

Mr. Yongqing Luo (羅永慶)

Mr. Ian Ying Woo (何穎)

Non-Executive Directors

Mr. Yubo Gong (龔聿波)
(resigned with effect from 9 February 2024)

Ms. Lan Kang (康嵐)
(resigned with effect from 12 January 2024)

Mr. William Ki Chul Cho (曹基哲)
(appointed with effect from 12 January 2024)

Mr. Honggang Feng (馮洪剛)
(appointed with effect from 9 February 2024)

Independent Non-executive Directors

Mr. Shidong Jiang (蔣世東)

Mr. Yifan Li (李軼梵)

Ms. Hoi Yam Chui (徐海音)

AUDIT COMMITTEE

Mr. Yifan Li (李軼梵) *(Chairperson)*

Mr. Shidong Jiang (蔣世東)

Ms. Hoi Yam Chui (徐海音)

REMUNERATION COMMITTEE

Ms. Hoi Yam Chui (徐海音) *(Chairperson)*

Mr. Wei Fu (傅唯)

Mr. Shidong Jiang (蔣世東)

NOMINATION COMMITTEE

Mr. Wei Fu (傅唯) *(Chairperson)*

Mr. Yifan Li (李軼梵)

Ms. Hoi Yam Chui (徐海音)

JOINT COMPANY SECRETARIES

Ms. Leah Liu (劉栩昕)

Ms. Yee Wa Lau (劉綺華)

AUTHORISED REPRESENTATIVES

Mr. Ian Ying Woo (何穎)

Ms. Yee Wa Lau (劉綺華)

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and Registered
Public Interest Entity Auditor
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Ernst & Young
Certified Public Accountants and Registered
Public Interest Entity Auditor
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(appointed with effect from 15 November 2024)

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As to Cayman Islands law

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Hopewell Centre, 183 Queen's Road East
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Hong Kong

STOCK CODE

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COMPANY WEBSITE

www.everestmedicines.com

Chairman's Statement

Dear Everest Medicines Shareholders,

China's macroeconomic landscape featured both opportunities and challenges in 2024. Despite the government's introduction of various market stimulus policies, the domestic economy remained pressured amid sluggish global economic recovery and geopolitical tensions, evidenced by slower GDP growth and ongoing capital market uncertainties. These conditions also impacted the biotech sector, resulting in the Hang Seng Biotech Index's decline of almost 16% in 2024. Amid this dynamic environment, Everest Medicine delivered an exceptional performance, with our share price surging by an impressive 132% in 2024.This remarkable share price appreciation was driven by the market's appreciation of our differentiated products and strong execution within China's evolving healthcare landscape.

Chinese government policies in the healthcare sector have emphasized medication accessibility and affordability. Notably, both the proportion and total number of innovative drugs added to the National Reimbursement Drug List (NRDL) reached a record high in 2024. Leveraging this favorable policy environment, we made significant progress with the inclusion of NEFECON® on China's NRDL as the first-in-disease medicine with an indication for IgA nephropathy (IgAN) in 2024, expanding its affordability for the approximately 5 million IgAN patients in China.

In 2024, Everest continued to execute on its dual engine approach to growth with respect to strengthening our commercial organization and advancing our best-in-class assets with global rights. Last year we achieved revenues of RMB706.7 million, exceeding our revenue guidance of RMB700 million. This milestone highlights the Company's effectiveness and strong adherence to our strategic plan, and laid a solid foundation for the Company's sustainable development in the next phase.

The highlight of commercial execution in 2024 was NEFECON's commercial launch in mainland China in May, which marked the inception of a new era in the treatment of IgAN. Moving forward, we will proactively collaborate with local governments, hospitals and pharmacies for the implementation of NRDL policies, in order to benefit more Chinese IgAN patients. These developments for NEFECON® are expected to contribute to remarkable revenue growth in 2025 and beyond. NEFECON® also received regulatory approvals in Singapore, Hong Kong, Taiwan and South Korea during 2024, further broadening our opportunity as we continue to expand its accessibility to IgAN patients in the Asian region and reinforce our leadership position in renal diseases.

We also drove robust growth of XERAVA® (eravacycline), a first-in-class fluorocycline antibiotic, through deepening the penetration and uptake among our about 300 core hospitals and also by partnering with Contract Sales Organizations (CSO) to benefit patients outside of our self-covered hospitals. Eravacycline's clinical breakpoint was officially approved by the Expert Committee of the National Health Commission on Antimicrobial Susceptibility Testing and Standard Research (ChinaCAST) for clinical use in China, and a real-world clinical evaluation from 3,369 cases of eravacycline used in ICU, hematology, transplantation and respiratory departments led by the National Health Commission's Expert Committee on Clinical Use of Antimicrobials and Evaluation of Antimicrobial Resistance, showed the overall treatment efficacy rate of eravacycline at the end of treatment was 90.1%, facilitating wider use of the drug in clinical practice.

We also made significant progress in our auto-immune vertical with VELSIPITY® being approved in Macau in April 2024. The medicine was subsequently both commercially launched in the autonomous region and had the first prescription written in December in Guangdong province under the "Hong Kong and Macau Medicine and Equipment Connect" policy. This preferential policy allowed us to bring this advanced innovative therapy to benefit ulcerative colitis ("UC") patients in mainland China for the first time. We are also pleased with the successful New Drug Application ("NDA") submission of VELSIPITY® to the National Medical Products Administration ("NMPA") of China and expect to receive approval in mainland China in 2026.

In our global rights asset portfolio under development, we are extremely proud of the positive results we reported from the preliminary analysis of our Phase 1b/2a trial of EVER001, a covalent reversible BTK inhibitor with best-in-class potential for the treatment of autoimmune renal diseases. We hold global rights to EVER001 for the treatment of renal diseases and are developing the first indication in primary membranous nephropathy ("pMN"). There are about 2 million patients with pMN in China, with an estimated 80,000 to 100,000 patients in the United States, about 80,000 in Europe, and about 40,000 in Japan and there are no approved drugs for this indication worldwide.

We have also advanced our internally developed mRNA programs. Our personalized mRNA cancer vaccine program, EVM16, began an investigator-initiated trial ("IIT") in 2024, designed to assess its safety, tolerability, immunogenicity, and preliminary efficacy. EVM16 is a novel personalized therapeutic mRNA cancer vaccine independently developed by Everest. In March 2025, the first patient has been dosed at Peking University Cancer Hospital in the IIT in China.

Looking forward to 2025, we will be focusing on rapidly increasing sales of NEFECON® to take advantage of its unique standing as the only NRDL-listed medicine with an IgAN indication. The NRDL reimbursement of this medication starting on 1 January 2025 is expected to drive a significant increase in volumes as well as promote enhanced patient compliance and longer treatment duration. Another tailwind for NEFECON® growth in 2025 is expected to be its inclusion in the 2025 revised Kidney Disease Improving Global Outcomes (KDIGO) guidelines as well as the first Chinese guideline for IgAN, which will provide local physicians with authoritative reference for prescription. Lastly, we plan to commercialize NEFECON® in other valuable regions such as Taiwan and South Korea in addition to Singapore and Hong Kong where there is a high unmet need for novel IgAN therapies.

We will also be focused on value creation for our novel BTK inhibitor, EVER001, for which we reported impressive positive Phase 1b/2a data in pMN in late 2024. PMN is a highly prevalent disease in China, and represents a potential Orphan Drug opportunity in the U.S. and EU which is typically accompanied by higher pricing and longer market exclusivity periods. With our global rights to EVER001, we will seek out opportunities to partner this attractive program outside of China to benefit from global expertise and attractive economics, and believe this asset will boost Everest's visibility in global markets.

In 2025, we will be intently focused on advancing our cutting-edge mRNA programs as we leverage our deep scientific experience to advance valuable assets with global rights. In addition to the anticipated preliminary data on our personalized cancer vaccine, we have received U.S. Food and Drug Administration ("FDA")'s Investigational New Drug (IND) approval for EVM14, our off-the-shelf tumor-associated antigen ("TAA") vaccine. We also plan to submit IND application to China's NMPA in the first half of this year. These are the first IND filings in both the U.S. and China for Everest's self-developed global product pipeline, marking a significant milestone in Everest's efforts to develop innovative mRNA therapeutics in oncology. There has been significant outside interest in our mRNA products including the in-vivo CAR-T program in which we will achieve preclinical candidate milestone, and we are diligently working to create opportunities to advance these assets via global collaborations.

In addition to our partnering efforts, we also remain strategic with our approach to bring in first-in-class or best-in-class assets to complement our existing pipeline. We will leverage our current commercial platform for commercial stage or near-commercial assets in China to generate operational synergies and build scale. We are also interested in earlier-stage assets with global rights similar to EVER001, where we can create substantial shareholder value.

On behalf of the Company, I would like to express our gratitude to the Board of Directors, employees, partners, and investors for your unwavering support as we continue to execute on our dual-engine strategy to solidify our leadership position in key therapeutic areas, develop high-value programs with global rights, and become a leading biopharma in Asia Pacific by 2030.

Mr. Wei Fu
Chairman

Hong Kong
25 March 2025

Financial Highlights

IFRS NUMBERS:

- Revenue for the year ended 31 December 2024 increased significantly by RMB580.7 million, or 461%, to RMB706.7 million, compared with RMB125.9 million for the year ended 31 December 2023. The revenue growth was primarily driven by the strong ramp up of XERAVA® sales and the successful launch of NEFECON® in mainland China. Additionally, in markets outside of mainland China, XERAVA® sales continued to build in Hong Kong and Singapore, NEFECON® was successfully launched in Hong Kong and Singapore, and VELSIPITY® was first launched in Macau and made available in Guangdong province through the "Hong Kong and Macau Medicines and Equipment Connect" policy.

- Gross profit margin rose from 72.7% for the year ended 31 December 2023 to 74.6% for the year ended 31 December 2024. Excluding the amortisation of intangible assets, the gross profit margin increased from 79.9% in 2023 to 82.9% in 2024. The improvement was mainly due to the commercial launch of NEFECON® and the optimisation of product costs.

- R&D expenses for the year ended 31 December 2024 amounted to RMB528.0 million, decreasing slightly from RMB540.1 million for the year ended 31 December 2023. The Company remains committed to strategic R&D investments across various product pipelines to support long-term sustainable growth.

- General and administrative expenses increased by RMB84.9 million, from RMB165.2 million for the year ended 31 December 2023 to RMB250.1 million for the year ended 31 December 2024. This increase was primarily due to higher remuneration expenses and professional service expenses in order to support the Company's business expansion and continued pipeline growth.

- Distribution and selling expenses increased by RMB276.7 million from RMB231.4 million for the year ended 31 December 2023 to RMB508.1 million for the year ended 31 December 2024, primarily due to expansion of the commercial team and additional commercial activities, which helped the successful launch of new products and encouraged the growth of existing product sales. Our commercial operational efficiency increased as commercialization expenses-to-sales ratio decreased by 111.9 percentage point, with our continued efforts to build a more efficient and focused commercialization model.

- The ratio of total operating expenses (including general and administrative expenses, research and development expenses, and distribution and selling expenses) to sales decreased by 561.8 percentage point, showing operational efficiency improvement.

- Net loss for the year increased by RMB196.9 million from RMB844.5 million for the year ended 31 December 2023 to RMB1,041.4 million for the year ended 31 December 2024. This increase was primarily due to a one-time, non-recurring impairment loss from an intangible asset related to mRNA COVID-19 vaccines in the first half of 2024.

  Excluding this impairment loss of an intangible asset, net loss narrowed by RMB107.5 million, from RMB792.5 million for the year ended 31 December 2023 to RMB685.0 million for the year ended 31 December 2024. This was primarily due to the strong product sales and improvements in operational efficiency.

- Cash and cash equivalents and bank deposits amounted to RMB1,603.3 million as of 31 December 2024.

NON-IFRS MEASURE:

- Adjusted loss for the year[1] narrowed by RMB176.1 million, from RMB713.6 million for the year ended 31 December 2023 to RMB537.6 million for the year ended 31 December 2024, primarily excluding the one-time and non-recurring loss on impairment of an intangible asset, and non-cash expenses of share-based compensation and amortization of intangible assets.

1 Adjusted loss for the year represents the loss for the year attributable to the equity holders of the Company excluding the effect of certain non-cash items and one-time events, namely the loss on fair value changes in financial assets at fair value through profit or loss, the loss on fair value changes of preferred shares (current financial liabilities measured at fair value through profit or loss), share-based compensation loss, impairment loss on an intangible asset and intangible assets amortization. For the calculation and reconciliation of this non-IFRS measure, please refer to the paragraph numbered 16 under the heading "Financial Review" below.

Business Highlights

During the year ended 31 December 2024, and as of the Latest Practicable Date, Everest executed against its dual-engine strategic plan and significantly strengthened its commercial organization while advancing multiple attractive assets in its pipeline. We now have three commercialized products addressing large target markets in renal, anti-infective and auto-immune diseases. With respect to our pipeline to which we have global rights, we announced positive interim results from EVER001 in pMN and made significant strides on mRNA cancer vaccines as well as our in-vivo CAR-T program. These early-stage assets are expected to become increasingly important to our growth story in 2025.

RENAL PRODUCTS PORTFOLIO

NEFECON®, *our anchor drug candidate in the renal therapeutic area, is a patented oral, delayed release formulation of budesonide, a corticosteroid with potent glucocorticoid activity and weak mineralocorticoid activity that undergoes substantial first pass metabolism. The formulation is designed as a delayed release capsule that is enteric coated so that it remains intact until it releases budesonide in the distal ileum. Each capsule contains coated beads of budesonide, which targets mucosal B-cells present in the ileum where the disease is believed to originate, as per the predominant pathogenesis models. NEFECON® received China NMPA approval for the treatment of primary IgAN in November 2023 and launched in mainland China in May 2024.*

— In March 2024, the Company's partner Calliditas Therapeutics AB ("Calliditas") (which was acquired by Asahi Kasei Corporation in September 2024) announced the U.S. FDA has granted an Orphan Drug exclusivity period of seven years for NEFECON®, expiring in December 2030 based on Calliditas obtaining full approval for this drug product in December 2023.

— In March 2024, the Singapore Health Sciences Authority ("HSA") approved NEFEGAN®, known in other Everest territories as NEFECON®, for the treatment of primary IgAN in adults at risk of disease progression. Singapore marks the third region in Everest territories that received NDA approval after Macau and mainland China.

— In April 2024, Calliditas published additional sub-analyses of NEFECON®'s Phase 3 NefIgArd study. One of the sub-analyses showed that during the 2-year period (9 months of treatment with NEFECON®, followed by a 15-month observation period after discontinuation), significant benefits in estimated glomerular filtration rate ("eGFR") were observed regardless of baseline UPCR levels (<0.8 g/g or ≥0.8 g/g). This study also showed that patients with UPCR <0.8 g/g who received NEFECON® achieved an eGFR slope of -0.25 mL/min/1.73 m^3 per year, supporting the treatment target of <1 ml/min/1.73 m^3 per year with the objective to avoid kidney failure in their lifetime. Another sub-analyses demonstrated that, irrespective of baseline UPCR levels and use of rescue medication, time to confirmed 30% eGFR reduction or kidney failure was significantly delayed.

— In April 2024, Calliditas announced that the global open-label extension (OLE) study to the Phase 3 NefIgArd study showed a treatment response consistent with the NefIgArd study for the endpoints of urine protein to creatinine ratio ("UPCR") and eGFR at 9 months in all IgAN patients, including those who had previously received NEFECON® in the NefIgArd study. The safety data after 9 months of treatment or retreatment with NEFECON® in patients who completed the NefIgArd study were consistent with previously reported safety data.

— In May 2024, the Hong Kong Department of Health approved NEFECON® for the treatment of primary IgAN in adults at risk of disease progression. Hong Kong marks the fourth region in Everest territories where NEFECON® has received NDA approval after Singapore, Macau and mainland China.

— In May 2024, Everest announced the successful launch of NEFECON® in mainland China, which has the highest prevalence of primary glomerular diseases in the world. The commercialization of NEFECON® in the Chinese market represents a significant milestone for Everest and a breakthrough for IgAN patients in China. The first prescription of NEFECON® was issued through an internet hospital, enhancing speed and convenience of delivering medication to patients and improving accessibility to the treatment.

— In June 2024, Calliditas announced an additional efficacy analysis of NEFECON® in IgAN at the 61st European Renal Association Congress. An anchored matching-adjusted indirect comparison (MAIC) was performed to estimate the relative effect of NEFECON® or sparsentan on the absolute eGFR change from baseline at 9, 12, and 24 months, with common comparators of optimized renin-angiotensin system inhibition for NefIgArd and irbesartan from the phase 3 PROTECT study. Using patient-level data from NefIgArd and trial-level data from PROTECT, the study demonstrated that treatment with NEFECON® 16 mg/day for 9 months was associated with greater eGFR benefit compared with continuous treatment with sparsentan 400 mg/day over 2 years.

— In July 2024, China's NMPA accepted the submission of a supplemental New Drug Application seeking full approval of NEFECON® based on the complete clinical data from the global Phase 3 NefIgArd study.

— In September 2024, NEFECON® was included in the "KDIGO 2024 Clinical Practice Guideline for the Management of Immunoglobulin A Nephrophthy (IgAN) and Immunoglobulin A Vasculitis (IgAV)" draft for public review. The draft guideline notes that NEFECON® is the only treatment to date proven to reduce the levels of pathogenic forms of IgA and IgA immune complexes, and recommends treatment with a 9-month course of NEFECON® for IgAN patients who are at risk of progressive kidney function loss.

— In October 2024, the Taiwan Food and Drug Administration approved NEFECON® indicated "to reduce the loss of kidney function in adult patients with primary IgAN who are at risk for disease progression". Taiwan was the fifth region in Everest Medicines' authorized area to approve NEFECON® after Macau, mainland China, Singapore, and Hong Kong.

— In October 2024, "Kidney 360" magazine published the complete two-year subpopulation data from Chinese patients in the Phase 3 NefIgArd clinical trial of NEFECON® under the title "Efficacy and Safety of NEFECON® in Patients with Immunoglobulin A Nephropathy from mainland China: 2-Year NefIgArd Trial Results". The article states that during the 2-year treatment and observation period, the Chinese subpopulation data showed improvements in kidney protection, proteinuria reduction, and microhematuria that were numerically greater than the outcomes of global population.

— In October 2024, additional analyses of the NefIgArd study for NEFECON® were presented at the 2024 American Society of Nephrology Kidney Week (ASN Kidney Week 2024). One of the analyses showed that the ability of NEFECON® to specifically modulate pathogenic Gd-IgA1 production in the GALT while leaving systemic IgA responses and total IgA and IgG levels unchanged, supports its use as a generally well tolerated, disease-modifying, locally-acting treatment option for IgAN. Another analysis demonstrated that real-world use of NEFECON® was well-tolerated and can reduce loss of kidney function in patients who receive ≥9 months of treatment.

— In November 2024, NEFECON® received full approval from the Ministry of Food and Drug Safety in South Korea, indicated for the treatment of adults with primary IgAN with a urine protein excretion ≥1.0 g/day (or urine protein-to-creatinine ratio ≥0.8 g/g).

— In November 2024, NEFECON® was included in NRDL in mainland China which takes effect on 1 January 2025. NEFECON®'s inclusion in the NRDL acknowledges its significant clinical value in improving patient care and with approximately 5 million IgAN patients in China and over 100,000 newly diagnosed patients annually, there is a significant unmet clinical demand in the country.

— In December 2024, the first prescription for NEFECON® was issued at Hong Kong Gleneagles Hospital, marking a new era for the disease-modifying treatment of IgAN in the region. It represents the third commercial launch of NEFECON® in the year, following its launch in mainland China and Singapore.

Post-Reporting Period achievements and expected milestones:

— On 1 January 2025, with the official implementation of the latest update of NRDL, NRDL pricing now applies to NEFECON® which will benefit more IgAN patients. NEFECON® is the only approved treatment for primary IgAN in adults at risk of disease progression in China.

— In March 2025, the HSA has granted full approval of NEFEGAN® indicated "to reduce the loss of kidney function in adults with primary immunoglobulin A nephropathy (IgAN) who are at risk for disease progression with a urine protein excretion ≥1.0 g/day (or urine protein-to-creatinine ratio ≥0.8 g/g)".

— We expect to commercially launch NEFECON® in Taiwan and South Korea in 2025.

— We expect to receive NEFECON® full approval from NMPA in 2025.

— We expect inclusion of NEFECON® in the KDIGO 2025 guidelines as well as in the first Chinese guideline for IgAN in 2025.

***EVER001** is a next-generation covalent reversible Bruton's tyrosine kinase (BTK) inhibitor with potentially best-in-class characteristics for the treatment of autoimmune renal diseases. Compared to covalent irreversible BTK inhibitors, EVER001 offers improved selectivity while maintaining high potency, thereby potentially avoiding many of the side effects associated with earlier-generation BTK inhibitors. Everest Medicines holds global rights to EVER001 for the treatment of renal diseases.*

— In December 2024, Everest announced positive results in the ongoing Phase 1b/2a clinical trial for the treatment of pMN with EVER001. In an analysis of the data available as of 13 September 2024, we observed that of the patients in the low-dose cohort who have completed 36 weeks of treatment, 9 out of 11 (81.8%) achieved overall clinical remission and 10 out of 11 (91%) achieved immunological complete remission (ICR). In the high dose cohort, 6 out of 7 (85.7%) patients achieved overall clinical remission and all patients achieved ICR by week 24. EVER001 was generally safe and well tolerated. No clinically significant adverse events typically associated with earlier-generation BTK inhibitors, such as bleeding, arrhythmia, severe infection, leukopenia, thrombocytopenia, or severe liver function impairment, were reported.

Post-Reporting Period achievements and expected milestones:

— We expect to report one-year follow up data of the Phase 1b/2a clinical trial in 2025.

INFECTIOUS DISEASE PORTFOLIO

***XERAVA® (eravacycline)** is a novel, fully synthetic, broad-spectrum, fluorocycline, parenteral antibiotic of the tetracycline class that has shown broad in vitro activity against Gram-negative, Gram-positive and anaerobic pathogens, including those pathogens that have acquired multidrug resistance (MDR) and are prevalent in China. XERAVA® is currently approved for the treatment of complicated intra-abdominal infections (cIAI) in the US, EU, UK, Singapore, mainland China, Hong Kong, and Taiwan. XERAVA® was licensed to Everest by Tetraphase Pharmaceuticals, Inc., an affiliate of Innoviva Specialty Therapeutics, Inc.*

— In January 2024, eravacycline's clinical breakpoint was officially approved by the Expert Committee of the National Health Commission on Antimicrobial Susceptibility Testing and Standard Research (ChinaCAST) for clinical use in China.

— In November 2024, data on eravacycline (XERAVA®), were presented in Los Angeles, California at IDWeek 2024. The first study evaluated the in vitro antimicrobial activity of eravacycline against Carbapenem-resistant Acinetobacter baumannii (CRAB). Using the recently approved, ChinaCAST breakpoint of 1 μg/mL the results showed a high susceptibility rate of eravacycline against CRAB. The second study evaluated the in vitro activity of eravacycline against 23,127 global clinical isolates of major Gram-positive and Gram-negative bacteria, including drug-resistant strains collected from various regions such as Asia, Europe, and North America from 2018 to 2022. Since its approval in 2018, eravacycline has consistently maintained a high level of susceptibility against clinically relevant pathogens across diverse geographic regions and infection sites which supports eravacycline's use in treating complicated intra-abdominal infections caused by both Gram-negative and Gram-positive bacteria.

— In November 2024, in a real-world clinical evaluation led by the National Health Commission's Expert Committee on Clinical Use of Antimicrobials and Evaluation of Antimicrobial Resistance, the final report showed that the overall efficacy rate of eravacycline treatment for 3 days was 91.1%, and the overall treatment efficacy rate at the end of treatment was 90.1%.

Cefepime-taniborbactam *is an investigational agent that is a combination of cefepime, a fourth-generation cephalosporin, and the novel beta-lactamase inhibitor (BLI), taniborbactam, that exhibits broad coverage of both serine- and metallo-beta-lactamases. In combination with cefepime, taniborbactam is under development as a new treatment option for patients with serious bacterial infections caused by difficult-to-treat drug resistant gram-negative pathogens, including carbapenem-resistant Enterobacterales (CRE) and carbapenem-resistant or multidrug-resistant Pseudomonas aeruginosa (CRPA/MDR-PA).*

— In February 2024, The New England Journal of Medicine published the results of the CERTAIN-1 Phase 3 clinical study of the investigational agent cefepime-taniborbactam for the treatment of adult patients with complicated urinary tract infections ("cUTI"), including acute pyelonephritis. The results showed that cefepime-taniborbactam was superior to meropenem for the treatment of cUTI that included acute pyelonephritis, with a similar safety profile to meropenem.

Post-Reporting Period achievements and expected milestones:

— We expect to submit an NDA for cefepime-taniborbactam in cUTI to China NMPA in 2025.

AUTOIMMUNE DISEASE PORTFOLIO

VELSIPITY® (etrasimod) *is a once-daily, oral, sphingosine 1-phosphate (S1P) receptor modulator that selectively binds with S1P receptor subtypes 1, 4, and 5. Regulatory approvals for VELSIPITY® in moderately to severely active ulcerative colitis (UC) have been granted in US, EU, Canada, Australia, Singapore, UK, Switzerland, Israel and Macau.*

— In February 2024, our licensing partner Pfizer Inc. announced that the European Commission ("EC") granted marketing authorization for VELSIPITY® in the European Union to treat patients 16 years of age and older with moderately to severely active UC who have had an inadequate response, lost response, or were intolerant to either conventional therapy, or a biological agent.

— In March 2024, the Pharmaceutical Administration Bureau of the Macau Special Administrative Region, China, accepted Everest's NDA for VELSIPITY® for the treatment of adult patients with moderately to severely active UC. In April, the bureau approved the NDA, marking the first approval of VELSIPITY® in Everest territories.

— In July 2024, Everest announced positive topline data results of the maintenance period from a multi-center Phase 3 clinical trial of VELSIPITY® in Asia for the treatment of subjects with moderately-to-severely active UC. The data of maintenance treatment confirmed that, after 40 weeks of treatment of 2mg once-daily VELSIPITY or placebo, VELSIPITY® demonstrated significant clinical and statistical improvements over placebo in the primary and all key secondary endpoints ($p<0.0001$), and other secondary endpoints (including mucosal healing and endoscopic normalization, both $p<0.0001$). The safety profile of VELSIPITY® was consistent with previous studies, with no new safety signals observed.

— In October 2024, Everest announced that, through the "Hong Kong and Macau Medicine and Equipment Connect" policy, VELSIPITY® was officially approved for patients with moderately to severely active UC by the Guangdong Provincial Medical Products Administration and the first prescription for VELSIPITY® was written at Foshan Fosun Chancheng Hospital in Guangdong in December. VELSIPITY® is now Everest's third commercialized product.

– In November 2024, the full induction period data results from a multi-center Phase 3 clinical trial of VELSIPITY® in Asia on the treatment of moderately to severely active UC with etrasimod was presented in an oral presentation at the 32nd United European Gastroenterology Week (UEGW 2024). The induction period results showed that all primary and key secondary efficacy endpoints in the etrasimod treatment group achieved statistically significant and clinically meaningful improvements compared to the placebo group. The treatment differences in clinical remission, endoscopic improvement, and clinical response rates were 20.4%, 28.6%, and 32.0%, respectively (all P-values <0.0001). Patients treated with etrasimod achieved clinically meaningful and statistically significant improvements in mucosal healing ($P<0.0001$) and endoscopic normalization ($P=0.0003$).

— In December 2024, the Department of Health of the Government of the Hong Kong Special Administrative Region, China, accepted Everest's NDA for VELSIPITY® for the treatment of adult patients with moderately to severely active UC.

— In December 2024, the first prescription of VELSIPITY® in Macau was issued at Kiang Wu Hospital and VELSIPITY® was included in the Catalog of Pharmaceutical and Medical Devices Imported from Hong Kong and Macau for the Nine Municipalities in Guangdong Province within the Guangdong-Hong Kong-Macau Greater Bay Area, published by the Guangdong Provincial Medical Products Administration and Health Commission of Guangdong Province.

— In December 2024, the NMPA of China accepted the NDA for VELSIPITY® for the treatment of patients with moderately to severely active UC. We expect to receive NDA approval in 2026.

Post-Reporting Period achievements and expected milestones:

– In February 2025, Everest announced the presentation of maintenance data from its multi-center Phase 3 clinical trial of etrasimod in Asia at the 20th European Crohn's and Colitis Organization Congress (ECCO 2025). The results demonstrated that treatment with etrasimod 2 mg resulted in a clinically meaningful and statistically significant improvement in the primary and all secondary endpoints at the end of maintenance period. A statistically significant greater proportion of etrasimod-treated patients achieved clinical remission at Week 40 compared with placebo. A statistically significant greater proportion of etrasimod-treated patients achieved endoscopic improvement and clinical response at week 40 compared with placebo. Other secondary endpoints of mucosal healing, endoscopic normalization, and histological remission also significantly favored patients treated with etrasimod compared with placebo. Notably, mucosal healing as measured by a central read endoscopic subscore ≤1 (excluding friability) with a Geboes Index score <2.0, was achieved in 51.9% of the etrasimod treated patients compared to 8.8% in the placebo group (2-sided p-value <0.0001). The safety profile of etrasimod during the maintenance period was consistent with previous studies, with no new safety findings observed.

— In March 2025, Everest announced the launch of a construction project for etrasimod's local production at Jiashan factory. The project is expected to achieve an annual production capacity of 50 million tablets upon full operation. The planned supply regions include mainland China, Hong Kong, Macau, Taiwan, South Korea, and Singapore, covering Everest's licensing regions in Asia.

— We expect to receive VELSIPITY® NDA approval in UC in Hong Kong in 2025.

— We expect to submit NDA for VELSIPITY® in UC in Taiwan and South Korea in 2025.

— We will continue to expand VELSIPITY®'s accessibility in the Greater Bay area through the "Hong Kong and Macau Medicine and Equipment Connect" policy in 2025.

Zetomipzomib *is a novel, first-in-class, selective immunoproteasome inhibitor currently being evaluated for immune-mediated disorders. It was licensed from Kezar Life Sciences ("Kezar") in 2023. Everest and Kezar collaborate on the development of zetomipzomib in autoimmune diseases such as autoimmune hepatitis.*

— In February 2024, Everest announced that the Center for Drug Evaluation ("CDE") of China's NMPA approved Kezar's IND application for initiation of the Phase 2b PALIZADE trial in China of zetomipzomib in patients with lupus nephritis ("LN").

— In July 2024, Everest announced that the first patient had been dosed in China with zetomipzomib in the global Phase 2b PALIZADE trial for the treatment of active LN.

— In September 2024, PALIZADE was placed on clinical hold following the recommendation of the Independent Data Monitoring Committee. In October, Kezar made the strategic decision to terminate the PALIZADE trial and focus clinical development efforts on zetomipzomib in autoimmune hepatitis (AIH).

— Zetomipzomib is currently being tested in PORTOLA, a placebo-controlled, randomized, double-blind Phase 2a clinical trial evaluating the efficacy and safety of the molecule in patients with AIH. AIH is a rare chronic disease in which the immune system attacks the liver and causes inflammation and tissue damage, severely impacting patients' physical health and quality of life. The study has completed enrollment of 24 patients, and Kezar expects to report topline results in 1H 2025.

mRNA PLATFORM

Everest has built end-to-end capabilities across its proprietary mRNA platform. Our R&D team is developing multiple mRNA-based therapeutic products including personalized cancer vaccines, tumor-associated antigen vaccines, immunomodulatory cancer vaccines, in vivo CAR-T program, as well as next generation lipid nanoparticle ("LNP") delivery systems to enhance cell-mediated immune response. Our mRNA manufacturing facility in Jiashan, Zhejiang Province in China is designed to comply with global good manufacturing practice ("GMP") standards and is able to produce at clinical- and commercial-scale. Everest owns full global intellectual property rights to its mRNA therapeutic programs.

In 2024, the Company advanced its self-developed mRNA pipeline products, the first of which is EVM16, a novel personalized therapeutic mRNA cancer vaccine independently developed by Everest. It contains neoantigens with high immunogenicity potential, predicted based on the unique tumor mutations of each patient using Everest's proprietary AI-based neoantigen prediction algorithm, EVER-NEO-1. The vaccine is designed to encode dozens of tumor neoantigens. This platform will be an important part of our discovery efforts going forward.

— In February 2024, Everest announced the termination of the collaboration and license agreements with Providence Therapeutics Holdings Inc. Everest continues to develop its own therapeutic vaccine products utilizing the mRNA platform.

— In August 2024, Everest announced the launch of an IIT for a personalized mRNA cancer vaccine, EVM16, under the study EVM16CX01, at the Peking University Cancer Hospital and Fudan University's Cancer Hospital. This trial is designed to assess the safety, tolerability, immunogenicity, and preliminary efficacy of EVM16 injection as a monotherapy and in combination with PD-1 antibody for patients with advanced or recurrent solid tumors. EVM16CX01 is the first-in-human ("FIH") trial for EVM16.

Post-Reporting Period achievements and expected milestones:

— In March 2025, Everest announced that the first patient has been dosed with the Company's internally developed personalized mRNA cancer vaccine EVM16 at Peking University Cancer Hospital in the investigator-initiated clinical trial (IIT) EVM16CX01.

— In March 2025, the U.S. Food and Drug Administration (FDA) has cleared its Investigational New Drug (IND) application for EVM14, a TAA vaccine. EVM14 is Everest's first internally developed mRNA therapeutic vaccine to receive FDA IND approval, marking a significant milestone in the Company's efforts to develop innovative mRNA therapeutics in oncology.

— We expect to submit IND application for EVM14 in China in 2025.

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

KEY CORPORATE DEVELOPMENTS

— In March 2024, the Company announced the appointments of Ms. Sandra Zeng as Chief Medical Officer and Mr. Rico Liang as Chief Product Officer. Ms. Sandra Zeng has more than 20 years' experience and achievements in oncology and immunology industries across diversified functions, including pharmaceutical discovery, development and medical affairs in U.S. and China. Mr. Rico Liang has more than two decades of experience in the pharmaceutical industry, primarily focused on in medical affairs, marketing & sales management, and clinical operations. He has also helped to build out a fully functional company in China with innovative and highly effective operation systems.

— We are working with partners to establish an innovative ecosystem for kidney disease diagnostics and treatment, with the aim to provide IgAN patients with a tool to enhance disease diagnosis and track disease progression without biopsy.

For details of any of the foregoing, please refer to the rest of this annual report and, where applicable, the Company's prior announcements.

OVERVIEW

We are a biopharmaceutical company that integrates discovery, licensing, clinical development, commercialization and manufacturing of novel and differentiated therapies to address critical unmet medical needs around the world. Since the founding of the Company in 2017, we have strategically built a portfolio of first-in-class or best-in-class commercialized products and clinical-stage candidates and are working to complement the existing pipeline through in-house discovery efforts and in-licensing. Currently, our commercial product portfolio consists of three launched products — NEFECON®, XERAVA®, and VELSIPITY® with additional approvals expected in the next two years. We plan to submit an NDA for cefepime-taniborbactam in our anti-infective franchise in 2025.

We are building a fully integrated Asia-based leading global biopharmaceutical company encompassing the whole value chain of capabilities, including discovery, CMC, process and quality development, clinical development, and manufacturing in compliance with GMP, and are proud of our robust commercial infrastructure. 2024 was the second year of commercial operations for Everest in China and we are pleased to have exceeded our initial revenue guidance of RMB700 million during this period. Our strong performance is a testament to the combined efforts and focus of our entire company and its leadership team and underscores the significant unmet medical needs addressed by our products.

PRODUCT PIPELINE

Everest has built a strong product pipeline across renal, anti-infective, and autoimmune diseases that are all potentially first-in-class treatment or best-in-class assets. These programs encompass short-term, mid-term and long-term opportunities which are collectively expected to generate significant revenue growth for the Company and create value for its shareholders. The following table summarizes our key pipeline and the development status of each drug and vaccine candidate as of the Latest Practicable Date.

NDA/BLA approval	Molecule (Modality)	Partner	Commercial Right	Indication	Everest Clinical Status (Pre-clinical / Phase 1 / Phase 2 / Phase 3 / BLA/NDA Application / Approval)	Global Clinical Status
2023	NEFECON®	Asahi KASEI	Greater China, Singapore, South Korea	IgA nephropathy	Approved in Taiwan, Macau, Hong Kong, Mainland China, South Korea and Singapore	Approved in US, EU
2023	XERAVA® (eravacycline)	INNOVIVA / TETRAPHASE	Greater China, South Korea, SE Asia	cIAI	Approved in Mainland China, Hong Kong, Taiwan and Singapore	Approved in US, EU, UK
2024–26	Velsipity™ (etrasimod)	Pfizer	Greater China, South Korea, Singapore	Ulcerative Colitis	Approved in Macau and Singapore	Approved in US, EU
2024–26	Velsipity™ (etrasimod)	Pfizer	Greater China, South Korea, Singapore	CD, EoE (2026 and beyond)		Phase 2
2024–26	Cefepime-taniborbactam	Venatorx	Greater China, South Korea, SE Asia	cUTI	Priority review for mainland China	Priority review granted in US
2027 and beyond	Zetomipzomib	KEZAR LIFE SCIENCES	Greater China, South Korea, SE Asia	Autoimmune Hepatitis		Phase 2a
2027 and beyond	EVER001 (XNW1011)	EVOPOINT 信诺维 Biosciences; SINOMAB	Worldwide	Primary Membranous Nephropathy		Phase 1b/2a
2027 and beyond	EVER206 (SPR206)	SPERO THERAPEUTICS	Greater China, South Korea, SE Asia	Gram negative infections		Phase 1
Discovery platform	Personalized cancer vaccine	Self-developed	Worldwide	Cancer		IIT initiated
Discovery platform	TAA cancer vaccine	Self-developed	Worldwide	Cancer		US IND approved
Discovery platform	Immune-modulatory cancer vaccine	Self-developed	Worldwide	Cancer		Pre-IND
Discovery platform	In vivo CAR-T	Self-developed	Worldwide	Cancer & Autoimmune		Pre-clinical

BUSINESS REVIEW

Pipeline Outlook

2025 promises to be a year of important data readouts and significant advancement in our best-in-class programs which carry global rights. In 2024 we were pleased to report positive data from a preliminary analysis of a Phase 1b/2a clinical trial of EVER001, a novel BTK Inhibitor for the treatment of primary membranous nephropathy. We expect to advance this trial further in 2025 and plan to report one-year follow-up data in the second half of 2025.

Among our self-developed programs, the first patients have been dosed in our IIT for personalized cancer vaccine and preliminary data on safety and immunogenicity are expected this year. In parallel, we have received FDA's IND approval for EVM14, our off-the-shelf TAA cancer vaccine. We also plan to submit IND application to China's NMPA for EVM14 in the first half of this year. It marks the first U.S. IND submission and approval for Everest, and the first IND applications for Everest's self-developed pipeline.

With respect to our late-stage programs, we plan to submit the NDA for cefepime-taniborbactam to the NMPA in mainland China for the treatment of cUTI in 2025. We will also submit NDAs for VELSIPITY® in South Korea and Taiwan and expect to receive NDA approval for this product in Hong Kong in the second half of the year.

Commercialization

Our commercial organization continued to flourish in 2024 as we launched and grew three commercial products, NEFECON®, XERAVA®, and VELSIPITY®.

In our renal franchise, our team successfully launched our leading drug product, NEFECON® in mainland China in May 2024. We employed a broad array of sales channels, including traditional in-person detailing of hospitals as well as the innovative channel of online prescribing, to meet the urgent and significant unmet needs of an estimated 5 million IgAN patients. Our 150-person sales team had penetrated 600 to 700 hospitals by the end of 2024, which encompass over 60% of the addressable IgAN population. To further broaden IgAN patient access, NEFECON® was included in China's 2024 NRDL which went into effect on 1 January 2025. We expect this significantly increased affordability to drive rapid penetration of NEFECON® throughout its patient population.

Another highlight for NEFECON® in 2024 was its inclusion in the "KDIGO 2024 Clinical Practice Guideline for the Management of Immunoglobulin A Nephrophthy (IgAN) and Immunoglobulin A Vasculitis (IgAV)" draft for public review. The draft guideline points out that NEFECON® is the only treatment to date proven to reduce the levels of pathogenic forms of IgA and IgA immune complexes and recommends treatment with a 9-month course of NEFECON® for patients who are at risk of progressive kidney function loss with IgAN. It also suggests that many patients may need either repeated 9-month treatment cycles or a reduced-dose maintenance regimen in order to produce a sustained clinical response in terms of proteinuria reduction or stabilization of eGFR. The safety and efficacy of repeated treatment was also supported by our partner Calliditas' global OLE study which showed consistent treatment response across endpoints of UPCR and eGFR at 9 months across all IgAN patients, including those who had previously received NEFECON® in the NefIgArd study.

In our anti-infective portfolio, Everest continued to grow XERAVA® sales through deeper penetration of our covered core hospitals and we began partnering with CSOs to benefit patients outside of our core target hospitals, although we still anticipate our own commercial team to generate the majority of sales for XERAVA®. Eravacycline's clinical breakpoint was officially approved by ChinaCAST for clinical use in China, and more than 100 hospitals in China have already adopted the new breakpoint in 2024, facilitating wider use of the drug in clinical practice. Inclusion of eravacycline in the Catalogue of Hierarchical Management of Clinical Application of Antimicrobial Drugs in Shanghai, Beijing and Guangdong last year underscores recognition of the drug's clinical benefits by China's key opinion leaders. In addition, eravacycline was included into The Surgical Infection Society Guidelines on the Management of Intra-Abdominal Infection: 2024 Update and China's Clinical Diagnosis and Treatment Guidelines for Multidrug-resistant Bacterial Infections in Renal Transplantation, Infectious Diseases Society of America 2024 Guidance on the Treatment of Antimicrobial-Resistant Gram-Negative Infections and Chinese Expert Consensus on the Diagnosis and Treatment of Pneumonia in the Elderly (2024 Edition). Inclusion in these guidelines is expected to broaden physician awareness of XERAVA® while also encouraging broader product utilization. With the accumulation of clinical experience and the conduct of clinical studies by Chinese doctors, the following articles were published in 2024. These publications have significantly enhanced awareness and provided more references for broader clinical applications.

Title	Publication Name	Publication Date
Clinical Analysis of Eracycline in the Treatment of Neurologically Critically Immunosuppressed Patients with Carbapenem-resistant Acinetobacter Baumannii Pneumonia	Chinese Journal of Critical Care & Intensive Care Medicine(Electronic Edition)	2024/3/18
Comparison of Efficacy and Safety of Eracycline and Ertapenem in the Treatment of Complicated Intra-abdominal Infections in Chinese Adults	Chinese Journal of Infection and Chemotherapy	2024/5/20
Establishment of epidemiological cut-off values for eravacycline, against Escherichia coli, Klebsiella pneumoniae, Enterobacter cloacae, Acinetobacter baumannii and Staphylococcus aureus	J Antimicrob Chemother	2024/6/14
Research progress of a new antibacterial drug eravacycline	Chinese Journal of New Drugs and Clinical Remedies	2024/7/1
Dynamic evolution of ceftazidime-avibactam resistance from a single patient through the IncX3_NDM-5 plasmid transfer and blaKPC mutation	International Journal of Antimicrobial Agents	2024/8/1
In vitro antibacterial activity of cefotaxime/avibactam and eravacycline against CRKP	Chinese Journal of Clinical Laboratory Science	2024/8/28

Title	Publication Name	Publication Date
Efficacy of eravacycline on pulmonary infection Caused by carbapenem-resistant Acinetobacter baumanni	Journal of Chinese Practical Diagnosis and Therapy	2024/10/6
Comparison of the efficacy and safety of eravacycline and polymyxin in the treatment of multidrug-resistant complex abdominal infections	Natl Med J China	2024/10/15
Efficacy and safety of eravacycline (ERV) in treating infections caused by Gram-negative pathogens: a systematic review and meta-analysis	Expert Review Of Anti-infective Therapy	2024/10/22
In vitro activities of the essential antimicrobial agents including aztreonam/avibactam, eravacycline, colistin, and other comparators against carbapenem-resistant bacteria with different carbapenemase genes: a multicenter study in China, 2021	International Journal of Antimicrobial Agents	2024/11/1
Comparative evaluation of eravacycline susceptibility testing methods in 587 clinical carbapenem-resistant Acinetobacter baumannii isolates: broth microdilution, MIC test strip and disc diffusion	Journal of Antimicrobial Chemotherapy	2024/11/21

We were pleased to have launched our first autoimmune therapeutic, VELSIPITY® which was approved in Macau in April and in Singapore in May, and successfully launched for sales in those regions. Under the “Hong Kong and Macau Medicine and Equipment Connect” policy (“the Connect Policy”), VELSITPITY® was qualified for early access in nine cities in Guangdong province and its first prescription was written at Foshan Fosun Chancheng Hospital in December. To date, VELSIPITY® has been made available at five designated medical institutions in Guangdong (First Affiliated Hospital of Sun Yat-sen University, Foshan Fosun Chancheng Hospital, Shenzhen Hospital of Southern Medical University, Guangzhou United Family Healthcare and Shenzhen Qianhai Shekou Free Trade Zone Hospital) to benefit patients in mainland China with urgent needs for advanced innovative medicines in UC.

Commercialization Outlook

In 2025 we will continue to build on the strong commercial foundation established in 2024.

In our renal franchise, we will work to rapidly ramp NEFECON® sales after its inclusion on the NRDL which makes the medicine much more affordable and broadly accessible to patients. We are targeting rapid progress in NRDL implementation through either hospital listing or dual-channel pharmacies in the first quarter of 2025. We are also aiming to expand our list of core coverage hospitals to about 800 in 2025, which includes over 80% of the potential NEFECON® market with about 200 sales representatives. Everest also anticipates official inclusion of NEFECON® in the 2025 revised Kidney Disease Improving Global Outcomes (KDIGO) guidelines as well as the first Chinese guideline for IgAN as a first-line treatment for IgAN patients. This is expected to help further grow our sales volumes by giving treating physicians an industry standard reference which instills in them more confidence in NEFECON®. While we focus on maximizing the NRDL opportunity in mainland China, we also plan to expand availability of this first-in-disease medication to more IgAN patients across other valuable Asian regions including Taiwan and South Korea.

Within our anti-infective portfolio, we will continue to drive penetration of XERAVA® among our core hospitals by enhancing doctors' awareness, which would lead to more prescriptions at hospitals with significant growth potential. We will also drive early and appropriate use of XERAVA® to establish the medicine as a fundamental option in empirical multi-drug resistant bacteria infection therapy. In addition to our own sales network, we will further optimize promotion through the contract sales organization model in non-core markets where we believe XERAVA® prescription can be broadened.

VELSIPITY® is our newest launch and in 2025, while we will facilitate the NDA review by NMPA with approval expected in 2026, we will also accelerate its availability in designated medical institutions under the Connect Policy for early access to VELSIPITY® in mainland China. Additionally, VELSIPITY®'s real-world study is planned in Greater Bay to provide physicians with more clinical guidance with the product.

Business Development

With the promising data generated by EVER001, our most advanced product with global rights, we will look to potentially engage in out-licensing activities to create value for all our early-stage assets with global rights. For these assets, we plan to pursue global partnership opportunities and seek ways to maximize shareholder value with entities who have global expertise and deals that offer attractive economics. Our business development strategy for in-licensing remains focused on first-in-class or best-in-class assets in less crowded, high value therapeutic areas such as renal diseases, autoimmune disorders, and anti-infective categories. We intend to leverage the strength of our existing commercial platforms to pursue commercial-stage or near-commercial-stage assets in China to create operational synergies and build scale. In parallel, we plan to evaluate earlier-stage assets with global rights, where we can deliver clinical proof-of-concept results and build substantial shareholder value.

Discovery

2024 marked a remarkable year of progress in our mRNA platform as we started the first in-human trial with an investigator-initiated program for our personalized cancer vaccine, EVM16 in two top cancer hospitals in China. EVM16 is independently developed by Everest which contains neoantigens with high immunogenicity potential, predicted based on the unique tumor mutations of each patient using Everest's proprietary AI-based neoantigen prediction algorithm, EVER-NEO-1. The vaccine is designed to encode dozens of tumor neoantigens, and uses an LNP delivery system to efficiently deliver neoantigen-encoded mRNA in vivo, activating neoantigen-specific tumor-killing T cells and inhibiting tumor growth.

In preclinical studies, vaccination with EVM16 stimulated a strong neoantigen-specific T cell response in different mouse models and showed significant tumor growth inhibition in the syngeneic B16F10 mouse melanoma model. EVER-NEO-1, the AI-based neoantigen prediction algorithm developed in-house by Everest, can identify the majority of reported tumor neoantigens, as well as several previously unreported neoantigens. Furthermore, the neoantigen prediction capability of EVER-NEO-1 was shown to be either comparable to or superior to leading industry algorithms in multiple independent validation studies.

We are expecting a catalyst-rich 2025 with a preliminary human data readout from EVM16, for which we achieved first patient dosing in March. Additionally, we have received U.S. FDA's IND approval for EVM14, our off-the-shelf tumor-associated antigen vaccine, marking Everest's first internally discovered program and the first mRNA therapeutic cancer vaccine to be cleared for global clinical development. With IND application to China's NMPA expected in the first half of this year, this asset is designed to treat various cancers, including non-small cell lung cancer and head and neck cancer. In preclinical studies, EVM14 induced a dose-dependent antigen-specific immune response in mice and significantly inhibited tumor growth in multiple syngeneic tumor models. Lastly, the in vivo CAR-T program is also expected to achieve preclinical candidate milestone later this year, which may create a pathway to future global partnership opportunities.

FINANCIAL REVIEW

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

	Years Ended 31 December	
	2024	2023
	(RMB in thousands)	
Revenue	706,678	125,932
Cost of revenue	(179,794)	(34,414)
Gross Profit	526,884	91,518
General and administrative expenses	(250,078)	(165,155)
Research and development expenses	(528,035)	(540,054)
Distribution and selling expenses	(508,070)	(231,419)
Other income	15,395	13,175
Other gains/(losses) — net	(373,140)	(100,803)
Operating loss	(1,117,044)	(932,738)
Finance income/(costs) — net	73,024	84,608
Fair value change in financial assets at fair value through profit or loss ("FVPL")	(7)	848
Fair value change in financial instruments issued to investors	2,652	2,819
Loss before income tax	(1,041,375)	(844,463)
Income tax expense	–	–
Loss for the year attributable to the equity holders of the Company	(1,041,375)	(844,463)
Total comprehensive loss for the year attributable to the equity holders of the Company	(1,017,534)	(789,022)
Non-IFRS measure:		
Adjusted loss for the year	(537,560)	(713,614)

1. Overview

For the year ended 31 December 2024, the Group achieved revenue of RMB706.7 million, compared with RMB125.9 million for the year ended 31 December 2023. This substantial increase was primarily attributable to the strong sales performance of XERAVA® and NEFECON® in mainland China.

Gross profit margin rose from 72.7% for the year ended 31 December 2023 to 74.6% for the year ended 31 December 2024. Excluding the amortisation of intangible assets, the gross profit margin increased from 2023's 79.9% to 82.9% in 2024. The improvement was driven by the successful launch of NEFECON® and ongoing optimisation of product costs.

General and administrative expenses for the year ended 31 December 2024 were RMB250.1 million, compared with RMB165.2 million for the year ended 31 December 2023. Research and development expenses amounted to RMB528.0 million for the year ended 31 December 2024, compared with RMB540.1 million for the year ended 31 December 2023. Distribution and selling expenses increased to RMB508.1 million for the year ended 31 December 2024, from RMB231.4 million for the year ended 31 December 2023. The ratio of total operating expenses (including general and administrative expenses, research and development expenses, and distribution and selling expenses) to sales decreased by 561.8 percentage point, showing operational efficiency improvement.

For the year ended 31 December 2024, the Group recorded a net loss of RMB1,041.4 million, compared with RMB844.5 million for the year ended 31 December 2023. However, excluding the one-time, non-recurring impairment loss from intangible assets in the first half of 2024, the net loss narrowed by RMB107.5 million, from RMB792.5 million for the year ended 31 December 2023 to RMB685.0 million for the year ended 31 December 2024.

As of 31 December 2024, cash and cash equivalents and bank deposits totalled RMB1,603.3 million, compared with RMB2,349.7 million as of 31 December 2023.

2. Revenue

For the year ended 31 December 2024, the Group's revenue reached RMB706.7 million, driven primarily by the strong growth in XERAVA® sales and the successful launch of NEFECON® in mainland China. In markets outside of mainland China, sales of XERAVA® in Hong Kong and Singapore continued to build, while NEFECON® was successfully launched in Hong Kong and Singapore, and VELSIPITY® was launched in Macau and made available in Guangdong province.

3. R&D Expenses

The Group's R&D expenditure decreased slightly to RMB528.0 million for the year ended 31 December 2024, compared with RMB540.1 million for the year ended 31 December 2023. The Company continues to make strategic R&D investments across its various product pipelines in order to support long-term sustainable growth.

The following table sets forth the components of our R&D expenses for the periods indicated:

	Years ended 31 December	
	2024	2023
	RMB'000	RMB'000
Research, clinical trial and test expenses	**229,416**	243,757
Employee benefit expenses	**209,075**	207,413
Professional expenses	**12,876**	13,761
Depreciation and amortization	**51,452**	49,581
Office and travelling expenses	**23,374**	24,265
Others	**1,842**	1,277
Total	**528,035**	540,054

4. Distribution and Selling Expenses

Our distribution and selling expenses rose from RMB231.4 million for the year ended 31 December 2023 to RMB508.1 million for the year ended 31 December 2024. The increase coincides with the growth of existing product sales and the launch of new products, as we expand our commercial team and increase commercial activities. Meanwhile, commercialization expenses-to-sales ratio decreased by 111.9 percentage point as we continued to execute on our efficient and focused commercialization model.

5. General and Administrative Expenses

Our general and administrative expenses rose from RMB165.2 million for the year ended 31 December 2023 to RMB250.1 million for the year ended 31 December 2024. This increase was primarily attributable to higher remuneration expenses and increased expenditure on professional services, as we grow into a larger organization with broader business operations.

6. Other Income

Other income rose from RMB13.2 million for the year ended 31 December 2023 to RMB15.4 million for the year ended 31 December 2024, primarily due to an increase in government grants received.

7. Other Losses — Net

The Group recorded other losses of RMB373.1 million for the year ended 31 December 2024, compared with other losses of RMB100.8 million for the year ended 31 December 2023. This change was primarily due to an impairment loss arising from an intangible asset related to mRNA COVID-19 vaccines.

8. Finance Income — Net

The Group's finance income declined slightly from RMB84.6 million for the year ended 31 December 2023 to RMB73.0 million for the year ended 31 December 2024, primarily due to a reduction in interest income from bank deposits.

9. Fair Value Change in Financial Assets at Fair Value Through Profit or Loss

The Group recorded a gain from fair value changes in financial assets at fair value through profit or loss of RMB0.8 million for the year ended 31 December 2023. Conversely, a loss of RMB7 thousand was recorded for the year ended 31 December 2024, due to the decrease in the fair value of its investment in Venatorx Pharmaceuticals, Inc..

10. Fair Value Change in Financial Instruments Issued to Investors

The Group recorded a gain from fair value changes of financial instruments issued to investors of RMB2.8 million for the year ended 31 December 2023, versus a gain of RMB2.7 million for the year ended 31 December 2024. The changes were primarily attributable to the fair value fluctuations of preferred shares issued by the Group's subsidiary, EverNov Medicines Limited.

11. Income Tax Expense

The Company did not incur any income tax expense for the year ended 31 December 2024, nor did it incur any such expense for the year ended 31 December 2023.

12. Loss for the Year Attributable to the Equity Holders of the Company

The loss for the year attributable to the equity holders of the Company increased by RMB196.9 million, reaching RMB1,041.4 million for the year ended 31 December 2024, compared with RMB844.5 million for the year ended 31 December 2023. This increase was primarily due to a one-time, non-recurring impairment loss from an intangible asset related to mRNA COVID-19 vaccines.

Excluding the impairment loss of the intangible asset, the net loss for the period decreased by RMB107.5 million, from RMB792.5 million for the year ended 31 December 2023 to RMB685.0 million for the year ended 31 December 2024. This reduction was primarily attributable to the strong growth in product sales.

13. Other Comprehensive Income

Other comprehensive income for the year ended 31 December 2024 amounted to RMB23.8 million, compared with RMB55.4 million for the year ended 31 December 2023. This decrease was primarily due to reduced gains from foreign currency translation, offset by changes in the fair value of equity investments designated at fair value through other comprehensive income.

14. Total Comprehensive Loss for the Year Attributable to the Equity Holders of the Company

As a result of the foregoing, the Group's total comprehensive loss for the year ended 31 December 2024 reached RMB1,017.5 million, compared with a loss of RMB789.0 million for the year ended 31 December 2023.

15. Non-IFRS Measure

To supplement the Group's consolidate financial statements, which are presented in accordance with the IFRS, the Company also uses adjusted loss for the year, which is not required by, or presented in accordance with the IFRS. The Company believes that the adjusted loss for the year provides useful information to Shareholders and potential investors in understanding and evaluating the Group's consolidated results of operations.

Adjusted loss for the year represents the loss for the year attributable to the equity holders of the Company excluding the effect of certain non-cash items and one-time events, namely the loss on fair value changes in financial assets at fair value through profit or loss, the loss on fair value changes in financial instruments issued to investors, share-based compensation expenses, impairment of an intangible asset and amortization of intangible assets. The term adjusted loss for the year is not defined under the IFRS. The use of this non-IFRS measures have limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS. The Company's presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this measure is a reflection of the Group's normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance, and thus facilitate comparisons of operating performance from period to period and company to company to the extend applicable.

The table below sets forth a reconciliation of the loss for the year attributable to the equity holders of the Company to adjusted loss for the year during the periods indicated:

	Years ended 31 December	
	2024	2023
	(RMB in thousands)	
Loss for the year attributable to the equity holders of the Company	(1,041,375)	(844,463)
Added:		
Gain/(loss) on fair value changes in financial assets at fair value through profit or loss	7	(848)
Gain/(loss) on fair value changes in financial instruments issued to investors	(2,652)	(2,819)
Share-based compensation expenses	91,098	73,420
Impairment of an intangible asset	356,340	51,968
Amortization of intangible assets	59,022	9,128
Adjusted loss for the year	(537,560)	(713,614)

16. Liquidity and Source of Funding

As of 31 December 2024, the Group's cash and cash equivalents, together with bank deposits, amounted to RMB1,603.3 million, a decrease from RMB2,349.7 million as of 31 December 2023. The decrease primarily resulted from an increase in net cash used in our operating activities.

As of 31 December 2024, the Group's current assets amounted to RMB2,015.6 million, including cash and cash equivalents and bank deposits of RMB1,603.3 million, and other current assets of RMB412.3 million. As of 31 December 2024, the Group's current liabilities were RMB793.5 million, comprising trade and other payables of RMB304.6 million, borrowings of RMB443.8 million, lease liabilities of RMB18.8 million, and financial instruments issued to investors of RMB26.4 million.

Details of cash and cash equivalents are set out in Note 23 to the consolidated financial statements.

Operating Activities

Net cash used in our operating activities for the year ended 31 December 2024 amounted to RMB679.5 million. The Group recorded a net loss of RMB1,041.4 million for the same period. The difference between our loss before income tax and our net cash used in operating activities was primarily due to (i) depreciation and amortization in the amount of RMB133.6 million; (ii) share-based compensation in the amount of RMB91.1 million; (iii) net finance income which was classified as investing activities; (iv) impairment loss of an intangible asset in the amount of RMB356.3 million and (v) changes in working capital.

Net cash used in our operating activities for the year ended 31 December 2023 was RMB769.2 million. Our net loss was RMB844.5 million for the same period. The difference between our loss before income tax and our net cash used in operating activities was primarily attributable to (i) depreciation and amortization in the amount of RMB76.8 million; (ii) share-based compensation in the amount of RMB73.4 million; (iii) net finance income which was classified as investing activities; (iv) impairment loss of an intangible asset in the amount of RMB52.0 million and (v) changes in working capital.

Investing Activities

Net cash generated from investing activities for the year ended 31 December 2024 amounted to RMB974.4 million, primarily attributable to (i) net cash inflow from the disposal of bank deposits of RMB1,178.5 million; and (ii) the partial offset by purchase of property, plant and equipment and intangible asset of RMB204.2 million.

Net cash generated from investing activities for the year ended 31 December 2023 was RMB752.5 million, primarily attributable to (i) cash received from the Trodelvy® transaction of RMB1,580.6 million; (ii) net cash outflow from the purchase of bank deposits of RMB568.8 million; and (iii) purchase of property, plant and equipment and intangible asset of RMB266.0 million.

Financing Activities

Net cash generated from financing activities for the year ended 31 December 2024 amounted to RMB37.8 million, primarily due to (i) net proceeds from bank loans of RMB47.7 million; (ii) proceeds from exercise of stock options of RMB30.6 million; and (iii) the net off by payments of lease liabilities of RMB20.8 million and bank loan interest payment of RMB19.7 million.

Net cash generated from financing activities for the year ended 31 December 2023 was RMB10.1 million, primarily attributable to (i) the redemption of all equity interests held by Jiashan Shanhe Equity Investment Company ("Jiashan Shanhe") for RMB442.9 million; (ii) proceeds from bank loans of RMB451.5 million; (iii) proceeds from exercise of stock options of RMB29.8 million; and (iv) payments of lease liabilities of RMB20.3 million.

17. Treasury Policy

Our cash is invested solely in relatively liquid and low-risk instruments, such as bank deposits or money market instruments. The primary objective of our investment strategy is to generate finance income at a yield higher than the interest rate of current bank deposits, while emphasising the preservation of principal and maintenance of liquidity.

18. Key Financial Ratios

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

	As at 31 December	
	2024	2023
Current ratio(Note)	2.54	7.63

Note: Current ratio is calculated using current assets divided by current liabilities as of the same date.

Gearing ratio is calculated using interest-bearing borrowings less bank balances and cash, divided by total equity and multiplied by 100%. As at 31 December 2024, the Group was in a net cash position and thus, gearing ratio is not applicable.

19. Significant Investments

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as at 31 December 2024) during the year ended 31 December 2024.

20. Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures for the year ended 31 December 2024.

21. Future Plans for Material Investments or Capital Assets

The construction of the Jiashan manufacturing site has been completed, and the majority of the facility and equipment installations have also been finalized. Additionally, since March 2025, the Jiashan manufacturing site has initiated to build capacity for VELSIPITY® localized production, which will be funded through the Company's internal resources.

Save as disclosed in this annual report, the Company has no other future plans for material investments and capital assets.

22. Pledge of Assets

As at 31 December 2024, the Group had no pledged assets, as the land for the Jiashan manufacturing facility, which was previously pledged to Jiashan Shanhe, had been released.

23. Contingent Liabilities

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

24. Foreign Exchange Exposure

The Company's functional currency is United States Dollars, the functional currency of the Company's subsidiaries in China is Renminbi. During the year ended 31 December 2024, the Group mainly operated in China, and the majority of the transactions were settled in RMB, the same as the functional currency of the operating entities. Our financial assets and liabilities are subject to foreign currency risk as a result of certain borrowings and trade and other payables denominated in non-functional currency. Therefore, the fluctuations in the exchange rate of functional currency against non-functional currency could affect our results of operations. As at 31 December 2024, except for the borrowings denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations. We did not into any hedging transactions to manage the potential fluctuation in foreign currency as at 31 December 2024.

25. Continuing disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules

The Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

Report of Directors

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

DIRECTORS

The Directors who held office during the year ended 31 December 2024 and up to the Latest Practicable Date are:

Executive Directors

Mr. Wei Fu (傅唯) *(Chairman of the Board)*
Mr. Yongqing Luo (羅永慶)
Mr. Ian Ying Woo (何穎)

Non-Executive Directors

Mr. Yubo Gong (龔聿波) (resigned with effect from 9 February 2024)
Ms. Lan Kang (康嵐) (resigned with effect from 12 January 2024)
Mr. William Ki Chul Cho (曹基哲) (appointed with effect from 12 January 2024)
Mr. Honggang Feng (馮洪剛) (appointed with effect from 9 February 2024)

Independent Non-executive Directors

Mr. Shidong Jiang (蔣世東)
Mr. Yifan Li (李軼梵)
Ms. Hoi Yam Chui (徐海音)

Biographical details of the Directors are set out in the section headed "Directors and Senior Management" on pages 63 to 69 of this annual report.

In accordance with Article 16.19 of the Article of Association, Mr. Wei Fu, Mr. Yongqing Luo and Mr. Ian Ying Woo shall retire at the AGM. All of the above Directors, being eligible, will offer themselves for re-election at the AGM.

CHANGES IN DIRECTOR'S INFORMATION

The Company is not aware of changes in the Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 14 July 2017 as an exempted limited liability company. The Company's Shares were listed on the Main Board of the Stock Exchange on 9 October 2020.

PRINCIPAL ACTIVITIES

We are a biopharmaceutical company that integrates licensing, clinical development and commercialization of potentially novel or differentiated therapies to address critical unmet medical needs in Greater China and other emerging Asia Pacific markets.

RESULTS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 99 to 100 of this annual report.

BUSINESS REVIEW

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this report. These discussions form part of this report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Important Events After the Reporting Period" in this report. An account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company is set out in the "Environmental, Social and Governance Report" published on the same date as the 2024 annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

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

- the financial position and need for additional capital;
- uncertain outcomes of clinical development of our drug candidates;
- its ability to identify, discover or in-license new drug candidates;
- all material aspects of the research, development and commercialization of pharmaceutical products are heavily regulated;
- commercialization of our drug candidates;
- reliance on our business partners and third parties;
- the patent and other intellectual property protection for our drug candidates; and
- risks related to industry, business and operations.

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

For more details, please refer to the "Environmental, Social and Governance Report" published on the same date as the 2024 annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 665 (2023: 432) employees, 651 based in China, 8 based in the United States, 2 based in Singapore and 4 based in Korea including a total of 41 employees with a Ph.D. degree or an M.D. degree.

The following table sets forth the total number of employees by function as of 31 December 2024:

Function	Number of employees	% of total
Business Development	4	0.6%
Clinical Development	62	9.3%
Commercialization	431	64.8%
Chemistry, Manufacturing, and Controls	66	9.9%
Discovery	33	5.0%
Operations and Administrative	69	10.4%
Total	**665**	**100%**

The remuneration of the employees of the Group comprises salaries, bonuses, social security contributions and other welfare payments. In accordance with applicable Chinese laws, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees.

Employees are important resources for the Group's sustainable operation and steady development. The Company has formulated policies related to employees' remuneration, rights and interests and conducted various staff training, details of which are further set out in the "Environmental, Social and Governance Report" published on the same date as the 2024 annual report.

The Company has also adopted share schemes to provide incentives for the Group's employees. Please refer to the section headed "Share Schemes" on pages 44 to 56 in this report for further details.

The total remuneration cost incurred by the Group for the year ended 31 December 2024 was RMB586.6 million, as compared to RMB474.9 million for the year ended 31 December 2023. During the year ended 31 December 2024, the Group did not experience any significant labour arbitration or litigation or any difficulty in recruiting employees.

MAJOR CUSTOMERS AND SUPPLIERS

We have generated revenue from Xerava® in mainland China, Hong Kong and Singapore, Nefecon® in mainland China, Hong Kong and Singapore, and Velsipity® in Macau and Guangdong province. For the year ended 31 December 2024, revenue from the Group's four customers accounted for 100% of the Group's total revenue and the Group's largest customer for the year ended 31 December 2024, Keyuan Xinhai (Beijing) Medical Products, accounted for approximately 98.6% of the Group's sales.

For the year ended 31 December 2024, purchases from the Group's five largest suppliers accounted for approximately 19.4% (2023: 22.4%) of the Group's total purchase amount in the same year. The Group's largest supplier for the year ended 31 December 2024 accounted for approximately 4.7% (2023: 6.1%) of the Group's total purchase amount for the same year.

None of the Directors, their respective close associates, or any shareholder of the Company who, to the knowledge of the Directors, owns more than 5% of the Company's issued capital, has any interest in any of the Group's five largest suppliers or customers.

During the year ended 31 December 2024, the Group did not experience any significant disputes with its customers or suppliers.

FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 204 of this annual report. This summary does not form part of the audited consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

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

SUBSIDIARIES

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year ended 31 December 2024 are set out in Note 15 to the consolidated financial statements.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company for the year ended 31 December 2024 and details of the Shares issued during the year ended 31 December 2024 are set out in Note 29 to the consolidated financial statements.

DONATION

During the year ended 31 December 2024, the Group made charitable donations of approximately RMB35.0 million (2023: RMB15.8 million).

DEBENTURE ISSUED

The Group did not issue any debenture during the year ended 31 December 2024.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed “Share Schemes” as set out on pages 44 to 56 in this annual report, no equity-linked agreements were entered into by the Group, or existed for the year ended 31 December 2024.

DIVIDENDS

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2024. No dividend was paid or declared by the Company or other members of the Group during the year ended 31 December 2023.

No Shareholder has waived or agreed to waive any dividends for the year ended 31 December 2024.

PERMITTED INDEMNITY

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices.

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

DISTRIBUTABLE RESERVES

The Company may pay dividends out of the share premium account, retained earnings and any other reserves provided that immediately following the payment of such dividends, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

As at 31 December 2024, the Company had distributable reserves for share premium of RMB14,042,141 (2023: RMB13,920,484).

Details of movements in the reserves of the Group and the Company during the year ended 31 December 2024 are set out in the consolidated statement of changes in equity on pages 103 to 104.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2024 are set out in Note 25 to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years with effect from the Listing Date or the date of their service contracts or until the third annual general meeting of the Company since the Listing Date or the date of his/her services contracts (whichever is sooner), upon which their service contracts will be automatically renewed for successive periods of three years. Either party has the right to give not less than three months' written notice to terminate the contract.

Each of the non-executive Directors has signed a letter of appointment with the Company for an initial term of three years with effect from the date of his/her letter of appointment, upon which their appointments will be automatically renewed for successive periods of three years. Either party has the right to give not less than three months' written notice to terminate the contract.

Each of the independent non-executive Directors has signed a letter of appointment with the Company for an initial term of three years from the date of the letter of appointment unless terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than three months' notice in writing.

The above appointments are always subject to the provisions of retirement and rotation of directors under the Articles of Association.

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed this annual report, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended 31 December 2024.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

CBC Group is the Controlling Shareholder of the Company. Save as disclosed in the Prospectus and in this annual report, to the best knowledge and belief of our Directors, CBC Group has no contracts of significance with us apart from their interest in our Company.

MANAGEMENT CONTRACTS

No contract, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2024.

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

As at 31 December 2024, the interests and short positions of the Directors or chief executives of the Company in any of the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	Capacity/Nature of interest	Number of Shares	Approximate percentage of holding[5]	Long position/ Short position
Mr. Wei Fu[1]	Founder of a discretionary trust who can influence how the trustee exercises his discretion	128,893,427	39.48%	Long position
Mr. Yongqing Luo[2]	Beneficial owner	10,219,078	3.13%	Long position
Mr. Ian Ying Woo[3]	Beneficial owner	3,057,134	0.94%	Long position
Mr. Shidong Jiang[4]	Beneficial owner	40,000	0.01%	Long position
Mr. Yifan Li[5]	Beneficial owner	40,000	0.01%	Long position

Notes:

(1) The sole shareholder of C-Bridge Investment Everest Limited is C-Bridge Healthcare Fund II, L.P. while its general partner is C-Bridge Healthcare Fund GP II, L.P.. The general partner of C-Bridge Healthcare Fund GP II, L.P. is C-Bridge Capital GP, Ltd., while TF Capital, Ltd. And TF Capital II, Ltd. ("TF Capital II") jointly have controlling interest in it. Nova Aqua Limited has a controlling interest in TF Capital II. C-Bridge IV Investment Two Limited and C-Bridge IV Investment Nine Limited is wholly owned by C-Bridge Healthcare Fund IV, L.P. ("CBH IV"). The General Partner of CBH IV is C-Bridge Healthcare Fund GP IV, L.P. which is under the management by its general partner C-Bridge Capital GP IV, Ltd. ("CBC IV"). The controlling shareholder of CBC IV is TF Capital IV Ltd., which is wholly owned by Nova Aqua Limited. Everest Management Holding Co., Ltd. is owned as to 86.7% by C-Bridge Joint Value Creation Limited. C-Bridge Joint Value Creation Limited is wholly-owned by Nova Aqua Limited. The sole shareholder of C-Bridge IV Investment Sixteen Limited was Nova Aqua Limited. The entire interest in Nova Aqua Limited is held by Vistra Trust (Singapore) Pte. Limited as trustee for a trust established by Mr. Wei Fu (as settlor) for the benefit of Mr. Wei Fu and his family. On 10 January 2025 and 23 January 2025, the Company was notified that Nova Aqua Limited would dispose of 17,100,000 Shares and that Nova Aqua Limited would transfer its interest in C-Bridge IV Investment Sixteen Limited, which holds 1,910,000 Shares, to a third party, respectively. As at the date of this annual report, Mr. Wei Fu was deemed to be interested in 109,883,427 Shares in total, representing approximately, 33.64% of the issued share capital of the Company.

(2) Mr. Yongqing Luo's entitlement to receive up to (i) 4,700,000 Shares pursuant to the exercise of options with exercise price at HK$10.084, (ii) 1,559,349 Shares pursuant to the exercise of options with exercise price at HK$15.632 and (iii) 1,901,560 shares pursuant to the exercise of options with exercise price at HK$22.54 under the Post-IPO Share Option Scheme, subject to the conditions of those options. Mr. Yongqing Luo is also entitled to receive up to 837,695 shares pursuant to the performance target awards granted to him under the Post-IPO Share Award Scheme. Details of the options and awards granted to this Director are set out in the section headed "Share Schemes" below.

(3) Mr. Ian Ying Woo's entitlement to receive up to 110,000 Shares pursuant to the exercise of options under the Pre-IPO Share Schemes, and 2,068,858 Shares pursuant to the exercise of options under the Post-IPO Share Option Scheme, subject to the conditions of those options. The exercise prices of these options are USD2.26 (up to 110,000 Shares), HK$72.49 (up to 338,403 Shares), HK$15.632 (up to 779,675 Shares) and HK$22.54 (up to 950,780 Shares). Mr. Woo is entitled to receive 41,582 share awards in accordance with the conditions of those share awards. Mr. Woo is also entitled to receive up to (i) 285,514 Shares and (ii) 84,206 Shares under Post-IPO Share Award Scheme and Pre-IPO ESOP respectively, subject to the conditions of those performance target awards. Details of the options and awards granted to this Director are set out in the section headed "Share Schemes" below.

(4) Mr. Shidong Jiang's entitlement to receive up to 40,000 Shares pursuant to the exercise of options under the Post-IPO Share Option Scheme, subject to the conditions of those options. The exercise price of these options are HKD72.49 (up to 20,000 Shares) and HKD23.17 (up to 20,000 Shares). Details of the options and awards granted to this Director are set out in the section headed "Share Schemes" below.

(5) Mr. Yifan Li's entitlement to receive up to 40,000 Shares pursuant to the exercise of options under the Post-IPO Share Option Scheme, subject to the conditions of those options. The exercise price of these options are HKD72.49 (up to 20,000 Shares) and HKD23.17 (up to 20,000 Shares). Details of the options and awards granted to this Director are set out in the section headed "Share Schemes" below.

(6) The calculation is based on the total number of 326,498,604 Shares in issue as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations.

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

As at 31 December 2024, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding[4]	Long position/ Short position
VISTRA TRUST (SINGAPORE) PTE. LIMITED[1]	Trustee and other	128,893,427	39.48%	Long position
Nova Aqua Limited[1]	Interest in a controlled corporation	128,893,427	39.48%	Long position
TF Capital II Ltd.[1]	Interest in a controlled corporation	52,777,778	16.16%	Long position
C-Bridge Capital GP, Ltd.[1] [2]	Interest in a controlled corporation	52,777,778	16.16%	Long position
C-Bridge Healthcare Fund GP II, L.P.[1]	Interest in a controlled corporation	52,777,778	16.16%	Long position
C-Bridge Healthcare Fund II, L.P.[1]	Interest in a controlled corporation	52,777,778	16.16%	Long position
TF Capital IV, Ltd.[2]	Interest in a controlled corporation	52,522,482	16.09%	Long position
C-Bridge Capital GP IV, Ltd.[1]	Interest in a controlled corporation	52,522,482	16.09%	Long position
C-Bridge Healthcare Fund GP IV, L.P.[1]	Interest in a controlled corporation	52,522,482	16.09%	Long position
C-Bridge Healthcare Fund IV, L.P.[1]	Interest in a controlled corporation	52,522,482	16.09%	Long position
C-Bridge IV Investment Two Limited[1]	Beneficial owner	37,244,704	11.41%	Long position
C-Bridge Investment Everest Limited[1]	Beneficial owner	50,000,000	15.31%	Long position
Dan Yang[2]	Interest in a controlled corporation	50,000,000	15.31%	Long position
Kang Hua Investment Company Limited[2]	Interest in a controlled corporation	50,000,000	15.31%	Long position
C-Bridge Joint Value Creation Limited[1]	Interest in a controlled corporation	21,683,167	6.64%	Long position
Everest Management Holding Co., Ltd.[1]	Beneficial owner	21,683,167	6.64%	Long position

Notes:

(1) The sole shareholder of C-Bridge Investment Everest Limited is C-Bridge Healthcare Fund II, L.P. while its general partner is C-Bridge Healthcare Fund GP II, L.P.. The general partner of C-Bridge Healthcare Fund GP II, L.P. is C-Bridge Capital GP, Ltd., while TF Capital, Ltd. and TF Capital II jointly have controlling interest in it. Nova Aqua Limited has a controlling interest in TF Capital II. C-Bridge IV Investment Two Limited and C-Bridge IV Investment Nine Limited is wholly owned by CBH IV. The General Partner of CBH IV is C-Bridge Healthcare Fund GP IV, L.P., which is under the management by its General Partner CBC IV. The controlling shareholder of CBC IV is TF Capital IV Ltd., which is wholly owned by Nova Aqua Limited. Everest Management Holding Co., Ltd. is owned as to 86.7% by C-Bridge Joint Value Creation Limited. C-Bridge Joint Value Creation Limited is wholly-owned by Nova Aqua Limited. The sole shareholder of C-Bridge IV Investment Sixteen Limited was Nova Aqua Limited. The entire interest in Nova Aqua Limited is held by Vistra Trust (Singapore) Pte. Limited as trustee for a trust established by Mr. Wei Fu (as settlor) for the benefit of Mr. Wei Fu and his family. On 10 January 2025 and 23 January 2025, the Company was notified that Nova Aqua Limited would dispose of 17,100,000 Shares and Nova Aqua Limited would transfer its interest in C-Bridge IV Investment Sixteen Limited, which holds 1,910,000 Shares, to a third party, respectively. As at the date of this annual report, Mr. Wei Fu was deemed to be interested in 109,883,427 Shares in total, representing approximately, 33.64% of the issued share capital of the Company.

(2) TF Capital, Ltd. has controlling interest in C-Bridge Capital GP, Ltd.. Kang Hua Investment Company Limited has controlling interest in TF Capital, Ltd.. Ms. Dan Yang is the sole shareholder of Kang Hua Investment Company Limited.

(3) The calculation is based on the total number of 326,498,604 Shares in issue as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, no other person (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept under section 336 of the SFO.

SHARE SCHEMES

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

11,310,800 new Shares, representing approximately 3.48% of the weighted average number of Shares (excluding treasury shares) for the Reporting Period, may be issued in respect of options and awards granted during the Reporting Period to eligible participants pursuant to all of the share schemes. The details of each share scheme are set out below.

PRE-IPO SHARE INCENTIVE PLANS

1. Pre-IPO MSOP

A summary of the principal terms of the Pre-IPO MSOP is set out below. Further details of the Pre-IPO MSOP are set out in the Prospectus and Note 30 to the consolidated financial statements.

Purpose

The purpose of the Pre-IPO MSOP is to advance the interests of the Company by providing for the grant to participants of the options, and to motivate the selected participants to contribute to the Company's growth and development. The Pre-IPO MSOP, which will be in the form of options, will enable the Company to recruit, incentivize and retain key employees.

Eligible Participants

Those eligible to participate in the Pre-IPO MSOP include employees, officers, directors, contractors, advisors or consultants of the Group as determined, authorized and notified by the Board or a committee authorized by the Board (the "Pre-IPO MSOP Committee"). The Board or the Committee may, from time to time select from among all eligible individuals to whom awards in the form of options ("Pre-IPO MSOP Option(s)") will be granted ("Pre-IPO MSOP Grantee(s)") and will determine the nature and amount of each grant.

Maximum Number of Shares Available for Grant and Issue under the Pre-IPO MSOP

The maximum number of Shares in respect of which Pre-IPO MSOP Options may be granted under the Pre-IPO MSOP shall not exceed 5,048,779 Shares in the aggregate, subject to any adjustments in the event of any alteration in the capital structure of the Company.

Given that no further Pre-IPO MSOP Options would be granted after the Listing, 0 Shares were available for grant under the Pre-IPO MSOP as at 1 January 2024 and 31 December 2024, respectively, and the outstanding number of Pre-IPO MSOP Options would be equivalent to the number of Shares available for issue under the Pre-IPO MSOP. As at the Latest Practicable Date, no Pre-IPO MSOP Options remained outstanding.

Maximum Entitlement of Each Participant

Under the Pre-IPO MSOP, there is no specific limit on the maximum number of Pre-IPO MSOP Options which may be granted to a single eligible participant but unvested under the Pre-IPO MSOP.

No employee shall be granted a Pre-IPO MSOP Option which, if exercised in full, would result in such employee becoming entitled to subscribe for an aggregate number of Shares (including all previous Pre-IPO MSOP Options) exceeding 10% of the aggregate number of Shares for the time being issued and issuable under the Pre-IPO MSOP.

Exercise Period

Unless otherwise specified in the offer letter, any Pre-IPO MSOP Option shall become exercisable upon vesting. The expiry of the period within which a Pre-IPO MSOP Option may be exercised, which is to be determined and notified by the Board to each grantee at the time of making an offer, and shall not expire later than 10 years from the date of grant.

Vesting Period

The vesting criteria and conditions, and the vesting date are specified in the offer letter. Unless otherwise approved by the Board and set forth in an offer letter, the vesting schedule for the Pre-IPO MSOP Options shall be a 36-month vesting schedule consisting of a cliff vesting of one-third (1/3) after twelve (12) months from the commencement date and thereafter, monthly vesting of equal installments over the remaining twenty-four (24) months.

Exercise Price

The Board shall be entitled to make an offer to any participant as the Board may in its absolute discretion select to take up Pre-IPO MSOP Options in respect of such number of Shares and at any price per Share (the “Strike Price”) as the Board may determine. The Strike Price of the Pre-IPO MSOP Options shall be US$0.18, which was determined by the fair value of the Shares when the Pre-IPO MSOP was established.

Remaining Life of the Pre-IPO MSOP

The remaining life of the Pre-IPO MSOP is approximately 3 years.

Outstanding Pre-IPO MSOP Options

As at 31 December 2024, the Company had no outstanding options under the Pre-IPO MSOP.

Details of the outstanding Pre-IPO MSOP Options during the Reporting Period are as follows:

Name	Date of Grant	Vesting Period	Exercise Period (per Share)	Exercise Price (US$)	Outstanding as at 1 January 2024	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2024	Weighted average closing price of Shares immediately before the date of exercise (HK$)[1]
Senior Management/Director										
Mr. Jason Brown	23 November 2017	4 years	4 years from the Listing Date	0.18	971,951	971,951	–	–	0	23.03
Total					**971,951**	**971,951**	**–**	**–**	**0**	

Note:

(1) This information is in respect of the options exercised during the Reporting Period.

2. Pre-IPO ESOP

A summary of the principal terms of the Pre-IPO ESOP is set out below. Further details of the Pre-IPO ESOP are set out in the Prospectus.

Purpose

The purpose of the Pre-IPO ESOP is to advance the interests of the Company by providing for the grant to participants of the Pre-IPO ESOP Awards (defined below), and to motivate the selected participants to contribute to the Company's growth and development. The Pre-IPO ESOP, which will be in the form of Pre-IPO ESOP Options (defined below) and Pre-IPO ESOP RSU (defined below), will enable the Company to recruit, incentivize and retain key employees.

Eligible Participants

Those eligible to participate in the Pre-IPO ESOP include employees, officers, directors, contractors, advisors or consultants of the Group as determined, authorized and notified by the Board or a committee authorized by the Board (the "Pre-IPO ESOP Committee"). The Board or the Pre-IPO ESOP Committee may, from time to time select from among all eligible individuals (the "Pre-IPO ESOP Participants") to whom awards (the "Pre-IPO ESOP Award(s)") in the form of options (the "Pre-IPO ESOP Option(s)") and restricted stock units (the "Pre-IPO ESOP RSU(s)"), will be granted (the "Pre-IPO ESOP Grantee(s)") and will determine the nature and amount of each grant.

Maximum Number of Shares Available for Grant

The maximum number of Shares in respect of which Pre-IPO ESOP Awards may be granted under the Pre-IPO ESOP shall not exceed 22,932,908 Shares in the aggregate, subject to any adjustments in the event of any alteration in the capital structure of the Company. After the Listing, no further Pre-IPO ESOP Options would be granted and only Pre-IPO ESOP RSUs would be granted.

As at 1 January 2024, 4,360,099 Shares were available for grant under the Pre-IPO ESOP. During the Reporting Period, 2,034,400 Pre-IPO ESOP RSUs were granted to eligible participants pursuant to the Pre-IPO ESOP. It follows that, as at 31 December 2024, 3,342,443 Shares were available for grant under the Pre-IPO ESOP.

Maximum Number of Shares Available for Issue

As at 1 January 2024, 8,041,571 Shares were available for issue under the Pre-IPO ESOP. During the Reporting Period, 1,512,666 Shares were issued pursuant to the Pre-IPO ESOP. It follows that, as at 31 December 2024 and the Latest Practicable Date, 6,528,905 Shares and 6,254,479 Shares (representing approximately 1.91% of the issued share capital of the Company as at the Latest Practicable Date) were available for issue under the Pre-IPO ESOP, respectively.

Maximum Entitlement of Each Participant

No employee shall be granted a Pre-IPO ESOP Award which, if exercised in full, would result in such employee becoming entitled to subscribe for an aggregate number of Shares (including all previous Pre-IPO ESOP Awards) exceeding 10% of the aggregate number of Shares for the time being issued and issuable under the Pre-IPO ESOP.

Exercise Period

Unless otherwise specified in the offer letter, any Pre-IPO ESOP Option shall become exercisable upon vesting. The expiry of the period within which a Pre-IPO ESOP Option may be exercised is to be determined and notified by the Board to each grantee at the time of making an offer, and shall not expire later than 10 years from the date of grant.

Vesting Period

The vesting criteria and conditions, and the vesting date are specified in the award agreement.

Exercise or Purchase Price

The Strike Price of the Pre-IPO ESOP Options and any purchase price for the Pre-IPO ESOP RSUs shall be approved by the Board and shall be set out in the offer letter. The Strike Price is determined by the fair value of the Shares on the date of grant of the Pre-IPO ESOP Options.

Amount Payable on Application or Acceptance of the Option or Award and the Period within which Payments or Calls Must or may be made or Loans for such Purposes must be Repaid

A Pre-IPO ESOP Grantee is not required to pay for the grant of any Pre-IPO ESOP Option. The consideration to be paid (if any) for each Share subject to a Pre-IPO ESOP RSU is determined by the Board and shall be set forth in the offer letter for such Pre-IPO ESOP RSUs.

Remaining Life of the Pre-IPO ESOP

The remaining life of the Pre-IPO ESOP is approximately 4 years.

Outstanding Pre-IPO ESOP Options and RSUs

As at 31 December 2024, the Company had outstanding Pre-IPO ESOP Options to subscribe for an aggregate of 198,995 Shares granted to 15 grantees (including Directors, senior management, other connected persons and employees of the Company) and unvested Pre-IPO ESOP RSUs representing an aggregate of 2,931,331 Shares granted to 183 grantees (including Directors, senior management, other connected persons and employees of the Company). Details of the outstanding options and unvested awards under the Pre-IPO ESOP during the Reporting Period are as follows:

Options

Name	Date of Grant	Vesting Period[1]	Exercise Period	Exercise Price (US$)	Outstanding as at 1 January 2024	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2024	Weighted average closing price of Shares immediately before the date of exercise (HK$)[5]
Directors										
Mr. Ian Ying Woo	16 July 2020	4 years[1]	7 years from the date of grant	2.26	110,000	–	–	–	110,000	N/A
Other grantees by category										
Employee Participants	Between 31 Dec 2018 and 31 Jul 2020	4 years	7 years from the date of grant	0.18-3.24	744,329	432,834	–	222,500	88,995	31.96
Total					**854,329**	**432,834**	**–**	**222,500**	**198,995**	

RSUs

Name	Date of Grant	Vesting Period	Purchase Price	Unvested as at 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as at 31 December 2024	Fair value of the awards at the date of grant (HK$)[2][6]	Performance Target[6]	Closing price of the Shares immediately before the date of grant (HK$)[6]	Weighted average closing price of the Shares immediately before the date of vesting (HK$)[7]
Directors													
Mr. Ian Ying Woo	3 April 2023	Immediate vesting upon achievement of performance targets	nil	196,479	–	112,273	–	–	84,206	N/A	N/A	N/A	23.53
Other grantees by category													
Employee Participants	Between 18 February 2020 and 3 April 2023	4 years	nil	1,610,298	–	655,156	271,000	–	684,142	N/A	N/A	N/A	21.37
	3 April 2023	Immediate vesting upon achievement of performance targets	nil	1,020,366	–	56,234	426,513	–	537,619	N/A	N/A	N/A	20.30
	5 April 2024	4 years	nil	–	1,360,400	224,000	49,650	–	1,086,750	29,724,740	None	23.00	24.60
	5 April 2024	Immediate vesting upon achievement of performance targets	nil	–	176,000	32,169	47,081	–	96,750	3,608,350	Note 3	23.00	24.73
	2 October 2024	4 years	nil	–	498,000	–	–	–	498,000	13,620,300	None	27.15	N/A
Total				**2,827,143**	**2,034,400**	**1,079,832**	**794,244**	**-**	**2,987,467**				

Notes:

(1) All options granted were subject to immediate vesting upon Listing.

(2) The fair values of the awards are calculated in accordance with the accounting standards and policies adopted for preparing the Company's financial statements. The fair value is determined by reference to the fair value of the equity instrument as at the grant date, considering market performance conditions, excluding the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.

(3) The 176,000 performance target awards under the Pre-IPO ESOP are granted to employees of the Group and shall become immediately vested upon the achievement of certain operational, clinical development, and regulatory targets within three years as set out in the relevant offer letter.

(4) No further options have been or would be granted after the Listing.

(5) This information is in respect of options exercised during the Reporting Period.

(6) This information is in respect of RSUs granted during the Reporting Period.

(7) This information is in respect of RSUs vested during the Reporting Period.

POST-IPO SHARE INCENTIVE PLANS

1. Post-IPO Share Option Scheme

A summary of the principal terms of the Post-IPO Share Option Scheme is set out below. Further details of the Post-IPO Share Option Scheme are set out in the Prospectus.

Purpose

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

Eligible Participants

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

Maximum Number of Shares Available for Grant

The total number of Shares which may be issued upon exercise of all options (the "Post-IPO Options") to be granted under the Post-IPO Share Option Scheme and any other share option scheme of the Company is 28,369,038, being no more than 10% of the Shares in issue on the date the Shares commence trading on the Stock Exchange (assuming the Over-allotment Option is not exercised and no Shares are issued under the Share Schemes) (the "Option Scheme Mandate Limit").

As at 1 January 2024, 13,838,180 Shares were available for grant under the Post-IPO Share Option Scheme. During the Reporting Period, 7,502,380 options with underlying 7,502,380 Shares were granted to eligible participants pursuant to the Post-IPO Share Option Scheme. It follows that, as at 31 December 2024, 7,209,983 Shares were available for grant under the Post-IPO Share Option Scheme.

Maximum Number of Shares Available for Issue

As at 1 January 2024, 27,635,494 new Shares were available for issue under the Post-IPO Share Option Scheme. During the Reporting Period, 1,389,099 new Shares were issued pursuant to the Post-IPO Share Option Scheme. It follows that, as at 31 December 2024 and the Latest Practicable Date, 26,246,395 new Shares and 25,062,085 new Shares (representing approximately 7.67% of the issued share capital of the Company as at the Latest Practicable Date) were available for issue under the Post-IPO Share Option Scheme, respectively.

Maximum Entitlement of Each Participant

There is no specific maximum entitlement for each Post-IPO Share Option Scheme Eligible Person under the Post-IPO Share Option Plan. Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of the Company to each Post-IPO Share Option Scheme Eligible Person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue (the "Individual Limit"). Any further grant of options to a Post-IPO Share Option Scheme Eligible Person which would result in the aggregate number of Shares issued and to be issued upon exercise of all options granted and to be granted to such Post-IPO Share Option Scheme Eligible Person (including exercised, canceled and outstanding options) in the 12-month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of the Shareholders in general meeting (with such Eligible Persons and his associates abstaining from voting).

Exercise Period

Option period (a period within which an option may be exercised) is to be determined and notified by the Board to each grantee at the time of making an offer, and shall not expire later than 10 years from the grant of the option.

Vesting Period

The Board or its delegates shall be entitled to make an offer, which shall specify the terms on which the option is to be granted. Such terms may include any minimum period(s) for which an option must be held and/or any minimum performance target(s) that must be achieved, before the option can be exercised in whole or in part.

Consideration

An amount of HK$1.00 is payable by the grantees upon acceptance of the awards granted under the Post-IPO Share Option Scheme.

Exercise Price

The exercise price of each option will be determined by the Board or its delegate(s). Options, once granted, may be repriced only in accordance with the applicable requirements of the Post-IPO Share Option Scheme and the grant agreement.

Remaining Life of the Post-IPO Share Option Scheme

The remaining life of the Post-IPO Share Option Scheme is approximately 6 years.

Outstanding Post-IPO Share Options

As at 31 December 2024, the Company had outstanding Post-IPO ESOP Options to subscribe for an aggregate of 19,036,412 Shares granted to 175 grantees (including Directors, senior management, other connected persons of the Company and other employees of the Company). Details of the outstanding options under the Post-IPO Share Option Scheme during the Reporting Period are as follows:

Name	Date of Grant	Vesting Period	Exercise Period	Exercise Price (HK$)	Outstanding as at 1 January 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2024	Fair value of the options at the date of grant (HK$)(1)(4)	Performance Targets(4)	Closing price of the Shares immediately before the date of grant (HK$)(4)	Weighted average closing price of Shares immediately before the date of exercise (HK$)(3)
Directors														
Mr. Yongqing Luo	19 September 2022 and 3 April 2023	4 years	7 years from the date of grant	10.084 and 15.632	6,259,349	–	–	–	–	6,259,349	N/A	N/A	N/A	N/A
	5 April 2024	4 years	7 years from the date of grant	22.54	–	1,901,560	–	–	–	1,901,560	20,648,336	None	23.00	N/A
Mr. Ian Ying Woo	14 July 2021 and 3 April 2023	4 years	7 years from the date of grant	72.49 and 15.632	1,118,078	–	–	–	–	1,118,078	N/A	N/A	N/A	N/A
	5 April 2024	4 years	7 years from the date of grant	22.54	–	950,780	–	–	–	950,780	10,324,168	None	23.00	N/A
Mr. Shidong Jiang	Between 14 July 2021 and 1 April 2022	1 years	7 years from the date of grant	72.49 and 23.17	40,000	–	–	–	–	40,000	N/A	N/A	N/A	N/A
Mr. Yifan Li	Between 14 July 2021 and 1 April 2022	1 years	7 years from the date of grant	72.49 and 23.17	40,000	–	–	–	–	40,000	N/A	N/A	N/A	N/A
Other grantees by category														
Employee Participants	Between 6 May 2021 and 3 April 2023	4 years	7 years from the date of grant	Between 15.632 and 72.49	6,339,887	–	1,349,099	–	663,783	4,327,005	N/A	N/A	N/A	46.70
	5 April 2024	4 years	7 years from the date of grant	22.54	–	4,410,040	40,000	–	210,400	4,159,640	44,845,127	None	23.00	32.05
	2 October 2024	4 years	7 years from the date of grant	27.35	–	240,000	–	–	–	240,000	3,182,400	None	27.15	N/A
Total					**13,797,314**	**7,502,380**	**1,389,099**	**-**	**874,183**	**19,036,412**				

Notes:

(1) The fair values of the options are calculated in accordance with the accounting standards and policies adopted for preparing the Company's financial statements. The fair value is determined by reference to the fair value of the equity instrument as at the grant date, considering market performance conditions, excluding the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.

(2) For details of the options granted under the Post-IPO Share Option Scheme during the Reporting Period, please refer to the announcement of the Company dated 5 April 2024 and 2 October 2024.

(3) This information is in respect of options exercised during the Reporting Period.

(4) This information is in respect of options granted during the Reporting Period.

2. Post-IPO Share Award Scheme

A summary of the principal terms of the Post-IPO Share Award Scheme is set out below. Further details of the Post-IPO Share Award Scheme are set out in the Prospectus and the circular of the Company dated 24 May 2022.

Purpose

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

Eligible Participants

Any individual, being an employee, director, officer, consultant, adviser, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of our Group or any affiliate (including nominees and/or trustees of any employee benefit trust established for them) who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to our Group is eligible to receive a Post-IPO Award (as defined below). However, no individual who is resident in a place where the grant, acceptance or vesting of a Post-IPO Award pursuant to the Post-IPO Share Award Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Post-IPO Share Award Scheme.

Awards

An award under the Post-IPO Share Award Scheme (the “Post-IPO Award”) gives a selected participant a conditional right, when the Shares vest, to obtain the Shares or, if in the absolute discretion of the Board or its delegate(s), it is not practicable for the selected participant to receive the Post-IPO Award in Shares, the cash equivalent from the sale of the Shares.

Maximum Number of Shares Available for Grant

The Company shall not make any further grant of Award which will result in the aggregate number of Shares underlying all grants made pursuant to the Scheme (excluding Award Shares that have been forfeited in accordance with the Scheme) to exceed 18,684,519 Shares (the “Share Award Scheme Limit”) without Shareholders’ approval, subject to an annual limit of 2.5% of the total number of issued Shares at the time.

As at 1 January 2024, 10,104,512 Shares were available for grant under the Post-IPO Share Award Scheme. During the Reporting Period, 1,774,020 awards were granted to eligible participants pursuant to the Post-IPO Share Award Scheme. It follows that, as at 31 December 2024, 9,013,428 Shares were available for grant under the Post-IPO Share Award Scheme.

Maximum Number of Shares Available for Issue

As of 1 January 2024, 13,859,506 new Shares were available for issue under the Share Award Scheme Limit. During the Reporting Period, 1,144,759 new Shares were issued pursuant to the Post-IPO Share Award Scheme. It follows that, as at 31 December 2024 and the Latest Practicable Date, 12,714,747 new Shares and 12,687,081 new Shares (representing approximately 3.88% of the issued share capital of the Company as of the Latest Practicable Date) were available for issue under the Post-IPO Share Award Scheme Limit, respectively.

Maximum Entitlement of Each Participant

Save as otherwise restricted by the Share Award Scheme Limit or the Listing Rules, there shall be no limit on the total number of non-vested Shares that may be granted to a selected participant under the Post-IPO Share Award Scheme.

Vesting Period

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

Consideration and Purchase Price

An amount of HK$1.00 is payable by the grantees upon acceptance of the awards granted under the Post-IPO Share Award Scheme. No purchase price is payable in respect of the Shares issued under the Post-IPO Share Award Scheme.

Remaining Life of the Post-IPO Share Award Scheme

The remaining life of the Post-IPO Share Award Scheme is approximately 6 years.

Outstanding Post-IPO Share Awards

Name	Date of Grant	Vesting Period	Purchase Price	Unvested as at 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as at 31 December 2024	Fair value of the awards at the date of grant (HK$)(4)(5)	Performance Targets(5)	Closing price of the Shares immediately before the date of grant (HK$)(5)	Weighted average closing price of the Shares immediately before the date of vesting (HK$)(6)
Directors													
Mr. Yongqing Luo	19 September 2022	3 years	nil	1,080,000	–	240,000	240,000	–	600,000	N/A	N/A	N/A	32.32
	5 April 2024	4 years	nil	–	237,695	–	–	–	237,695	831,933	Note 1	23.00	N/A
Mr. Ian Ying Woo	14 July 2021 and 1 April 2022	3-4 years	nil	416,496	–	208,248	–	–	208,248	N/A	N/A	N/A	21.62
	5 April 2024	4 years	nil	–	118,848	–	–	–	118,848	415,968	Note 1	23.00	N/A
Other grantees by category													
Employee Participants	Between 6 May 2021 and 3 April 2023	4 years	nil	2,258,498	–	696,511	337,736	–	1,224,251	N/A	N/A	N/A	24.94
	5 April 2024(2)	4 years	nil	–	1,298,629	–	105,200	–	1,193,429	28,375,044	None	23.00	N/A
	5 April 2024(3)	4 years	nil	–	118,848	–	–	–	118,848	415,968	Note 3	23.00	N/A
Total				**3,754,994**	**1,774,020**	**1,144,759**	**682,936**	**–**	**3,701,319**				

Notes:

(1) The 237,695 and 118,848 performance target awards were conditionally granted to Mr. Luo and Mr. Woo on 5 April 2024 and approved by the independent Shareholders on 28 June 2024. Such awards shall vest equally over 4 years, with the first vesting date being 1 April 2025 and the remaining vesting dates being each anniversary thereafter, upon the achievement of specified company level performance targets and individual performance appraisal targets by the first vesting date. Please refer to the announcements of the Company dated 5 April 2024 and 28 June 2024 and the circular of the Company dated 5 June 2024 for further details.

(2) 46,000 awards were conditionally granted to a director and a former director of subsidiaries of the Company on 5 April 2024 and approved by the independent Shareholders on 28 June 2024. Please refer to the announcements of the Company dated 5 April 2024 and 28 June 2024 and the circular of the Company dated 5 June 2024 for further details.

(3) The 118,848 performance target awards were granted to senior managers of the Group on 5 April 2024, and shall vest equally over 4 years with the first vesting date being 1 April 2025 and the remaining vesting dates being each anniversary thereafter, upon achievement of specified company level performance targets and individual performance appraisal targets by the first vesting date.

(4) The fair values of the awards are calculated in accordance with the accounting standards and policies adopted for preparing the Company's financial statements. The fair value is determined by reference to the fair value of the equity instrument as at the grant date, considering market performance conditions, excluding the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.

(5) This information is in respect of awards granted during the Reporting Period.

(6) This information is in respect of awards vested during the Reporting Period.

(7) As disclosed in the announcement of the Company dated 28 June 2024, the grants of awards to connected grantees were approved by the independent Shareholders at the annual general meeting of the Company on the same date.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed in this annual report, at no time during the year ended 31 December 2024 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

In compliance with Rule 3.25 of the Listing Rules and the CG Code, the Company established the Remuneration Committee to formulate remuneration policies. The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Remuneration Committee. The Directors and the senior management personnel are eligible participants of the Share Schemes. Details of the remuneration of the Directors, senior management and the five highest paid individuals are set out in Notes 10, 11 and 35 to the consolidated financial statements.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

For the year ended 31 December 2024, the aggregate amount of remuneration (including basic salaries, housing allowances, other allowances, and benefits in kind, contributions to pension plans, share-based payment and discretionary bonuses) for our Directors was approximately RMB72.5 million (as set out in Note 10 to the consolidated financial statements) including discretionary bonuses of a total sum of RMB32.3 million.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2024, none of our Directors controlled a business similar to principal business of our Group that competes or is likely to compete, either directly or indirectly, with our Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

CONNECTED TRANSACTIONS

On 5 April 2024, the Company resolved to grant:

(i) 7,262,380 options in aggregate under the Post-IPO Share Option Scheme, among which 1,901,560 options were granted to Mr. Yongqing Luo, an executive Director and chief executive officer, and 950,780 options were granted to Mr. Ian Ying Woo, an executive Director and chief financial officer;

(ii) 2,659,029 awards in aggregate under the Pre-IPO ESOP and Post-IPO Share Award Scheme, among which 46,000 awards were granted to Mr. Zixin Qiao and Ms. Heasun Park, employees and directors or former directors of subsidiaries of the Company; and

(iii) 651,391 performance target awards under the Pre-IPO ESOP and the Post-IPO Share Award Scheme, among which 237,695 performance target awards were granted to Mr. Yongqing Luo and 118,848 performance target awards were granted to Mr. Ian Ying Woo.

The above grants of awards and performance target awards to connected persons were approved by independent Shareholders at the annual general meeting of the Company on 28 June 2024, and granted for, among other terms, nil consideration, and represent the right to receive one Share on the date the awards vest. The grants are part of the Company's remuneration policy and enable the Company to attract, retain, incentivize, reward and remunerate the grantees, and encourage them to work towards enhancing the value of the Company and the Shares for the benefit of the Company and Shareholders as a whole.

For further details, please refer to the announcements of the Company dated 5 April 2024 and the circular of the Company dated 5 June 2024.

CONTINUING CONNECTED TRANSACTIONS

The Group did not enter into any non-exempt continuing connected transactions during the Reporting Period. Details of related party transactions of the Group for the year ended 31 December 2024 are set out in Note 35 to the consolidated financial statements, none of which constitute "connected transactions" or "continuing connected transactions" under Chapter 14A of the Listing Rules for which disclosure is required. The Company has complied with the applicable disclosure requirements under Chapter 14A of the Listing Rules for the year ended 31 December 2024.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period. As at 31 December 2024, the Company did not hold any treasury shares.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the year ended 31 December 2024. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The Shares were listed on the Stock Exchange on 9 October 2020 with a total of 73,079,000 offer Shares (including Shares issued as a result of the full exercise of the over-allotment option) issued and the net proceeds raised during the Global Offering were approximately HK$3,795 million. Save as disclosed in the note in the same section of the 2022 annual report of the Company, there was no change in the intended use of net proceeds as previously disclosed in the Prospectus in the upcoming 12 months.

Set out below is the status of use of proceeds from the Global Offering as at 31 December 2024.

Purpose	% of use of proceeds	Net proceeds (HK$ million)	Utilised for the year ended 31 December 2023 (HK$ million)	Unutilised amount as at 31 December 2023 (HK$ million)	Utilised for the year ended 31 December 2024 (HK$ million)	Unutilised amount as at 31 December 2024 (HK$ million)
Funding ongoing and planned clinical trials (including any potential clinical studies for new indications if appropriate), preparation for registration filings and other steps or activities related to commercialization (including provision of scientific and clinical support by medical affairs team, key opinion leader development, strategic planning and market access analysis) of eravacycline, one of our Core Drug Candidates	15%	569	180	90	90	–

Purpose	% of use of proceeds	Net proceeds (HK$ million)	Utilised for the year ended 31 December 2023 (HK$ million)	Unutilised amount as at 31 December 2023 (HK$ million)	Utilised for the year ended 31 December 2024 (HK$ million)	Unutilised amount as at 31 December 2024 (HK$ million)
Funding ongoing and planned clinical trials (including any potential clinical studies for new indications if appropriate), preparation for registration filings and other steps or activities related to commercialization (including provision of scientific and clinical support by medical affairs team, key opinion leader development, strategic planning and market access analysis) of etrasimod, one of our Core Drug Candidates	15%	569	72	269	93	176
Funding ongoing and planned clinical trials, preparation for registration filings and potential commercialization of sacituzumab govitecan-hziy	20%	759	–	–	–	–
Funding ongoing and planned clinical trials, preparation for registration filings and potential commercialization of Nefecon	10%	380	103	–	–	–
Funding ongoing and planned clinical trials, preparation for registration filings and potential commercialization of other drug candidates in our pipeline	15%	569	–	–	–	–

Purpose	% of use of proceeds	Net proceeds (HK$ million)	Utilised for the year ended 31 December 2023 (HK$ million)	Unutilised amount as at 31 December 2023 (HK$ million)	Utilised for the year ended 31 December 2024 (HK$ million)	Unutilised amount as at 31 December 2024 (HK$ million)
Funding our business development activities and the expansion of our drug pipeline. To further expand our portfolio, we will continue to bring in high value and differentiated innovative assets with attractive risk-return profiles for our four current core therapeutic areas	15%	569	–	–	–	–
Working capital and general and administrative purposes	10%	380	–	–	–	–
Total	**100%**	**3,795**	**605**	**359**	**183**	**176**

The Company expects to gradually apply the remaining unutilized proceeds in accordance with the intended purposes and fully utilize the proceeds by the second half of 2025. This expected timeline is based on best estimation on future market conditions and business operations made by the Company, and remains subject to changes based on current and future development of market conditions and actual business needs.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the Latest Practicable Date, the Company had maintained the prescribed percentage of public float under the Listing Rules during the Reporting Period.

AUDITOR

PricewaterhouseCoopers ("PwC") resigned as the auditor of the Company with effect from 15 November 2024. The Company has appointed Ernst & Young ("EY") as the auditor of the Company with effect from 15 November 2024 to fill the vacancy following the resignation of PwC and to hold office until the conclusion of the next AGM of the Company. For more details on the change of auditor of the Company, please refer to the announcement of the Company dated 15 November 2024. Save as disclosed above, there were no other changes in auditor of the Company in the preceding three years.

The consolidated financial statements of the Group have been audited by EY, Certified Public Accountants and Registered Public Interest Entity Auditor, who will retire and, being eligible, offer themselves for reappointment at the AGM.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this annual report, no important events affecting the Company occurred since the end of the Reporting Period and up to the Latest Practicable Date.

By the order of the Board
Mr. Wei Fu
Chairman
Hong Kong
25 March 2025

Directors and Senior Management

As at the Latest Practicable Date, the Board consisted of three executive Directors, two non-executive Directors and three independent non-executive Directors.

DIRECTORS

Executive Directors

Mr. Wei Fu (傅唯), aged 42, is an executive Director, chairman of the Board, chairperson of the Nomination Committee and member of the Remuneration Committee. Mr. Fu was appointed as our Director in July 2017 and was redesignated as an executive Director in July 2020. Mr. Fu is also a director of certain subsidiaries of the Company.

Mr. Fu has served as the chief executive officer and managing director of CBC Group, a healthcare dedicated private equity firm, since April 2014. From August 2011 to December 2013, Mr. Fu served as the general manager of the investment department at a wholly-owned subsidiary of Far East Horizon Limited, a financial services organization listed on the Stock Exchange (HKEX: 3360). From March 2008 to April 2010, Mr. Fu worked as an associate director at Standard Chartered Business Consulting (Beijing) Co., Ltd., where he was mainly responsible for private equity investments in infrastructure projects. From July 2006 to March 2008, Mr. Fu worked at Macquarie Capital (Singapore) Pte. Limited, where his last position was as a business analyst. Mr. Fu has been a director of I-Mab (NASDAQ: IMAB) since June 2018.

Mr. Fu received his bachelor's degree in electrical and electronic engineering from Nanyang Technological University in Singapore in February 2005.

Mr. Yongqing Luo (羅永慶), aged 55, was appointed as an executive Director and Chief Executive Officer of the Company on 19 September 2022. He is a director of certain subsidiaries of the Company. Mr. Luo has more than 25 years of experience in the healthcare industry. Mr. Luo was previously the president and general manager of Greater China of Brii Biosciences Limited (HKEX: 2137) from 11 September 2020 to 15 September 2022 and its executive director from 30 March 2021 to 15 September 2022, and the chief executive officer of a subsidiary of Brii Biosciences Limited, TSB Therapeutics, from December 2021 to 15 September 2022. From September 2016 to September 2020, he was the global vice president and general manager of China of Gilead Sciences, Inc., during which he helped to build Gilead Sciences, Inc.'s presence in China. He led the clinical development, regulatory approval process and successful commercial launch of eight innovative products as well as established a unique business model encompassing science, commercialization and patient access. Prior to that, he held senior positions in multiple multinational pharmaceutical companies including Roche and Novartis.

Mr. Luo received his medical education from Xiangya School of Medicine, Central-South University, in China and graduated in July 1992, and then served for three years as a surgeon at St. Luke's Hospital, Shanghai, from July 1992 to July 1995. He obtained an executive master of business administration from China Europe International Business School in China in September 2006.

Mr. Ian Ying Woo (何穎), aged 52, is an executive Director and our president and chief financial officer. Mr. Woo was appointed as our Director in December 2018 and was re-designated as an executive Director in July 2020. Mr. Woo is also a director of certain subsidiaries of the Company.

Mr. Woo is an operating partner of CBC Group and served as a managing director of CBC Group from June 2018 to June 2019. Prior to joining our Company in June 2018, Mr. Woo served as a managing director in the healthcare advisory team at Lazard Frères & Co. LLC ("LFNY"), a subsidiary of the financial advisory and asset management firm Lazard Ltd (NYSE: LAZ). Mr. Woo joined LFNY in March 2005 and was based in New York until June 2018, other than from January 2012 to June 2016 during which period he worked at Lazard Asia (Hong Kong) Limited, LFNY's Hong Kong office and an SFC licensed corporation. Mr. Woo was an independent director of Prenetics Global Ltd. (NASDAQ: PRE) from May 2022 to May 2024.

Mr. Woo received his bachelor's degree in biology from Tufts University in the United States in May 1994, his master's degree in cellular, molecular and biomedical studies from the Columbia University Graduate School of Arts and Sciences in the United States in May 1998 and his master of business administration degree from the Columbia University Graduate School of Business in the United States in May 2003.

Non-executive Directors

Mr. William Ki Chul Cho (曹基哲), aged 47, was appointed as a non-executive Director on 12 January 2024. He is currently a Senior Managing Director of CBC Group where he is a member of the Management Committee and helps lead the portfolio management and private equity investments functions of CBC Group.

Prior to joining CBC Group in 2023, he was the Chief Financial Officer of Zai Lab Limited (stock code: 9688.hk) from March 2018 to July 2023. Mr. Cho also served as Managing Director and Head of Asia Healthcare Investment Banking at Citigroup from 2011 to 2018. Based in Hong Kong since 2011, Mr. Cho was responsible for healthcare client coverage at Citigroup across the Asia Pacific region and led many biopharma transactions in China. Prior to this, he was based in the United States, involved in healthcare investment banking and also spent time in corporate development for a pharmaceutical services company. Mr. Cho started his career at Ernst & Young LLP as an auditor in the healthcare group. Mr. Cho was appointed as a non-executive director of Hugel Inc. (KOSDAQ: 145020) on 29 March 2024.

Mr. Cho obtained his MBA degree from the Wharton School of the University of Pennsylvania, his Master degree in Accounting from the University of Virginia, and his Bachelor's degree in Business Administration from the University of Southern California's Marshall School of Business.

Mr. Honggang Feng (馮洪剛), aged 60, was appointed as a non-executive Director on 9 February 2024. Mr. Feng has more than 35 years of experience in the healthcare industry. He is currently a senior advisor of CBC Group where he assists in portfolio management and is responsible for the post-investment management.

He was the president of Simcere Pharmaceutical Group Limited (stock code: 2096.hk) from January 2015 to November 2019, and held other leadership positions in Simcere from 1994 to 2007, including as a director of biomedical department, vice president of its research institute and as a director of marketing department. From August 2007 to October 2014, Mr. Feng was the general manager of Shihuida Pharma Group. Mr. Feng started his career as an internist and an endocrinologist in different hospitals. Mr. Feng received his medical education from Yangzhou Medical College (now known as Medical School, Yangzhou University) in 1982 and obtained a Master of Medicine from China Medical University in 1989.

Independent Non-executive Directors

Mr. Shidong Jiang (蔣世東), aged 57, was appointed as an independent non-executive Director and a member of the Audit Committee and Remuneration Committee in September 2020.

Mr. Jiang has over a decade of experience in the pharmaceutical industry and served as the Head of Sales and Marketing of Beijing Astellas Medical Co., Ltd. (北京安斯泰來醫藥有限公司) to oversee both Hospital & Specialty Business Unit and Oncology Business Unit from 1 January 2022 to 15 January 2024. He was previously the general manager of Hemony Pharma Co., Ltd., a private pharmaceuticals business in China, including in 2017, the chief executive officer of Hisun-Pfizer Pharmaceuticals Ltd., a joint venture between Pfizer Inc. (NYSE: PFE) and Zhejiang Hisun Pharmaceuticals Co., Ltd. (SSE: 600267), in 2015, the president of St. Jude Medical (Shanghai) Limited, St. Jude Medical, Inc.'s (NYSE: STJ, delisted) Chinese subsidiary, including in 2012, and employed by the Pfizer Inc. (NYSE: PFE) pharmaceutical group including as general manager for specialty/anti-infectives in 2010 and 2011.

Mr. Jiang received his bachelor's degree in power engineering from the Dalian University of Technology in Dalian, China in July 1989.

Mr. Yifan Li (李軼梵), aged 57, was appointed as an independent non-executive Director, chairperson of the Audit Committee and member of the Nomination Committee in September 2020.

Mr. Li served as chief financial & investment advisor of Human Horizons Group Inc. between April 2022 to December 2023, and served as its chief financial officer between April 2021 and March 2022. He served as a vice president of Zhejiang Geely Holding Group Co., Ltd. from October 2014 to April 2021, a chief financial officer of Sanpower Group Limited from May 2014 to September 2014, and of China Zenix Auto International Limited (NYSE: ZXAIY) from December 2010 to February 2014. Mr. Li has been an independent non-executive director of Frontage Holdings Corporation (HKEX: 1521) since April 2018 and Xinyuan Property Management Service (Cayman) Ltd. (HKEX: 1895) since September 2019. He has also been an independent director of Xinyuan Real Estate Co., Ltd. (NYSE: XIN) since February 2017, Qudian Inc. (NYSE: QD) since October 2017, and 36Kr Holdings Inc. (NASDAQ: KRKR) since November 2019. Mr. Li was a director of Zhejiang Qianjiang Motocycle Co., Ltd. (SZSE: 000913) from November 2016 to April 2018. He was an independent director of Sunlands Technology Group (formerly known as Sunlands Online Education Group) (NYSE: STG) from July 2019 to May 2024, Heilongjiang Interchina Water Treatment Co., Ltd. (SSE: 600187) from May 2015 to May 2021 and Zhejiang Tiantie Industry Co., Ltd. (SZSE: 300587) from December 2017 to April 2021 and Shanghai International Port Group Co., Ltd. (SSE: 600018) from September 2015 to September 2021.

Mr. Li received his bachelor's degree of economics in world economy from Fudan University in China in July 1989, his master's degree in management and administrative sciences from the University of Texas at Dallas in the United States in May 1994 and his master of business administration from the University of Chicago in the United States in June 2000.

Mr. Li is a certified public accountant in the United States and a chartered global management accountant with the American Institute of Certified Public Accountants.

Ms. Hoi Yam Chui (徐海音) (alias: **徐海瑛**) (former name: **徐海英**), aged 57, was appointed as an independent non-executive Director, chairperson of the Remuneration Committee and member of the Audit Committee and Nomination Committee on 19 January 2023.

Ms. Chui was an executive director of China Biotech Services Holdings Limited (中國生物科技服務控股有限公司), a company listed on the GEM of the Stock Exchange (stock code: 8037), from December 2022 to June 2023 and redesignated as a non-executive director from 30 June 2023 to 13 June 2024. Previously, she was president of Harbin Pharmaceutical Group Co., Ltd. (哈藥集團股份有限公司) ("Harbin Pharmaceutical"), a company listed on the Shanghai Stock Exchange (stock code: 600664), from March 2019 to May 2022 and a director of Harbin Pharmaceutical from January 2021 to May 2022, where she was responsible for the overall business operation. Ms. Chui has previously also worked in China Hewlett-Packard Co., Ltd. and Novartis International. Ms. Chui received her bachelor's degree in Economic Administration and master's degree in Finance from Peking University, the People's Republic of China in July 1990 and July 2001, respectively.

SENIOR MANAGEMENT

Mr. Jason Brown, Ph.D., aged 53, has served as our chief business officer since August 2019. Dr. Brown joined us as our senior vice president, business development in July 2017.

Dr. Brown served as a managing director of CBC Group from October 2016 to July 2018 and now serves as an operating partner of CBC Group. From July 2007 to June 2016, Dr. Brown held multiple positions at Thomas, McNerney & Partners, a healthcare venture firm that invests in life science and medical technology companies, and his last position held was partner. From June 2003 to June 2007, Dr. Brown was employed by Forward Ventures, a life science venture capital firm located in San Diego, California, and his last position held was associate.

Dr. Brown received his bachelor's degree in biochemistry and molecular biology from Purdue University in the United States in May 1993 and his Ph.D. in biology from the University of California, San Diego in the United States in June 2000.

Mr. Xu Liang Rico (梁旭), aged 57, has been appointed Chief Product Officer overseeing the Company's medical affairs and marketing departments since February 2024. Mr. Liang has more than two decades of experience in the pharmaceutical industry, especially in medical affairs, marketing & sales management, and clinical operation. He also has experience in helping build out from scratch a fully functional company in China with innovative and highly effective operation systems. Previously, he was general manager of Greater China at Brii Biosciences, responsible for commercialization, government affairs, regulatory affairs, and medical Affairs. Prior to Brii, Mr. Liang held several leadership positions in Gilead China including Executive Director and was responsible for commercial strategy design and implementation, and leading the marketing team to successfully deliver product launches for innovative treatments. In addition, he held various positions in Roche, Novartis and Amgen.

He holds his bachelor's degree of clinical medicine from Capital University and received MBA from Macquarie University in Australia.

Mr. Chonggang Xu Steve (許崇剛), aged 56, has been appointed as Chief Operations Officer since March 2025. Mr. Xu had nearly thirty-five years of management experience and notable achievements from his time with well-known management consulting firms and several large multinational corporations. Before joining Everest, he served as Managing Director at CBC Group and also played a role in the early establishment of Everest. At CBC Group, he was in charge of developing robust compliance and governance frameworks for newly acquired/incubated investment portfolios, optimizing their financial quality, and enhancing supply chain management, financial quality and operational efficiency to improve portfolio profitability.

He holds a Bachelor's degree in Accounting and Auditing from Shanghai University of Finance and Economics, an Executive MBA from China Europe International Business School, and is a Certified Public Accountant in China.

Ms. Wei Jennifer Yang, Ph.D (楊煒), aged 56, has served as chief scientific officer since April 2021. Dr. Yang has more than 20 years of drug discovery and development experience in pharmaceutical companies. Before joining Everest Medicines, Dr. Yang was a vice president, head of China Lung Cancer Initiative at Johnson and Johnson from 2019 to 2021.

Dr. Yang transitioned into this role from Janssen China R&D, where she spent 6 years as a senior director, head of discovery center. Prior to Johnson and Johnson, Dr. Yang held various leadership positions at Eli Lilly and Company in Indianapolis from 2002 to 2010 and Pfizer Oncology in La Jolla from 2010 to 2012. Dr. Yang received her bachelor's degree from Fudan University in China and Ph.D. from Eccles Institute of Human Genetics at University of Utah.

Ms. Qinwen Zeng Sandra, Ph.D (曾慶雯), aged 58, has been appointed Chief Medical Officer in charge of the clinical development team and cross function collaboration to bring more in-house developed and in-licensed innovative products in China since February 2024. She has more than 20 years' experience and achievements in oncology and immunology industries across diversified functions, including pharmaceutical discovery, development and medical affairs in U.S. and China. Most recently, she served as Global Development Program Lead in Hematology in Bristol Myers Squibb USA, leading a cross-function team to advance several programs through clinical development, regulatory submission, manufacturing and commercialization. She also led the programs from first-in-human, proof of concept to phase III completion and NDA filing. Prior to this, Ms. Zeng held several leadership positions in Celgene Corporation, Roche and Merck in both global headquarters and China units.

She holds her doctor's degree of Clinical Medicine from Fudan University Shanghai Medical School and master's degree of Science from Johns Hopkins University.

JOINT COMPANY SECRETARIES

Ms. Leah Liu (劉栩昕), aged 40, is our joint company secretary and the vice president of investor relations, responsible for overseeing the compliance affairs in relations to capital markets, board of directors, and the Stock Exchange.

Prior to joining the Company, Ms. Liu was chief financial officer of Laekna Therapeutics and head of capital markets at I-Mab (NASDAQ: IMAB) where she led financing and capital markets efforts, including listing preparations. Ms. Liu also worked in CloudMinds Technology (Hong Kong) Limited and Xtep International Holdings Limited (HKEX: 1368) as the head of capital markets and director of investor relations respectively and was the recipient of multiple industry awards. Ms. Liu has extensive experience in the financial services and investment industries and held positions at major international investment banks including The Hongkong and Shanghai Banking Corporation Limited, Daiwa Capital Markets Hong Kong Limited and Lazard Ltd.

Ms. Liu received double bachelor's degrees in biology and international studies and a master's degree in cellular molecular biology from The Johns Hopkins University. Ms. Liu also received a master's degree in corporate governance from Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong) in 2020. Ms. Liu is an associate member of each of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

Ms. Yee Wa Lau (劉綺華), aged 52, is our joint company secretary and a director of corporate services of Tricor Services Limited. She is a chartered secretary, a corporate governance professional and an associate member of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom. Ms. Lau received her bachelor's degree in business administrative management from the University of South Australia.

Ms. Lau has over 20 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Lau is currently the named company secretary of several listed companies on the Stock Exchange, including, BAIOO Family Interactive Limited (HKEX: 2100), Meituan (HKEX: 3690), Transmit Entertainment Limited (HKEX: 1326), Li Auto Inc. (HKEX: 2015), Zhihu Inc. (HKEX: 2390), KE Holdings Inc. (HKEX: 2423), i-CABLE Communications Limited (HKEX: 1097) and RoboSense Technology Co., Ltd. (HKEX: 2498).

Corporate Governance Report

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

CORPORATE GOVERNANCE CULTURE

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

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

— that the interests of those who deal with the Company are safeguarded;

— that overall business risk is understood and managed appropriately;

— the delivery of high-quality products and services to the satisfaction of customers; and

— that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the principles and code provisions of the CG Code contained in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices.

During the Reporting Period, the Company had complied with all applicable code provisions set out in the CG Code.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Specific enquiry has been made to all the Directors regarding their compliance with the Model Code during the Reporting Period and up to the Latest Practicable Date.

On 11 and 12 March 2024, Mr. Fu Wei, through Nova Aqua Limited, sold 1,468,000 Shares during the blackout period in respect of the Company's annual results for the year ended 31 December 2023, without notification to a designated Director (the "Incident"), which was in contravention of code provision A.3(a) and B.8 of the Model Code. The entire interest in Nova Aqua Limited is held by Vistra Trust (Singapore) Pte. Limited as trustee for a trust established by Mr. Wei Fu (as settlor) for the benefit of himself and his family. To the best knowledge of the Board after reasonable enquiries, the Incident was an isolated incident and completely unintentional and was merely due to Mr. Fu's inadvertent oversight of the requirements under the Model Code at the time of the disposals. Upon realizing his inadvertent omission, Mr. Fu promptly sought legal advice and notified the Company of the Incident which was disclosed by way of disclosure of interest forms on 14 March 2024.

Upon notification of the Incident, the Company has taken the following remedial steps to avoid the occurrence of a similar incident in the future: (i) the Directors have received training covering (a) the requirements under the Model Code (including to the dealing restriction and the dealing notification procedures under rules A.3 and B.8 of the Model Code) and (b) the laws and regulations relating to the Company's handling of inside information and will arrange for refresher trainings from time-to-time, (ii) the Company has re-circulated the Board's policy on management securities trading and the Company will arrange for its Board policies to be reviewed and updated regularly; (iii) the Company's joint company secretaries will continue to notify each Director and other members of senior management by email of the commencement and expiry of the blackout period before the relevant dates; and (iv) the Company's internal audit will continue to review, twice a year, the Company's and the Directors' internal regulatory compliance status. The Board believes that implementing the aforementioned measures would help the Directors gain a better understanding of the dealing restrictions during the blackout period and the necessary procedures they must follow before dealing in the Company's securities. Consequently, the Board considered that these measures would minimize the chance of breach of the Model Code by the Directors in the future.

Save as disclosed above, no incident of non-compliance of the Model Code by any Director or relevant employee during the Reporting has been noted by the Company.

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and the collective responsibility for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities.

During the Reporting Period and as at the Latest Practicable Date, the Board comprised three executive Directors, two non-executive Directors and three independent non-executive Directors. The Board includes a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which would allow it to effectively exercise independent judgement.

BOARD COMPOSITION

The composition of the Board during the Reporting Period and as at the date of this annual report is as follows:

Executive Directors

Mr. Wei Fu (傅唯) *(Chairman of the Board)*
Mr. Yongqing Luo (羅永慶) *(Chief executive officer)*
Mr. Ian Ying Woo (何穎) *(President, Chief financial officer)*

Non-Executive Directors

Mr. Yubo Gong (龔聿波) (resigned with effect from 9 February 2024)
Ms. Lan Kang (康嵐) (resigned with effect from 12 January 2024)
Mr. William Ki Chul Cho (曹基哲) (appointed with effect from 12 January 2024)
Mr. Honggang Feng (馮洪剛) (appointed with effect from 9 February 2024)

Independent Non-executive Directors

Mr. Shidong Jiang (蔣世東)
Mr. Yifan Li (李軼梵)
Ms. Hoi Yam Chui (徐海音)

During the Reporting Period, the Company appointed Mr. William Ki Chul Cho and Mr. Honggang Feng as non-executive Directors on 12 January 2024 and 9 February 2024, respectively. Each of Mr. William Ki Chul Cho and Mr. Honggang Feng obtained legal advice from Hong Kong legal advisers on 10 January 2024 and 7 February 2024, respectively, as required under Rule 3.09D of the Listing Rules and confirmed he understood his obligations as a director of a listed issuer.

The biographical details of the Directors are set out in the section headed "Directors and Senior Management" on pages 63 to 69 of this annual report.

None of the members of the Board is related to one another.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of Chairman and Chief Executive Officer are held by Mr. Wei Fu and Mr. Yongqing Luo, respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and the daily management and operations generally. Their respective responsibilities are clearly defined and set out in writing.

BOARD MEETINGS, COMMITTEE MEETINGS AND GENERAL MEETINGS

Code provision C.5.1 of the CG Code stipulates that board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communications.

During the year ended 31 December 2024, 4 Board meetings and 1 general meeting were held. The significant matters related to the Group's business activities and operations were appropriately addressed through either thorough reporting, discussion, and resolution during the three regular Board meetings or by utilizing written resolutions to facilitate prompt decision-making for commercial purposes. Throughout the Reporting Period, the Directors were furnished with pertinent information concerning the Company's operations and financial performance. Sufficient measures were taken to ensure effective communication among the Directors.

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

Name of Director	Board	Remuneration Committee	Nomination Committee	Audit Committee	General Meeting
Executive Directors:					
Mr. Wei Fu	4/4	1/1	1/1	–	1/1
Mr. Yongqing Luo	4/4	–	–	–	1/1
Mr. Ian Ying Woo	4/4	–	–	–	1/1
Non-executive Directors:					
Mr. Yubo Gong[(1)]	0/1	–	–	–	–
Ms. Lan Kang[(2)]	–	–	–	–	–
Mr. William Ki Chul Cho[(3)]	4/4	–	–	–	1/1
Mr. Honggang Feng[(4)]	3/3	–	–	–	1/1
Independent Non-executive Directors:					
Mr. Shidong Jiang	4/4	1/1	–	3/3	1/1
Mr. Yifan Li	4/4	–	1/1	3/3	1/1
Ms. Hoi Yam Chui	4/4	1/1	1/1	3/3	1/1

Notes:

(1) Mr. Yubo Gong resigned with effect from 9 February 2024.

(2) Ms. Lan Kang resigned with effect from 12 January 2024.

(3) Mr. William Ki Chul Cho was appointed with effect from 12 January 2024.

(4) Mr. Honggang Feng was appointed with effect from 9 February 2024.

Apart from regular Board meetings, the Chairman of the Board also held a meeting with the independent non-executive Directors without the presence of executive Directors during the Reporting Period.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

The Company confirms that the Board has received from each of the independent non-executive Directors, namely, Mr. Shidong Jiang, Mr. Yifan Li and Ms. Hoi Yam Chui, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules, and, having taken into account the factors set out in Rule 3.13 of the Listing Rules in assessing the independence of the independent non-executive Directors, the Company considers that each independent non-executive Director to be independent.

BOARD INDEPENDENT EVALUATION

The Board has established mechanisms to ensure independent views and input from any Director are conveyed to the Board. The Board includes a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which enables it effectively exercise independent judgement. External independent professional advice is available as and when required by individual Directors. The Board reviews annually the independence of the independent non-executive Directors, including but not limited to assessing the independence of non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Board also evaluates the board composition and its independence with reference to the requirements under the Listing Rules.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and succession planning for Directors and assessing the independence of independent non-executive Directors.

Each of the executive Directors, non-executive Directors and independent non-executive Directors has entered into a service agreement or a letter of appointment with the Company, and the term of service for each of them is three years from the date of appointment or reappointment. All the Directors are subject to retirement by rotation and re-election at annual general meeting.

At every annual general meeting of the Company, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company's Articles of Association also provides that all Directors appointed to fill a casual vacancy shall be subject to election by Shareholders at the first annual general meeting after appointment. The retiring Directors shall be eligible for re-election.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

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

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

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

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

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

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

DIRECTORS' AND OFFICERS' LIABILITIES INSURANCE

The Company has arranged appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against Directors, officers and senior management of the Company arising out of corporate activities.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee, and the Nomination Committee for overseeing particular aspects of the Company's affairs. Each of these committees is established with defined written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are published on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. During the Reporting Period, the Audit Committee comprised three independent non-executive Directors, namely, Mr. Yifan Li, Mr. Shidong Jiang and Ms. Hoi Yam Chui. Mr. Yifan Li (being the independent non-executive Director with the appropriate professional qualifications) is the chairperson of the Audit Committee.

The primary duties of the Audit Committee include, without limitation to, the following:

- monitoring the integrity of our financial statements, annual reports, accounts, half-yearly reports and our compliance with the Listing Rules and legal requirements in relation to financial reporting;

- making recommendations to the Board on the appointment, reappointment and removal of external auditor, approving the remuneration and terms of engagement of external auditor, and monitoring the independence and objectivity of external auditors and the effectiveness of the audit process in accordance with applicable standards; and

- reviewing our financial controls, risk management (including ESG risks) and internal control systems; and dealing with other matters that are authorized by the Board.

During the Reporting Period, the Audit Committee met thrice to review the Company's annual results and annual report for the year ended 31 December 2023 and the interim results, interim report for the six months ended 30 June 2024 and to discuss the change of auditors. During the meeting, the Audit Committee also reviewed the significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management (including ESG risks) and internal control systems and internal audit function, appointment of external auditors and engagement of non-audit services and relevant scope of works, and arrangements for employees to raise concerns about possible improprieties.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. During the Reporting Period, the Remuneration Committee consists of three Directors, namely, Ms. Hoi Yam Chui, Mr. Wei Fu and Mr. Shidong Jiang. Mr. Wei Fu is an executive Director, Ms. Hoi Yam Chui and Mr. Shidong Jiang are independent non-executive Directors. Ms. Hoi Yam Chui is the chairperson of the Remuneration Committee.

The primary duties of the Remuneration Committee include, among other things:

- making recommendations to the Board on the Company's policy and structure for the executive Directors and senior management remuneration and on the compensation of non-executive Directors;
- evaluating the performance of Directors and senior management of our Company;
- reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- establishing formal and transparent procedures for developing remuneration policy;
- reviewed and approved matters relating to share schemes under Chapter 17 of the Listing Rules, in particular regarding to vesting period, performance target and clawback mechanism of the grants; and
- dealing with other matters that are authorized by the Board.

During the Reporting Period, the Remuneration Committee met once. During such meeting, and as well as by way of written resolutions, the Remuneration Committee reviewed and recommended to the Board on the remuneration packages of individual executive Directors, senior management and the new Directors appointed during the Reporting Period.

Furthermore, the Remuneration Committee reviewed and approved the grants made under the Company's share schemes during the Reporting Period. In particular, in respect of the grant of share options and awards to the Directors and specified connected grantees during the Reporting Period, the Remuneration Committee considered that such grants with vesting dates which are less than 12 months to be appropriate as all the previous grants under the same mechanism is consistent with the prior practices of the Company so that the Company can attract, retain, incentivize, reward and remunerate the grantees and enhance operational efficiency. For the grants to Mr. Yongqing Luo and Mr. Ian Ying Woo, since vesting of certain awards granted to them are subject to the achievement of certain performance targets which align the interests of the grantee with that of the Company and the Shareholders, reward and provide incentive to the grantee to work towards success of the Group, and reinforce their commitment to long-term services of the Group, the Remuneration Committee is of the view that such arrangements are in line with the purpose of the Company's share schemes.

In addition, having considered that the grantees are Directors and senior managers of the Group who will contribute directly to the overall business performance, sustainable development and/or good corporate governance of the Group, the Remuneration Committee considered that such grants without performance targets are market competitive, consistent with the Company's remuneration policy and align with the purpose of the Company's share schemes.

For details of the grants of share options, awards and performance target awards, please refer to the announcement of the Company dated 5 April 2024 and the circular of the Company dated 5 June 2024.

Details of the Directors' remuneration for the year ended 31 December 2024 are set out in Note 10 to the consolidated financial statements. The remuneration of the senior management of the Group by band for the year ended 31 December 2024 is set out below:

Remuneration bands (HKD)	Number of persons
HK$4,000,001–HK$4,500,000	1
HK$5,000,001–HK$5,500,000	1
HK$8,500,001–HK$9,000,000	1
HK$13,500,001–HK$14,000,000	1
HK$14,500,001–HK$15,000,000	1
Total	5

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive Directors are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each executive Director. The remuneration for the executive Directors comprises basic salary, pensions and performance bonus. The remuneration policy for non-executive Directors and independent non-executive Directors is to ensure that non-executive Directors and independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the non-executive Directors and independent non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board. Individual Directors and senior management have not been involved in deciding their own remuneration.

NOMINATION COMMITTEE

The Company established the Nomination Committee with written terms of reference in compliance with the CG Code. During the Reporting Period, the Nomination Committee consisted of three members, namely, Mr. Wei Fu, Ms. Hoi Yam Chui and Mr. Yifan Li. Mr. Wei Fu is an executive Director, Mr. Yifan Li and Ms. Hoi Yam Chui are independent non-executive Directors. Mr. Wei Fu is the chairperson of the Nomination Committee.

The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of Board succession.

The primary duties of the Nomination Committee include, among other things:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board composition to complement the Company's corporate strategies;

- assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment or reappointment of directors and succession planning for directors, in particular the chairman of the Board and the chief executive of the Company; and

- performing tasks as assigned by the Board from time to time.

During the Reporting Period, the Nomination Committee met once to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, the Board Diversity Policy (as defined below) and the Director Nomination Policy and consider the qualifications of the retiring Directors standing for election at the annual general meeting of the Company held on 28 June 2024 and by way of written resolutions and to identify and recommend an individual who is suitably qualified to become a member of the Board.

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a director of the Company, the Nomination Committee should consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience (the "Measurable Objectives"). Pursuant to the Board Diversity Policy, the Nomination Committee discusses periodically and when necessary, agrees on the Measurable Objectives for achieving diversity, including gender diversity, on the Board and recommends them to the Board for adoption.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

Pursuant to the Board Diversity Policy, the Nomination Committee reviews annually the structure, size and composition of the Board and where appropriate, makes recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

For the purpose of implementation of the Board Diversity Policy, the following Measurable Objectives were adopted:

(A) at least one-third of the members of the Board shall be non-executive Directors or independent non-executive Directors;

(B) at least one-third of the members of the Board shall be independent non-executive Directors; and

(C) at least one of the members of the Board shall have obtained accounting or other professional qualifications.

The Board is committed to improving the diversity of the Board and has achieved the above Measurable Objectives since January 2023 and during the Reporting Period. The Board will continuously monitor the board diversity in annual basis.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness and will discuss periodically and, when necessary, agree on specific measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption.

GENDER DIVERSITY

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the Latest Practicable Date:

	Female	Male
Board	12.5% (1)	87.5% (7)
Senior Management	40.0% (2)	60.0% (3)
Other employees	57.1% (376)	42.9% (282)
Overall workforce	56.5% (379)	43.5% (292)

The Company has been taking, and will continue to take, steps to promote gender diversity at the Board and management levels. In particular, our chief medical officer and chief scientific officer are female and form part of our senior management team. Going forward, we will continue to work to enhance gender diversity of the Board.

The Company targets to maintain a Board with female representation, and gender diversity is achieved in respect of the Board. For the year ended 31 December 2024, the Company maintained an effective Board comprising members of different genders, professional background and industry experience. As at the date of this annual report, the Board consists of one female and seven male Directors. It is considered that the current Board composition is well-balanced and appropriate for the business of the Company. The Nomination Committee will continue to use its best endeavors and on suitable basis to identify and recommend multiple suitable female candidates to the Board for its consideration on appointment of a Director.

The Company will continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board in due time to ensure gender diversity of the Board. Our Group will continue to emphasize training of female talent and providing long-term development opportunities for our female staff.

The Board had achieved over 50% of female employees of the Group and considers that the above current gender diversity is satisfactory.

Details on the gender ratio of the Group together with relevant data can be found in the "Environmental, Social and Governance Report".

DIRECTOR NOMINATION POLICY

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

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee.

The Nomination Committee shall identify, consider and recommend to the Board appropriate candidates to serve as Directors and to make recommendations to the Shareholders. The ultimate responsibility for selection and appointment of Directors rests with the entire Board.

The Director Nomination Policy sets out the non-exhaustive factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- reputation for integrity;
- professional qualifications and skills;
- accomplishment and experience in the private education sector;
- commitment in respect of available time and relevant interest;
- independence of proposed independent non-executive Directors; and
- diversity in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

During the year ended 31 December 2024, the Nomination Committee recommended to the Board the appointment of two new non-executive Directors, namely Mr. William Ki Chul Cho and Mr. Honggang Feng. The appointments were subject to a stringent nomination process in accordance with the Director Nomination Policy and the Board Diversity Policy, to ensure the Board possesses the necessary skills, experience and knowledge in alignment with the Company's strategy.

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

CORPORATE GOVERNANCE FUNCTION

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

The Board would review the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, compliance with the Model Code and the Company's compliance with the CG Code and disclosure in its Corporate Governance Report.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The joint company secretaries of the Company may from time to time and as the circumstances require provide updated written training materials relating to the roles, functions and duties of a director of a company listed on the Stock Exchange.

DIVIDEND POLICY

The Company has adopted a dividend policy on payment of dividends in accordance with code provision F.1.1 of the CG Code.

The Company does not have any pre-determined dividend payout ratio. According to the dividend policy, payment of dividends depends on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. Dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

The statement of the independent auditor of the Company, EY, about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 93 to 98 of this annual report.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

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

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

During the year ended 31 December 2024, the Directors have attended seminars and training sessions arranged by professional/financial institutions, and have read relevant materials relating to regulatory updates, accounting, financial or professional skills and/or directors' duties and responsibilities.

Name of Director	Directors' Training
Executive Directors:	
Mr. Wei Fu	✓
Mr. Yongqing Luo	✓
Mr. Ian Ying Woo	✓
Non-executive Directors:	
Mr. Yubo Gong[(1)]	N/A
Ms. Lan Kang[(2)]	N/A
Mr. William Ki Chul Cho[(3)]	✓
Mr. Honggang Feng[(4)]	✓
Independent Non-executive Directors:	
Mr. Shidong Jiang	✓
Mr. Yifan Li	✓
Ms. Hoi Yam Chui	✓

Notes:

(1) Mr. Yubo Gong resigned with effect from 9 February 2024.

(2) Ms. Lan Kang resigned with effect from 12 January 2024.

(3) Mr. William Ki Chul Cho was appointed with effect from 12 January 2024.

(4) Mr. Honggang Feng was appointed with effect from 9 February 2024.

AUDITORS' RESPONSIBILITY AND REMUNERATION

PwC has served as the auditors of the Company since 2018 and agreed to resign as the auditors of the Company with effect from 15 November 2024. PwC was engaged for the review of the Company's interim financial information for the six months ended 30 June 2024 and the engagement was complete upon the publication of the interim results of the Group on 27 August 2024. PwC did not commence any audit work of the Group during the Reporting Period.

The Company appointed EY as the external auditor with effect from 15 November 2024 to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting of the Company. A statement by EY about their reporting responsibilities for the financial statements is included in the Independent Auditors' Report on pages 93 to 98. Please refer to the announcement of the Company dated 15 November 2024 for details of the aforementioned change of auditors of the Company.

For the year ended 31 December 2024, fee for auditing service provided by EY is RMB2.5 million and the fee for review service provided by PwC is RMB0.58 million. There were no non-audit services provided by our external auditor for the year ended 31 December 2024.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the Company's risk management and internal control systems and reviewing their effectiveness. The risk management and internal control measures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

All relevant departments in the Company, including but not limited to the finance department, the legal department and the human resources department conduct internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation is also conducted annually to confirm that control policies are properly complied with by each department.

The executive committee, in coordination with the senior management of the Company and department heads, assesses the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress, and reports to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management (including ESG risks) and internal control systems for the year ended 31 December 2024.

During the Reporting Period, the Board had conducted an annual review of the effectiveness of the risk management (including ESG risks) and internal control system of the Company and considered the system effective and adequate. The annual review also covered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions, as well as those relating to the Company's ESG performance and reporting.

RISK MANAGEMENT

The Company recognizes that risk management is critical to the success of the Group's business operation. Key operational risks faced by the Company include changes in the general market conditions and the regulatory environment of the Chinese and global pharmaceutical markets, the ability to develop, manufacture and commercialize the drug candidates, and the ability to compete with other pharmaceutical companies. The Company also face various market risks. In particular, the Company is exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of the business.

The Company has adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with the strategic objectives on an on-going basis. The Audit Committee, and ultimately the Directors, supervise the implementation of risk management policies. Risks identified by management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated by the Group and reported to the Directors.

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

- The executive committee which is comprised of senior management and functional heads will oversee and manage the overall risks associated with the business operations, including (i) reviewing and approving the risk management policy to ensure that it is consistent with the corporate objectives; (ii) reviewing and approving the corporate risk tolerance; (iii) monitoring the most significant risks associated with the business operation and the management's handling of such risks; (iv) reviewing the corporate risk in the light of corporate risk tolerance; and (v) monitoring and ensuring the appropriate application of risk management framework across the Group.

- The Company's senior management is responsible for (i) formulating and updating risk management policy and target; (ii) reviewing and approving major risk management issues of the Company; (iii) promulgating risk management measures; (iv) providing guidance on risk management approach to the relevant departments in the Company; (v) reviewing the relevant departments' reporting on key risks and providing feedbacks; (vi) supervising the implementation of risk management measures by the relevant departments; (vii) ensuring that the appropriate structure, processes and competencies are in place across the Group; and (viii) reporting to the executive committee on the material risks.

- The relevant departments in the Company, including but not limited to the finance department, the legal department and the human resources department, are responsible for implementing risk management policy and carrying out day-to-day risk management practice. In order to formalize risk management across the Group and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives; (iii) prepare a risk management report annually for the chief executive officer's review; (iv) continuously monitor the key risks relating to their operation or function; (v) implement appropriate risk responses where necessary; and (vi) develop and maintain an appropriate mechanism to facilitate the application of risk management framework.

The Company considers that the Directors and members of the senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control. See "Directors and Senior Management" for details of their qualification and experiences.

INTERNAL CONTROL

The Board is responsible for the internal control system and reviewing their effectiveness. The Company has established an internal control function to develop and maintain an appropriate internal control system, comprising internal control environment, risk assessment, control activities, information and communication, and supervision, to ensure its alignment with the Company's strategic objectives and operational needs.

The Company has adopted various measures and procedures regarding each aspect of the business operation, which includes enhanced effective internal control and corresponding actions, the establishment of a well-defined authority structure with proper segregation of duties, the monitoring of strategic plans and performance, the design of an efficient accounting and information system, the control over sensitive information, as well as the prompt actions and timely communication with stakeholders are all integral components in ensuring effective risk management within the Company.

The Company provides periodic training about these measures and procedures to the employees as part of the employee training program. The internal control team conducts self-assessment to monitor the implementation of control activities, reports the weakness identified to the management and follows up on the rectification actions. Comprehensive trainings were delivered to employees to enhance the execution of internal control procedures, which is embedded within business processes so that it functions as an integral part of the overall operation of the Company.

The Company has in place the code of conduct and business ethics to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. The Company also has in place a whistleblowing policy for employees of the Company which enable employees to raise concerns, in confidence and anonymity, to the compliance officer of the Company, who is responsible for investigating the reported incidents and taking appropriate measures, about possible improprieties in any matters related to the Company. The Company continues to carry out anti-corruption and antibribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery. There were no non-compliance cases in relation to bribery and corruption.

The Company has adopted an information disclosure management policy which sets out comprehensive guidelines in respect of handling and dissemination of material non-public information. The Board and management team are responsible for monitoring and implementing the control.

The Company consistently enhances comprehensive digital platform with embedded control logic to automate segregation of duties validations and delegation of authority in approval workflows. Regular updates are conducted to adapt to evolving business needs and emerging risks, ensuring the platform remains robust and aligned with the Company's internal control framework.

The Company has in place a whistleblowing policy for employees of the Company (the "Whistleblowing Policy") and those who deal with the Company to raise concerns, in confidence and anonymity, with the compliance officer of the Company about possible improprieties in any matters related to the Company.

JOINT COMPANY SECRETARIES

Ms. Leah Liu (劉栩昕) and Ms. Yee Wa Lau (劉綺華) have been appointed as the Company's joint company secretaries. Ms. Yee Wa Lau is a director of corporate services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services, and assists Ms. Liu in discharging her duties as a joint company secretary of the Company.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices and matters. Ms. Liu has been designated as the primary contact person at the Company which would work and communicate with Ms. Lau on the Company's corporate governance and secretarial and administrative matters.

For the Reporting Period, each of Ms. Liu and Ms. Lau has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meetings ("EGM") by Shareholders and Putting Forward Proposals at General Meetings

Pursuant to article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an EGM. EGMs shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitionist(s). If the Directors do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to them by the Company.

Shareholders who wish to put forward proposals at general meetings may achieve so by means of convening an extraordinary general meeting following the procedures set out in paragraph above.

As regards the procedures for Shareholders to propose a candidate for election as a Director, they are available on the Company's website at www.everestmedicines.com.

Putting Forward Enquiries to the Board and Contact Details

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company, for the attention of the Board by mail to 16/F., CITIC Pacific Plaza, 1168 West Nanjing Road, Jing'an District, Shanghai 200041, China. The Company will not normally deal with verbal or anonymous enquiries.

Communication with Shareholders and Investors Relations

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an ongoing dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the forthcoming annual general meeting, Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries.

To promote effective communication, the Company maintains a website at www.everestmedicines.com, where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

Shareholders' Communication Policy

The Company has in place a shareholders' communication policy (the "Shareholders' Communication Policy"). The policy aims at promoting effective communication with Shareholders and other stakeholders, encouraging Shareholders to engage actively with the Company and enabling Shareholders to exercise their rights as Shareholders effectively. The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy and the results were satisfactory.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(a) Corporate Communication

"Corporate Communication" as defined under the Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to the following documents of the Company: (a) the Directors' report, annual accounts together with a copy of the auditor's report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form. The Corporate Communication of the Company will be published on the Stock Exchange's website (www.hkexnews.hk) in a timely manner as required by the Listing Rules. Corporate Communication will be provided to Shareholders and non-registered holders of the Company's securities in both English and Chinese versions or where permitted, in a single language, in a timely manner as required by the Listing Rules.

(b) Announcements and Other Documents pursuant to the Listing Rules

The Company shall publish announcements (on inside information, corporate actions and transactions etc.) and other documents (e.g. Memorandum and Articles of Association) on the Stock Exchange's website in a timely manner in accordance with the Listing Rules.

(c) Corporate Website

Any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website (www.everestmedicines.com).

(d) Shareholders' Meetings

The annual general meeting and other general meetings of the Company are the primary forum for communication between the Company and its Shareholders. The Company shall provide Shareholders with relevant information on the resolutions(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Where appropriate or required, the Chairman of the Board and other Board members, the chairmen of board committees or their delegates, and the external auditors should attend general meetings of the Company to answer Shareholders' questions (if any).

(e) Shareholders' Enquiries

Enquiries about shareholdings

Shareholders should direct their enquiries about their shareholdings to the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, by Online Feedback at https://www.computershare.com/hk/en/online_ feedback or calling its hotline at 2862 8555, or going in person to its public counter at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Enquiries about corporate governance or other matters to be put to the Board and the Company

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send written enquiries to the Company, for the attention of the Board by mail to 16/F., CITIC Pacific Plaza, 1168 West Nanjing Road, Jing'an District, Shanghai 200041, China.

Changes in Constitutional Documents

On 28 June 2024, the Company adopted the eighth amended and restated memorandum and articles of association of the Company in substitution for and to the exclusion of the previous seventh amended and restated memorandum and articles of association of the Company, to (i) update and bring the Articles of Association in line with the amendments made to the Listing Rules in respect of the electronic dissemination of corporate communications by listed issuers which came into effect on 31 December 2023; and (ii) make other consequential and housekeeping amendments. For further details, please refer to the circular of the Company dated 5 June 2024.

The latest version of the Articles of Association is available on the websites of the Company and the Stock Exchange.

Independent Auditor's Report

Ernst & Young
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Quarry Bay, Hong Kong

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To the shareholders of Everest Medicines Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Everest Medicines Limited (the "Company") and its subsidiaries (the "Group") set out on pages 99 to 203, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of in-process research and development ("IPR&D")	
As at 31 December 2024, the Group had intangible assets of RMB1,505,683,000 for acquired IPR&D of drug candidates which are not ready for use, and the amount of such intangible assets was significant to the consolidated financial statements of the Group. During the year ended 31 December 2024, impairment loss on specific IPR&D amounting to RMB356,340,000 was recognised. The IPR&D is subject to impairment assessment at least on an annual basis, based on the recoverable amounts of the cash-generating unit ("CGU") to which the IPR&D is related. Impairment assessment of IPR&D not ready for use was considered a key audit matter because it involved significant management estimates and judgements, including assumptions relating to the expected achievement of development milestones, forecasted revenue growth rate and discount rate. Further details are disclosed in Note 2.4, Note 3 and Note 17 to the consolidated financial statements.	Our procedures performed in relation to management's impairment assessment of IPR&D mainly included the following: • obtaining an understanding of key controls relating to management's impairment assessment of IPR&D, including significant estimates and judgements applied; • assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; • assessing the reasonableness of management's identification of cash-generating units based on the Group's accounting policies and business arrangements; • inquiring of management and inspecting relevant supporting documents about the current development status for each IPR&D to assess whether there are any major hurdles faced by the Group;

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of in-process research and development ("IPR&D")	
	• evaluating the competency, capabilities and objectivity of the external independent appraiser engaged by the Group, and obtaining an understanding of their work to perform the valuation of each CGU; • evaluating, with the assistance of our valuation specialist, the appropriateness of the discounted cash flow model used by management to determine the value in use of CGU in the impairment assessment and the reasonableness of key assumptions used, including forecasted revenue growth rate and discount rate by comparing them with the Group's development plan and market data; • performing a retrospective review by evaluating the outcome of prior period forecast to assess the effectiveness of management's estimation process; • assessing sensitivities over the key assumptions including forecasted revenue growth rate and discount rate in the discounted cash flow model to consider the sufficiency of headroom between the recoverable amount and carrying amount of each CGU; and • evaluating the adequacy of disclosure of key assumptions used in the impairment assessment in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lau Kwok Wa Lawrence.

Ernst & Young
Certified Public Accountants

Hong Kong
25 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	706,678	125,932
Cost of sales		(179,794)	(34,414)
Gross profit		526,884	91,518
General and administrative expenses		(250,078)	(165,155)
Research and development expenses		(528,035)	(540,054)
Distribution and selling expenses		(508,070)	(231,419)
Other income — net	6	15,395	13,175
Other losses — net	7	(373,140)	(100,803)
Finance income — net	9	73,024	84,608
Fair value change in financial assets at fair value through profit or loss ("FVTPL")		(7)	848
Fair value change in financial instruments issued to investors		2,652	2,819
LOSS BEFORE TAX	12	(1,041,375)	(844,463)
Income tax expense		–	–
LOSS FOR THE YEAR		(1,041,375)	(844,463)
Attributable to:			
Owners of the parent		(1,041,375)	(844,463)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Changes in foreign currency translation adjustments of the Company's subsidiaries		(124,599)	18,130
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Changes in foreign currency translation adjustments of the Company		168,389	79,772
Changes in fair value of equity investments designated at fair value through other comprehensive income ("FVTOCI")		(19,949)	(42,461)
		148,440	37,311

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**23,841**	55,441
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(1,017,534)**	(789,022)
Attributable to:			
Owners of the parent		**(1,017,534)**	(789,022)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Expressed in RMB per share)			
Basic	14	**(3.24)**	(2.70)
Diluted	14	**(3.24)**	(2.70)

Consolidated Statement of Financial Position

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)	1 January 2023 RMB'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	15	576,100	600,775	537,317
Right-of-use assets	16	73,944	83,212	106,539
Intangible assets	17	2,254,394	2,523,716	2,378,477
Investments	18	29,705	48,930	89,242
Other non-current assets	19	9,071	8,526	89,021
Total non-current assets		2,943,214	3,265,159	3,200,596
CURRENT ASSETS				
Inventories	20	14,082	18,944	11,637
Trade receivables	21	363,572	49,858	5,214
Prepayments and other current assets	22	34,672	89,120	1,745,915
Bank deposits	23	718,840	1,826,628	1,160,588
Cash and cash equivalents	23	884,468	523,063	490,788
Total current assets		2,015,634	2,507,613	3,414,142
CURRENT LIABILITIES				
Trade and other payables	24	304,550	258,811	425,617
Borrowings	25	443,842	22,664	–
Lease liabilities	16	18,783	18,652	20,327
Financial instruments issued to investors	26	26,364	28,614	30,923
Other current liabilities		–	–	424,081
Total current liabilities		793,539	328,741	900,948
NET CURRENT ASSETS		1,222,095	2,178,872	2,513,194
TOTAL ASSETS LESS CURRENT LIABILITIES		4,165,309	5,444,031	5,713,790

Consolidated Statement of Financial Position

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)	1 January 2023 RMB'000 (Restated)
NON-CURRENT LIABILITIES				
Borrowings	25	55,852	429,314	–
Lease liabilities	16	30,765	39,996	59,307
Deferred income	28	5,898	6,053	–
Total non-current liabilities		92,515	475,363	59,307
Net assets		4,072,794	4,968,668	5,654,483
EQUITY				
Equity attributable to owners of the parent				
Share capital	29	221	219	211
Reserves	32	14,042,141	13,920,483	13,817,284
Accumulated deficit		(10,057,856)	(9,016,481)	(8,172,018)
Accumulated other comprehensive income		88,288	64,447	9,006
Total equity		4,072,794	4,968,668	5,654,483

Yongqing Luo
Executive Director, Chief Executive Officer

Ian Ying Woo
Executive Director, President & Chief Financial Officer

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Notes	Share capital RMB'000 (note 29)	Capital reserve RMB'000 (note 32)	Treasury shares RMB'000 (note 31)	FVTOCI reserve* RMB'000	Exchange reserve* RMB'000	Accumulated deficit RMB'000	Total equity RMB'000
At 1 January 2023		211	13,817,287	(3)	(187,042)	196,048	(8,172,018)	5,654,483
Loss for the year		–	–	–	–	–	(844,463)	(844,463)
Other comprehensive (loss)/ income for the year:								
Changes in fair value of financial assets at FVTOCI, net of tax		–	–	–	(42,461)	–	–	(42,461)
Foreign currency translation		–	–	–	–	97,902	–	97,902
Total comprehensive (loss)/ income the year		–	–	–	(42,461)	97,902	(844,463)	(789,022)
Issuance of ordinary shares held by Share Scheme Trusts	31	2	–	(2)	–	–	–	–
Share-based compensation	30	–	73,420	–	–	–	–	73,420
Restricted share units vested	31	–	(4)	4	–	–	–	–
Exercise of share options	29	6	29,781	–	–	–	–	29,787
At 31 December 2023		219	13,920,484	(1)	(229,503)	293,950	(9,016,481)	4,968,668

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Notes	Share capital RMB'000 (note 29)	Capital reserve RMB'000 (note 32)	Treasury shares RMB'000 (note 31)	FVTOCI reserve* RMB'000	Exchange reserve* RMB'000	Accumulated deficit RMB'000	Total equity RMB'000
At 1 January 2024		219	13,920,484	(1)	(229,503)	293,950	(9,016,481)	4,968,668
Loss for the year		–	–	–	–	–	(1,041,375)	(1,041,375)
Other comprehensive (loss)/ income for the year:								
Changes in fair value of financial assets at FVTOCI, net of tax		–	–	–	(19,949)	–	–	(19,949)
Foreign currency translation		–	–	–	–	43,790	–	43,790
Total comprehensive (loss)/ income for the year		–	–	–	(19,949)	43,790	(1,041,375)	(1,071,534)
Share-based payments	30	–	91,098	–	–	–	–	91,098
Restricted share units vested	31	–	(1)	1	–	–	–	–
Exercise of share options	29	2	30,560	–	–	–	–	30,562
At 31 December 2024		221	14,042,141	–	(249,452)	337,740	(10,057,856)	4,072,794

* These accounts comprise the consolidated accumulated other comprehensive income of RMB88,288 thousand (2023: RMB64,447 thousand) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax:		(1,041,375)	(844,463)
Adjustments for:			
Depreciation of property, plant and equipment	15	51,146	46,422
Depreciation of right-of-use assets	16	18,454	17,200
Amortisation of intangible assets	17	64,018	13,154
Fair value change in financial instruments issued to investors		(2,652)	(2,819)
Fair value change in financial assets at FVTPL		7	(848)
Share-based payments	30	91,098	73,420
Interest income and interest expenses on borrowings		(75,517)	(87,833)
Unrealised foreign exchange (gains)/losses	7	(19,508)	28,074
Interest expenses on lease liabilities	16	2,493	3,225
Impairment loss on intangible assets	17	356,340	51,968
Impairment loss on trade receivables	21	219	–
Impairment loss on inventories	20	2,007	–
Loss on disposal of property, plant and equipment and right-of-use assets		–	1,430
Other income recognised for asset-related government grant		(155)	(142)
		(553,425)	(701,212)
Increase in trade receivables		(313,933)	(44,644)
Decrease in prepayments and other assets		33,888	86,602
Decrease/(increase) in inventories		2,855	(7,307)
Increase/(decrease) in trade and other payables		106,690	(116,550)
(Increase)/decrease in other non-current assets		(573)	619
Cash used in operations		(724,498)	(782,492)
Interest received		44,985	13,302
Net cash flows used in operating activities		(679,513)	(769,190)

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(65,406)	(117,336)
Purchase of intangible assets		(138,745)	(148,614)
Purchase of bank deposits		(3,952,740)	(3,533,293)
Government grant on purchase of land use rights		–	6,195
Withdrawal of bank deposits		5,131,287	2,964,525
Disposal of intangible assets		–	1,580,582
Disposal of property, plant and equipment		–	64
Disposal of right-of-use assets		–	374
Net cash flows from investing activities		974,396	752,497
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities		(20,782)	(20,269)
Proceeds from bank borrowings		70,000	451,460
Payment for borrowings from Jiashan Shanhe		–	(442,930)
Repayment of bank borrowings		(22,296)	–
Interests paid for bank loans		(19,684)	(7,945)
Proceeds from exercise of share options		30,562	29,787
Net cash flows from financing activities		37,800	10,103
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		332,683	(6,590)
Cash and cash equivalents at beginning of year		523,063	490,788
Effect of foreign exchange rate changes, net		28,722	38,865
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	884,468	523,063

1. CORPORATE AND GROUP INFORMATION

Everest Medicines Limited (the "Company" or "Everest") was incorporated under the law of the Cayman Islands as an exempted company with limited liability on 14 July 2017. The Company and its subsidiaries (collectively referred to as the "Group") engage primarily in in-licensing, development and commercialisation of innovative therapies in Greater China and other emerging Asia-Pacific markets.

The registered office of the Company is located at PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

The Company listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited on 9 October 2020.

Information about subsidiaries

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

Name	Place of business and date and place of incorporation/registration	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Everest Medicines (US) Limited	The United States of America 5 September 2017	United States Dollar ("USD") 500	100%	–	Business development and administrative office
Everest Medicines (Singapore) Pte. Ltd.	Singapore 22 November 2018	Singapore Dollar ("SGD") 400,000,000	100%	–	International activities
EverNov Medicines Limited ("EverNov")	Cayman Islands 14 June 2018	USD50,000	92.86%	–	Holding company
Everest Medicines II Limited ("Everest II")	Cayman Islands 25 November 2019	USD50,000	100%	–	Holding company
Everstar Therapeutics Limited	Hong Kong 3 January 2018	Hong Kong Dollar ("HKD") 1	100%	–	Research and development of innovative therapies
EverNov Medicines (HK) Limited	Hong Kong 13 December 2018	USD10,000,000	–	92.86%	Holding company
Everest Medicines II (HK) Limited ("Everest II HK")	Hong Kong 25 November 2019	HKD50,000,000	–	100%	Holding company
Everest Medicines (Suzhou) Inc** 雲頂藥業(蘇州)有限公司	People's Republic of China ("PRC")/ Mainland China 11 October 2017	Renminbi ("RMB") 33,208,436	–	100%	Research and development of innovative therapies

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Name	Place of business and date and place of incorporation/registration	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
EverID Medicines (Beijing) Limited** 雲濟華美藥業(北京)有限公司	PRC/Mainland China 30 March 2018	RMB33,498,463	–	100%	Research and development of innovative therapies
Everstar Medicines (Shanghai) Limited** 雲屹藥業(上海)有限公司	PRC/Mainland China 16 April 2018	RMB35,679,500	–	100%	Research and development of innovative therapies
EverNov Medicines (Zhuhai Hengqin) Limited* 雲衍醫藥科技(珠海橫琴)有限公司	PRC/Mainland China 13 February 2019	USD15,000,000	–	92.86%	Research and development of innovative therapies
Everest Medicines (China) Co., Ltd. ("Everest China")** 雲頂新耀醫藥科技有限公司 ("雲頂新耀中國")	PRC/Mainland China 3 April 2020	USD220,000,000	–	100%	Research and development of innovative therapies, and commercialisation
Everest Medicines Korea, LLC	Korea 7 July 2021	South Korean Won ("KRW") 200,000,000	–	100%	International activities
EverRNA Medicines (Jiashan) Biopharmaceutical Co., Ltd.** 雲頂新耀(嘉善)生物醫藥有限公司	PRC/Mainland China 30 May 2022	RMB400,000,000	–	100%	Research and development of innovative therapies
EverRNA Medicines Limited	Cayman Islands 9 March 2022	USD50,000	–	100%	Holding company
EverRNA Medicines (Singapore) Pte. Ltd.	Singapore 24 March 2022	SGD10,000	–	100%	International activities
Everest Medicines (Shanghai) Biopharmaceutical Co., Ltd.* 雲頂新耀(上海)生物醫藥有限公司	PRC/Mainland China 3 March 2023	USD66,000,000	–	100%	Research and development of innovative therapies

* These entities are registered as wholly-foreign-owned enterprises under PRC law. The English names of these companies represent the best effort made by the directors of the Company to directly translate their Chinese names as they did not register any official English names.

** These entities are PRC limited liability companies. The English names of these companies represent the best effort made by the directors of the Company to directly translate their Chinese names as they did not register any official English names.

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

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments designated at FVTOCI, financial assets at FVTPL and convertible redeemable preferred shares which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of Preparation (continued)

Basis of consolidation (continued)

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in Accounting Policies and Disclosures

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

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

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

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

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

    The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 upon initial application of the amendments. As at 1 January 2023 and 2024, the Group had outstanding convertible redeemable preferred shares with carrying amounts of RMB30,923 thousand and RMB28,614 thousand, respectively (note 26). Prior to the initial application of the amendments, the convertible redeemable preferred shares were classified as non-current liabilities. Upon initial application of the amendments, the convertible redeemable preferred shares were reclassified as current liabilities since the conversion options were not classified as equity and are exercisable at any time at the option of the holders. The quantitative impact on the consolidated statements of financial position is summarised below.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in Accounting Policies and Disclosures (continued)

	Increase/(decrease)		
	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000	As at 1 January 2023 RMB'000
CURRENT LIABILITIES			
Financial instruments issued to investors	26,364	28,614	30,923
Total current liabilities	26,364	28,614	30,923
NET CURRENT ASSETS	(26,364)	(28,614)	(30,923)
TOTAL ASSETS LESS CURRENT LIABILITIES	(26,364)	(28,614)	(30,923)
NON-CURRENT LIABILITIES			
Financial instruments issued to investors	(26,364)	(28,614)	(30,923)
Total non-current liabilities	(26,364)	(28,614)	(30,923)

The adoption of the amendments did not have any impact on the basic and diluted loss per share attributable to ordinary equity holders of the parent, profit or loss, other comprehensive income and the consolidated statements of cash flows for the years ended 31 December 2024 and 2023.

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

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet Effective IFRS Accounting Standards

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

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

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

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

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet Effective IFRS Accounting Standards (continued)

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet Effective IFRS Accounting Standards (continued)

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

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

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies

Fair value measurement

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

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

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

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

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Impairment of non-financial assets

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Related parties

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

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is controlled or jointly controlled by a person identified in (a);
- (vi) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (vii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Property, plant and equipment and depreciation

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

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

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Furniture and fixtures	3–5 years
Equipments	3–10 years
Machinery	5–10 years
Buildings and building improvements	10–40 years
Leasehold improvements	Over the shorter of the lease term or the estimated useful life

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Intangible assets (other than goodwill)

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

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 3 to 5 years.

Research and development costs

All research costs, except for those acquired in-process research and development ("IPR&D"), are charged to profit or loss as incurred.

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

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Intangible assets (other than goodwill) (continued)

Acquired intangible assets (IPR&D and commercialised drugs)

Intangible assets acquired separately are measured at cost upon initial recognition.

Certain intangible assets are for acquired IPR&D (including rights to develop, manufacture and commercialise drug candidates and rights to use manufacturing know-how and technology), with non-refundable upfront payment, milestone payment and royalty payment. Upfront payment is capitalised when paid. Milestone payment is capitalised as an intangible asset when incurred if the payment is due upon a verifiable outcome, and is expensed if it is due for the execution of activities or is treated as research and development expenditure, following the policy, if the payment is due for outsourced research and development work. Royalty payment is accrued in line with the underlying sales and recognised as a cost of sales. IPR&D acquired is subsequently stated at cost less accumulated amortisation and any impairment losses.

(i) IPR&D

Intangible assets not ready for use are not amortised but are tested for impairment annually, either individually or at the cash-generating unit level. The impairment test compares the recoverable amount of the intangible asset to its carrying amount. The estimated life of an intangible asset not ready for use is reviewed annually to determine whether the life assessment continues to be supportable.

(ii) Commercialised drugs

Intangible assets that are commercialised are subsequently amortised when ready for use over the estimated economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

The Group amortises intangible assets with a limited useful life, commencing from the date when the product is put into commercial production, using the straight-line method over the following periods:

Commercialised drugs	Over the shorter of estimated economic life and 10 years

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Leased equipment	5 years
Leased properties	3–6 years
Land use rights	50 years

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities

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

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVTOCI, and FVTPL.

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Investments and other financial assets (continued)

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets designated at FVTOCI (equity investments)

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

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

Financial assets at FVTPL

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Investments and other financial assets (continued)

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVTPL. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVTPL.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days' past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Impairment of financial assets (continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1	—	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	—	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	—	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade and other payables, borrowings and financial instruments issued to investors.

Subsequent measurement

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

Financial liabilities at FVTPL

Financial liabilities at FVTPL include convertible redeemable preferred shares which are designated upon initial recognition as at FVTPL.

Financial liabilities designated upon initial recognition as at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at FVTPL are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Financial liabilities (continued)

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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

Derecognition of financial liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Treasury shares

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

Inventories

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

Cash and cash equivalents

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

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

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Income tax

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

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

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

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

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

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

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

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Income tax (continued)

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

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

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

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Revenue recognition

Revenue from contracts with customers

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

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

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Revenue recognition (continued)

Sale of pharmaceutical products

Revenue from the sale of pharmaceutical products is recognised at the point in time when control of the asset is transferred to the customer, generally on acceptance by the customer.

Some contracts provide customers with a right of profit compensation, giving rise to variable consideration subject to constraint. Profit compensation is offset against amounts payable by the customer arising from the customer's purchases or are provided in the form of products. The most likely amount method is used to estimate the variable consideration. The selected method that best predicts the amount of variable consideration is primarily driven by the thresholds contained in the contract.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Share-based payments

The Company operates multiple share incentive plans. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the market approach or by an external valuer using binomial model or Monte Carlo Simulation model, further details of which are given in note 30 to the financial statements.

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Share-based payments (continued)

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

Other employee benefits

Pension scheme

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

There is no forfeited contribution for the defined contribution plans as the contributions are fully vested to the employees upon payment.

Housing fund — Mainland China

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Foreign currencies

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

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

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Foreign currencies (continued)

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries and the Company are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

Deferred tax assets

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

The Group has tax losses carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have no taxable temporary difference that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. Further details on deferred taxes are disclosed in note 27 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty

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

Impairment of non-financial assets (other than IPR&D)

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

Impairment of IPR&D

Intangible assets not ready for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The impairment assessment requires an estimation of the value in use of the CGU to which the IPR&D is related. Estimating the value in use requires the Group to estimate the expected future cash flows from the CGU with the key assumptions including the expected achievement of development milestones, forecasted revenue growth rate and also the selection of a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 17 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Fair value of share-based payment transactions

The Group has granted share options and restricted share units to the Group's employees. Share-based payment transactions in relation to the restricted share units (except those with market vesting condition) are measured based on the fair value of the Company's ordinary shares at the grant date of the award. The Company used the binominal model or Monte Carlo Simulation model to determine the fair value of the share options and restricted share units with market vesting condition at the grant date. The determination of the fair value is affected by the fair value of the ordinary shares as well as assumptions regarding a number of complex and subjective variables. The assumptions and models used for estimating the fair value of share-based payment transactions are disclosed in note 30 to the financial statements.

Fair value of financial instruments issued to investors

The financial instruments issued by EverNov are convertible redeemable preferred shares which are not traded in an active market. The fair value of the convertible redeemable preferred shares measured at FVTPL is determined using valuation techniques, including the discounted cash flow method. Such valuation requires the Group to estimate the key assumptions including the discount rate, risk-free interest rate and volatility, which are subject to uncertainty. Further details are disclosed in note 26 to the financial statements.

Fair value of financial assets at FVTPL

The fair value of financial assets at FVTPL that are not traded in an active market is determined using valuation techniques, including the back-solve method, calibration method and option pricing model. Such valuation requires the Group to estimate the key assumptions including the risk-free interest rate and volatility, which are subject to uncertainty. Further details are disclosed in note 18 to the financial statements.

4. OPERATING SEGMENT INFORMATION

The Company operates in one segment: pharmaceutical products. Its chief operating decision maker is the chief executive officer, who makes operating decisions, assesses performance, and allocates resources on a consolidated basis.

Geographical information

Since over 95% of the Group's revenue and operating profit were generated from the sale of pharmaceutical products in Mainland China and most of the Group's identifiable operating assets were located in Mainland China, no geographical segment information in accordance with IFRS 8 Operating Segments is presented.

Information about a major customer

Revenue of approximately RMB696,524 thousand (2023: RMB92,095 thousand) was derived from the sale of the pharmaceutical products to a single customer.

5. REVENUE

An analysis of revenue is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers	706,678	125,932

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024 RMB'000	2023 RMB'000
Types of goods		
Sale of pharmaceutical products	706,678	125,932
Timing of revenue recognition		
Goods transferred at a point in time	706,678	125,932

Over 95% of the Group's revenue were generated from the sale of pharmaceutical products in Mainland China.

(b) Performance obligations

Sale of pharmaceutical products

The performance obligation is satisfied upon delivery of the pharmaceutical products and customer acceptance and payment is generally due within 60 to 90 days upon the issuance of invoice. Some contracts provide customers with a right of profit compensation which give rise to variable consideration subject to constraint.

6. OTHER INCOME — NET

	2024 RMB'000	2023 RMB'000
Income from provision of services (a)	–	40,992
Cost of other income (a)	–	(40,992)
Government grants	15,395	10,816
Others	–	2,359
Total	15,395	13,175

(a) The Group provided services in the field of clinical development and commercialisation related to Immunomedics after the completion of the disposal of IMMU 132 (Sacituzumab Govitecan) to Immunomedics. The transaction prices were determined based on the actual costs incurred. Such income was recognised over time when services were performed and is presented net of related costs in other income. The services were completed in 2023.

7. OTHER LOSSES — NET

	Notes	2024 RMB'000	2023 RMB'000
Impairment of intangible assets	17	(356,340)	(51,968)
Impairment of inventories		(2,007)	–
Impairment of trade receivables	21	(219)	–
Net foreign exchange gains/(losses)		19,508	(28,074)
Donations (a)		(35,024)	(15,765)
Loss on disposal of property, plant and equipment	15	–	(973)
Loss on disposal of right-of-use assets	16	–	(457)
Others		942	(3,566)
Total		(373,140)	(100,803)

(a) Donations represented the contributions made by the Group to several charity organizations in relation to the charity's patient assistance program and other public welfare donation programs.

8. LOSS BEFORE TAX

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

	2024 RMB'000	2023 RMB'000
Cost of inventories sold	179,794	34,414
Depreciation of property, plant and equipment	51,146	46,422
Depreciation of right-of-use assets	18,454	17,390
Amortisation of intangible assets	64,018	13,154
Impairment of trade receivables	219	–
Impairment of inventories	2,007	–
Impairment of intangible assets	356,340	51,968
Fair value change in financial assets at FVTPL	7	(848)
Fair value change in financial instruments issued to investors	(2,652)	(2,819)
Auditor's remuneration	3,507	4,280
Employee benefit expenses (including directors' remuneration as set out in note 10):		
Salaries and other benefits	439,909	360,582
Pension scheme contributions, social welfare and other welfare	55,636	40,882
Share-based compensation	91,098	73,420
Lease payments not included in the measurement of lease liabilities	1,212	1,226
Bank interest income	(95,184)	(107,546)
Net foreign exchange (gains)/losses	(19,508)	28,074
Loss on disposal of property, plant and equipment	–	973
Loss on disposal of right-of-use assets	–	457

9. FINANCE INCOME — NET

	2024 RMB'000	2023 RMB'000
Bank interest income	95,184	107,546
Interest income on sublease	–	92
Interest income from loan to a director (note 35(a))	29	29
Interest expenses on lease liabilities	(2,493)	(3,225)
Interest expenses on bank borrowings	(19,696)	(8,463)
Interest expenses on borrowings from Jiashan Shanhe (a)	–	(11,371)
Total	73,024	84,608

(a) On 17 March 2020, the Company entered into an investment agreement and a supplemental agreement with Jiashan Shanhe Equity Investment Company ("Jiashan Shanhe"), pursuant to which Jiashan Shanhe subscribed 37% of equity interest in Everest China. In addition, the Company transferred all its equity interests in Everest Medicines (Suzhou) Inc., EverID Medicines (Beijing) Limited and Everstart Medicines (Shanghai) Limited to Everest China.

According to the supplemental agreement, right starting in the fourth year of the date of Jiashan Shanhe's capital contribution, Jiashan Shanhe has the right to require the Company, Everest China or parties designated by the Company to redeem all of its investment in Everest China with the redemption price of original investment amount plus a return at 8% simple rate per annum. At the same time, the Company has a call option to repurchase Jiashan Shanhe's investment in Everest China at the same time with the same repurchase amount. Furthermore, Jiashan Shanhe was not entitled to the right to appoint board of directors, voting right in a shareholders' meeting and dividend right but only retained the information right and right to appoint an observer to attend board meetings. Therefore the Company classified the investment from Jiashan as borrowings which are subsequently measured at amortised cost using the effective interest rate method.

In June 2023, it was agreed that the Company repurchased all equity interests held by Jiashan Shanhe at the cash consideration of RMB442.9 million, representing the original investment amount made by Jiashan Shanhe plus agreed interests. Upon the completion of this transaction, the Company derecognised the borrowings from Jiashan Shanhe and Everest China became a wholly owned subsidiary of the Company.

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB'000	2023 RMB'000
Fees	1,077	1,056
Other emoluments:		
Salaries, allowances and benefits in kind	12,631	14,303
Performance related bonuses	32,274	9,114
Share-based payment expenses	26,332	17,668
Pension scheme contributions	220	208
Subtotal	71,457	41,293
Total	72,534	42,349

During the year and in prior years, certain directors were granted share options and restricted share units, in respect of his services to the Group, under the share incentive plans of the Company, further details of which are set out in note 30 to the financial statements. The fair values of such share options and restricted share units, which have been recognised in profit or loss over the vesting period, were determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

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

(a) Independent non-executive directors

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

	2024 RMB'000	2023 RMB'000
Mr. Shidong Jiang	359	352
Mr. Yifan Li	359	352
Ms. Hoi Yam Chui	359	352
Mr. Bo Tan	–	–
	1,077	1,056

There were no other emoluments payable to the independent non-executive directors during the year. During the year ended 31 December 2023, share-based payment expenses of RMB49 thousand and RMB49 thousand related to the share options granted to Mr. Shidong Jiang and Mr. Yifan Li, respectively, were charged to profit or loss and share-based payment expense of RMB147 thousand was credited to profit or loss due to the resignation of Mr. Bo Tan as independent non-executive director in January 2023.

Ms. Hoi Yam Chui was appointed as an independent non-executive director of the Group with effect from 19 January 2023.

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

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

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2024						
Executive directors and chief executive:						
Mr. Ian Ying Woo	–	5,431	9,466	10,023	149	25,069
Mr. Yongqing Luo (i)	–	7,200	22,808	16,309	71	46,388
Mr. Wei Fu	–	–	–	–	–	–
Subtotal	–	12,631	32,274	26,332	220	71,457
Non-executive directors:						
Mr. Yubo Gong (iii)	–	–	–	–	–	–
Ms. Lan Kang (iv)	–	–	–	–	–	–
Mr. William Ki Chul Cho (v)	–	–	–	–	–	–
Mr. Honggang Feng (vi)	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–
Total	–	12,631	32,274	26,332	220	71,457

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

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

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Share-based payment expenses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2023						
Executive directors and chief executive:						
Mr. Ian Ying Woo	–	5,695	5,514	7,115	140	18,464
Mr. Xiaofan Zhang (ii)	–	1,280	–	(9,124)	–	(7,844)
Mr. Yongqing Luo (i)	–	7,328	3,600	19,726	68	30,722
Mr. Wei Fu	–	–	–	–	–	–
Subtotal	–	14,303	9,114	17,717	208	41,342
Non-executive directors:						
Mr. Yubo Gong (iii)	–	–	–	–	–	–
Ms. Lan Kang (iv)	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–
Total	–	14,303	9,114	17,717	208	41,342

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

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

Notes:

(i) Mr. Yongqing Luo was appointed as an executive director and the chief executive officer of the Group on 19 September 2022 and his remuneration disclosed above included the remuneration for the services rendered by him as the chief executive.

(ii) Mr. Xiaofan Zhang resigned as an executive director with effect from 31 March 2023. The unvested portion of share-based payment expenses were reversed accordingly.

(iii) Mr. Yubo Gong resigned as a non- executive director with effect from 9 February 2024.

(iv) Ms. Lan Kang resigned as a non-executive director with effect from 12 January 2024.

(v) Mr. William Ki Chul Cho was appointed as a non-executive director with effect from 12 January 2024.

(vi) Mr. Honggang Feng was appointed as a non-executive director with effect from 9 February 2024.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

11. FIVE HIGHEST PAID EMPLOYEES

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

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	14,817	10,812
Performance related bonuses	8,280	4,672
Share-based payment expenses	12,951	12,164
Pension scheme contributions	307	239
	36,355	27,887

11. FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

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

	2024	2023
HKD8,000,001 to HKD8,500,000	–	1
HKD9,500,001 to HKD10,000,000	–	1
HKD10,500,001 to HKD11,000,000	1	–
HKD12,500,001 to HKD13,000,000	–	1
HKD13,500,001 to HKD14,000,000	1	–
HKD15,000,001 to HKD15,500,000	1	–
	3	3

During the year and in prior years, share options and restricted share units were granted to these non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in note 30 to the financial statements. The fair values of such share options and restricted share units, which have been recognised in the profit or loss over the vesting period, were determined as at the date of grant and the amounts included in the financial statements for the current year are included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

12. INCOME TAX

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

Cayman Islands

Under the current laws of the Cayman Islands, the Company and the subsidiaries incorporated in the Cayman Islands are not subject to tax on income or capital gains.

Hong Kong

The Group's subsidiaries in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5%. No Hong Kong profits tax was provided for as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2024 and 2023.

12. INCOME TAX (CONTINUED)

United States of America

Entities in the State of New York are subject to Federal Tax at a rate of 21% and State of New York Profits Tax at a rate of 6.5%. Operations in the United States of America have incurred net accumulated operating losses for income tax purposes and no income tax provisions were recorded during the years ended 31 December 2024 and 2023.

Singapore

The Group's subsidiary in Singapore is subject to Singapore profits tax at the rate of 17%. On 24 August 2022, the Group's subsidiary in Singapore was granted a Development and Expansion Incentive under the International Headquarters Award, with a concessionary tax rate of 10% from 1 September 2022 to 31 August 2027. The Group's subsidiary in Singapore had no taxable income during the years ended 31 December 2024 and 2023.

Korea

The Group's subsidiary in Korea is subject to Korea profits tax at a rate of 10%. No Korea profits tax was provided for as the Group did not generate any assessable profits arising in Korea during the years ended 31 December 2024 and 2023.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income.

Pillar Two income taxes

The Group is out of the scope of the Pillar Two model rules because the revenue for the year ended 31 December 2024 didn't exceed EUR750 million. The Group continues to closely monitor Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

12. INCOME TAX (CONTINUED)

Pillar Two income taxes (continued)

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

	2024 RMB'000	2023 RMB'000
Current	–	–
Deferred (note 27)	–	–
Total	–	–

A reconciliation of the tax expense applicable to loss before tax at the statutory tax rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates are as follows:

	2024 RMB'000	2023 RMB'000
Loss before tax	(1,041,375)	(844,463)
Tax at the statutory tax rate (25%)	(260,344)	(211,116)
Difference in overseas tax rates	142,573	64,075
Tax losses not recognised as deferred tax assets	100,106	163,628
Deductible temporary differences not recognised as deferred tax assets	1,316	3,263
Super deduction in respect of research and development expenditures	(12,541)	(39,286)
Expenses not deductible for income tax purposes	42,967	30,766
Previously unrecognised tax losses now recouped to reduce current tax expense	(14,077)	(11,330)
Tax charge at the Group's effective rate	–	–

13. DIVIDENDS

No dividend has been paid or declared by the Company for the year ended 31 December 2024 (2023: Nil).

14. 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 for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the impact of the share options and restricted share units had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

	2024	2023
Loss		
Loss attributable to ordinary equity holders of the parent for the purpose of calculating basic and diluted loss per share (RMB'000)	(1,041,375)	(844,463)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	320,917,606	313,062,809
Loss per share (basic and diluted) (RMB per share)	(3.24)	(2.70)

15. PROPERTY, PLANT AND EQUIPMENT

	Equipment RMB'000	Furniture and fixtures RMB'000	Leasehold improvements RMB'000	Machinery RMB'000	Buildings and building improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024							
At 1 January 2024							
Cost	77,153	9,704	46,903	80,458	437,869	9,790	661,877
Accumulated depreciation	(15,198)	(4,527)	(15,914)	(8,812)	(16,651)	–	(61,102)
Net carrying amount	61,955	5,177	30,989	71,646	421,218	9,790	600,775
At 1 January 2024, net of accumulated depreciation	61,955	5,177	30,989	71,646	421,218	9,790	600,775
Additions	3,910	327	1,264	7,611	1,824	11,532	26,468
Transfer	–	–	–	–	21,322	(21,322)	–
Depreciation provided during the year	(12,598)	(2,183)	(9,826)	(10,473)	(16,066)	–	(51,146)
Exchange realignment	–	–	3	–	–	–	3
At 31 December 2024, net of accumulated depreciation	53,267	3,321	22,430	68,784	428,298	–	576,100
At 31 December 2024							
Cost	81,063	10,031	48,170	88,069	461,015	–	688,348
Accumulated depreciation	(27,796)	(6,710)	(25,740)	(19,285)	(32,717)	–	(112,248)
Net carrying amount	53,267	3,321	22,430	68,784	428,298	–	576,100

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Equipment RMB'000	Furniture and fixtures RMB'000	Leasehold improvements RMB'000	Machinery RMB'000	Buildings and building improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023							
At 1 January 2023							
Cost	54,672	7,905	44,767	22,079	378,281	45,753	553,457
Accumulated depreciation	(3,368)	(1,829)	(9,500)	(230)	(1,213)	–	(16,140)
Net carrying amount	51,304	6,076	35,267	21,849	377,068	45,753	537,317
At 1 January 2023, net of accumulated depreciation	51,304	6,076	35,267	21,849	377,068	45,753	537,317
Additions	22,527	1,801	–	–	–	86,585	110,913
Disposals	(33)	–	(1,004)	–	–	–	(1,037)
Transfer	–	–	4,581	58,379	59,588	(122,548)	–
Depreciation provided during the year	(11,843)	(2,700)	(7,859)	(8,582)	(15,438)	–	(46,422)
Exchange realignment	–	–	4	–	–	–	4
At 31 December 2023, net of accumulated depreciation	61,955	5,177	30,989	71,646	421,218	9,790	600,775
At 31 December 2023							
Cost	77,153	9,704	46,903	80,458	437,869	9,790	661,877
Accumulated depreciation	(15,198)	(4,527)	(15,914)	(8,812)	(16,651)	–	(61,102)
Net carrying amount	61,955	5,177	30,989	71,646	421,218	9,790	600,775

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of properties and equipment used in its operations. Lump sum payments were made upfront to acquire the land use right with lease periods of 50 years, and no ongoing payments will be made under the terms of such land use right. Leases of properties generally have lease terms between 3 and 6 years, while equipment generally have lease terms of 5 years.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leased equipment RMB'000	Leased properties RMB'000	Land use right RMB'000	Total RMB'000
As at 1 January 2024	369	49,688	33,155	83,212
Additions	–	3,073	–	3,073
Lease modification	–	6,105	–	6,105
Depreciation charge	(133)	(17,613)	(708)	(18,454)
Exchange realignment	–	8	–	8
As at 31 December 2024	236	41,261	32,447	73,944

	Leased equipment RMB'000	Leased properties RMB'000	Land use right RMB'000	Total RMB'000
As at 1 January 2023	529	72,147	33,863	106,539
Additions	–	10,411	–	10,411
Disposal	–	(16,385)	–	(16,385)
Depreciation charge	(160)	(16,522)	(708)	(17,390)
Exchange realignment	–	37	–	37
As at 31 December 2023	369	49,688	33,155	83,212

16. LEASES (CONTINUED)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	58,648	79,634
New leases	3,073	10,411
Accretion of interest recognised during the year	2,493	3,225
Payments	(20,782)	(20,269)
Lease modification	6,105	–
Disposal	–	(16,385)
Exchange realignment	11	2,032
Carrying amount at 31 December	49,548	58,648
Analysed into:		
Current portion	18,783	18,652
Non-current portion	30,765	39,996
Repayable:		
Within 1 year	18,783	18,652
Between 1 and 2 years	17,283	19,129
Between 2 and 5 years	13,482	20,867
Total	49,548	58,648

The maturity analysis of lease liabilities is disclosed in note 38 to the financial statements.

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

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	2,493	3,225
Depreciation charge of right-of-use assets	18,454	17,390
Expense relating to leases of short-term and low-value assets	1,212	1,226
Total amount recognised in profit or loss	22,159	21,841

17. INTANGIBLE ASSETS

	IPR&D RMB'000	Commercialised drugs RMB'000	Software RMB'000	Total RMB'000
31 December 2024				
At 1 January 2024:				
Cost	2,342,983	180,707	16,093	2,539,783
Accumulated amortisation and impairment	–	(9,128)	(6,939)	(16,067)
Net carrying amount	2,342,983	171,579	9,154	2,523,716
Cost at 1 January 2024, net of accumulated amortisation	2,342,983	171,579	9,154	2,523,716
Additions	100,638	14,377	1,774	116,789
Commercialisation	(606,519)	606,519	–	–
Amortisation provided during the year	–	(59,022)	(4,996)	(64,018)
Impairment during the year	(356,340)	–	–	(356,340)
Exchange realignment	24,921	9,326	–	34,247
At 31 December 2024	1,505,683	742,779	5,932	2,254,394
At 31 December 2024				
Cost	1,862,023	810,929	17,867	2,690,819
Accumulated amortisation and impairment	(356,340)	(68,150)	(11,935)	(436,425)
Net carrying amount	1,505,683	742,779	5,932	2,254,394

17. INTANGIBLE ASSETS (CONTINUED)

	IPR&D RMB'000	Commercialised drugs RMB'000	Software RMB'000	Total RMB'000
31 December 2023				
At 1 January 2023:				
Cost	2,373,703	–	7,687	2,381,390
Accumulated amortisation and impairment	–	–	(2,913)	(2,913)
Net carrying amount	2,373,703	–	4,774	2,378,477
Cost at 1 January 2023, net of accumulated amortisation	2,373,703	–	4,774	2,378,477
Additions	162,074	–	8,406	170,480
Commercialisation	(179,691)	179,691	–	–
Amortisation provided during the year	–	(9,128)	(4,026)	(13,154)
Impairment during the year	(51,968)	–	–	(51,968)
Exchange realignment	38,865	1,016	–	39,881
At 31 December 2023	2,342,983	171,579	9,154	2,523,716
At 31 December 2023				
Cost	2,342,983	180,707	16,093	2,539,783
Accumulated amortisation and impairment	–	(9,128)	(6,939)	(16,067)
Net carrying amount	2,342,983	171,579	9,154	2,523,716

17. INTANGIBLE ASSETS (CONTINUED)

(a) Collaboration and license agreement with Arena Pharmaceuticals, Inc. ("Arena") and United Therapeutics

In December 2017, the Group entered into a collaboration and license agreement with Arena (subsequently acquired by Pfizer Inc. in 2022) regarding the development and commercialisation of its proprietary products Ralinepag and Etrasimod, in the territories of Mainland China, Taiwan, Hong Kong, Macau and South Korea. In January 2019, the Group and Arena entered into two separate agreements which superseded the previous agreement, one relating to Ralinepag and the other to Etrasimod.

Etrasimod

From 2017 to 2023, the Group made an upfront payment and multiple milestone payments to Arena of USD14.0 million (equivalent to RMB93.4 million) in aggregate and these payments were capitalised.

The first approval by a regulatory authority of a marketing authorisation application for Etrasimod was achieved in 2024, and in December 2024, the Group made a milestone payment of USD10.0 million (equivalent to RMB71.2 million) and the payment was capitalised.

Ralinepag

In January 2019, Arena assigned all of its rights and obligations with respect to the Ralinepag program under the agreement to United Therapeutics. The Group agreed to make development and regulatory milestone payments and commercial milestone payments, as well as tiered royalties on net sales to United Therapeutics.

From 2017 to 2023, the Group made an upfront payment and multiple milestone payments to Arena and United Therapeutics of USD7.5 million (equivalent to RMB52.0 million) in aggregate and these payments were capitalised.

In 2023, the Group issued a termination notice to United Therapeutics, regarding the above license agreement, effective 28 August 2023. As a result, the Group recognised a full impairment loss of USD7.5 million (equivalent to RMB52.0 million) for the related intangible asset given no economic benefits can be recovered, and the related intangible asset was written off accordingly.

17. INTANGIBLE ASSETS (CONTINUED)

(b) License agreement with Tetraphase Pharmaceuticals, Inc. ("Tetraphase")

Eravacycline

In February 2018, the Group entered into a license agreement with Tetraphase, pursuant to which Tetraphase granted the Group an exclusive license to develop and commercialise Eravacycline in Mainland China, Taiwan, Hong Kong, Macau, South Korea and Singapore. In July 2019, the Group and Tetraphase entered into an amendment to the license agreement to expand the geographic coverage of the license to Malaysia, Thailand, Indonesia, Vietnam and the Philippines.

From 2018 to 2023, the Group made an upfront payment and multiple milestone payments to Tetraphase of USD25.5 million (equivalent to RMB173.3 million) in aggregate and these payments were capitalised.

The Group didn't make any milestone payment to Tetraphase during 2024.

(c) Commercial supply agreement with Tetraphase Pharmaceuticals, Inc.

Eravacycline manufacturing know-how

From 2021 to 2023, the Group made multiple milestone payments to Tetraphase of USD5.0 million (equivalent to RMB33.5 million) in aggregate and these payments were capitalised.

The Group didn't make any milestone payment related to Eravacycline manufacturing know-how to Tetraphase during 2024.

(d) License agreement with Novartis International Pharmaceutical Ltd. ("Novartis")

FGF401

In June 2018, the Group entered into an exclusive global license agreement with Novartis to develop and commercialise FGF401. Under this agreement, Novartis granted EverNov an exclusive license to develop, manufacture and commercialise Novartis' FGF4 inhibitor FGF401 and products containing FGF401 for all purposes worldwide.

From 2018 to 2023, the Group made an upfront payment to Novartis of USD22.4 million (equivalent to RMB148.3 million) in aggregate and the payment was capitalised.

The Group didn't make any milestone payment to Novartis during 2024.

17. INTANGIBLE ASSETS (CONTINUED)

(e) Licenses acquired from Everest II

Upon the consummation of the Group's acquisition of Everest II in 2019, the Group acquired four licenses held by Everest II. The amounts in relation to the acquisition of those licenses were recognised as intangible assets based on their fair value upon consummation of the acquisition.

Taniborbactam

In September 2018, Everest II entered into an agreement with Venatorx Pharmaceuticals, Inc. ("Venatorx"), pursuant to which Venatorx granted Everest II an exclusive license to exploit, for all uses in humans, Venatorx's proprietary BLI, taniborbactam (formerly VNRX-5133), in combination with a ß-lactam, initially cefepime, in Mainland China, Macau, Hong Kong, Taiwan, South Korea, Singapore, Malaysia, Thailand, Indonesia, Vietnam and the Philippines.

From 2018 to 2023, the Group made an upfront payment and multiple milestone payments to Venatorx of USD19 million (equivalent to RMB125.5 million) in aggregate and these payments were capitalised.

The Group didn't make any milestone payment to Venatorx during 2024.

SPR206

In January 2019, Everest II entered into a license agreement with Spero Therapeutics, Inc. ("Spero") through its wholly owned subsidiaries, New Pharma License Holdings Limited ("NPLH") and Spero Potentiator, Inc. ("Potentiator"), and NPLH has since assigned its assets to Spero. Pursuant to this agreement, NPLH granted Everest II an exclusive license to develop, manufacture and commercialise SPR206 in Mainland China, Hong Kong, Macau, Taiwan, South Korea, Singapore, Malaysia, Thailand, Indonesia, Vietnam and the Philippines.

From 2019 to 2023, the Group made an upfront payment and multiple milestone payments to Spero of USD7 million (equivalent to RMB47.7 million) in aggregate and these payments were capitalised.

The Group didn't make any milestone payment to Spero during 2024.

17. INTANGIBLE ASSETS (CONTINUED)

(e) Licenses acquired from Everest II (continued)

Nefecon

In June 2019, Everest II entered into a license agreement with Calliditas who granted Everest II exclusive rights to develop and commercialise Nefecon in Mainland China, Hong Kong, Macau, Taiwan and Singapore. In March 2022, the Group and Calliditas entered into an amendment to the license agreement to expand the geographic coverage of the license to South Korea.

From 2019 to 2023, the Group made an upfront payment and multiple milestone payments to Calliditas of USD39.0 million (equivalent to RMB267.3 million) in aggregate and these payments were capitalised.

In November 2024, New Drug Application ("NDA") in Korea was approved and the Group made a milestone payment of USD2.0 million (equivalent to RMB14.4 million) and the payment was capitalised.

(f) Collaboration and license agreement with Providence Therapeutics Holdings Inc. ("Providence")

In September 2021, the Group entered into a license agreement with Providence, pursuant to which Providence granted the Group exclusive rights to develop, manufacture and commercialise mRNA COVID-19 vaccines in Mainland China, Hong Kong, Macau, and certain Asian countries.

From 2021 to 2023, the Group made an upfront payment to Providence of USD50.0 million (equivalent to RMB356.3 million) in aggregate and such payment was capitalised. During the year ended 31 December 2024, a full impairment loss related to mRNA COVID-19 vaccines of USD50.0 million (equivalent to RMB356.3 million) was recognised by the Group given no economic benefit can be recovered.

In addition, the Group and Providence agreed to conduct collaborative research and develop two prophylactic or therapeutic products (the "Collaboration Products"), pursuant to which Providence has granted the Group a royalty-free, non-exclusive license in the Collaboration Products and each of the Group and Providence is entitled to 50% of the worldwide rights to the Collaboration Products. Providence also agreed to transfer the platform technology mainly related to the developing and manufacturing of mRNA vaccine products under the agreement.

From 2021 to 2023, with regard to Collaboration Products and technology platform, the Group made an upfront payment to Providence of USD50 million (equivalent to RMB336.3 million) and made a milestone payment by issuing 3,492,365 ordinary shares to Providence with issue price of HKD13.12 with aggregate value USD5.9 million (equivalent to RMB39.6 million) and these payments were capitalised.

17. INTANGIBLE ASSETS (CONTINUED)

(f) Collaboration and license agreement with Providence (continued)

Termination of collaboration and license agreement

In February 2024, the Group and Providence entered into a termination agreement (the "Termination Agreement") whereby the parties agreed to terminate the above collaboration and license agreement in entirety. Pursuant to the Termination Agreement, Providence granted the Group a worldwide, royalty-free (except as set forth below), and non-exclusive license to develop, manufacture and commercialize its own products utilizing the mRNA platform.

Under the terms of the Termination Agreement, the Group made a one-time, upfront payment of USD4.0 million (equivalent to RMB28.4 million) in February 2024 and the payment was capitalised. The Group also agreed to make regulatory milestone payment to Providence, should the Group decide to develop the Collaboration Products. In addition, the Group shall pay Providence royalties from the sale of Collaboration Products in the Providence territory, and Providence shall pay the Group royalties from the sale of Collaboration Products in the Everest territory.

17. INTANGIBLE ASSETS (CONTINUED)

(g) License agreement with Sinovent Pharmaceuticals, Co., Ltd. ("Sinovent") and SinoMab BioScience Limited. ("SinoMab")

XNW-1011

In September 2021, the Group entered into a license agreement with Sinovent and SinoMab. Pursuant to which, Sinovent and SinoMab granted the Group an exclusive worldwide right to develop, manufacture and commercialise XNW1011.

From 2021 to 2023, the Group made an upfront payment to Sinovent and SinoMab of USD12.0 million (equivalent to RMB86.3 million) in aggregate and the payment was capitalised.

The Group didn't make any milestone payment to Sinovent and SinoMab during 2024.

(h) Collaboration and license agreement with Kezar Life Sciences, Inc. ("Kezar")

Zetomipzomib

In September 2023, the Group entered into a license agreement with Kezar, pursuant to which Kezar granted the Group an exclusive right to develop, manufacture and commercialise Zetomipzomib in Mainland China, Taiwan, Hong Kong, Macau, South Korea, Singapore, Malaysia, Thailand, Indonesia, Vietnam and the Philippines.

In 2023, the Group made an upfront payment to Kezar of USD7.0 million (equivalent to RMB50.3 million) in aggregate and the payment was capitalised.

The Group didn't make any milestone payment to Kezar during 2024.

17. INTANGIBLE ASSETS (CONTINUED)

(i) Impairment test

The Group's IPR&D are intangible assets not yet ready for use which are tested annually based on the recoverable amount of the cash-generating unit ("CGU") to which the intangible assets are related. The appropriate CGU of each IPR&D is determined at the pharmaceutical product level or technology platform. The annual impairment test was performed for each CGU by engaging an independent appraiser to determine recoverable amount based on the value in use calculation using the discounted cash flow model. The Group estimated the forecast period for each pharmaceutical products until estimated useful life. The estimated revenue of each drug is based on management's estimate of timing of commercialisation. The costs and operating expenses are estimated as a percentage over the revenue forecast period based on the current margin levels of comparable companies with adjustments made to reflect the expected future price changes. The discount rates used are post tax and reflect specific risks relating to the relevant products that would be considered by market participants.

The key assumptions used for recoverable amount calculations as at 31 December 2024 and 2023 are as follows:

	2024	2023
Post-tax discount rate	13.00% to 15.00%	16.0%
Revenue growth rate	Up to 591%	Up to 1,281%
Recoverable amount of CGUs (in RMB million)	10,282	29,067

18. INVESTMENTS

	2024 RMB'000	2023 RMB'000
Investments in I-Mab — at FVTOCI (a)	16,148	35,565
Investments in Venatorx — at FVTPL (b)	13,557	13,365
Total	29,705	48,930

(a) Upon initial recognition, the Group has elected to classify irrevocably its equity investments in I-Mab (IMAB. US) as equity investments designated at fair value through other comprehensive income and fair value changes are recognised with reference to the quoted market share price of I-Mab in other comprehensive income.

(b) The Group acquired 141,533 Series B convertible preferred shares of Venatorx through the acquisition of Everest II. The equity investment in Venatorx is classified as financial assets at fair value through profit or loss.

19. OTHER NON-CURRENT ASSETS

	2024 RMB'000	2023 RMB'000
Rental deposits	6,041	5,504
Loan to a director (a)	2,468	2,403
Prepayment for equipment	562	619
Total	9,071	8,526

(a) On 2 July 2020, the Company provided a loan to one director of the Company, in the total amount of USD325 thousand. The loan has a term of three years and a simple interest rate of 5.0% per annum. The principal and accrued interest will be paid on the maturity date. In 2021, pursuant to an amendment agreement with this director, the interest rate decreased from 5.0% per annum to 1.25% per annum. In July 2023, according to the contract, such loan was automatically renewed for another three years with the same interest rate of 1.25% per annum, and the principal and interest will be repaid by this director in July 2026.

The financial assets included in the above balances relate to receivables for which there were no recent history of default and past due amounts. In addition, there is no significant change in the economic factors based on the assessment of the forward-looking information, so the loss allowance was assessed to be minimal as at 31 December 2024 and 2023.

20. INVENTORIES

	2024 RMB'000	2023 RMB'000
Pharmaceutical products	14,082	18,944

21. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	363,791	49,858
Impairment	(219)	–
Net carrying amount	363,572	49,858

The Group's trading terms with its customers are mainly on credit. The credit period is generally from 60 to 90 days from the date of billing. Each customer has a maximum credit limit. 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.

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

	2024 RMB'000	2023 RMB'000
Within 3 months	363,572	49,858

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

	2024 RMB'000	2023 RMB'000
At beginning of year	–	–
Impairment losses, net	219	–
At end of year	219	–

21. TRADE RECEIVABLES (CONTINUED)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

	As at 31 December 2024		
	Gross carrying amount RMB'000	Expected credit loss rate %	Expected credit losses RMB'000
Within 3 months	363,791	0.06	219

22. PREPAYMENTS AND OTHER CURRENT ASSETS

	2024 RMB'000	2023 RMB'000
Value-added tax recoverable	23,554	47,248
Interest receivables	1,136	21,696
Receivables due from a third party	–	13,012
Prepayments to suppliers	9,697	6,042
Rental deposits	268	206
Others	17	916
Total	34,672	89,120

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

23. CASH AND CASH EQUIVALENTS AND BANK DEPOSITS

	2024 RMB'000	2023 RMB'000
Cash at bank	740,700	473,484
Time deposits with original maturity within three months	143,768	49,579
Cash and cash equivalents	884,468	523,063
Time deposits with original maturity of more than three months	718,840	1,826,628
Total	1,603,308	2,349,691
Denominated in:		
— USD	1,345,917	2,222,712
— RMB	243,618	97,366
— HKD	9,199	25,118
— SGD	4,135	3,040
— KRW	439	1,455
Total	1,603,308	2,349,691

Cash at banks earns interest at fixed rates and floating rates based on daily bank deposit rates. Bank deposits earn interest at the respective bank deposit rates. The cash and cash equivalents and bank deposits are deposited with creditworthy banks with no recent history of default.

24. TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables	46,114	48,893
Salary and staff welfare payables	94,984	63,251
Payables for property, plant and equipment	17,941	56,936
Payables for service suppliers	72,573	46,587
Payables for intangible assets	–	21,956
Accrued service fees due to clinical research organisations	56,379	10,263
Tax payables	2,821	3,720
Others	13,738	7,205
Total	304,550	258,811

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

	2024 RMB'000	2023 RMB'000
Within 1 year	46,114	48,893

Trade and other payables are unsecured, non-interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in trade and other payables as at 31 December 2024 and 2023 approximated to their fair values due to their short-term maturities.

25. BORROWINGS

	2024			2023		
	Interest rate (%)	Maturity	RMB'000	Interest rate (%)	Maturity	RMB'000
Current						
Unsecured bank loans (a)	4.00	2025	230,000			–
Secured bank loans (b)	3.25–3.55	2025	213,314	3.90	2024	22,146
Bank loans — interest payables			528			518
			443,842			22,664
Non-current						
Unsecured bank loans (a)			–	4.35	2025	230,000
Secured bank loans (b)	3.25	2026	55,852	3.90	2026	199,314
			55,852			429,314
Total			499,694			451,978

Analysed into:

	2024 RMB'000	2023 RMB'000
Repayable:		
Within 1 year	443,842	22,664
Between 1 and 2 years	55,852	307,511
Between 2 and 5 years	–	121,803
Total	499,694	451,978

25. BORROWINGS (CONTINUED)

An analysis of the carrying amounts of borrowings by type of interest rate is as follows:

	2024 RMB'000	2023 RMB'000
Fixed interest rate	69,852	–
Variable interest rate	429,314	451,460
Interest payables	528	518
Total	499,694	451,978

(a) Certain of the Group's bank loans are pledged by a 22.73% equity interest in Everest Medicines (China) Co., Ltd or guaranteed by the Company. In December 2024, the Group voluntarily notified the bank and the bank admitted the notification for the early repayment of certain loan or RMB199.0 million in 2025.

(b) All borrowings are denominated in RMB.

26. FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

	2024 RMB'000	2023 RMB'000
Current:		
Convertible redeemable preferred shares issued by EverNov	26,364	28,614

On 20 June 2018, the Company's subsidiary, EverNov entered into a license agreement with Novartis and obtained the rights to research, develop and commercialise one compound FGF401. The total upfront fee paid for the license included a cash consideration of USD20 million (equivalent to RMB133 million) and 4,000,000 series A-2 convertible redeemable preferred shares issued by EverNov. The convertible redeemable preferred shares issued by EverNov are redeemable upon the occurrence of certain future events. Therefore, the Company designated the convertible redeemable preferred shares as financial liabilities at FVTPL. The instruments can be converted into ordinary shares of EverNov at any time at the option of the holders or automatically converted into ordinary shares upon the occurrence of an initial public offering of EverNov.

With the assistance of an independent valuer, the fair value of the preferred shares was estimated using the discounted cash flow method first to determine the total equity value of EverNov, and then the option pricing model was adopted to allocate the equity value to the convertible redeemable preferred shares. The key assumptions are summarised as follows:

	2024	2023
Post-tax discount rate (%)	15.0	16.0
Discount of lack of marketability (%)	30.0	30.0
Risk-free interest rate (%)	4.3	4.0
Expected volatility (%)	57.0	77.0

The movements of convertible redeemable preferred shares of the Group are set out below:

	2024 RMB'000	2023 RMB'000
At beginning of year	28,614	30,923
Fair value change during the year	(2,652)	(2,819)
Exchange realignment	402	510
At end of year	26,364	28,614

27. DEFERRED TAX

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

Deferred tax liabilities

	Right of use assets RMB'000
At 1 January 2023	18,640
Deferred tax credited to profit or loss during the year	(5,699)
At 31 December 2023 and 1 January 2024	12,941
Deferred tax credited to profit or loss during the year	(1,910)
At 31 December 2024	11,031

Deferred tax assets

	Lease liabilities RMB'000
At 1 January 2023	18,640
Deferred tax charged to profit or loss during the year	(5,699)
At 31 December 2023 and 1 January 2024	12,941
Deferred tax charged to profit or loss during the year	(1,910)
At 31 December 2024	11,031

27. DEFERRED TAX (CONTINUED)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	–	–
Net deferred tax liabilities recognised in the consolidated statement of financial position	–	–

The Group has tax losses arising in Mainland China of RMB1,356,782 thousand (2023: RMB1,128,652 thousand)) that will expire in one to five years for offsetting against future taxable profits. The Group also has tax losses arising in Singapore of RMB1,813,942 thousand (2023: RMB1,518,542 thousand)) that are available indefinitely for offsetting against future taxable profits. The Group only recognises deferred tax assets for cumulative tax losses if it is probable that future taxable amounts will be available to utilise those tax losses.

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

	2024 RMB'000	2023 RMB'000
Tax losses	608,240	569,927
Deductible temporary differences	3,066	1,750
Total	611,306	571,677

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 10% (2023: 10%) for the Group.

28. DEFERRED INCOME

	2024 RMB'000	2023 RMB'000
Government grants related to assets	5,898	6,053

On 17 February 2023, the Group received a government grant of RMB6.2 million from local government to subsidise the Group's purchase of property, plant and equipment. The Group recorded the grant as deferred income in non-current liabilities, which is recognised as other income on a straight-line basis over the expected useful lives of the related assets.

29. SHARE CAPITAL

Shares

	Number of shares	Nominal value of shares in USD
Authorised		
Authorised shares upon incorporation and as at 31 December 2024 and 2023	500,000,000	50,000

	2024 RMB'000	2023 RMB'000
Issued and fully paid:		
326,498,604 (2023: 323,704,720) ordinary shares	221	219

29. SHARE CAPITAL (CONTINUED)

Shares (continued)

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
As at 1 January 2023	312,088,673	211
Issuance of ordinary shares held by Share Scheme Trusts (a)	3,202,888	2
Exercise of share options	8,413,159	6
As at 31 December 2023 and 1 January 2024	323,704,720	219
Exercise of share options	2,793,884	2
As at 31 December 2024	326,498,604	221

Note:

(a) The Company issued ordinary shares with respect to the restricted share units and share options under the employee share-based payment arrangements to be vested or exercised by certain grantees of the Company to Amethyst Blessing Limited and Amethyst Blessing III Limited ("Share Scheme Trusts"), which were established to hold the shares for and on behalf of the grantees.

The Company has the power to direct the relevant activities of the Share Scheme Trusts and it has the ability to use its power over the Share Scheme Trusts to affect its exposure to returns. Therefore, the Company has consolidated the Share Scheme Trusts. Before the release of shares to grantees upon the vesting and exercise of their awards, the ordinary shares held by Share Scheme Trusts were regarded as treasury shares and presented as a deduction in equity (note 31).

30. SHARE INCENTIVE PLANS

The Company operates multiple share incentive plans for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the plans include the Company's directors, employees and consultants of the Group. The incentive plans, namely Pre-IPO MSOP, Pre-IPO ESOP, Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme are defined below.

The Company's Pre-IPO MSOP was adopted pursuant to the resolution passed on 23 November 2017 for the primary purpose of advancing the interests of the Company by providing the grant to participants of the options, and motivating the selected participants to contribute to the Company's growth and development. Such plan has a contractual term of ten years from the adoption date.

The Company's Pre-IPO ESOP was adopted pursuant to the resolution passed on 26 August 2018, and amended on 17 February 2020 for the primary purpose of advancing the interests of the Company by providing the grant to participants of the options and restricted share units (the "RSU"), and motivating the selected participants to contribute to the Company's growth and development. Such plan has a contractual term of ten years from adoption date.

The Company's Post-IPO Share Option was adopted pursuant to the resolution passed on 21 September 2020 for the primary purpose of encouraging the eligible person to work towards enhancing the value of the Company and the shares for the benefit of the Company and shareholders as a whole by providing the grant to participants of the options. Such plan has a contractual term of ten years from the adoption date.

The Company's Post-IPO Award Scheme was adopted pursuant to the resolution passed on 21 September 2020 for the primary purpose of encouraging the eligible person to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group by providing the grant to participants of the RSUs.

The directors of the Company approved up to 5,048,779 shares of the Company in which options may be granted under the Pre-IPO MSOP, up to 22,932,908 shares of the Company in which options may be granted under the Pre-IPO ESOP, up to 28,369,038 shares of the Company in which options may be granted under the Post-IPO Share Option, and up to 18,684,519 shares of the Company in which options may be granted under the Post-IPO Share Award Scheme.

30. SHARE INCENTIVE PLANS (CONTINUED)

1) Share options

On 5 April 2024, 7,262,380 share options were granted to two directors and certain employees with service condition under Post-IPO Share Option Scheme. The share options shall become exercisable as to 25%, 25%, 25% and 25% of the total number of the share options granted on the first, second, third and fourth anniversaries of the commencement date, respectively. The exercise price is HKD22.54.

On 2 October 2024, 240,000 share options were granted to a employee with service condition under Post-IPO Share Option Scheme. The share options shall become exercisable as to 25%, 25%, 25% and 25% of the total number of the share options granted on the first, second, third and fourth anniversaries of the commencement date, respectively. The exercise price is HKD27.35.

The following share options were outstanding during the year:

	At 31 December 2024		At 31 December 2023	
	Weighted average exercise price USD per share	Number of options	Weighted average exercise price USD per share	Number of options
As at 1 January	2.21	15,623,594	2.09	21,476,608
Granted	2.92	7,502,380	1.99	8,920,924
Forfeited	2.49	(1,096,683)	3.74	(6,360,779)
Exercised	1.54	(2,793,884)	0.50	(8,413,159)
As at 31 December	2.57	19,235,407	2.21	15,623,594

30. SHARE INCENTIVE PLANS (CONTINUED)

1) Share options (continued)

The fair value of the share options granted during the year was RMB43,398 thousand (2023: RMB26,715 thousand). The Group recognised share-based payment expenses of RMB41,207 thousand (2023: RMB24,864 thousand) during the year ended 31 December 2024.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2024	2023
Dividend yield (%)	–	–
Expected volatility (%)	55	60
Risk-free interest rate (%)	2.7 to 3.49	3.6 to 3.7
Weighted average share price (USD per share)	2.92	1.99

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

2) Restricted share units ("RSUs")

On 5 April 2024, 475,391 restricted share units ("Batch 1") were granted to two directors and certain chief managements with service and performance conditions. Batch 1 shall commence if the Company scorecard in 2024 is achieved and the individual performance rating result in 2024 is "Met Expectations" or above. The Company scorecard includes target on revenue and profitability, capital market, clinical development, operational excellence and organization. In addition to performance-based vesting condition, the restricted share units granted to grantees shall vest and become exercisable as to 25%, 25%, 25% and 25% of the total number of the restricted share units granted on the first, second, third and fourth anniversaries of the commencement date, respectively. The fair value of Batch 1 was estimated as at the date of grant using Monte Carlo Simulation model to simulate the share price trend in the future to determine the time when such market performance conditions (i.e. target on capital market mentioned above) are met. The fair value of Batch 1 was HKD0.9.

30. SHARE INCENTIVE PLANS (CONTINUED)

2) RSUs (continued)

On 5 April 2024, 176,000 restricted share units ("Batch 2") were granted to certain employees with non-market and market performance conditions. The restricted share units shall become immediately vested upon the achievement of certain operational targets and stock price targets as set out in the relevant grant letter. The fair value of restricted share units with non-market performance conditions granted under Batch 2 was determined using the fair value of the Company's ordinary shares of HKD48 and HKD57.6 at the grant date. The fair value of restricted share units with market performance conditions granted under Batch 2 was estimated as at the date of grant using Monte Carlo Simulation model to simulate the share price trend in the future to determine the time when such market performance conditions are met. The fair values of restricted share units with market performance conditions granted under Batch 2 ranged from HKD1.9 to HKD5.3.

On 5 April 2024 and 2 October 2024, 2,659,029 restricted share units ("Batch 3") and 498,000 restricted share units ("Batch 4") with service rendered were granted to certain employees with service conditions, respectively. The restricted share units granted to grantees shall vest and become exercisable as to 25%, 25%, 25% and 25% of the total number of the restricted share units granted on the first, second, third and fourth anniversaries of the commencement date, respectively. The fair values of Batch 3 and Batch 4 were determined using the fair values of the Company's ordinary shares of HKD21.85 and HKD27.35 at the grant date, respectively.

The subscription price for Batch 1 to Batch 4 are all nil.

30. SHARE INCENTIVE PLANS (CONTINUED)

2) RSUs (continued)

The following restricted shares were outstanding under restricted share units during the year:

	2024 Number of RSUs	2023 Number of RSUs
As at 1 January	5,925,488	10,727,179
Granted	3,808,420	7,179,974
Forfeited	(876,667)	(6,497,821)
Vested	(2,224,591)	(5,483,844)
As at 31 December	6,632,650	5,925,488

The fair value of the restricted share units granted during the year was RMB41,654 thousand (2023: RMB40,025 thousand). The Group recognised share-based payment expenses of RMB49,891 thousand (2023: RMB48,556 thousand) during the year ended 31 December 2024.

The fair values for RSUs with performance conditions on each grant date during the years ended 31 December 2024 and 2023 were computed using the Monte Carlo Simulation model with the assumptions summarised as follows:

	2024 RMB'000	2023 RMB'000
Risk-free interest rate (%)	4.21–4.31	3.4–4.9
Expected dividend yield (%)	–	–
Expected volatility (%)	55	60

31. TREASURY SHARES

A summary of movements in the Company's treasury shares is as follows:

	Number of shares		Treasury shares	
	2024	2023	**2024**	2023
			RMB'000	RMB'000
At the beginning of the year	**4,348,701**	6,629,657	**1**	3
Issuance of ordinary shares held by Share Scheme Trusts	**–**	3,202,888	**–**	2
Restricted share units vested	**(2,197,705)**	(5,483,844)	**(1)**	(4)
At the end of the year	**2,150,996**	4,348,701	**–**	1

32. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(i) Capital reserve

Share reserve includes share premium arising from the issuance of shares of the Company at a price in excess of par value and the share-based payments reserve.

(ii) Treasury shares

As instructed by the board of directors, ordinary shares were issued to the Share Scheme Trusts and such shares will be held by the trustee and recognised as treasury shares until such shares are vested in accordance with the provisions of the share incentive plans.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB9,178 thousand (2023: RMB10,411 thousand) and RMB9,178 thousand (2023: RMB10,411 thousand), respectively, in respect of lease arrangements for properties.

(b) Changes in liabilities arising from financing activities

	Borrowings RMB'000	Lease liabilities RMB'000	Financial instruments issued to investors RMB'000
At 1 January 2024	451,978	58,648	28,614
Changes from financing cash flows	28,020	(20,782)	–
New leases	–	3,073	–
Interest expense	19,696	2,493	–
Lease modification	–	6,105	–
Fair value gain in financial instruments issued to investors	–	–	(2,652)
Exchange realignment	–	11	402
At 31 December 2024	499,694	49,548	26,364

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Changes in liabilities arising from financing activities (continued)

	Other current liabilities RMB'000	Borrowings RMB'000	Lease liabilities RMB'000	Financial instruments issued to investors RMB'000
At 1 January 2023	424,081	–	79,634	30,923
Changes from financing cash flows	(442,930)	443,515	(20,269)	–
Interest expense	11,371	8,463	3,225	–
New leases	–	–	10,411	–
Disposal	–	–	(16,385)	–
Fair value gain in financial instruments issued to investors	–	–	–	(2,819)
Exchange realignment	7,478	–	2,032	510
At 31 December 2023	–	451,978	58,648	28,614

34. COMMITMENTS

(a) The Group had the following capital commitments at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
Property, plant and equipment	14,913	78,714

35. RELATED PARTY TRANSACTIONS

Name of the related party and its relationship with the Group are set out below:

CBC Group, mainly comprises C-Bridge Healthcare Fund II, L.P., C-Bridge Investment Everest Limited, C-Bridge II Investment Eight Limited, C-Bridge Healthcare Fund IV, L.P., C-Bridge IV Investment Two Limited, C Bridge IV Investment Nine Limited Ltd., C-Bridge Capital Investment Management, Ltd. ("C-Bridge Capital"), CBC Group Investment Management, Ltd, C-Bridge Value Creation Limited and Everest Management Holding Co., Ltd. As at 31 December 2024, C Bridge Healthcare Fund II, L.P. and C-Bridge Healthcare Fund IV, L.P. owned approximately 39.48% (2023: 40.50%) of shares in the Group on a collective basis.

Name of the related party	Relationship with the Group
CBC Joint Value Creation Limited	Entity controlled by CBC Group

(a) The Group had the following transactions with related parties during the year:

	2024 RMB'000	2023 RMB'000
Management consultancy services provided by a related party		
CBC Joint Value Creation Limited	3,205	4,933
Interest income from loan to a director	29	29

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balance with a related party

	2024 RMB'000	2023 RMB'000
Loan to a director	2,468	2,403

(c) Compensation of key management personnel of the Group:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	30,305	30,325
Performance related bonuses	42,292	13,986
Share-based payment expenses	41,915	22,251
Pension scheme contributions	612	547
Termination benefits	–	2,734
	115,124	69,843

Further details of directors' and the chief executive's emoluments are included in note 10 to the financial statements.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2024

Financial assets

	Financial assets at FVTPL RMB'000	Financial assets at FVTOCI RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets included in other non-current assets	–	–	8,509	8,509
Financial assets included in prepayments and other current assets	–	–	1,421	1,421
Trade receivables	–	–	363,572	363,572
Bank deposits	–	–	718,840	718,840
Cash and cash equivalents	–	–	884,468	884,468
Investments in Venatorx	13,557	–	–	13,557
Investments in I-Mab	–	16,148	–	16,148
Total	13,557	16,148	1,976,810	2,006,515

Financial liabilities

	Financial liabilities at FVTPL Designated as such upon initial recognition RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Financial liabilities included in trade and other payables	–	150,366	150,366
Borrowings	–	499,694	499,694
Lease liabilities	–	49,548	49,548
Financial instruments issued to investors	26,364	–	26,364
Total	26,364	699,608	725,972

36. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2023

Financial assets

	Financial assets at FVTPL RMB'000	Financial assets at FVTOCI RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets included in other non-current assets	–	–	7,907	7,907
Financial assets included in prepayments and other current assets	–	–	24,251	24,251
Trade receivables	–	–	49,858	49,858
Bank deposits	–	–	1,826,628	1,826,628
Cash and cash equivalents	–	–	523,063	523,063
Investments in Venatorx	13,365	–	–	13,365
Investments in I-Mab	–	35,565	–	35,565
Total	13,365	35,565	2,431,707	2,480,637

Financial liabilities

	Financial liabilities at FVTPL Designated as such upon initial recognition RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Financial liabilities included in trade and other payables	–	191,840	191,840
Borrowings	–	451,978	451,978
Lease liabilities	–	58,648	58,648
Financial instruments issued to investors	28,614	–	28,614
Total	28,614	702,466	731,080

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, bank deposits, trade receivables, financial liabilities included trade and other payables, financial assets included in prepayments and other current assets and the current portion of borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for borrowings as at 31 December 2024 were assessed to be insignificant.

The fair value of the convertible redeemable preferred shares issued by EverNov is determined using valuation techniques, including the discounted cash flow method and is within Level 3 fair value measurement. Further details are disclosed in note 26 to the financial statements.

The fair value of investments in I-Mab is based on quoted market prices. The fair value of investments in Venatorx has been estimated using the back-solve method and calibration method first to determine the total equity value, and then the option pricing model to allocate the equity value to the preferred shares. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period. The significant unobservable input used in the valuation of investments in Venatorx is expected volatility and the expected volatility ratio as at 31 December 2024 is 88% (2023: 112%)

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets and liabilities measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets				
Investments in Venatorx	–	–	13,557	13,557
Investments in I-Mab	16,148	–	–	16,148
	16,148	–	13,557	29,705
Financial liabilities				
Financial instruments issued to investors	–	–	26,364	26,364

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Assets and liabilities measured at fair value: (continued)

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets				
Investments in Venatorx	–	–	13,365	13,365
Investments in I-Mab	35,565	–	–	35,565
	35,565	–	13,365	48,930
Financial liabilities				
Financial instruments issued to investors	–	–	28,614	28,614

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: Nil).

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise borrowings, bank deposits and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and financial liabilities included in trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors of the Company reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates.

If interest rates on variable interest rate borrowings had been 10 basis points higher/lower, with all other variables held constant, the Group's post-tax profit would have decreased/increased by approximately RMB294 thousand for the year ended 31 December 2024 (2023: RMB189 thousand).

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales, purchases or borrowings by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's loss before tax and the Group's equity.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk (continued)

	Increase/ (decrease) in foreign exchange rate %	(Decrease)/ increase in loss before tax RMB'000	(Decrease)/ increase in equity RMB'000
2024			
If the RMB weakens against the USD	5	(11,564)	11,564
If the RMB strengthens against the USD	(5)	11,564	(11,564)
2023			
If the RMB weakens against the USD	5	(10,533)	10,533
If the RMB strengthens against the USD	(5)	10,533	10,533

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

The carrying amounts of cash and cash equivalents, bank deposits, trade receivables and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group expects that there is no significant credit risk associated with cash and cash equivalents, bank deposits since they are substantially held in reputable state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group trades only with recognised and creditworthy customers with no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In order to minimise the credit risk, the Group reviews the recoverable amount of each individual trade receivable periodically and management has also implemented monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experiences do not indicate significantly different loss patterns for different segments, the loss allowance based on the past-due status is not further distinguished between the Group's different customer bases.

The Group also expects that there is no significant credit risk associated with amounts due from related parties and other receivables since the counterparties to these financial assets have no history of default.

For other financial assets, amounts due from related parties and other receivables, impairment is measured at 12-month expected credit losses as there has been no significant increase in credit risk since initial recognition.

An impairment analysis was performed at 31 December 2024 and 2023 using a provision matrix to measure expected credit losses of trade receivables. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operations and borrowings. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	2024			
	Less than 1 year or on demand RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Total RMB'000
Financial liabilities included in trade and other payables	150,366	–	–	150,366
Lease liabilities	18,783	18,303	13,850	50,936
Borrowings	446,208	56,845	–	503,053
Financial instruments issued to investors	–	–	26,364	26,364
	615,357	75,148	40,214	730,719

	2023			
	Less than 1 year or on demand RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Total RMB'000
Financial liabilities included in trade and other payables	191,840	–	–	191,840
Lease liabilities	19,120	20,349	23,839	63,308
Borrowings	40,572	317,176	124,878	482,626
Financial instruments issued to investors	–	–	28,331	28,331
	251,532	337,525	177,048	766,105

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

The current ratios as at the end of the reporting periods were as follows:

	2024 RMB'000	2023 RMB'000
Current assets	2,015,634	2,507,613
Current liabilities	793,539	328,741
Current ratio (note)	2.54	7.63

Note: The current ratio is calculated by current assets divided by current liabilities and multiplied by 100%.

39. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the adoption of the revised IFRS Accounting Standards during the current year, the presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, and certain comparative amounts have been reclassified to conform with the current year's presentation and accounting treatment.

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Intangible assets	794,800	1,056,008
Investments in subsidiaries	6,583,134	5,941,455
Investments	16,148	35,565
Amounts due from subsidiaries	75,741	–
Other non-current assets	2,468	2,403
Total non-current assets	7,472,291	7,035,431
CURRENT ASSETS		
Amounts due from subsidiaries	2,642	6,065
Prepayments and other current assets	1,402	22,149
Bank deposits	718,840	1,600,690
Cash and cash equivalents	632,476	412,354
Total current assets	1,355,360	2,041,258
CURRENT LIABILITIES		
Amounts due to subsidiaries	875,838	1,079,097
Trade and other payables	3,939	4,196
Borrowings	230,267	278
Total current liabilities	1,110,044	1,083,571

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	2024 RMB'000	2023 RMB'000
NET CURRENT ASSETS	245,316	957,687
TOTAL ASSETS LESS CURRENT LIABILITIES	7,717,607	7,993,118
NON-CURRENT LIABILITIES		
Borrowings	–	230,000
Total non-current liabilities	–	230,000
Net assets	7,717,607	7,763,118
EQUITY		
Share capital	221	219
Reserves (note)	14,042,141	13,920,483
Accumulated deficit (note)	(6,583,865)	(6,268,254)
Accumulated other comprehensive income (note)	259,110	110,670
Total equity	7,717,607	7,763,118

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Capital reserve RMB'000	Treasury shares RMB'000	FVTOCI reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated deficit RMB'000	Total RMB'000
Balance at 1 January 2023	13,817,287	(3)	(187,042)	260,401	(6,193,301)	7,697,342
Loss for the year	–	–	–	–	(74,953)	(74,953)
Issuance of ordinary shares held by Share Scheme Trusts (note 31)	–	(2)	–	–	—	(2)
Share-based payments	73,420	–	–	–	–	73,420
Restricted share units vested	(4)	4	–	–	–	–
Exercise of share options	29,781	–	–	–	–	29,781
Foreign currency translation			–	79,772	–	79,772
Change in fair value of financial assets at FVTOCI	–	–	(42,461)	–	–	(42,461)
At 31 December 2023 and 1 January 2024	13,920,484	(1)	(229,503)	340,173	(6,268,254)	7,762,899
Loss for the year	–	–	–	–	(315,611)	(315,611)
Share-based payments	91,098	–	–	–	–	91,098
Restricted share units vested	(1)	1	–	–	–	–
Exercise of share options	30,560	–	–	–	–	30,560
Foreign currency translation	–	–	–	168,389	–	168,389
Change in fair value of financial assets at FVTOCI	–	—	(19,949)	–	–	(19,949)
At 31 December 2024	14,042,141	–	(249,452)	508,562	(6,583,865)	7,717,386

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2025.

Five Year Financial Summary

CONSOLIDATED RESULTS

	Years ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Operating loss	**(1,117,044)**	(932,738)	(256,800)	(1,026,332)	(688,457)
Loss before income tax	**(1,041,375)**	(844,463)	(247,275)	(1,008,719)	(5,658,165)
Loss for the year attributable to the equity holders of the Company	**(1,041,375)**	(844,463)	(247,283)	(1,008,719)	(5,658,165)
Total comprehensive loss for the year attributable to the equity holders of the Company	**(1,017,534)**	(789,022)	(490,146)	(1,121,208)	(5,246,910)

CONSOLIDATED ASSETS AND LIABILITIES

	Years ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(restated)	(restated)	(restated)	(restated)
Non-current assets	**2,943,214**	3,265,159	3,200,596	3,957,895	2,980,772
Current assets	**2,015,634**	2,507,613	3,414,142	2,687,928	4,496,409
Total assets	**4,958,848**	5,772,772	6,614,738	6,645,823	7,477,181
Non-current liabilities	**92,515**	475,363	59,307	456,783	428,316
Current liabilities	**793,539**	328,741	900,948	297,044	207,794
Total liabilities	**886,054**	804,104	960,255	753,827	636,110
Total equity/(deficit)	**4,072,794**	4,968,668	5,654,483	5,891,996	6,841,071

Definitions

"AGM"	the annual general meeting of the Company to be held before 30 June 2025
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Articles of Association"	the articles of association of the Company amended on 28 June 2024, as amended from time to time
"Audit Committee"	the audit committee of the Company
"Board" or "Board of Directors"	the board of directors of our Company
"CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"China" or the "PRC"	the People's Republic of China, and for the purpose of this report only, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", "the Company", "Everest", or "Everest Medicines"	Everest Medicines Limited, an exempted company with limited liability incorporated in Cayman Islands and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1952)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transactions"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of our Company
"Global Offering"	the Hong Kong Public Offering and the International Offering as defined in the Prospectus

"Group", "our Group", "the Group", "we", "us" or "our"	the Company and its subsidiaries from time to time
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars", "HK dollars", "HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"IPO"	initial public offering
"Latest Practicable Date"	21 March 2025, being the latest practicable date for ascertaining certain information in this annual report before its publication
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	9 October 2020, the date on which the Shares were listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"NDA"	new drug application

"NMPA"	China National Medical Products Administration （國家藥品監督管理局）, successor to the China Food and Drug Administration （國家食品藥品監督管理總局）
"Nomination Committee"	the nomination committee of the Company
"Post-IPO Share Award Scheme"	the post-IPO share award scheme adopted by the Company on 21 September 2020
"Post-IPO Share Option Scheme"	the post-IPO share option scheme adopted by the Company on 21 September 2020
"Post-IPO Share Schemes"	the Post-IPO Share Award Scheme and the Post-IPO Share Option Scheme
"Pre-IPO ESOP"	the employee equity plan approved and adopted by our Company on 25 December 2018 as amended and restated on 17 February 2020
"Pre-IPO MSOP"	the employee stock option plan approved and adopted by our Company on 23 November 2017
"Pre-IPO Share Schemes"	the Pre-IPO ESOP and Pre-IPO MSOP
"Prospectus"	the prospectus of the Company dated 25 September 2020
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period"	the year ended 31 December 2024
"RMB" or "Renminbi"	Renminbi, the lawful currency of PRC
"R&D"	research and development
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company, currently with a par value of US$0.0001 each
"Share Schemes"	the Pre-IPO Share Schemes and the Post-IPO Share Schemes

Definitions

"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules
"treasury shares"	has the meaning ascribed to it in the Listing Rules
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"%"	per cent