同源康醫藥
TYK medicines

浙江同源康醫藥股份有限公司
TYK Medicines, Inc

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 2410

2024
ANNUAL REPORT

CONTENTS

2 Corporate Information
4 Chairman's Statement
5 Financial Highlights
6 Business Highlights
8 Management Discussion and Analysis
24 Directors, Supervisors and Senior Management
34 Directors' Report
53 Corporate Governance Report
75 Environmental, Social and Governance Report
124 Independent Auditor's Report
129 Consolidated Statement of Profit or Loss and other Comprehensive Income
130 Consolidated Statement of Financial Position
132 Consolidated Statement of Changes in Equity
133 Consolidated Statement of Cash Flows
135 Notes to Consolidated Financial Statements
205 Definitions

CORPORATE INFORMATION

Directors

Executive Directors:

Dr. WU Yusheng (吳豫生) *(Chairman of the Board and Chief Executive Officer)*
Dr. JIANG Mingyu (蔣鳴昱)

Non-executive Directors:

Dr. LI Jun (李鈞)
Dr. GU Eric Hong (顧虹)
Dr. MENG Xiaoying (孟曉英)
Mr. HE Chao (何超)
Dr. DING Zhao (丁兆)
(resigned on March 27, 2025)

Independent Non-executive Directors:

Mr. ZHANG Senquan (張森泉)
Dr. LENG Yuting (冷瑜婷)
Dr. XU Wenqing (許文青)
Dr. SHEN Xiuhua (沈秀華)

Supervisors

Dr. NIU Chengshan (牛成山)
Dr. LIANG Apeng (梁阿朋)
Ms. SHANG Jing (尚靜)

Audit Committee

Mr. ZHANG Senquan (張森泉) *(Chairperson)*
Dr. LI Jun (李鈞)
Dr. LENG Yuting (冷瑜婷)

Remuneration and Appraisal Committee

Dr. LENG Yuting (冷瑜婷) *(Chairperson)*
Dr. WU Yusheng (吳豫生)
Mr. ZHANG Senquan (張森泉)

Nomination Committee

Dr. WU Yusheng (吳豫生) *(Chairperson)*
Mr. ZHANG Senquan (張森泉)
Dr. LENG Yuting (冷瑜婷)

Scientific Committee

Dr. WU Yusheng (吳豫生) *(Chairperson)*
Dr. LI Jun (李鈞)
Dr. XU Wenqing (許文青)

Joint Company Secretaries

Dr. JIANG Mingyu (蔣鳴昱)
Ms. WONG Wing Yee (黃詠儀)
(Associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)

Authorized Representatives

Dr. JIANG Mingyu (蔣鳴昱)
Ms. WONG Wing Yee (黃詠儀)
(Associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)

Registered Office and Headquarter

Room 1403-2, Floor 14, Tower
Changxing World Trade Building
No. 1278 Mingzhu Road
Changxing Economic Development Zone
Huzhou
Zhejiang Province
PRC

Principal Place of Business in the PRC

8th Floor, Building T2
China Eastern Binjiang Center
No.277 Longlan Road
Xuhui District
Shanghai
PRC

Principal Place of Business in Hong Kong

Room 1901, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Auditor

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

Legal Advisers

As to Hong Kong laws:
O'Melveny & Myers
31/F, AIA Central
1 Connaught Road Central
Hong Kong

As to PRC laws:
JunHe LLP
26/F, HKRI Centre One
HKRI Taikoo Hui 288 Shimen Road (No. 1)
Shanghai
PRC

Compliance Adviser

Rainbow Capital (HK) Limited
Office No. 710, 7/F
Wing on House
71 Des Voeux Road Central
Central
Hong Kong

H Share Registrar

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

Principal Bankers

China Construction Bank
Changxing Mingzhu Sub-branch
555 Mingzhu Road
Changxing County
Huzhou
Zhejiang Province
PRC

China CITIC Bank
Shanghai Songjiang Sub-branch
Room 101, 1/F
1455 New Songjiang Road
Songjiang District
Shanghai
PRC

Stock Code

2410

Company Website

www.tykmedicines.com

CHAIRMAN'S STATEMENT

As a biopharmaceutical company that is about to enter the commercialization stage, we are committed to the discovery, acquisition, development and commercialization of differentiated targeted therapies to address unmet clinical needs in cancer treatment. Since our inception in 2017, we have built a pipeline with 12 drug candidates, including Core Product TY-9591, seven clinical stage products, and four preclinical stage or early clinical development stage products.

Over the past year, we have forged ahead amidst a complex and ever-changing market environment and fierce industry competition, achieving breakthroughs at key stages in multiple projects. Among them, the key Phase II clinical trial of the Company's core product TY-9591 as monotherapy, which is used for the first-line treatment of lung cancer with brain metastases caused by EGFR mutations, has completed the enrollment of 224 patients required for the conditional approval of marketing eligibility in November 2024. We expect to formally submit an NDA application for conditional marketing in the second quarter (Q2) of 2025. The registrational Phase III clinical trial of TY-9591 as monotherapy, which is used for the first-line treatment of locally advanced or metastatic lung cancer with EGFR exon 21 L858R mutation, has completed the enrollment of 528 subjects in early February 2025. We expect to submit NDA in 2026. Phase II and Phase III clinical trials of TY-9591 in combination with pemetrexed and cisplatin or carboplatin as first-line treatment in advanced or metastatic lung cancer with EGFR mutations has received IND approval from the NMPA. We are currently conducting a Phase II clinical trial of our Key Product TY-302 in breast cancer. Phase II clinical trial of TY-302 in combination with abiraterone for the first-line treatment of prostate cancer will be launched in the first half of 2025. We have received the Orphan Drug Designation of our Key Product TY-2136b for the treatment of ROS1-positive, NTRK fusion-positive, ALK-positive or LTK-positive NSCLC from the FDA. The Company is currently conducting a Phase I clinical trial of TY-2136b in the U.S. We will communicate with the FDA and carefully design our future clinical development plan of TY-2136b in the U.S. In addition, we are developing multiple drug candidates at preclinical stage or early clinical development stage to further enrich our product pipeline and enhance our competitiveness in the pharmaceutical industry.

The year 2024 is a significant year for the Company. On August 20, 2024, the Company was successfully listed on the Stock Exchange, which not only marks an important milestone in the Company's development but also lays a solid foundation for its future growth. Looking forward, we are brimming with confidence. In the new year, we will continue to focus on developing Best-in-class & First-in-class small-molecule antitumor drugs, increase our investment in research and development, and accelerate the progress of IND and NDA processes, so as to meet the unmet clinical needs in cancer treatment. Meanwhile, we will also continue to strengthen our market promotion and commercialization capabilities, enhance the market share and brand influence of the products of the Company. In addition, the Company will also keep collaborating with global partners to promote the research, development, and commercialization of innovative drugs, thereby advancing our internationalization strategy.

I hereby would like to express my sincere gratitude to all Shareholders, Board members, the management, all employees, and our partners. We will continue to strive to create greater value for Shareholders and provide better treatment options for patients.

Dr. WU Yusheng
Chairman of the Board and Chief Executive Officer of the Company
March 27, 2025

FINANCIAL HIGHLIGHTS

	Year ended December 31,		
	2024	2023	2022
	RMB'000	*RMB'000*	*RMB'000*
Research and development costs	**235,446**	249,252	229,809
Administrative expenses	**108,332**	59,306	33,539
Total comprehensive loss for the year	**387,928**	383,171	311,802

BUSINESS HIGHLIGHTS

The Company was listed on the Stock Exchange on August 20, 2024. During the Reporting Period, we have made the following progress with respect to our product pipeline and business operations:

• Critical Developments of our Core Product TY-9591

We commenced the subject enrollment for a pivotal Phase II clinical trial of TY-9591 monotherapy as first-line treatment in brain metastases from lung cancer with EGFR mutations in August 2023. In November 2024, we completed an enrollment of 224 patients that is qualified for conditional marketing approval (patient enrollment qualified for full marketing approval is still ongoing). We are now at the stage of data cleansing and statistical analysis and have submitted the relevant Pre-NDA in April 2025. We expect to formally submit an NDA application for conditional marketing in the second quarter (Q2) of 2025. In addition, we are currently conducting a registrational Phase III clinical trial of TY-9591 monotherapy as first-line treatment in locally advanced (stage IIIb to IV) or metastatic lung cancer with EGFR L858R mutation in China, for which we had completed a patient enrollment of 528 subjects in February 2025. We expect to complete the enrollment of all patients for this clinical trial in 2025 and to submit NDA in 2026. To fully explore the potential of TY-9591, we also applied for and received IND approval for conducting Phase II and Phase III clinical trials of TY-9591 in combination with pemetrexed and cisplatin or carboplatin as first-line treatment in advanced or metastatic lung cancer with EGFR mutations in March 2024. Up to the date of this annual report, we did not receive any concerns or objections regarding to our clinical development plans from the NMPA. We started the preparation for Phase II trial in November 2024 and officially initiated the site in February 2025. We expected to complete the patient enrollment for the Phase II trial in the second half of 2025, and to communicate with CDE for confirmatory clinical study in the first quarter of 2026.

• Critical Developments of Our Key Product TY-302

We are currently conducting a Phase II clinical trial of TY-302 as treatment for breast cancer, which will enter registrational clinical phase in 2026. In addition, we will commence a Phase II clinical trial of TY-302 in combination with abiraterone for the first-line treatment of prostate cancer in the first half of 2025.

• Critical Developments of Our Key Product TY-2136b

We obtained FDA's implied IND approval in November 2021 and is conducting a Phase I clinical trial in the U.S. Leveraging Phase I clinical data collected, we plan to communicate with the FDA and carefully design our future clinical development plan of TY-2136b in the U.S.

• Critical Developments of Other Drug Candidates

TY-2699a

We are currently conducting a Phase I clinical trial of TY-2699a monotherapy or combination therapy in locally advanced or metastatic solid tumors (especially in HR+/HER2-breast cancer, triple-negative breast cancer (TNBC), SCLC, pancreatic cancer and head and neck cancer) in China. Presently, we have completed single-dose escalation studies in 5 dose groups (5mg, 10mg, 20mg, 40mg and 30mg, bid). All single-dose escalation studies are expected to be completed in the first half of 2025. In addition, in January 2025, we obtained an approval from the NMPA for a clinical trial of the product in combination with various dosing regimens for treatment of advanced/metastatic solid tumors (breast cancer, pancreatic cancer, and head and neck squamous cell carcinoma (HNSCC) such as nasopharyngeal carcinoma (NPC)) and expected to commence a Phase Ib/II clinical trial of drug combinations in the second half of 2025.

TY-0540

We are currently conducting a Phase I clinical trial of TY-0540 monotherapy in advanced solid tumors and have completed single-dose escalation studies in 5 dose groups (5mg, 10mg, 20mg, 30mg and 40mg, bid), and have officially initiated the extended cohort studies of monotherapy (30mg) in breast cancer and ovarian cancer in February 2025. Meanwhile, a formal approval was obtained from the NMPA in February 2025 for the product to be used in the clinical trial of TY-0540 in combination with fulvestrant (氟維司群) for the treatment of patients with locally advanced/recurring metastatic breast cancer and the Phase Ib/II clinical trial of TY-0540 in combination with enzalutamide (恩扎盧胺) for treatment of patients with locally advanced/recurring metastatic pancreatic cancer.

TY-1091

We are currently conducting a Phase I clinical trial of TY-1091 for treatment of RET fusion-positive solid tumors in China.

TY-4028

We have obtained FDA's implied IND approval and the NMPA's IND approval in April 2023 and June 2023, respectively.

TY-1054

We have obtained FDA's implied IND approval for conducting a clinical trial of TY-1054 for treatment of solid tumors in April 2024. In addition, we have submitted an IND application to the NMPA for conducting a clinical trial of TY-1054 for treatment of solid tumors in April 2024, and had obtained IND approval in July 2024.

• Listing on the Stock Exchange

On August 20, 2024, the Company was successfully listed on the Stock Exchange following the completion of the issue of 47,880,000 H Shares at the price of HK$12.10 per share. The total gross proceeds arising from the Global Offering amounted to approximately HK$579.3 million. For details of any of the foregoing, please refer to other sections of this annual report and, where applicable, the Prospectus, the Company's prior announcements published on the websites of the Stock Exchange and the Company and prior press releases published on the Company's website.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Business Review

Overview

We are a clinical-stage biopharmaceutical company committed to the discovery, acquisition, development and commercialization of differentiated targeted therapies to address unmet medical needs in cancer treatment. Since our inception in 2017, we have built a pipeline with 12 drug candidates, including Core Product TY-9591, seven clinical stage products, and four preclinical stage or early clinical development stage products. We are currently conducting a pivotal Phase II clinical trial of TY-9591 monotherapy as first-line treatment of brain metastases from lung cancer with epidermal growth factor receptor ("**EGFR**") mutations in China, as well as a registrational Phase III clinical trial of TY-9591 monotherapy as first-line treatment in locally advanced (stage IIIb to IV) or metastatic NSCLC with EGFR L858R mutation in China.

Products and Pipeline

The following chart shows our drug candidates as of the date of this annual report:

	Product[1]	Target	Indication	Regimen	Preclinical / IND-Enabling / Ph I/Ia / Ph Ib/II / Pivotal/Registrational Ph II/Ph III	Current Status/ Upcoming Milestone	Commercial Rights/Partner
Clinical Stage	★ TY-9591	3rd-Generation EGFR-TKI	NSCLC with brain metastasis (1L)	Mono	Pivotal Phase II trial ongoing in China	NDA submission in Q2 2025	China
			EGFR L858R LC (1L)	Mono	Registrational Phase III trial ongoing in China	NDA submission in 2026	
			NSCLC (1L)	Combo	Phase II trial ongoing in China	Ph II ongoing	
	☆ TY-302	CDK4/6	Breast cancer (2L+)	Combo	Phase II trial ongoing in China	Enter Registrational Trial in 2026	China
			Prostate cancer (1L)	Combo	Phase II trial ongoing in China	Enter Ph II in Q2 2025	
	☆ TY-2136b	ROS1/NTRK	ROS1/NTRK-mutant solid tumor	Mono	Phase Ib study ongoing in China	Ph Ib ongoing	Livzon (Greater China)[2]
			ROS1/NTRK-mutant NSCLC	Mono	Phase I trial ongoing in the U.S.	Ph I ongoing	Ex-Greater China
	TY-2699a	CDK7	Breast cancer, Pancreatic cancer, Head and neck squamous cell carcinoma	Mono/Combo	Phase Ib/II trial ongoing in China	Ph Ib/II ongoing	Global
					IND approval in the U.S.	IND approved	
	TY-0540	CDK2	Breast cancer, Ovarian cancer, Metastatic castration-resistant prostate cancer	Mono/Combo	Phase Ia/Ib trial ongoing in China	Ph Ib/II ongoing	Global
					IND approval in the U.S.	IND approved	
	TY-1091	RET	RET-fusion positive solid tumor, RET-mutation medullary thyroid cancer	Mono	Phase I trial ongoing in China	Ph I ongoing	Global
					IND approval in the U.S.	IND approved	
	TY-4028	EGFR Exon 20	EGFR exon 20 insertion NSCLC	Mono	IND approval in China	IND approved	Global
					IND approval in the U.S.	IND approved	
	TY-1054	YAP-TEAD	Solid tumor	-	IND approval in China	IND approved	Global
					IND approval in the U.S.	IND approved	
Preclinical Stage	CDK4	CDK4	Solid tumor	-		Enter IND-enabling in 2025	Global
	EGFR (PROTAC)	EGFR (PROTAC)	NSCLC	-		Enter IND-enabling in 2025	Global
	PI3Kα	PI3Kα	Solid tumor	-		Enter IND-enabling in 2026	Global
	CDK4/2	CDK4/2	Solid tumor	-		Enter IND-enabling in 2026	Global

★ Core Product ☆ Key Product

Abbreviations: 1L = first line; 2L+ = third or later-line; EGFR = epidermal growth factor receptor; CDK = cyclin-dependent kinase; ROS1 = ROS proto-oncogene 1; NTRK = neurotrophic tyrosine receptor kinase; RET = rearranged during transfection; YAP = yes associated protein; TEAD = transcriptional enhanced associate domain; PROTAC = proteolysis-targeting chimera; NSCLC = non-small cell lung cancer; LC = lung cancer; Ph = Phase; NDA = new drug application; Q2 = second quarter.

Notes:

(1) The relevant intellectual property rights for TY-9591 and TY-302 were acquired from Changzhou Runnuo Biotechnology Co., Ltd. (常州潤諾生物科技有限公司) and Boji Medical Technology Co., Ltd. (博濟醫藥科技股份有限公司), and Tetranov Pharmaceutical, respectively. We have developed these two drug candidates at our own costs since preclinical stage. Except for these two drug candidates, all other drug candidates were internally discovered and developed by us.

(2) We have out-licensed the rights to develop, manufacture and commercialize TY-2136b in the Greater China to Livzon. We maintain the rights to develop and commercialize this drug candidate in the rest of the world.

Source: Company data

Our Products and Product Candidates

As a company focused on the development of small molecule targeted therapies for cancer treatment, we have built a pipeline with 12 drug candidates. An introduction to these products is listed below:

Core Product TY-9591 — A Third-Generation EGFR-TKI

TY-9591 is a tyrosine kinase inhibitor ("**TKI**") developed for patients with brain metastases from EGFR-mutated lung cancer and has outstanding efficacy for patients with brain metastases from EGFR-mutated lung cancer. TY-9591 can effectively cross the blood-brain barrier and irreversibly bind to EGFR mutants including exon 19 deletion, exon 21 L858R mutation, exon 19 deletion/T790M mutation, and L858R/T790M mutation, ultimately inhibiting the proliferation and metastasis of cancer cells. TY-9591 was developed through modifications of osimertinib to enhance its safety, allowing for a higher administration dosage and thus, potentially, improved efficacy. Specifically, TY-9591 was modified by replacing certain hydrogens in osimertinib with deuterium to reduce or slow down the breakdown of osimertinib. Such modification may retain the advantages of osimertinib, but also affect the way that osimertinib is metabolized, which may reduce the formation of the metabolite TY-9591-D1 (AZ5104). Based on preclinical studies, TY-9591-D1 (AZ5104) is showed to have much higher affinity to normal cells that express EGFR without mutations, and thus is the major cause of adverse events ("**AEs**") of TY-9591 and osimertinib. By reducing the production of TY-9591-D1, TY-9591 is expected to be safer than osimertinib and can be administered at a higher dose level, leading to improved antitumor efficacy and a higher level of blood-brain entry. In a Phase I clinical trial in healthy subjects, we investigated the mean drug metabolite concentration-time profiles after a single oral dose of 80mg TY-9591 and osimertinib in healthy subjects. Compared to osimertinib, the results showed an approximately 50% reduction in metabolite TY-9591-D1 exposure levels after TY-9591 administration, indicating that TY-9591 may have an improved safety profile than osimertinib. In addition, although not a head-to-head comparison, clinical data from our Phase Ib study showed that TY-9591 has demonstrated promising efficacy and safety profile with the median PFS of 21.5 months, confirmed objective response rate ("**ORR**") of 85.9% and confirmed disease control rate ("**DCR**") of 94.9% in lung cancer patients with EGFR mutations (L858R/exon 19 deletion).

We are currently investigating TY-9591 in brain metastases from lung cancer with EGFR mutations and in locally advanced (stage IIIb to IV) or metastatic lung cancer with EGFR L858R mutation. While there are a number of third-generation EGFR-TKIs approved for marketing in China and worldwide, no drug for brain metastases from lung cancer has been approved for marketing, demonstrating urgent unmet clinical needs. Results from our Phase Ib and Phase II clinical studies of TY-9591 monotherapy in advanced NSCLC have demonstrated a strong clinical efficacy. Among 29 evaluable lung cancer treatment-naïve patients with brain metastases enrolled in these studies, we observed that 25 patients reached intracranial partial response ("**PR**") and four reached complete response ("**CR**"), with an intracranial ORR of 100%. Although not a head-to-head comparison, this outcome outperformed the confirmed 77% intracranial ORR observed in NSCLC patients with brain metastases treated by osimertinib in the Phase III FLAURA trial. In the Phase II study, we observed that the overall incidence of serious adverse events ("**SAEs**") was only 8.3% and treatment-related SAEs was as low as 8.3%, demonstrating a favorable safety profile.

Furthermore, TY-9591 may deliver improved efficacy as compared to osimertinib in lung cancer patients with the EGFR L858R mutation. Osimertinib exhibited a median progression-free survival ("**PFS**") of 18.9 months for both EGFR exon 19 deletion and L858R mutation. However, lung cancer patients with EGFR L858R mutation showed significantly shorter PFS of 14.4 months as compared to 21.4 months PFS observed in EGFR exon 19 deletion cases, according to the Phase III FLAURA study. Therefore, there exists an unmet clinical need to enhance the clinical outcomes for lung cancer patients with EGFR L858R mutation. Clinical data from our Phase Ib study showed that among lung cancer patients with EGFR L858R mutation, first-line TY-9591 treatment achieved a significantly prolonged median PFS as compared to osimertinib treatment in the Phase III FLAURA trial (19.3 months in 36 patients vs. 14.4 months in 104 patients) based on a non-head-to-head comparison. Since the PFS data for lung cancer patients with EGFR L858R mutation from the FLAURA China cohort is not publicly available, and the efficacy data from the FLAURA global cohort is generally better than that of the China cohort, we compared our clinical results with the data for lung cancer patients with EGFR L858R mutation from the FLAURA global cohort.

We commenced the subject enrollment for a pivotal Phase II clinical trial of TY-9591 monotherapy as first-line treatment in brain metastases from lung cancer with EGFR mutations in August 2023. In November 2024, we completed an enrollment of 224 patients that is qualified for conditional marketing approval (patient enrollment qualified for full marketing approval is still ongoing). We are now at the stage of data cleansing and statistical analysis and have submitted the relevant Pre-NDA in April 2025. We expect to formally submit an NDA application for conditional marketing in the second quarter (Q2) of 2025. In addition, we are conducting a registrational Phase III clinical trial of TY-9591 monotherapy as first-line treatment in locally advanced (stage IIIb to IV) or metastatic lung cancer with EGFR L858R mutation in China, for which we had completed a patient enrollment of 528 subjects in February 2025. We expect to complete the enrollment of all patients for this clinical trial in 2025 and to submit NDA in 2026. To fully explore the potential of TY-9591, we also applied for and received IND approval for conducting Phase II and Phase III clinical trials of TY-9591 in combination with pemetrexed and cisplatin or carboplatin as first-line treatment in advanced or metastatic lung cancer with EGFR mutations in March 2024. Up to the date of this annual report, we did not receive any concerns or objections regarding to our clinical development plans from the NMPA. We started the preparation for Phase II trial in November 2024 and officially initiated the site in February 2025. We expected to complete the patient enrollment for the Phase II trial in the second half of 2025, and to communicate with CDE for confirmatory clinical study in the first quarter of 2026.

TY-302

TY-302 is a potent, selective oral cyclin-dependent kinase 4/6 ("**CDK4/6**") inhibitor developed for treatment of advanced solid tumors, including breast cancer and prostate cancer. Targeting CDK4/6, a key cell cycle regulator, TY-302 suppresses the phosphorylation of retinoblastoma protein ("**Rb**"), preventing proliferation of cancer cells. TY-302 was modified by H/D exchange of palbociclib, the best-selling CDK4/6 inhibitor in the world. Based on the preliminary safety data collected through our current Phase I/II clinical trial, TY-302 achieved an improved safety profile in respect of AEs in general, especially AEs related to infectious disease, skin and subcutaneous tissue and GI system, based on a non-head-to-head comparison.

We are currently conducting a Phase II clinical trial of TY-302 for treatment of breast cancer and will enter the registrational clinical stage in 2026. We observed that TY-302 achieved a DCR of 71.4% in 14 enrolled breast cancer patients who had previously failed second-line or multiple lines of therapy. We expect to further investigate the combination therapy of TY-302 with toremifene in third- or later-line estrogen receptor positive ("**ER+**")/human epidermal growth factor receptor 2-negative ("**HER2-**") breast cancer that has progressed after second-line endocrine therapy. Breast cancer is the most common cancer in women, and its incidence rises with age, increasing year by year as women age. ER+/HER2- breast cancer is the most common breast cancer subtype, accounting for approximately 70% of the patients.

We will commence a Phase II clinical trial of TY-302 in combination with abiraterone for treatment of prostate cancer in the first half of 2025, exploring TY-302 in combination with abiraterone for treatment of metastatic castration-resistant prostate cancer ("**mCRPC**"), an advanced prostate cancer that is challenging to treat with and does not respond to the standard of care treatment, endocrine therapy. Prostate cancer is an epithelial malignant tumor of the prostate and the most common malignant tumor in the male genitourinary system. After receiving hormone therapy, almost all patients with advanced prostate cancer eventually develop CRPC, and mCRPC is the leading cause of death among them. The primary goals of treatment for mCRPC are symptom control and delaying progression.

TY-2136b

TY-2136b is an independently developed, oral ROS proto-oncogene 1 ("**ROS1**")/neurotrophic tyrosine receptor kinase ("**NTRK**") inhibitor used for the treatment of solid tumors. It was designed to efficiently bind with the active kinase conformation and avoid steric interference from a variety of clinically drug-resistant mutations. The compact structure is believed to allow TY-2136b to precisely and efficiently bind into the adenosine triphosphate ("**ATP**") binding pocket of the kinase, and potentially circumvent the steric interference that results in resistance to bulkier kinase inhibitors. Our current primary focus lies on NSCLC with ROS1 or NTRK mutation.

TY-2136b has demonstrated encouraging safety profile in preclinical studies. In addition, according to our preclinical data, TY-2136b is not only effective against ROS1/NTRK oncogenic gene mutations, but also exhibits high selectivity of ROS1 and NTRK mutations such as ROS1 G2032R mutation and NTRK G595R, which commonly contribute to resistance against existing ROS1/NTRK drugs. Specifically, despite its targeting multiple mutations, TY-2136b does not interfere with JAK/STAT signaling pathway, inhibit Ba/F3 cells overexpressing ABL1 (H396P) mutant kinase, or disrupt SRC kinase activity. In addition, its preliminary efficacy against ROS1 and NTRK mutations has been demonstrated across multiple animal models, showcasing its potential to address drug resistance against existing ROS1/NTRK drugs. As a result, the FDA has granted Orphan Drug Designation to TY-2136b for the treatment of ROS1-positive, NTRK fusion-positive, anaplastic lymphoma kinase ("**ALK**")-positive or leukocyte receptor tyrosine kinase ("**LTK**")-positive NSCLC. Furthermore, its potential has been recognized and endorsed by Livzon and we have out-licensed the Greater China rights of TY-2136b to Livzon.

We are conducting a Phase I clinical trial in the U.S. under FDA's implied IND approval obtained in November 2021. Leveraging Phase I clinical data, we will communicate with the FDA and prudently design our future clinical development plan of TY-2136b in the U.S.

Other Pipeline Products

Our clinical products include the followings:

- TY-2699a is a selective CDK7 inhibitor designed for the treatment of advanced/metastatic solid tumors. Our preclinical studies showed that TY-2699a potentially has improved safety window with blood-brain barrier penetration capability. TY-2699a received implied IND approval from the FDA and IND approval from the NMPA in February 2023 and May 2023, respectively. We are currently conducting a Phase I clinical trial of TY-2699a monotherapy or combination therapy in locally advanced or metastatic solid tumors (especially in HR+/HER2-breast cancer, triple-negative breast cancer (TNBC) and SCLC, pancreatic cancer, head and neck cancer) in China. We have currently completed monotherapy dose-escalation studies across 5 dose groups (5mg, 10mg, 20mg, 40mg, and 30mg, bid) and expect to complete the entire monotherapy dose-escalation phase in the first half of 2025. In addition, we received NMPA approval for conducting clinical trials of TY-2699a under different administration regimens for the treatment of advanced/metastatic solid tumors (breast cancer, pancreatic cancer, nasopharyngeal carcinoma, and other head and neck squamous cell carcinomas) in January 2025. We expect to commence a Phase Ib/II combination therapy trials in the second half of 2025.

- TY-0540 is a selective CDK2 inhibitor intended for the treatment of breast cancer, ovarian cancer, prostate cancer and other solid tumors. We received implied IND approval from the FDA for conducting Phase I/II clinical trials of TY-0540 for the treatment of advanced solid tumors and the IND approval from the NMPA for conducting Phase I clinical trials of TY-0540 in June 2023 and September 2023, respectively. We are currently conducting a Phase I clinical trial of TY-0540 monotherapy in solid tumors in China. We have currently completed monotherapy dose-escalation studies across 5 dose groups (5mg, 10mg, 20mg, 30mg, and 40mg, bid) and officially initiated an expansion study of 30mg monotherapy for breast cancer and ovarian cancer in February 2025. Concurrently, we received an official approval from NMPA for conducting Phase Ib/II clinical trials of TY-0540 in combination with Fulvestrant for locally advanced/recurrent metastatic breast cancer and TY-0540 in combination with Enzalutamide for locally advanced/recurrent metastatic prostate cancer in February 2025.

- TY-4028 is a potent, irreversible, oral exon 20 insertion-TKI, targeting locally advanced or metastatic NSCLC with EGFR exon 20 or HER2 exon 20 insertions. Patients with exon 20 insertions are associated with primary resistance to targeted EGFR-TKIs and correlate with a poor patient prognosis. TY-4028 presents an innovative, targeted therapy for this specific subset of NSCLC patients. We received implied IND approval from the FDA and the IND approval from the NMPA in April 2023 and June 2023, respectively.

- TY-1091 is a potent and selective rearranged during transfection proto-oncogene ("**RET**") inhibitor. It is intended for the treatment of advanced NSCLC with RET gene fusion, advanced medullary thyroid cancer ("**MTC**") with RET gene mutation and other advanced solid tumors with RET gene alterations. We received implied IND approval from the FDA and the IND approval from the NMPA in August 2022 and December 2022, respectively. We are currently conducting a Phase I clinical trial of TY-1091 in RET fusion-positive solid tumors in China.

- TY-1054 is a small molecule, oral YAP-TEAD inhibitor developed for cancer treatment. The Hippo pathway plays an essential role in cell proliferation, tissue regeneration, and tumorigenesis, the hyperactivation of which induces metastasis, chemoresistance, and the attribute of cancer stem cells. Its dysregulation contributes to 10% of all cancers, including lung cancer, gastric cancer, colon cancer, cervical cancer, ovarian cancer, breast cancer, melanoma, hepatocellular carcinoma and squamous cell carcinoma. The pathway is activated through binding of the YAP/TAZ complex to palmitoylated TEAD. Despite the urgent need to develop a therapeutic strategy to curb the dysregulated pathway, YAP/TAZ is difficult to be directly targeted with small molecule inhibitors, because of the lack of a catalytic niche. Therefore, targeting small molecules that block the palmitoylation of TEAD is an effective strategy. We obtained the implied approval from the FDA for conducting clinical trials of TY-1054 in solid tumors in April 2024. In addition, we submitted an IND application to the NMPA for conducting clinical trials of TY-1054 in solid tumors in April 2024, and obtained IND approval in July 2024.

In addition, we are developing a number of drug candidates in preclinical or early clinical development stage, including CDK4, EGFR (PROTAC), PI3Kα and CDK4/2.

Cautionary Statement as required by Rule 18A.08(3) of the Listing Rules: There is no guarantee that our Company will ultimately develop, market and/or commercialize TY-9591, TY-302, TY-2136b, TY-2699a, TY-0540, TY-4028, TY-1091, TY-1054, CDK4, EGFR(PROTAC), PI3Kα, CDK4/2 or any other product candidates successfully. Shareholders and potential investors of our Company are advised to exercise due care when dealing in the Shares.

Our Technology Platforms

We have established four proprietary and fully-integrated technology platforms centered around the development of new small molecule drugs, which enable us to direct our efforts towards candidates with the best potential to become clinically active, cost-effective and commercially viable drugs:

- **Drug design and screening platform:** Our drug design and screening platform is a small molecule drug discovery platform, currently focusing on kinase. This platform comprises two important functions, namely, kinase biology and small molecule drug discovery. Notably, all our drug candidates (except TY-9591 and TY-302) were conceived and synthesized within this platform, and have garnered recognition from domestic pharmaceutical companies. For example, we out-licensed the Greater China rights of TY-2136b to Livzon when it was in the preclinical stage.

- **Druggability evaluation platform:** Equipped with a druggability evaluation platform, we are capable to conduct a wide range of R&D activities in-house, including drug metabolism and pharmacokinetics ("**DMPK**") studies, in vivo and in vitro bioactivity studies (including animal modeling), toxicity studies, physicochemical characterization, and chemistry, manufacture, and controls processes ("**CMC**") of drug candidates. We are capable to evaluate the efficacy of our drug candidates including kinase inhibitors in-house.

- **Translational medicine platform:** Our translational medicine platform enables us to conduct research on the pathogenesis of tumors and neurological disorders, and systematically search for and identify potential biomarkers and new drug targets. Using genomics, transcriptomics and proteomics methods, we can systematically assess drug effects.

- **AIDD/CADD platform:** Our artificial intelligence drug design (AIDD)/computer-aided drug design (CADD) platform is dedicated to aiding our internal drug discovery team. The artificial intelligence drug design (AIDD) platform integrates cutting-edge computational methods and tools to enhance and refine the computing power and the construction of algorithmic systems. Leveraging extensive internal data and existing business strengths, the Company has expanded into the artificial intelligence drug design (AIDD) sector through a combination of in-house R&D and external collaborations. The project is progressing smoothly, with the local deployment of large language model (LLM) to be completed. Subsequent tasks, including algorithm optimization, training with the latest biomedical data, and application scenario development, will be carried out in a structured manner. AIDD/CADD platform has yielded several pipeline products. For example, TY-2136b, designed to target tyrosine kinases ROS1/NTRK, emerged during lead optimization in CADD. TY-2699a, a CDK7 inhibitor, employed AIDD/CADD in compound design, highlighting the value of AIDD in identifying overlooked aspects to improve therapeutic window.

Research and Development

We consistently devote resources to R&D to pave way for long-term growth. Our R&D costs in 2023 and 2024 amounted to RMB249.3 million and RMB235.4 million respectively. Our in-house R&D capabilities, built on our proprietary technology platforms, are backed by our R&D centers in Huzhou, Zhejiang and Zhengzhou, Henan. Our R&D centers are equipped with advanced laboratories and state-of-art equipment and instruments such as liquid chromatography, liquid chromatography mass spectrometer, and nuclear magnetic resonance. We believe that our integrated capabilities give us the agility to formulate our innovation, registration, commercialization and product optimization strategies that can navigate us through rapidly changing market needs, enable us to improve pipeline viability and expedite the product development cycle at a lower cost. As of December 31, 2024, we had 110 members in our R&D team, around 57% of whom held master's or doctoral degrees in relevant fields. The expertise of our team members spans the entire spectrum of drug development, encompassing drug discovery, medicinal chemistry design and virtual screening, preclinical pharmaceutical research, drug testing and purification, formulation development, clinical research, regulatory submissions and platform construction.

Commercialization

Building upon the existing organizational structure, the Company is progressively expanding its commercialization team to tap into market potential by continuously exploring product sales opportunities and diversifying brand promotion efforts. Through participation in academic conferences, industry partnerships, and platform collaborations, the Company aims to elevate brand recognition within the industry in diversified brand promotion forms.

II. Financial Review

Revenue

The Group's revenue basically depends on the proceeds generated pursuant to the exclusive license agreement (the "**Livzon Agreement**") with Livzon Pharmaceutical Group Inc. ("**Livzon**") to research, develop, improve, manufacture, use, sell, contract and commercialize ROS1/NTRK/ALK multi-target small molecule broad-spectrum tyrosine kinase inhibitor ("**TY-2136b**") in Greater China.

Our revenue increased from RMB nil for the year ended December 31, 2023 to RMB107,000 for the year ended December 31, 2024 primarily attributable to the increase in revenue from R&D services.

Cost of Sales

Our cost of sales increased from RMB nil for the year ended December 31, 2023 to RMB93,000 for the year ended December 31, 2024 because of the costs incurred by providing R&D technical services.

Gross Profit and Gross Profit Margin

As a result of the reasons described above, our overall gross profit increased from RMB nil for the year ended December 31, 2023 to RMB14,000 for the year ended December 31, 2024. The gross profit margin for the year ended December 31, 2024 was 13.1% primarily attributable to the increase in revenue from R&D technical services.

Other Income and Gains

During the Reporting Period, our other income and gains primarily consisted of government grants, investment income on financial assets at FVTPL, bank interest income and government grants related to interest-free financing.

The Group's other income and gains for the year ended December 31, 2024 was RMB30,542,000, representing an increase of RMB5,114,000 compared to RMB25,428,000 for the year ended December 31, 2023, mainly due to the increase in government grants and bank interest income, partially offset by the decrease in investment income on financial assets at FVTPL.

Research and Development Costs

During the Reporting Period, our R&D costs consisted of (i) trial and testing expenses for our drug candidates, primarily in relation to the engagement of CROs, CDMOs, principal investigators, and other service providers; (ii) staff costs mainly relating to salaries, bonus and other welfare for our R&D personnel; (iii) depreciation and amortization expenses in relation to our R&D equipment and instruments, as well as intangible assets which were used for R&D purpose; (iv) costs of materials consumed in the course of our R&D activities; and (v) other R&D costs, mainly comprising travelling and transportation expenses of our R&D personnel, intellectual property costs and other miscellaneous expenses.

The Group's R&D costs for the year ended December 31, 2024 was RMB235,446,000, representing a decrease of 5.5% compared to RMB249,252,000 for the year ended December 31, 2023. The decrease was primarily attributable to the decrease in preclinical R&D expenses.

The following table sets forth a breakdown of our R&D costs for the dates indicated:

	The year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Trial and testing expenses	**154,608**	176,191
Staff costs	**45,417**	45,650
Depreciation and amortization expenses	**19,677**	18,194
Materials consumed	**2,998**	4,611
Others	**12,746**	4,606
Total	**235,446**	249,252

Administrative Expenses

During the Reporting Period, our administrative expenses primarily consisted of (i) staff costs mainly relating to salaries, bonus and other welfare for our administrative personnel; (ii) general office expenses mainly comprising office expenses, hospitality expenses, travelling and transportation expenses, and utilities used for administrative purpose; (iii) depreciation and amortization expenses for offices, equipment and other assets which were used for administrative purpose; (iv) professional service fees mainly paid to legal advisors, auditors, asset valuers and recruitment consultants; (v) listing expenses; and (vi) other administrative expenses, mainly including tax and surcharges and other miscellaneous expenses.

The Group's administrative expenses for the year ended December 31, 2024 was RMB108,332,000, representing an increase of 82.7% compared to RMB59,306,000 for the year ended December 31, 2023. The increase was primarily attributable to the increase in listing expenses and expenses related to daily operation.

Finance Costs

During the Reporting Period, our finance costs primarily consisted of (i) interest on lease liabilities; (ii) interest expenses of government funding; (iii) bank loan interests; and (iv) transaction cost on issue of redemption liabilities on equity shares.

The Group's finance costs for the year ended December 31, 2024 was RMB12,817,000, representing a decrease of 42.4% compared to RMB22,236,000 for the year ended December 31, 2023. The decrease in finance costs was primarily attributable to the decrease in transaction cost on issue of redemption liabilities on equity shares and interest on lease liabilities, partially offset by the increase in interest expenses of government funding and bank loan interests.

Other Expenses and Losses

Our other expenses and losses increased from RMB15,000 for the year ended December 31, 2023 to RMB1,131,000 for the year ended December 31, 2024.

Income Tax Expenses

The Group did not generate any profits for the years ended December 31, 2024 and 2023. Therefore, there was no income tax.

Loss for the Year

Based on the factors described above, our loss for the Reporting Period increased by 1.2% from RMB383,171,000 for the year ended December 31, 2023 to RMB387,928,000 for the year ended December 31, 2024.

Liquidity and Capital Resources

As at December 31, 2024, the Group had cash and bank balances of RMB460,463,000, including, cash and cash equivalents of RMB374,988,000, term deposits with initial terms of more than 3 months of RMB60,475,000 and pledged deposits of RMB25,000,000. The cash and bank balances increased by 146.5% from RMB186,830,000 as at December 31, 2023. The increase was primarily due to the followings:

- For the year ended December 31, 2024, our net cash used in operating activities was RMB308,252,000, mainly attributable to (i) our loss before tax of RMB387,928,000, as adjusted to reflect non-cash and/or non-operating items, which principally included change in fair value of redemption liabilities on equity shares of RMB60,758,000, depreciation of right-of-use assets of RMB14,393,000, amortization of intangible assets of RMB5,659,000, listing expenses of RMB27,229,000, charge of share-based payment compensation expenses of RMB12,467,000, and finance costs of RMB12,817,000; and (ii) a decrease in trade and other payables of RMB7,111,000.

- For the year ended December 31, 2024, our net cash used in investing activities was RMB135,858,000, primarily attributable to (i) purchase of financial assets at FVTPL of RMB767,168,000; and (ii) purchase of time deposits with original maturity of more than 3 months of RMB120,475,000, partially offset by the disposal of financial assets at FVTPL of RMB774,432,000.

- For the year ended December 31, 2024, our net cash generated from financing activities was RMB632,080,000, primarily as a result of new bank loans of RMB154,150,000 and net proceeds from the Global Offering of RMB580,683,000.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

Capital Expenditure

During the Reporting Period, the Group's total capital expenditure amounted to approximately RMB73,622,000, which was mainly used in purchases of items of property, plant and equipment.

We regularly incur capital expenditures to purchase and maintain our property, plant and equipment in order to enhance our research and development capabilities and expand our business operations. Historically, we have funded our capital expenditures mainly through equity financing and bank borrowings.

Borrowings

As at December 31, 2024, our borrowings were RMB144,175,000 and there was no borrowing as at December 31, 2023. The borrowings were secured and unsecured short-term bank loans with various commercial banks, with effective interest rates ranging from 3.2% to 3.9% per annum. Among them, RMB23,771,000 was fixed-rate loans, and RMB120,404,000 was floating-rate loans. As at December 31, 2024, the Group has no unutilized bank facilities available. As of December 31, 2024, the Group's gearing ratio (total liabilities as a percentage of total assets) was approximately 48.4%, while it was approximately 253.5% as of December 31, 2023.

Commitments

The Group had the following contractual commitments at the end of the Reporting Period:

	Year ended December 31	
	2024	2023
	RMB'000	*RMB'000*
Property, plant and equipment	**36,433**	15,540

Pledge of Assets

As of December 31, 2024, save for the pledge of certain deposit of the Group as security for the Group's borrowings, the Group did not have any major assets pledged.

Property, Plant and Equipment

As disclosed in the Prospectus, AVISTA Valuation Advisory Limited has valued the Group's property interests as of May 31, 2024. The total market value in existing state of the two properties held for development and held for sale by the Company was RMB154,958,000. Such properties were carried at cost less accumulated depreciation and any impairment losses, and have not been stated at such valuation in the audited consolidated financial information in this annual report. If such properties have been stated at such valuation, there would had been no additional depreciation.

Contingent Liabilities

As of December 31, 2024, the Group did not have any material contingent liabilities.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Save as disclosed in this annual report and the Prospectus, as at December 31, 2024, we did not hold any significant investments, and none of our investments accounted for over 5% of the Company's total asset. For the Reporting Period, except for the potential disposal of the entire equity interest in a subsidiary to an Independent Third Party before our Listing with a consideration of RMB34,900,000 which we are still in the process of completing this transaction, the Group did not have material acquisitions or disposals.

Foreign Currency Risk

The Group was not exposed to significant currency risk, and did not experience any material impact on our operations resulting from fluctuation in exchange rates during the Reporting Period. However, our management monitors our foreign currency risk exposure and will review and adjust our currency risk measures in accordance with our needs. During the Reporting Period, we did not hedge against any foreign exchange fluctuations.

Employees and Remuneration Policies

As at December 31, 2024, we had 153 employees in total. The remuneration package of our employees includes basic salaries, bonuses, and employee benefits, which are generally determined by their qualifications, industry experience, position and performance. We make contributions to social insurance and housing provident funds as required by the PRC laws and regulations. In addition, we provide relevant training to our employees in order to improve their skills and knowledge. We have also adopted the Employee Incentive Scheme in recognition of the contribution of our employees. In addition, we provide relevant training to our employees in order to improve their skills and knowledge.

Pension Scheme

The employees of the Group which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in Mainland China are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. There are no provisions under the scheme whereby forfeited contributions may be used to reduce future contributions.

Future Plan of Material Investment or Acquisition of Assets

Save as disclosed in the Prospectus, the Group did not have detailed future plans for any material investment or acquisition of capital assets as of the date of this annual report.

III. Future and Outlook

Continuously enhance R&D capabilities and drive business development

Our core competitiveness lies in our understanding of diseases and the mechanisms of drug action. To date, we have achieved remarkable results, and in the future, we will continue to strengthen these capabilities. Meanwhile, we recognize that drugs with new targets and mechanisms of action will enhance our competitiveness in the pharmaceutical industry. Therefore, we have developed several innovative candidate drugs targeting the following relevant targets: YAP-TEAD, CDK4, and EGFR (PROTAC), and plan to continue developing these candidates. Additionally, we plan to actively invest in in-house R&D to seize market opportunities and identify and develop innovative compounds.

With the rapid development of antibody – drug conjugate (ADC) technology, traditional ADC strategies mainly rely on highly toxic chemical toxins as drug payloads. However, the mechanism of action of such toxins is relatively single, and their toxicity is often difficult to precisely control, which may lead to off-target toxicity and safety risks. To overcome the limitations of traditional ADCs, based on our profound experience in small molecule drug development, the Company will embark on the development of a new generation of ADCs. We will make full use of innovative technologies such as highly active small molecule inhibitors, PROTAC (proteolysis-targeting chimeras), and molecular glues, and combine them with the mature antibody technologies in the market to create more efficient and safer next-generation ADCs.

We expect that the next-generation ADC drugs, with their precise targeting and innovative design of small molecule payloads, will break through the boundaries of traditional ADCs in tumor treatment and expand into a wider range of unmet clinical needs. The next-generation ADCs will redefine the boundaries of "targeted therapy" - from oncology to chronic diseases, and from cell killing to functional regulation. Through the in-depth integration of small molecule technologies (such as highly active small molecule inhibition and the catalytic degradation properties of PROTAC and molecular glues), we are expected to provide transformative solutions for diseases that are beyond the reach of traditional therapies.

Incorporate artificial intelligence models and gradually build an industrial production system

The Company will continue to research and develop self – developed cutting-edge products that meet market demand. By leveraging artificial intelligence models and collaborating with top foreign teams, our in-house team can effectively develop new molecules. Relying on our internal team and external AI drug discovery platforms, the Company aims to achieve more breakthroughs in drug R&D, thereby improving R&D efficiency and value, injecting new impetus into the upgrading and development of the Company's business, and promoting the Company's sustainable development. The "New Solid – Dosage Form Factory Project" is an industrialization project of the Company, which adds tablet and capsule production lines. After the completion of this project, the Company's annual production capacity can reach 150 million tablets or capsules, meeting the production requirements for clinical drugs and partial commercialization of the TY-9591 product. The civil engineering of the first phase project passed the completion acceptance on June 30, 2024. It is expected that the production lines of the first phase construction will obtain GMP compliance certification by the end of June 2026 and be ready for production. We believe that the completion of this project will provide production support for the commercialization of more pipeline products.

Explore partnership opportunities and establish commercialization capability to increase the value of our drug candidates

We plan to continue to actively explore business collaboration opportunities with leading industry participants to accelerate our development timelines and maximize the clinical and commercial value of our drug candidates in other key international markets. For example, we will consider forging partnerships with multinational corporations to out-license the overseas rights of our assets as and when appropriate.

Meanwhile, we plan to enhance our business development team, which will continue to closely monitor and keep abreast of the evolving clinical demands, to pursue global opportunities to in-license new drug candidates. We may also selectively acquire or invest in innovative technologies to enhance our R&D capabilities or explore potential combination therapy partners for TY-9591. We will emphasize on assets that have potential synergies with our current pipeline and technology pipeline, and/or have best-in-class and/or first-in-class potential.

The Company's commercialization team has been preliminarily established. The core management personnel possess rich experience in promotion and commercialization. The Company will continuously and steadily advance the construction of the commercialization team to meet its commercial promotion needs. The Company will continue to integrate its advantages in capital, talent, and technology, improve the clinical research platform, accelerate the construction of the industrialization base, and actively promote the commercialization process. We also intend to establish sales and marketing capabilities through a combination of in-house efforts and working with external partners to leverage their sales and marketing expertise and well established networks and resources.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Executive Directors

Dr. WU Yusheng (吳豫生), aged 61, is the chairperson of our Board, our executive Director and chief executive officer. He founded our Group in November 2017, and has served as a Director and the chief executive officer of our Company since then and was re-designated as an executive Director on January 17, 2024. He is primarily responsible for overseeing the overall management, business operation, and strategies of our Group.

Dr. Wu has more than 25 years of experience in biomedical research and management. He conducted research at California Institute of Technology. From July 1996 to February 2009, he worked at Schering-Plough Corporation, a pharmaceutical company principally engaged in new drug development with last position as senior principal scientist, where he was primarily responsible for novel drug discovery such as for thrombosis, obesity and Alzheimer's disease. From February 2011 to October 2017, he served as the chairman of the board of directors and chief executive officer at Tetranov Pharmaceutical, a company used to be primarily engaged in providing customized pharmaceutical intermediates synthesis services where he was primarily responsible for its overall operations. Since December 2020, Dr. Wu has served as an independent non-executive director of Shanghai Tenry Pharmaceutical Co., Ltd. (上海騰瑞製藥股份有限公司), a pharmaceutical company principally engaged in research, development and commercialization of biological drugs, covering chemical raw materials and oral solid preparations, with a focus on treatment of deep burn wound and chronic ulcer wound, where he has been primarily responsible for providing independent advice and judgment to the board of directors of the company.

In addition to roles in our Group, Dr. Wu is also currently an executive director at LeadMed (Zhejiang) Medical Technology Co., Ltd. (浙江藥領醫藥科技有限公司), an executive director at LeadMed (Zhengzhou) Medical Technology Co., Ltd. (鄭州藥領醫藥科技有限公司) and chairman of the board of directors of Zhejiang SynthonTech Pharmaceutical Co., Ltd. (浙江雅辰藥物科技有限公司).

Dr. Wu obtained his bachelor's degree in organic chemistry from Zhengzhou University (鄭州大學) in Henan in July 1985. Dr. Wu further obtained his doctor's degree in organic chemistry from Iowa State University of Science and Technology in Iowa in December 1993. Dr. Wu has also authored more than 120 scientific publications in leading chemistry and medicinal chemistry journals and has been granted more than 40 granted patents.

Dr. Wu obtained various awards during his professional career, including the New Jersey Minority Award from the Plainfield and Metuchen-Edison YMCA in 2004, and the 2006 President's Award for Discovery from Schering-Plough Research Institute. Further, Dr. Wu has been a "State Specially Recruited Expert" (國家特聘專家) as conferred by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) since 2013.

Dr. JIANG Mingyu (蔣鳴昱), aged 37, is our executive Director, vice president, Board secretary and joint company secretary. He joined our Group in July 2019 as our vice president and Board secretary. He was appointed as an executive Director and joint company secretary on January 17, 2024. He is primarily responsible for overseeing the investments, financing and legal matters of our Group.

Dr. Jiang has more than 12 years of experience in audits, risk management and equity research. From October 2009 to November 2011, he worked at KPMG Huazhen LLP (畢馬威華振會計師事務所), an accounting firm. From December 2011 to January 2013, he worked at KPMG Advisory (China) Co., Ltd. (畢馬威企業諮詢(中國)有限公司), a consultancy firm. From June 2015 to March 2018, he worked at Shanghai Pudong Science & Technology Investment Co., Ltd. (上海浦東科技投資有限公司), an investment and private equity firm. From March 2018 to July 2019, he was a senior analyst at Zheshang Securities Co., Ltd. (浙商證券股份有限公司) (stock code: 601878), a securities company listed on the Shanghai Stock Exchange.

Dr. Jiang obtained his bachelor's degree in financial management from Shanghai University of International Business and Economics (上海對外經貿大學) in Shanghai in July 2009. He obtained his master's degree in global finance from Fordham University in New York in May 2014. He further obtained his doctor's degree in pharmacoeconomics at China Pharmaceutical University (中國藥科大學) in Jiangsu in June 2024.

Dr. Jiang has been certified as a financial risk manager by the Global Association of Risk Professionals since September 2012.

Non-executive Directors

Dr. LI Jun (李鈞), aged 62, is our non-executive Director. He joined our Group as our vice president and chief scientific officer in June 2018 and served as our vice president and chief scientific officer until May 2021. He has served as a Director since January 2021. He was re-designated as a non-executive Director on January 17, 2024. He is primarily responsible for providing strategic advice on the development of our Group.

Dr. Li has over 23 years of experience in pharmaceutical research and investments. Dr. Li was a research scientist and group leader at the Institute of Materia Medica, Chinese Academy of Medical Sciences (中國醫學科學院藥物研究所), where he was involved in setting up the PRC's first doping control laboratory accredited by the International Olympic Committee. Dr. Li was a research scientist at Vion Pharmaceuticals, Inc., a biopharmaceutical company specializing in cancer treatment technologies, where he was involved in the development of the novel anti-cancer agent Triapine (currently conducting Phase III clinical trial). From September 1997, he worked for over 20 years as a principal scientist and program leader at Bristol-Myers Squibb Co., USA, a company principally engaged in the R&D and sales of pharmaceutical products, where his last position was principal scientist and where he was primarily responsible for new drug discovery, among which, one is currently undergoing Phase III clinical trial. Since June 2021, Dr. Li has been a scientific advisor engaged by HCA (Shanghai) Consulting Co., Ltd. (known as "**Morningside Ventures**" (晨興創投)).

Dr. Li obtained his bachelor's degree in applied chemistry from the University of Science and Technology of China (中國科學技術大學) in Hefei in July 1985 and his master of science from the Chinese Academy of Sciences (中國科學院) in Beijing in July 1988. Dr. Li further obtained his doctor's degree in organic chemistry from Iowa State University of Science and Technology in August 1994. Dr. Li was a post-doctoral associate at Cornell University in New York from August 1994 to July 1997.

Dr. Li co-authored over 50 peer-reviewed research papers and has been granted more than 50 U.S. or Patent Cooperation Treaty (PCT) patents. Dr. Li obtained various awards during his professional career, including the PRC "First Prize of the State Scientific and Technological Progress Award" (國家科學技術進步一等獎) from the national government of the PRC, the "Special Prize" of the China Association for Instrumental Analysis (CAIA) (中國分析測試協會特等獎獲得者), along with two "Molecule of the Year" awards and a "Chemistry Leadership Award" from Bristol Myers Squibb Co., USA.

Dr. GU Eric Hong (顧虹), aged 59, is our non-executive Director. He joined our Group in November 2017 and has served as a Director since then. He was re-designated as a non-executive Director on January 17, 2024. He is primarily responsible for providing strategic advice on the development of our Group.

Dr. Gu has extensive experience in the pharmaceutical industry. Prior to joining our Group, he worked at Mallinckrodt Pharmaceuticals plc (formerly known as Mallinckrodt Inc.), a company engaged in R&D of drugs for autoimmune diseases and other diseases. He also worked at Zhejiang Huahai Pharmaceutical Co., Ltd. (浙江華海藥業股份有限公司) ("**Zhejiang Huahai**"), a company principally engaged in sales of active pharmaceutical ingredient ("**API**"), sales of finished drugs, technical services, and import and export. Since December 2020, he has been a director and the general manager of Shanghai Aobo Pharmtech, Inc., Ltd. (上海奧博生物醫藥技術有限公司) ("**Shanghai Aobo**"), a company primarily engaged in the production and R&D of API. He has also been the general manager of Aobo Biotechnology Hubei Co., Ltd. (奧博生物醫藥科技湖北有限公司), a subsidiary of Shanghai Aobo, since September 2022 and a director of Hubei Sai'ao BioPharm Co., Ltd. (湖北賽奧生物製藥有限公司) ("**Hubei Sai'ao**"), a joint venture of Zhejiang Huahai and Shanghai Aobo, since May 2021.

Dr. Gu obtained his bachelor's degree from Fudan University (復旦大學) in Shanghai in 1987 and he further obtained his doctor's degree in chemistry from the University of Missouri-St. Louis in Missouri in January 1996. Further, Dr. Gu obtained his master's degree in business administration from the University of Washington in Washington in July 2004. Since July 2017, he has been certified as a professor-level senior engineer in drug development by the Zhejiang Provincial Department of Human Resources and Social Security (浙江省人力資源和社會保障廳).

Dr. MENG Xiaoying (孟曉英), aged 44, is our non-executive Director. She joined our Group in January 2021 and has served as a Director since then. She was re-designated as a non-executive Director on January 17, 2024. She is primarily responsible for providing strategic advice on the development of our Group.

Dr. Meng has extensive experience in investment and management. From August 2013 to February 2014, she was an investment manager at Govtor Venture Capital Management Co., Ltd. (江蘇高投創業投資管理有限公司), a subsidiary of Jiangsu Hi-tech Investment Group Co., Ltd. (江蘇高科技投資集團有限公司) (Govtor Capital), an equity and venture capital firm, where she was primarily responsible for project investment and management. Since February 2014, she has been a partner of Jiangsu Addor Equity Investment Fund Management Co., Ltd. (江蘇毅達股權投資基金管理有限公司), an investment firm, where she has been primarily responsible for project investment and management. From December 2019 to June 2023, she was a director at BMC Medical Co., Ltd. (北京怡和嘉業醫療科技股份有限公司), a medical devices company listed on the Shenzhen Stock Exchange (stock code: 301367).

Dr. Meng obtained her bachelor's degree in biology and master's degree in botanology from Nanjing University (南京大學) in Jiangsu in June 2002 and in October 2004, respectively. She further obtained her doctor's degree in plant biology from The Pennsylvania State University in Pennsylvania in December 2010.

Mr. HE Chao (何超), aged 44, is our non-executive Director. He joined our Group in June 2022 and has served as a Director since then. He was re-designated as a non-executive Director on January 17, 2024. He is primarily responsible for providing strategic advice on the development of our Group.

Mr. He has approximately 11 years of experience in investment and finance. From July 2011 to April 2015, he successively served as a business director, branch general manager, and partner of Kunwu Jiuding Investment Management Co., Ltd. (昆吾九鼎投資管理有限公司), an equity investment company. He has been working at Beijing Huge Capital Management Co., Ltd. (北京融辰厚紀投資管理有限公司), an equity investment company, as the general manager since July 2015 and as an executive director since February 2017 where he has been primarily responsible for overall strategy and development.

Mr. He obtained his master's degree in business administration from Peking University in Beijing in June 2011.

Dr. DING Zhao (丁兆), aged 39. Dr Ding acted as a non-executive Director from January 8, 2024 and has resigned as a non-executive Director of the Company on March 27, 2025. He was primarily responsible for providing strategic advice on the development of our Group during his tenure of services.

Dr. Ding has more than 13 years of experience in the pharmaceutical industry. Since October 2010, Dr. Ding has served as a director and general manager, and since November 2018, as the chairman of the board of directors of Sichuan Huiyu Pharmaceutical Co., Ltd. (四川匯宇製藥股份有限公司) (stock code: 688553), a company listed on the Shanghai Stock Exchange STAR Market and principally engaged in the research and development, production and sales of biologics and chemical drugs (primarily generic drugs) for anti-tumor and other therapeutic areas, where he has been primarily responsible for the company's development and investments plans, and overall business objectives and policies.

Dr. Ding obtained his bachelor's degree in biochemistry from Imperial College London in the United Kingdom in August 2006. He further obtained his doctor's degree in pharmacology from the University of Cambridge in United Kingdom in July 2010. He has been certified as a biopharmaceutical researcher by the Sichuan Human Resources and Social Security Department (四川省人力資源和社會保障廳) since May 2017.

Independent Non-executive Directors

Mr. ZHANG Senquan (張森泉), aged 48 (former name ZHANG Min (張敏)), is our independent non-executive Director. He was appointed as an independent non-executive Director on January 17, 2024. He is responsible for providing independent advice and judgment to our Board.

Mr. Zhang has more than 20 years of experience in accounting, auditing and management. From October 1999 to October 2000, he was an auditor in the audit department of Deloitte Touche Tohmatsu CPA Ltd. (德勤華永會計師事務所). From November 2000 to February 2008, he worked at KPMG Huazhen (畢馬威華振會計師事務所) with last position as an audit senior manager. From February 2008 to November 2012, Mr. Zhang worked in the assurance department of Ernst & Young Hua Ming (安永華明會計師事務所) with last position as a partner. From March 2013 to April 2014, Mr. Zhang served as the head of the strategic development department of Goodbaby International Holdings Limited (好孩子國際控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 1086). From May 2014 to July 2015, he served as a joint company secretary and the chief financial officer of Huazhong In-Vehicle Holdings Company Limited (華眾車載控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 6830). From December 2014 to March 2017, Mr. Zhang served as an independent director of Topchoice Medical Investment Co. Inc. (通策醫療投資股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600763SH). From April 2015 to April 2018, Mr. Zhang was an independent non-executive director of Casablanca Group Limited (卡撒天嬌集團有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 2223). From February 2016 to March 2020, he held various positions in Southwest Securities International Securities Limited (西證國際證券股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 0812), including as the head of China business department and managing director. From May 2018 to July 2024, Mr. Zhang was the chief executive officer of Zhong Rui Capital (Hong Kong) Limited (中瑞資本(香港)有限公司), a consulting company. From June 2018 to June 2021, he was an independent non-executive director of Beijing Digital Telecom Co., Ltd. (北京迪信通商貿股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 6188). From March 2019 to June 2020, Mr. Zhang was an independent non-executive director of Bonny International Holding Limited (博尼國際控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 1906). From May 2019 to March 2022, Mr. Zhang previously also served as an independent director of Jiangsu Aidea Pharmaceutical Co., Ltd. (江蘇艾迪藥業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688488). From January 2020 to April 2023, he was an independent non-executive director of Sang Hing Holdings (International) Ltd. (生興控股(國際)有限公司), a company listed on the Hong Kong Stock Exchange (stock

code: 1472). From October 2016 to December 2024, he was an independent non-executive director of Jiande International Holdings Limited (建德國際控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 0865). Since March 2022, Mr. Zhang has served as the audit principal of Nortex (HK) CPA Limited (諾德(香港)會計師事務所有限公司). Mr. Zhang has also been a company secretary of China General Education Group Limited (中國通才教育集團有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 2175) since October 2020, and a company secretary of Guanze Medical Information Industry (Holding) Co., Ltd., a company listed on the Hong Kong Stock Exchange (stock code: 2427) since September 2021.

Mr. Zhang is also currently an independent non-executive director of various companies listed on the Hong Kong Stock Exchange, including Natural Food International Holding Limited (五谷磨房食品國際控股有限公司) (stock code: 1837) since November 2018, Strawbear Entertainment Group (稻草熊娛樂集團) (stock code: 2125) since December 2020 and Chenqi Technology Limited (如祺出行) (stock code: 9680) since June 2024.

Mr. Zhang obtained a bachelor's degree in investment economics from Fudan University (復旦大學) in Shanghai in July 1999. Mr. Zhang has been admitted as a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since December 2001, as a member of the Hong Kong Institute of Certified Public Accountants since September 2011 and further admitted as a member of the American Institute of Certified Public Accountants since September 2015.

Dr. LENG Yuting (冷瑜婷), aged 41, is our independent non-executive Director. She was appointed as an independent non-executive Director on January 17, 2024. She is responsible for providing independent advice and judgment to our Board.

Dr. Leng has more than 12 years of experience in organic chemistry research and in management. From July 2011 to March 2012, Dr. Leng was a research secretary at the College of Chemistry at Zhengzhou University (鄭州大學化學學院). From April 2012 to September 2018, she served as a chemistry teacher and academic secretary at the College of Chemistry at Zhengzhou University (鄭州大學化學學院). From October 2018 to December 2019, Dr. Leng was a visiting scholar at Harvard Medical School and the Massachusetts General Hospital under the Visiting Scholar Program of the China Scholarship Council. From April 2012 to December 2023, Dr. Leng has been a lecturer at the College of Chemistry at Zhengzhou University (鄭州大學化學學院), where she is primarily responsible for teaching and conducting research. Since January 2024, Dr. Leng has served as an associate professor at the College of Chemistry at Zhengzhou University (鄭州大學化學學院), and has been long engaged in teaching and scientific research work.

Dr. Leng obtained her bachelor's degree of science in chemistry from Zhoukou Normal University (周口師範學院) in Henan in July 2006. She further obtained her doctor's degree in organic chemistry from Zhengzhou University (鄭州大學) in Henan in July 2011. Since December 2016, she was appointed as a postdoctoral researcher in medicinal chemistry at Zhengzhou University (鄭州大學) in Henan. Since April 2012, she has been certified as an intermediate university lecturer by the Henan Provincial Department of Human Resources and Social Security (河南省人力資源和社會保障廳). Since January 2024, Dr. LENG Yuting has been awarded the Associate Professor Qualification Certificate accredited by Zhengzhou University.

Dr. XU Wenqing (許文青), aged 60, is our independent non-executive Director. He was appointed as an independent non-executive Director on January 17, 2024. He is responsible for providing independent advice and judgment to our Board.

Dr. Xu has over 15 years of experience in teaching and academia. Prior to joining our Group, he conducted research for Harvard Medical School. From July 2009 to August 2019, Dr. Xu was a tenured full professor at the University of Washington School of Medicine. Prior to joining our Group, he was also director of the National Facility for Protein Science in Shanghai, Chinese Academy of Sciences (中國科學院國家蛋白質科學研究(上海)設施), which was involved in launching the Protein Data Bank China, an associate member of the Worldwide Protein Data Bank which manages the 3D structure archive of proteins, nucleic acids and complex assemblies. Since August 2019, he has been a tenured full professor at Shanghai Tech University (上海科技大學).

Dr. Xu obtained his doctor's degree in biology from the Massachusetts Institute of Technology in Massachusetts in September 1995. Dr. Xu received the Investigator's Award in the pathogenesis of infectious disease from the Burroughs Wellcome Fund in 2003.

Dr. SHEN Xiuhua (沈秀華), aged 53, is our independent non-executive Director. She was appointed as an independent non-executive Director on January 17, 2024. She is responsible for providing independent advice and judgment to our Board.

Dr. Shen has approximately 29 years of experience in teaching and academia. Since August 1995, Dr. Shen consecutively worked as a teaching assistant in the Department of Pathology of the School of Medicine, a lecturer, an associate professor and currently a professor in the Department of Nutrition of the School of Medicine at Shanghai Jiao Tong University (上海交通大學). From September 2007 to February 2008, she was a visiting scholar at the Division of Nutritional Sciences at Cornell University. From November 2013 to October 2014, she was a visiting scholar at Harvard University.

Dr. Shen obtained her bachelor's degree in clinical medicine (medical nutrition) and her master's degree in medicine, with a major in nutrition and food hygiene, from Shanghai Jiao Tong University (上海交通大學) in Shanghai in July 1995 and June 2001, respectively. Dr. Shen further obtained her doctor's degree in pediatrics from Shanghai Jiao Tong University (上海交通大學) in Shanghai in July 2007.

Supervisors

Dr. NIU Chengshan (牛成山), aged 42, is the chairperson of the Supervisory Committee, an employee representative Supervisor and senior director of the medicinal chemistry department of our Company. He joined our Group in November 2017 as our Director and has been re-appointed as our Supervisor since May 2018. He has been a senior director of the medicinal chemistry department of our Company since November 2020. He is primarily responsible for supervising our Board and senior management.

Dr. Niu has more than ten years of experience in pharmaceutical research. Prior to joining our Group, Dr. Niu served as the head of the new drug development department of Tetranov Pharmaceutical from March 2011 to October 2020, a company used to be primarily engaged in providing customized pharmaceutical intermediates synthesis services where he was primarily responsible for overseeing the new drug development department, which in turn was responsible for the development of all of Tetranov Pharmaceutical's pharmaceutical projects, encompassing molecular design, synthesis, patents applications and projects applications.

Dr. Niu obtained his bachelor's degree in applied chemistry from Zhengzhou University (鄭州大學) in Henan in July 2004. He further obtained his doctor's degree in organic chemistry from the Institute of Chemistry Chinese Academy of Sciences (中國科學院化學研究所) in Beijing in March 2010.

Dr. LIANG Apeng (梁阿朋), aged 42, is an employee representative Supervisor and the director of the medicinal chemistry department of our Company. He joined our Group in November 2017 as our Supervisor and has been a director of the medicinal chemistry department of our Company since June 2018. He is primarily responsible for supervising our Directors and senior management.

Dr. Liang has more than ten years of experience in medicinal chemistry industry. Prior to joining our Group, from May 2009 to May 2018, he was a deputy director in the chemistry department at Tetranov Pharmaceutical, a company used to be primarily engaged in providing customized pharmaceutical intermediates synthesis services where he was primarily responsible for medicinal chemical research, and in particular, he participated in the R&D of third generation EGFR inhibitors, BACE1 inhibitors, and antiviral drug development.

Dr. Liang obtained his bachelor's degree in environmental engineering from Shenyang University of Chemical Technology (瀋陽化工大學) in Liaoning in July 2006. He further obtained his doctor's degree in organic chemistry from Zhengzhou University (鄭州大學) in Henan in July 2016.

Ms. SHANG Jing (尚靜), aged 43, is a Supervisor of our Company. She joined our Group as a shareholder representative Supervisor in January 2021. She is primarily responsible for supervising the performance of our Directors and senior management.

Ms. Shang has approximately 19 years of experience in the finance industry. From September 2005 to January 2008, she was an investment assistant at Haifu Fund Management Co., Ltd. (海富基金管理有限公司). From February 2008 to November 2013, she was an investment director and a finance director at Shanghai Fuyuan Investment Co., Ltd. (上海復遠投資有限公司), where she was primarily responsible for investment consulting. From November 2013 to May 2016, she was a vice president at Ningbo-Fudan Innovation Center Co., Ltd. (寧波復旦創業投資有限公司), where she was primarily responsible for risk management and finance. She currently serves as an associate dean at the Research Institute of Fudan University in Ningbo (復旦大學寧波研究院), where she was primarily responsible for finance and risk control. Since June 2016, she has been a general manager at Shanghai Fu Rong Investment Co., Ltd. (上海復容投資有限公司), where she has been primarily responsible for overseeing investments.

Ms. Shang obtained her bachelor's degree in finance in investment from Fudan University (復旦大學) in Shanghai in July 2004. She further obtained her master's degree in business administration (MBA) from Fudan University (復旦大學) in Shanghai in June 2024.

Senior Management

Dr. WU Yusheng (吳豫生) is the chairperson of our Board, executive Director and chief executive officer. For details, please see "Executive Directors" in this section.

Dr. CHEN Shaoqing (陳少清), aged 59, joined our Group in May 2021 and has served as the senior vice president of the medicinal chemistry department of our Company since then. He is responsible for overseeing the early drug discovery and pharmaceutical synthesis of our Group.

Dr. Chen has more than 24 years of experience in medicinal chemistry. From September 1996 to April 1998, he was a postdoctoral fellow at The Scripps Research Institute in the U.S., where he was primarily responsible for conducting research on the development of new chemical technologies. From November 1994 to August 1996, Dr. Chen was a postdoctoral fellow at University of Pittsburgh, where he was primarily responsible for conducting research. He was a senior scientist at Vicuron Pharmaceuticals Inc., where he was primarily responsible for pharmaceutical R&D. From June 1999 to October 2012, Dr. Chen was a senior principal scientist at Hoffman-La Roche Inc., where he was primarily responsible for pharmaceutical R&D. From November 2012 to June 2013, he was an executive director at Pharmaron Inc. (康龍化成(北京)新藥技術股份有限公司), a pharmaceutical company listed on the Hong Kong Stock Exchange (stock code: 3759) and Shenzhen Stock Exchange (stock code: 300759). From July 2013 to October 2019, he was the general manager at Furen Hetero Onco Therapeutics Ltd. (輔仁藥業集團熙德隆腫瘤藥品有限公司), a pharmaceutical company, where he was primarily responsible for overseeing the daily operations of the company. From October 2019 to December 2020, he was the chief scientific officer and president of the Shanghai Research Center of KPC Pharmaceuticals, Inc. (昆藥集團股份有限公司). From December 2020 to May 2021, he was the president of the research institute at GranPharm (China) Co. Ltd. (遠大醫藥(中國)有限公司).

Dr. Chen obtained his bachelor's degree in chemistry from Nanjing University (南京大學) in Jiangsu in July 1986. He obtained his master's degree and doctor's degree in chemistry from the Shanghai Institute of Organic Chemistry, Chinese Academy of Sciences (中國科學院上海有機化學研究所) in Shanghai in May 1989 and June 1992, respectively.

Dr. Chen received the dean's scholarship excellence award from the Chinese Academy of Sciences in February 1993. He also received the 2022 innovation leading talent award under Huzhou South Taihu Elite Program from the People's Government of Huzhou City (湖州市政府). In addition, Dr. Chen has been named as a Zhejiang provincial level talent (浙江省級人才) by the People's Government of Zhejiang Province (浙江省人民政府) since 2022, and he has further been accredited as a national level talent (國家級人才) by the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) since October 2023.

Mr. CHEN Xiugui (陳修貴), aged 55, joined our Group in August 2018 and has served as senior vice president of the clinical and registration department of our Company since then. He is primarily responsible for the overall clinical development and registration affairs of our Group.

Mr. Chen has more than 17 years of experience in clinical development and registration of pharmaceutical products. From September 2002 to October 2011, he worked at Hangzhou Minsheng Pharmaceutical Co., Ltd. (杭州民生藥業股份有限公司), a controlling shareholder of Hangzhou Minsheng Healthcare Co., Ltd. (杭州民生健康藥業股份有限公司), a pharmaceutical company listed on the Shenzhen Stock Exchange (stock code: 301507). From November 2011 to April 2013, he worked at Ascletis Pharmaceutical (Hangzhou) Co., Ltd. (世方藥業(杭州)有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 1672). From July 2013 to February 2017, he worked at Betta Pharmaceuticals Co., Ltd. (貝達藥業股份有限公司), a company principally engaged in the R&D, production and sales of pharmaceutical products and listed on the Shenzhen Stock Exchange (stock code: 300558), where his last held position was medical manager. From May 2017 to July 2018, he served as a clinical director of Beijing Haisha Consulting Co., Ltd. (北京海莎諮詢有限公司), which is a wholly owned subsidiary of Yangtze River Pharmaceutical (Group) Co., Ltd. (揚子江藥業集團有限公司), where he was primarily responsible for the overall clinical development.

Mr. Chen obtained his bachelor's degree in acupuncture from Jiangxi University of Chinese Medicine (江西中醫藥大學) in Jiangxi in July 1993. He obtained his master's degree in acupuncture from Shanghai University of Traditional Chinese Medicine (上海中醫藥大學) in Shanghai in July 1996.

Mr. Chen is currently qualified as an attending traditional Chinese medicine physician by the Hangzhou Personnel Bureau (杭州市人事局) since September 1999. He has been qualified as a senior engineer in new drug development by the Zhejiang Personnel Bureau (浙江省人事廳) since February 2009 and has received the practicing traditional Chinese medicine physician certificate from the Lin'an Health Bureau of Hangzhou since July 2019.

Dr. JIANG Mingyu (蔣鳴昱) is our executive Director, vice president, Board secretary and joint company secretary of the Company. For details, please see "Executive Directors" in this section.

Joint Company Secretaries

Dr. JIANG Mingyu (蔣鳴昱) was appointed as the joint company secretary of the Company on January 17, 2024. Dr. Jiang is also an executive Director and a member of the senior management of the Company. For details, please see "Executive Directors" in this section.

Ms. WONG Wing Yee (黃詠儀) was appointed as a joint company secretary of our Company on January 17, 2024. Since September 2022, Ms. Wong has been an assistant manager of company secretarial services of Vistra Corporate Services (HK) Limited. She has over 7 years of experience in the corporate services industry. Ms. Wong has been an associate member 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 United Kingdom since June 2022. Ms. Wong obtained a bachelor of arts (Chinese) from The Lingnan University in November 2015.

Disclosure of Changes in Directors' Information Pursuant to Rule 13.51B(1) of the Listing Rules

Upon the approval of the relevant resolutions regarding the adjustment to remuneration of executive Directors and independent non-executive Directors at the first extraordinary general meeting of the Company of 2025 held on January 3, 2025, the remuneration of Dr. Wu Yusheng and Dr. Jiang Mingyu, the executive Directors, and Mr. Zhang Senquan, Dr. Leng Yuting, Dr. Xu Wenqing and Dr. Shen Xiuhua, the independent non-executive Directors, has been adjusted accordingly. For details, please refer to the circular issued by the Company on December 19, 2024. Except as disclosed in this annual report, during the Reporting Period and up to the date of this annual report, there are no other changes in directors' information that require to be disclosed in accordance with Rule 13.51B(1) of the Listing Rules.

Remuneration of Directors, Supervisors and Senior Management

The emoluments of the Directors, Supervisors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics. Details of the Directors' and Supervisors emoluments and emoluments of the five highest paid individual in the Group are set out in Notes 10 and 11 to the consolidated financial statements of this annual report.

For the year ended December 31, 2024, no emoluments were paid by the Group to any Director, Supervisors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived or agreed to waive any emoluments for the year ended December 31, 2024.

Continuous Disclosure Obligations in Accordance with the Listing Rules

The Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules. Other parts, reports or notes mentioned in this annual report are all integral parts of the annual report.

DIRECTORS' REPORT

The Board is pleased to present the Directors' Report and the audited consolidated financial statements of the Group for the year ended December 31, 2024.

Directors

During the Reporting Period and as of the date of this annual report, the Board is composed of the following members:

Executive Directors:

Dr. WU Yusheng *(Chairperson of our Board and Chief Executive Officer)*
Dr. JIANG Mingyu

Non-executive Directors:

Dr. LI Jun
Dr. GU Eric Hong
Dr. MENG Xiaoying
Mr. HE Chao
Dr. DING Zhao *(resigned on March 27, 2025)*

Independent non-executive Directors:

Mr. ZHANG Senquan
Dr. LENG Yuting
Dr. XU Wenqing
Dr. SHEN Xiuhua

The biographical details of directors can be found in the section "Directors, Supervisors and Senior Management" on pages 24 to 29 of this annual report.

Basic Information

The Company was incorporated as a joint stock limited company in the PRC on November 2, 2017. On August 20, 2024, the Company was successfully listed on the Stock Exchange upon completion of issuance of 47,880,000 H Shares.

Principal Business

We are a clinical-stage biopharmaceutical company committed to the discovery, acquisition, development and commercialization of differentiated targeted therapies to address unmet medical needs in cancer treatment. Since our inception in 2017, we have built a pipeline with 12 drug candidates, including Core Product TY-9591, seven products in clinical stage and four products in preclinical stage or early clinical development stage.

Business Review

Pursuant to the provisions of Schedule 5 of the Companies Ordinance, the business review of the Group, which includes a fair review of the Company's operations, details of significant events impacting the Company that occurred after the end of the financial year, insights into the possible future developments of the Company's business, an analysis using key financial performance indicators, and the relationships with key stakeholders that significantly affect the Group and upon which its prosperity relies, is set out in the "Management Discussion and Analysis" section of this annual report on pages 8 to 23. These reviews and discussions form part of this annual report.

Major Risks and Uncertainties

Our business faces various risks, including those that may hinder us from achieving our business objectives or have adverse effects on our business, financial condition, results of operations, cash flow and outlook.

Below is a summary of the major risks and uncertainties faced by the Group, some of which are beyond the control of the Group. For further details regarding the risks and uncertainties faced by the Group, please refer to the "Risk Factors" section of the Prospectus.

Risks Relating to the Research and Development of Our Drug Candidates

- We face intense competition and our competitors may discover, develop or commercialize competing drugs faster or more successfully than we do, which may adversely affect our ability to successfully commercialize our drug candidates.

- Our business and financial prospects depend substantially on the success of our clinical stage and preclinical stage drug candidates. If we are unable to successfully complete their clinical development, obtain their regulatory approvals and achieve their commercialization, or if we experience significant delays in doing any of the foregoing, our business will be materially harmed.

- We may not be able to identify, discover or develop new drug candidates, or to identify or develop new indications for our drug candidates, to expand or maintain our product pipeline.

- We invest substantial resources in research and development in order to develop, enhance or adapt to new technologies and methodologies, which may not be successful attempts.

- Clinical drug development involves a lengthy and expensive process with uncertain outcomes, and we may encounter unexpected difficulties in executing our clinical trials and commercializing our drug candidates on a timely basis.

- If we encounter difficulties in enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.

- AEs or undesirable side effects caused by our drug candidates could interrupt, delay or halt clinical trials, delay or prevent regulatory approval, limit the commercial profile of an approved drug, or result in other significant negative consequences.

- Results of early clinical trials may not be predictive of future trial results.
- We may allocate our limited resources to pursuing particular drug candidates or indications and fail to capitalize on other drug candidates or indications that may later prove to be more profitable, or for which there is a greater likelihood of success.
- We may be unable to successfully develop or market our drug candidates or may experience significant regulatory delays, if safety, efficacy or other issues arise from any pharmaceutical product or medical treatment used, or intended to be used, in combination with our drug candidates.
- The data and information that we gather in our research and development process could be inaccurate or incomplete, which could harm our business, reputation, financial condition and results of operations.
- In conducting drug discovery, development and commercialization, we face potential liabilities, in particular, product liability claims or lawsuits that could cause us to incur substantial liabilities.
- The FDA has granted orphan drug designation to TY-2136b for the treatment of NSCLC, but we may be unable to maintain or receive the benefits associated with orphan drug status, including market exclusivity.

Risks Relating to Manufacturing of Our Drug Candidates

- We have no experience in manufacturing pharmaceutical products, and our business could be materially and adversely affected if we encounter problems in manufacturing our future drug products.
- Failure to obtain and maintain regulatory approvals for our manufacturing facility, and any disruption or suspension of manufacturing activities may affect our business and results of operations.
- We procure certain raw materials from third-party suppliers for our manufacturing needs. Such supplies may not be available to us on acceptable terms or at all, and an increase in the market prices of such supplies may adversely affect our results of operations.

Risks Relating to Commercialization of Our Drug Candidates

- We have no experience in the commercialization of drugs. If we are unable to build, manage, expand and optimize an effective sales and distribution network for our drug candidates, either by ourselves or through third parties, we may not be able to successfully create or increase market awareness of our products or sell our products, which will materially affect our ability to generate product sales revenue.

- The size of the potential market for our current or future drug candidates is difficult to estimate and, if any of our assumptions are inaccurate, the actual markets for our current or future drug candidates may be smaller than our estimates.

- Our drug candidates, once approved, may fail to achieve the degree of market acceptance by physicians, patients, third-party payers and others in the medical community that would be necessary for our drug candidates' commercial success.

- The illegal and/or counterfeit pharmaceutical products may reduce demand for our drug candidates, which could have a negative impact on our reputation and business.

- Guidelines, recommendations and studies published by various organizations could disfavor our drug candidates.

- Our drug candidates may not be covered by insurance or reimbursement programs or may become subject to unfavorable insurance policies or reimbursement practices, either of which could harm our business, and we may be subject to unfavorable pricing regulations, which could make it difficult for us to sell our drugs profitably.

Risks Relating to Our Intellectual Property Rights

- If we and our collaboration partner are unable to obtain and maintain adequate patent and other intellectual property protection for our drug candidates throughout the selected markets in the world, or if the scope of such intellectual property rights obtained is not sufficiently broad or a compulsory license is issued, third parties could develop and commercialize drug candidates and technologies similar or identical to ours and compete directly against us, and our ability to successfully develop and commercialize any of our drug candidates or technologies would be materially and adversely affected.

- Our patent rights may be challenged and invalidated.

- Even if we obtain patent protection for our drug candidates, the term of such protection, if any, is limited, and third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us after the expiration of our patent rights, if any, and our ability to successfully commercialize any product or technology would be materially and adversely affected.

- We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful.

- If we are sued for infringing, misappropriating or otherwise violating intellectual property rights of third parties or engaging in unfair competition, such litigation could be costly and time-consuming and could prevent or delay us from developing or commercializing our drug candidates.
- We may not be able to enjoy additional protection over drug-related patents in the U.S.
- Failure to obtain the patent term adjustment or extension for NMPA-approved pharmaceutical products could increase the risk of early generic competition for our products in China.
- If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.
- If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.
- We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers, or claims asserting ownership of what we regard as our own intellectual property.
- Intellectual property and other laws and regulations are subject to development, which could diminish the value of our intellectual property and impair the intellectual property protection of our drug candidates.
- Patent protection depends on compliance with various procedural, regulatory and other requirements, and our patent protection could be reduced or eliminated due to non-compliance with those requirements.
- We may not be successful in obtaining or maintaining necessary rights for our development pipeline through in-licenses and acquisitions.
- Intellectual property rights do not necessarily protect us from all potential threats.

Risks Relating to Government Regulations

- All material aspects of the research, development and commercialization of pharmaceutical products are heavily regulated. Any failure to comply with existing or future regulations and industry standards or any adverse actions by drug approval authorities against us could negatively impact our reputation and our business, financial condition, results of operations and prospects.

- The regulatory approval processes of the NMPA, the FDA and other comparable regulatory authorities are time-consuming and inherently uncertain. If we are unable to obtain without undue delay any regulatory approval for our drug candidates in our targeted markets, our business may be substantially harmed.

- We are subject to registration, review and other requirements of the PRC and the overseas regulatory authorities for cross-border sales or licensing of technology as well as operations related to genetics and data safety.

- We primarily conduct clinical trials for our drug candidates in China, and FDA or comparable foreign regulatory authorities may not accept data from such trials.

- We are subject to stringent privacy laws, information security policies and contractual obligations related to data privacy and security, and we may be exposed to risks related to our management of the medical data of subjects enrolled in our clinical trials and other personal or sensitive information.

- Even if we receive regulatory approval for our drug candidates, we will be subject to ongoing or additional regulatory obligations and continued regulatory review, which may result in significant additional expenses and we may be subject to penalties and other negative consequences if we fail to comply with these regulatory requirements or experience unanticipated problems with our drug candidates.

- Changes in laws and regulations relating to the pharmaceutical industry may result in additional compliance risks and costs.

- We may be directly or indirectly subject to applicable anti-kickback, anti-bribery, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in China and other jurisdictions, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.

- We face certain risks relating to laws and regulations on social insurance and housing provident fund.

- We are subject to environmental protection, health and safety laws and regulations, and If we fail to comply with these laws and regulations, we could be subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

- We may be affected by currency exchange regimes.

- There exist uncertainties in effecting service of legal process, enforcing foreign judgments or bringing original actions in China against us or our management based on Hong Kong or other foreign laws.

Risks Relating to Our Financial Position and Need for Additional Capital

- We have incurred net losses since inception. We expect to continue to incur net losses for the foreseeable future and may not be able to generate sufficient revenue to achieve or maintain profitability.
- We had net operating cash outflows, net liabilities, net current liabilities during the Track Record Period, which may continue into the foreseeable future and expose us to liquidity risk.
- We have a limited operating history, which may make it difficult to predict our future performance.
- We may need to obtain substantial additional financing to fund our operations and expansion, and if we fail to do so, we may be unable to complete the development and commercialization of our drug candidates.
- Our results of operations, financial condition, and prospects may be adversely affected by fair value changes and credit risk associated with our financial assets at fair value through profit or loss.
- We are entitled to certain preferential tax treatments and government grants, and the expiration of or changes to which or our failure to satisfy any condition for which would have an adverse effect on our results of operations.
- We may incur impairment losses for prepayments and other receivables.
- We may incur impairment losses for intangible assets which could materially impact our financial position.
- Change in fair value of redemption liabilities on equity shares may affect our financial condition and results of operations.

Risks Relating to Our Operations

- The loss of any key members of our senior management team or our inability to attract and retain highly skilled and qualified employees could adversely affect our business.
- As we have significantly increased the size and capabilities of our organization since our inception, we may experience difficulties in managing our growth.
- We may engage in acquisitions or strategic partnerships in the future, which may increase our capital requirements, cause dilution for our Shareholders, cause us to incur debt or assume contingent liabilities or subject us to other risks.
- We are subject to the risks of doing business globally. Disruptions in the financial markets and economic conditions could affect our ability to raise capital.
- Our Directors, employees, principal investigators, CDMOs, CROs and other commercial partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements, which could harm our reputation and subject us to penalties and significant expenses that have a material and adverse effect on our business, financial condition and results of operations.

- We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business.
- We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.
- Increased labor costs may slow our growth and affect our operations.
- We may be subject to natural disasters, acts of war or terrorism or other factors beyond our control.
- Our property valuation is based on certain assumptions which, by their nature, are subjective and uncertain and may materially differ from actual results.
- Our internal information technology systems, or those used by our CROs, CDMOs or other contractors, may fail or suffer security breaches.
- Our reputation is important to our business success, and damage to our reputation may adversely affect our business.
- We are subject to risks associated with leased properties.
- Our risk management and internal control systems may not fully protect us against various risks inherent in our business.
- Changes in the economic, political or social conditions in our major operation location may materially and adversely affect our business, financial condition, results of operations and prospects.
- Changes in the international trade policies may affect our business operations.

Risks Relating to Our Reliance on Third Parties

- We work with various third parties to develop our drug candidates, such as those who help us conduct our preclinical studies and clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected timelines, we may not be able to obtain regulatory approval for, or commercialize, our drug candidates, and our business could be materially harmed.
- We rely on third parties to manufacture our clinical drug candidates and currently expect to rely on third parties to manufacture our drugs when approved, and our business could be harmed if those third parties fail to provide us with sufficient quantities of the drug product or fail to do so at acceptable quality levels or prices.
- We have entered into an out-licensing arrangement with Livzon and may seek additional collaboration opportunities and strategic alliances or enter into licensing arrangements in the future, but we may not realize the benefits of such collaboration, alliances or licensing arrangements as expected.

Environmental Policy and Performance

We are committed to fulfilling social responsibilities, promoting employee welfare and development, protecting the environment, contributing to the community, and achieving sustainable growth. Details are set out in the section headed “Environmental, Social and Governance Report” in this annual report.

Compliance with Relevant Laws and Regulations

Except for the disclosures in the annual report and the ESG report and as far as the Board and management are aware, the Company complied with all relevant laws and regulations that had a material impact on the Group's operations during the Reporting Period. During the Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations, by the Group.

Connected Transactions and Continuing Connected Transactions

TY-9591 CCT Agreements

On December 29, 2023, the Company entered into a technology service agreement for TY-9591 tablets ("**TY-9591 Tablets Service Agreement**") and a technology service agreement for TY-9591 active pharmaceutical ingredient (API) ("**TY-9591 API Service Agreement**"), which are further supplemented by a supplemental agreement dated July 19, 2024 (together with the TY-9591 API Service Agreement and the TY-9591 Tablets Service Agreement, the **"TY-9591 CCT Agreements**") with Sichuan Huiyu Pharmaceutical Co., Ltd. ("**Huiyu Pharmaceutical**"). Huiyu Pharmaceutical was held as to approximately 26.93% by Dr. DING Zhao, our former non-executive Director, who through a weighted voting rights structure and together with his controlled entities, was able to exercise 60.95% voting rights in Huiyu Pharmaceutical. As such, Huiyu Pharmaceutical is an associate of our former Director and therefore a connected person of our Company. The TY-9591 CCT Agreements will continue in full force from the date of entering into the agreements until the end of the year of 2025.

Huiyu Pharmaceutical provided technology services for TY-9591 tablets to our Company, including, among others, procurement of ancillary materials required for the production of TY-9591 tablets, production of TY-9591 tablets in accordance with the Company's instructions, drafting the documents required for registration and application for TY-9591 tablets and ensuring that TY-9591 tablets meet GMP compliance requirements. Huiyu Pharmaceutical provided technology services of TY-9591 API to our Company, including, among others, procurement of ancillary materials required for the production of TY-9591 API, manufacturing process transfer and production of TY-9591 API. Accordingly, our Company has payments of technology service fees and ancillary materials procurement fees to Huiyu Pharmaceutical under the TY-9591 CCT Agreements with reference to the specific milestones specified thereunder.

As the transactions contemplated under the TY-9591 CCT Agreements constitutes a partially exempt continuing connected transactions under the Listing Rules upon Listing, the Company had applied to the Stock Exchange for, and the Stock Exchange had granted, a waiver under Rule 14A.105 of the Listing Rules from compliance with the announcement requirement under the Listing Rules in respect of such transactions for a term of two years ending on December 31, 2025, subject to the condition that the total amount of transactions under the TY-9591 CCT Agreements for each of the two years ending December 31, 2025 shall not exceed the proposed annual caps as set out in the "CONNECTED TRANSACTIONS" section of the prospectus dated July 29, 2024.

For the year ended December 31, 2024, the caps on technology service fees and ancillary materials procurement fees payable to Huiyu Pharmaceutical under the TY-9591 CCT Agreements were RMB4,690,000 and RMB2,180,000 respectively. The actual transaction amounts were RMB3,236,000 and RMB1,062,000, respectively.

Details of aforesaid continuing connected transactions are set out in the prospectus published by the Company on July 29, 2024.

Advancement in Relation to Individual Income Tax Arising from the Awards under the Employee Incentive Scheme

On December 13, 2024, the Company (as lender), Dr. Jiang Mingyu ("**Dr. Jiang**") (as borrower) and the ESOP Platforms entered into the Advancement Agreement, pursuant to which the Company agreed to advance cash in the principal amount of RMB3,100,861.50 to Dr. Jiang for a term from the date of the Advancement Agreement to December 15, 2026 for payment of ESOP Taxes payable by Dr. Jiang arising from the awards granted to him under the Employee Incentive Scheme.

Dr. Jiang is an executive Director and therefore is a connected person of the Company under Rule 14A.07(1) of the Listing Rules. As such, the transaction contemplated under the Advancement Agreement constitutes a continuing connected transaction of the Company under Chapter 14 of the Listing Rules.

The advancement was provided to Dr. Jiang on an interest bearing basis with a duration up to December 15, 2026. The advancement is unsecured and may be repaid in one or more installment during the term of the advancement.

For the year ended December 31, 2024, the maximum loan amount provided to Dr. Jiang was RMB3,105,075.27, with the actual transaction amount being RMB3,101,000.

Details of aforesaid continuing connected transactions are set out in the announcement of the Company dated December 13, 2024.

The Company confirmed it has complied with the relevant requirements in Chapter 14A of the Listing Rules. Details of the related party transactions of the Group for the year ended December 31, 2024 are set out in Note 32 to the consolidated financial statements contained herein. Saved as disclosed herein, none of the related party transactions constitute a connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules.

Confirmation of Independent Non-executive Directors

The independent non-executive Directors have confirmed that the above continuing connected transactions:(i) were entered into in the ordinary course of business of the Group, on normal commercial terms or better, pursuant to the relevant agreements, with terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole; and (ii) the annual caps set out above are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Confirmation of Auditor

The Company's auditor has confirmed in their letter to the Board that regarding the continuing connected transactions:

- Nothing has come to the auditor's attention that causes it to believe the disclosed continuing connected transactions were not approved by the Board of the Company.

- For transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes it to believe the disclosed continuing connected transactions did not comply in any material respects with the Group's pricing policies.

- Nothing has come to the auditor's attention that causes it to believe the disclosed continuing connected transactions were not entered into in all material respects in accordance with the relevant agreements governing such transactions.

- With respect to the aggregate amounts of the above continuing connected transactions, nothing has come to the auditor's attention that causes it to believe the disclosed continuing connected transactions exceeded the annual caps set by the Company.

Non-competition Undertaking

Dr. Wu has provided a non-competition undertaking, pursuant to which he had undertaken that he will not, and will use his best endeavors to procure his close associates (except any member of our Group) not to, whether directly or indirectly, as principal or agent either on his/their own account or in conjunction with or on behalf of any person, engage in any business that competes, or is likely to compete, directly or indirectly with our Group. In addition, under the Non-competition Undertaking, Dr. Wu unconditionally and irrevocably granted us the option to acquire new business opportunities, options for acquisitions, and pre-emptive rights in respect of the Restricted Business.

The Company has received a confirmation letter from Dr. Wu regarding compliance with the non-competition undertaking for the year ended December 31, 2024. The independent non-executive directors have also reviewed Dr. Wu's adherence to the non-competition undertaking.

Employee Incentive Scheme

The purpose of the Employee Incentive Scheme is to improve the long-term incentive mechanism of our Company in order to enhance the enthusiasm and innovation of our employees, enable our Company to attract and retain high-end talents and promote our Company's continued growth.

In recognition of the contribution of our employees, we have adopted the Employee Incentive Scheme prior to the Global Offering. The Employee Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of Shares or the grant of options by our Company to subscribe for the Shares after the Listing. Pursuant to the Articles of Association and the Employee Incentive Scheme rules, our Board is responsible for reviewing and approving the implementation, alteration and termination of the Employee Incentive Scheme. Our Board has further established an employee equity incentive scheme daily management working committee (the "**Employee Incentive Scheme Working Committee**"), whose members are appointed at the sole discretion of our Board, to assist in the implementation of the Employee Incentive Scheme and carry out other matters delegated by our Board. The participants of the Employee Incentive Scheme include senior managers, key mid-level managers and core technical personnel of our Company as well as key employees with outstanding contributions who have been nominated by the chairman and approved by the Employee Incentive Scheme Working Committee (the "**Participants**").

Under the Employee Incentive Scheme rules, where the Participant's employment relationship with our Company terminates without misconduct during the lock-up period, or where the Participant applies to redeem his equity interest in the ESOP Platform, the relevant Participant shall, with the consent of the Employee Incentive Scheme Working Committee and at the exit price calculated pursuant to the Employee Incentive Scheme, (i) transfer all of his equity interest in the ESOP Platform to the executive partner or any third party approved by the Employee Incentive Scheme Working Committee or (ii) withdraw the capital contribution corresponding to the partnership interest held by him in the ESOP Platforms, upon which the executive partner or any third party approved by the Employee Incentive Scheme Working Committee shall make the corresponding capital contribution to the ESOP Platform. Since the adoption of the Employee Incentive Scheme and up to the date of this annual report, no incentive awards have been redeemed. For more details of the Employee Incentive Scheme, please refer to "Further Information about our Directors, Supervisors and Substantial Shareholders — Employee Incentive Scheme" in Appendix VII of the Prospectus.

Save as disclosed above, neither the Company nor its subsidiaries had any other share scheme.

Major Customers and Major Suppliers

During the year ended December 31, 2024, the Group's purchases from our five largest suppliers amounted to RMB73,302,000 (2023: RMB76,739,000), accounting for 42.6% (2023: 38.8%) of the Group's total purchases for the same period. The Group's purchases from our largest supplier amounted to RMB24,335,000 (2023: RMB19,804,000), accounting for approximately 14.1% (2023: 10.0%) of the Group's total purchases for the same period.

During the Reporting Period, the Group had no commercialized product and therefore had no major customers.

During the Reporting Period, none of our Directors, their close associates or any Shareholders (who, to the knowledge of our Directors, hold more than 5% of the issued Shares) were interested in the Group's five largest suppliers.

Relationship with Stakeholders

The Group recognizes that various stakeholders are key to the Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationships with them.

The Group believes that employees are important and valuable assets. The Group provides training for employees to enhance their knowledge in corporate values and culture and to implement them thoroughly. The Group also aims to provide competitive and attractive remuneration packages to retain its employees. Meanwhile, for the purpose of providing incentives and rewards to eligible participants who have contributed to the success of the Group's operations, the Company has adopted the Employee Incentive Scheme. Details of such scheme are set out in the section headed "Employee Incentive Scheme" in this annual report.

A detailed description of the Company's relationships with employees, customers and suppliers and other persons with significant influence on the Company is set out in the section headed "Environmental, Social and Governance Report" of this annual report.

Pre-emptive Rights

There is no provision for pre-emptive rights under the articles of association of the Company or the laws of the PRC which would oblige the Company to offer new shares on a pro-rata basis to its existing Shareholders.

Tax Relief and Exemption

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) and its implementation rules, dividends paid to individual investors by PRC companies are generally subject to an individual income tax levied at a flat rate of 20%. For an individual investor who has no domicile in the PRC and is not resident in the territory of the PRC or who has no domicile in the PRC and has been resident in the territory of the PRC for less than 183 days cumulatively within a tax year, his/her receipt of dividends from a PRC company is normally subject to a PRC withholding tax of 20% unless specifically exempted or reduced by an applicable tax treaty and other tax laws and regulations.

Pursuant to the Notice of the State Administration of Taxation on Issues Concerning Withholding the Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to Holders of H Shares who are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外 H 股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》(國税函[2008]897號)), a PRC resident enterprise, when distributing dividends for 2008 and for the years afterwards to holders of H Shares who are overseas non-resident enterprises, shall withhold the enterprise income tax at a flat rate of 10%.

The Company did not have any distributable profit in 2024. The Company did not pay any dividend. Accordingly, the shareholders of the Company (including the holders of H Shares) are not subject to income tax.

Subsidiaries

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

Property, Plant and Equipment

Details of the Group's property, plant and equipment during the Reporting Period, are set out in note 15 to the consolidated financial statements.

During the Reporting Period, the Company did not have any properties for development and/or sale or investment purposes.

Use of Listing Proceeds

Use of Net Proceeds from the Global Offering

Our Company was successfully listed on the Main Board of the Stock Exchange on August 20, 2024. The net proceeds from the Global Offering, after deduction of the underwriting fees and commissions and expenses payable by our Company in connection with the Global Offering, amounted to approximately HK$506.31 million. As of the date of this annual report, there has been no change in the intended use of net proceeds as previously disclosed in the Prospectus.

Net proceeds from the Global Offering will be utilised in accordance with the proportion of use allocation as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

The table below sets forth the intended use of the net proceeds:

Item	Net proceeds from the Global Offering *HK$ million*	Utilized net proceeds during the year ended December 31, 2024 *RMB million*	Unutilized net proceeds as of December 31, 2024 *RMB million*	Expected timeline for full utilization of the remaining proceeds[2]
• 70.0%, or approximately HK$354.4 million, will be used for the research, development and commercialization of our Core Product, namely, TY-9591:				
– 26.0%, or approximately HK$131.6 million, will be used to fund the ongoing clinical trial of TY-9591 monotherapy as first-line treatment in brain metastases from lung cancer with EGFR mutations. We commenced patient enrollment for a pivotal Phase II clinical trial in August 2023.	131.60	44.18	87.42	By the end of 2028
– 19.0%, or approximately HK$96.2 million, will be used to fund the ongoing clinical trial of TY-9591 monotherapy as first-line treatment in locally advanced or metastatic lung cancer with EGFR exon 21 L858R mutation. We commenced patient enrollment for a registrational Phase III clinical trial in June 2022.	96.20	17.04	79.16	By the end of 2027

Item	Net proceeds from the Global Offering *HK$ million*	Utilized net proceeds during the year ended December 31, 2024 *RMB million*	Unutilized net proceeds as of December 31, 2024 *RMB million*	Expected timeline for full utilization of the remaining proceeds[2]
– 23.0%, or approximately HK$116.5 million, will be used to fund the planned Phase II and III clinical trial of TY-9591 in combination with pemetrexed and cisplatin or carboplatin as first-line treatment in advanced or metastatic lung cancer with EGFR mutations.	116.50	0.78	115.72	By the end of 2030
– 2.0%, or approximately HK$10.1 million, will be used to prepare for the anticipated commercial launch of TY-9591.	10.10	0.00	10.10	By the end of 2027
• 20.0%, or approximately HK$101.3 million, will be used for the research and development of our other product candidates, including:				
– 6.0%, or approximately HK$30.4 million, will be used to fund the clinical development of TY-302, of which	30.40	5.85	24.55	By the end of 2029
i. 2.0%, or approximately HK$10.1 million, will be used to fund the planned registrational Phase III clinical trial of TY-302 in combination with toremifene citrate as third-or later-line treatment in breast cancer in China; and	10.10	2.05	8.05	By the end of 2029
ii. 4.0%, or approximately HK$20.3 million, will be used to fund the planned Phase II and Phase III trials of TY-302 in combination abiraterone as first-line treatment in prostate cancer in China, respectively	20.30	3.80	16.50	By the end of 2030
– 3.0%, or approximately HK$15.2 million, will be used to fund the clinical development of TY-2136b in solid tumors in the U.S.	15.20	0.82	14.38	By the end of 2028
– 4.0%, or approximately HK$20.3 million, will be used to fund the clinical development of TY-2699a, including the ongoing Phase I clinical trial of TY-2699a in monotherapy or combination therapy in locally advanced or metastatic solid tumors, a planned Phase Ib clinical trial and a planned pivotal Phase II clinical trial	20.30	2.15	18.15	By the end of 2028
– 3.0%, or approximately HK$15.2 million, will be used to fund the clinical development of TY-0540, including the ongoing Phase I clinical trial of TY-0540 monotherapy or combination therapy in solid tumors, a planned Phase Ib clinical trial and a planned pivotal Phase II clinical trial	15.20	0.94	14.26	By the end of 2028

Item	Net proceeds from the Global Offering *HK$ million*	Utilized net proceeds during the year ended December 31, 2024 *RMB million*	Unutilized net proceeds as of December 31, 2024 *RMB million*	Expected timeline for full utilization of the remaining proceeds[2]
– 2.0%, or approximately HK$10.1 million, will be used to fund the clinical development of TY-1091, including the ongoing Phase I clinical trial of TY-1091 in RET fusion-positive solid tumors; and	10.10	0.69	9.41	By the end of 2027
– 2.0%, or approximately HK$10.1 million, will be used to fund the clinical development of TY-4028, including a planned Phase I clinical trial in NSCLC with EGFR exon 20 insertion	10.10	0.56	9.54	By the end of 2028
• 3.0%, or approximately HK$15.2 million, will be used for potential strategic acquisition, investment, in-licensing or collaboration opportunities. In the future, we may selectively acquire or invest in innovative technologies to enhance our research and development capabilities or explore potential combination therapy partners for TY-9591. In addition, we may collaborate with leading universities or research institutions to develop new technologies or product candidates. We may also enter into in-licensing arrangements to expand our product portfolio. As of the Latest Practicable Date, we have not identified any specific target for acquisition, investment, licensing, collaboration, strategic partnerships or co-development; and	15.20	0.39	14.81	By the end of 2026
• 7.0%, or approximately HK$35.4 million, will be used for working capital and other general corporate purposes	35.40	25.22	10.18	By the end of 2025
Total	506.31	98.61	407.70	

Notes:

1. Figures presented in the table are rounded to two decimal places.

2. To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we will deposit the net proceeds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions.

3. The expected timeline to use the remaining proceeds is prepared based on the best estimate made by the Group, which is subject to change according to the current and future development of the market condition.

Material Litigation

As of December 31, 2024, our Company was not involved in any litigation, arbitration, administrative proceedings of material importance which could have a material adverse effect on its financial condition or results of operations, and, so far as our Company is aware, no litigation, arbitration, administrative proceedings of material importance is pending or threatened against our Company.

Share Capital and Shares Issued

Details of the changes in the Company's share capital during the financial year ended December 31, 2024 are set out on page 132 of the Consolidated Statement of Changes in Equity.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the required percentage of public float in accordance with the Listing Rules.

Donations

During the Reporting Period, the Group made charitable donations of RMB1.1 million.

Bond Issuance

The Group did not issue any bonds during the Reporting Period.

Equity Linked Agreement

During the Reporting Period, no equity-linked agreements were entered into or subsisted.

Dividend

The Board does not recommend the payment of a final dividend for the year ended December 31, 2024. No arrangement was reached pursuant to which the Shareholders waived or agreed to waive their dividends.

Purchase, Sale or Redemption of Listed Securities of the Company

Save for the Global Offering, since the Listing Date and up to December 31, 2024, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury Shares). As at December 31, 2024, our Company did not hold any treasury Shares.

Permitted Indemnity Articles

Director and senior management liability insurance has been effected for directors and senior management, which can provide guarantee for possibly incurred expenses and liabilities during the Reporting Period.

Reserves

Detailed changes in reserves for the year ended December 31, 2024 are presented in the consolidated statement of changes in equity on page 132 and note 27 to consolidated financial statements, respectively.

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

Directors' and Supervisors' Service Agreement

Each Director and Supervisor has entered into a service agreement with the Company in respect of, among other things, compliance with relevant laws and regulations, observance of the Articles of Association and provisions on arbitration. The material terms of these service agreements include (a) a tenure of three years from the date of appointment; and (b) termination clauses in accordance with their respective terms. Our Directors can be re-elected subject to the approval of the shareholders.

Save as disclosed above, none of our Directors and Supervisors have entered into or intend to enter into a service contract with any member of the Group that cannot be terminated by the Group within one year without compensation (except for statutory compensation).

The Interest of Directors and Supervisors in Major Transactions, Arrangements or Contracts

Saved as disclosed under the "Connected Transactions and Continuing Connected Transactions" section hereof, during the Reporting Period, none of the Directors, Supervisors or their connected entities were materially interested in a direct or indirect manner in any transaction, arrangement or arrangement that is significant in relation to our business with the Company or any of its subsidiaries.

Contracts of Controlling Shareholders

During the Reporting Period, no material contracts or contracts for the provision of services were entered into between the Company or any of its subsidiaries and the controlling shareholder or its subsidiaries, saved as disclosed in this annual report.

Management Contract

During the Reporting Period, the Company did not enter into or maintain any management and administrative contracts involving the whole part or significant aspects of its business.

Auditors

The Group's consolidated financial statements have been audited by Ernst & Young, which will terminate its service at the Company's upcoming annual general meeting and be reappointed consecutively upon self-recommendation under the premise that it is eligible. The Company's independent external auditors have not changed since the listing.

Entitlement of Directors to Acquire Shares or Debentures

During the Reporting Period, neither the Company nor any of its subsidiaries entered into any arrangements to enable the Directors to profit from the acquisition of shares or debentures in the Company or any other corporation; and none of the Directors and any of their spouses and children under 18 are entitled to subscribe for, and exercise any such related rights, the equities or debt securities of the Company or any other corporation.

Directors' Engagement in Competing Business

It is acknowledged by each Director that, as at the date of the annual report, he/she hasn't had any interest in a business that directly or indirectly causes or may cause competition with our business, which has been disclosed in accordance with Rule 8.10 of the Listing Rules.

Material Events after the Report Period

Full Circulation

On December 18, 2024, The China Securities Regulatory Commission (CSRC) issued a filing notice ("**Filing Notice**") to the Company regarding the application submitted by the Company on behalf of some shareholders to the CSRC for converting a total of 173,641,645 Unlisted Shares they held into H shares and listing on the Stock Exchange ("**Conversion and Listing**"). According to the Filing Notice, the CSRC Filing in relation to the H Share Full Circulation, in respect of the conversion of 173,641,645 Unlisted Shares held by 25 shareholders of the Company into 173,641,645 H shares has been completed. Furthermore, the Listing Approval was granted by the Stock Exchange on February 10, 2025. The conversion of 173,641,645 Unlisted Shares into H shares had been completed on February 18, 2025, and the listing of the Converted H Shares on the Stock Exchange have commenced at 9:00 a.m. on February 19, 2025. Please refer to the announcements of the Company dated December 19, 2024, February 10, 2025 and February 18, 2025 for details.

Save as disclosed above, the Group did not have any other material subsequent events after the Reporting Period and up to the date of this annual report.

For and on behalf of the Board
TYK Medicines, Inc.
Chairman
Dr. WU Yusheng

March 27, 2025

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Corporate Governance Report of the Company for the period from the Listing Date to December 31, 2024.

Corporate Culture

The Board firmly believes that corporate culture is the cornerstone of long-term business, economic success, and sustainable growth of the Group. A strong corporate culture enables a company to achieve long-term sustainable performance and fulfill its role as a responsible corporate citizen. The vision of the Company is to aim at "best-in-class" and "first-in-class", and to reach the global advanced level of new drug R&D. The commitment of the Company is to address the issue of drug accessibility for patients and to make the best drugs available and affordable to average patients.

The Board sets and promotes the corporate culture and expects all employees to better understand and reinforce the corporate culture, structure, and policies, and further enhance their quality awareness. In addition, from time to time, the Company invites external experts to provide training for our executives to enhance their relevant knowledge and management skills.

The Board always ensures that the objectives, values, and strategies set are aligned with the corporate culture and that all Directors are committed to promoting the corporate culture by example. Please refer to the "Management Discussion and Analysis" section for the performance of the Company during the Reporting Period.

The Board is of the view that the current business model of the Company is in line with the objectives and long-term strategy of the Company and that the corporate culture is consistent with the objectives, values, and strategies of the Group.

Corporate Governance Practice

We are committed to achieving high standards of corporate governance with a view to safeguarding the interest of our Shareholders. The Company has adopted the CG Code as its own code of corporate governance after the Listing.

From the Listing Date to December 31, 2024, the Company has complied with all the code provisions as set out in Part 2 of the CG Code, save and except for the following deviation:

Under paragraph C.2.1 of part 2 of the CG Code, the roles of chairperson and chief executive officer should be separate and should not be performed by the same individual. Dr. Wu Yusheng ("**Dr. Wu**") is the chairperson of the Board and the chief executive officer of the Company. With abundant experience in the pharmaceutical industry and having served in the Company since its establishment, Dr. Wu is in charge of overseeing the overall management, business operation and strategies of the Group. Despite the fact that the roles of the chairperson of the Board and the chief executive officer of the Company are both performed by Dr. Wu, which constitutes a deviation from paragraph C.2.1 of part 2 of the CG Code, the Board considers that vesting the roles of both the chairperson of the Board and the chief executive officer of the Company all in Dr. Wu has the benefit of ensuring consistent leadership and more effective and efficient overall strategic planning of the Company.

The balance of power and authority is ensured by the operation of the Board and the senior management, each of which comprises experienced and diverse individuals. Following the resignation of Dr. Ding Zhao as a non-executive Director, the Board currently comprises two executive Directors, four non-executive Directors and four independent non-executive Directors. Therefore, the Board possesses a strong independence element in its composition. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairperson and the chief executive officer is necessary.

The Company will continue to review and monitor our corporate governance practices regularly to ensure compliance with the CG Code and to maintain high standards of corporate governance practices.

Model Code for Securities Transactions

Since the Listing Date, the Company has adopted the Model Code as its own code of conduct regarding dealings in the securities of the Company by the Directors and Supervisors.

The Model Code is applicable for the reporting period from the Listing Date of the Company to December 31, 2024 only. Upon specific enquiries, all Directors and Supervisors confirmed that they have complied with the Model Code from the Listing Date to December 31, 2024.

Relevant employees of the Company who may have access to the Company's inside information are also required to comply with the Model Code. From the Listing Date up to December 31, 2024, the Company has not noticed any incidents of relevant employees of the Company violating the Model Code.

Board

Board Composition

During the Reporting Period and up to the date of this annual report, the Board consisted of the following individuals:

Executive Directors:

Dr. WU Yusheng *(Chairman of the Board and Chief Executive Officer)*
Dr. JIANG Mingyu

Non-executive Directors:

Dr. LI Jun
Dr. GU Hong
Dr. MENG Xiaoying
Mr. HE Chao
Dr. DING Zhao *(Resigned on March 27, 2025)*

Independent Non-executive Directors:

Mr. ZHANG Senquan
Dr. LENG Yuting
Dr. XU Wenqing
Dr. SHEN Xiuhua

Biographical details of the Directors are set out in the section headed "Directors, Supervisors and Senior Management" on pages 24 to 29 of this annual report. As disclosed in this annual report, there are no material/relevant relationships (including financial, business, or family relationships) between members of the Board.

Independent Non-executive Directors

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

During the Reporting Period, the Board has consistently met the requirements of the Listing Rules for the appointment of at least three independent non-executive directors comprising at least one-third of the Board, one of whom has appropriate professional qualifications or accounting or related financial management expertise.

Mechanisms for Independent Views and Opinions of the Board

The Company has established formal and informal channels to ensure that the Board has access to independent views and opinions. In particular:

(i) Four members of the Board are independent non-executive directors;

(ii) The independence of each independent non-executive director is assessed at the time of his or her appointment and continues to be assessed annually; and

(iii) Directors and members of Board Committees may obtain independent professional opinions on matters relating to the Company at the expense of the Company as and when required.

Based on the above measures, the Board believes that these mechanisms are effective in ensuring that the Board has access to independent views and opinions in 2024. The Board reviews the implementation and effectiveness of these mechanisms on an annual basis.

Board Meetings, Committee Meetings and General Meetings

Pursuant to Code Provision C.5.1 of the CG Code, the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals and to involve active participation of a majority of directors. Schedules for regular Board meetings are normally agreed with Directors in advance to facilitate their attendance. At least 14 days' notice for all regular Board meetings will be given to all Directors and all Directors are given the opportunity to include items or businesses for discussion in the agenda. For all other Board meetings, reasonable notice will be given. Relevant agenda and accompanying meeting papers will be sent to all Directors in a timely manner and at least three days in advance of every regular Board meeting.

The Company was listed on the Stock Exchange on August 20, 2024. From the Listing Date to December 31, 2024, the Company held 3 Board meetings, 4 Committee meetings and 1 extraordinary general meeting dated January 1, 2025. The forthcoming annual general meeting of the Company is expected to be held on June 26, 2025.

Summary of the attendance records of each Director at the general meetings, Board meetings and Committee meetings during the Listing Date to December 31, 2024 are set out below:

	Number of Meetings Attended in Person/by proxy(ies)/Eligible to attend					
Directors	**Annual general meeting**	**Board meetings**	**Audit Committee**	**Remuneration and Appraisal Committee**	**Nomination Committee**	**Scientific Committee**
WU Yusheng	N/A	3/3	N/A	1/1	1/1	N/A
JIANG Mingyu	N/A	3/3	N/A	N/A	N/A	N/A
LI Jun	N/A	3/3	2/2	N/A	N/A	N/A
GU Eric Hong	N/A	3/3	N/A	N/A	N/A	N/A
MENG Xiaoying	N/A	3/3	N/A	N/A	N/A	N/A
HE Chao	N/A	3/3	N/A	N/A	N/A	N/A
DING Zhao	N/A	3/3	N/A	N/A	N/A	N/A
ZHANG Senquan	N/A	3/3	2/2	1/1	1/1	N/A
LENG Yuting	N/A	3/3	2/2	1/1	1/1	N/A
XU Wenqing	N/A	3/3	N/A	N/A	N/A	N/A
SHEN Xiuhua	N/A	3/3	N/A	N/A	N/A	N/A

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

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is the primary decision-making body of the Company and is responsible for overseeing the Group's businesses, strategic decisions, preparation of financial accounts and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board makes decisions objectively in the interests of the Company. All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The Group's senior management is responsible for the day-to-day management of the Group's business and is responsible for overseeing the general operation, business development, finance and marketing.

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

The Company has purchased liability insurance for its Directors and Senior Management, covering legal liability which may arise in the course of performing their duties.

Appointment, Re-Election and Removal of Directors

The term of office of the Directors is 3 years, and they are eligible for re-election upon expiry of the term. Directors are elected or replaced by the shareholders' general meeting and may be removed by the shareholders' general meeting before the expiry of the term.

The term of office of a Director shall commence from the date at which the Director is appointed until the expiry of the term of office of the current session of the Board of Directors. Where the re-election of Directors is not held in time after the term of office of the existing Directors has expired, the original Director shall, before the newly-elected Director assumes his post, perform duties as a Director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.

Any person appointed by the Board of Directors to fill up a casual vacancy or as an addition to the Board of Directors shall hold office only until the first annual shareholders' general meeting after his/her appointment, and shall then be eligible for re-election.

Any Director (including a Director who is chief executive officer or other executive Directors) can be removed before the expiry of his/her term of office by an ordinary resolution passed at a shareholders' general meeting, subject to compliance with the relevant laws and administrative regulations and the regulations of the stock exchange on which the Company's shares are listed. Such removal shall not affect the rights of such Director to make any claim for damages under any contract.

The Nomination Committee evaluates the skills, knowledge and experience of the Board, and identifies any special requirements when vacancies on the Board exist. The Nomination Committee identifies suitable candidates and convenes Nomination Committee meetings for discussion and voting, and makes recommendations to the Board regarding nominated directors.

The Nomination Committee considers candidates with the personal skills, experience and professional expertise necessary to facilitate and enhance the Board's effective functioning.

In considering the Board composition, the Nomination Committee would take into account the Company's Board Diversity Policy.

In assessing and identifying Director candidates, both the Nomination Committee and the Board shall consider the following factors: candidate's character and integrity, professional qualifications, skills, knowledge and experience relevant to the Group's business and strategy; willingness to devote sufficient time to fulfill duties as a director and member of Board committees; compliance with the Listing Rules (including the independence requirements for independent non-executive Directors); alignment with the Company's Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for a diversified Board.

Each of our Directors has confirmed that he/she obtained the legal advice referred to under Rule 3.09D of the Listing Rules in January 2024, and understood his/her obligations as a director of a listed issuer.

Board Committees

The Board has established four committees, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Scientific Committee, being responsible for overseeing specific matters of the Company. Each committee has established clearly-defined terms of reference. The terms of reference are accessible on the official websites of the Company and the Hong Kong Stock Exchange.

Audit Committee

The Board has established the Audit Committee with written terms of reference in accordance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The Audit Committee is composed of two independent non-executive directors, Mr. ZHANG Senquan and Dr. LENG Yuting, and one non-executive director, Dr. LI Jun. Mr. ZHANG Senquan serves as the Chairman of the Audit Committee, and he possesses the appropriate professional qualifications required by Rules 3.10(2) and 3.21 of the Listing Rules.

The main responsibilities of the Audit Committee include, but not limited to:

(i) Supervising the issuer's financial reporting system, risk management and internal control system;

(ii) Acting as the main representative between the Company and the external auditor, and being responsible for monitoring the relationship between the two;

(iii) Performing other duties and responsibilities assigned by the Board, including but not limited to:

- Proposing the engagement or replacement of the external auditor, and supervising and evaluating the work of the external auditor;
- Directing the internal audit work, and supervising the Company's internal audit system and its implementation;
- Coordinating the communication among the management, the internal audit department and relevant departments with the external audit firm;
- Reviewing the Company's financial reports and expressing opinions thereon, and examining the Company's financial information and its disclosure;
- Reviewing the Company's internal control system and evaluating the effectiveness of internal control;
- Examining matters related to the appointment or dismissal of the Company's chief financial officer, and providing professional opinions to the Board for consideration; and
- Other matters stipulated by laws, administrative regulations, rules, securities regulatory authorities and authorized by the Company's Board.

The Audit Committee, together with the management, has reviewed the accounting standards and policies adopted by the Group, and discussed internal control and financial reporting matters, including the review of the audited consolidated financial statements for the year ended December 31, 2024.

The Audit Committee convened two meetings between the Listing Date and December 31, 2024. Attendance records of directors at these meetings are disclosed in the section titled "Corporate Governance Report – Board meetings, committee meetings and general meetings".

During the meetings, the Audit Committee reviewed the financial statements, interim results announcement, interim report for the six months ended June 30, 2024, and deliberated on the Company's annual audit plan.

Remuneration and Appraisal Committee

The Board has established the Remuneration and Appraisal Committee in accordance with Rule 3.25 of the Listing Rules and paragraph E.1 of part 2 of the Corporate Governance Code. The Remuneration and Appraisal Committee is composed of two independent non-executive directors, Mr. ZHANG Senquan and Dr. LENG Yuting, and one executive director, Dr. WU Yusheng. Dr. LENG Yuting serves as the Chairman of the Remuneration and Appraisal Committee.

The primary duties of the Remuneration and Appraisal Committee include, but are not limited to:

(i) Advising the Board on the overall remuneration policy and structure for the Company's directors and senior management, and on establishing a formal and transparent procedure for formulating the remuneration policy;

(ii) Reviewing and approving the management's remuneration suggestions in accordance with the corporate policies and objectives set by the Board; and

(iii) Examining and approving compensation proposals based on the Company's polices and objectives, including but not limited to:

- Developing the overall remuneration policy and structure for directors and senior management based on the main scope, responsibilities, importance of their management positions, and the compensation levels of similar positions in society;
- Advising the Board on establishing a formal and transparent procedure for formulating the remuneration policy;
- Reviewing and approving the management's remuneration suggestions in accordance with the corporate policies and objectives set by the Board;
- (If delegated by the Board) Determining the remuneration for individual executive directors and senior management (including non-monetary benefits, pension entitlements, and compensation amounts, covering compensation for loss or termination of office or appointment);
- Advising the Board on the remuneration of non-executive directors;
- Reviewing the performance of non-independent non-executive directors and senior management in fulfilling their duties and conducting annual performance appraisal;
- Supervising the implementation of the Company's remuneration system;
- Considering the remuneration paid by comparable companies, the time and responsibilities required, and the employment conditions of other positions within the Group;
- Reviewing and approving the compensation to be paid to executive directors and senior management in the event of loss or termination of office or appointment, ensuring that such compensation is consistent with the contractual terms; if not, the compensation must be fair and reasonable and not excessive;
- Reviewing and approving the compensation arrangements for the dismissal or removal of directors due to misconduct, ensuring that such arrangements are consistent with the contractual terms; if not, the compensation must be reasonable and appropriate;

- Ensuring that no director or any of their associates participates in determining their own remuneration;
- Reviewing the performance of directors and senior management of the Company in fulfilling their duties, conducting annual performance appraisal, and submitting a specialized report to the Board;
- Reviewing and/or approving matters related to share schemes as described in Chapter 17 of the Hong Kong Listing Rules; and
- Handling other matters, including but not limited to those required by current laws, regulations, normative documents, the Company's Articles of Association, and working rules, as well as those required by the securities regulatory authority in the listing jurisdiction and those authorized by the Board.

From the Listing Date to December 31, 2024, the Remuneration and Appraisal Committee convened one meeting.

For the year ended December 31, 2024, the details of remuneration payable to each director are presented in Note 10 to the consolidated financial statements.

For the year ended December 31, 2024, the remuneration of senior management is presented by remuneration bands as follows:

Remuneration Band (HK$)	**Number of Individuals**
3,000,001 – 4,000,000	2
4,000,001 – 5,000,000	1
5,000,001 – 7,000,000	1
Total	4

Nomination Committee

The Board has established a nomination committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of part 2 of the Corporate Governance Code.

The Nomination Committee consists of two independent non-executive Directors, namely Mr. ZHANG Senquan and Dr. LENG Yuting, and one executive Director, namely Dr. WU Yusheng, with Dr. WU Yusheng serving as the chairperson of the Nomination Committee.

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

(i) reviewing the structure, size and composition of the Board of Directors of the Company;

(ii) assessing the independence of independent non-executive Directors; and

(iii) making recommendations to the Board of Directors of the Company on matters relating to the appointment of Directors, including but not limited to:

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

- making recommendations to the Board of Directors on the size and composition of the Board of Directors on the basis of the Company's operation, asset scale and equity structure;

- studying the selection criteria and procedures of Directors and senior management and making recommendations to the Board of Directors;

- conducting an extensive search for qualified candidates for the positions of Directors and senior management, identifying individuals suitably qualified to become Directors and selecting and nominating such candidates to fill in the positions of Directors or making recommendations to the Board of Directors;

- examining the candidates for Directors and senior management and making recommendations to the Board of Directors;

- assessing the independence of independent non-executive Directors;

- making recommendations to the Board of Directors on the appointment or reappointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer;

- evaluating the time each Director has devoted to the Board and the contributions made by them, as well as whether the Directors can effectively fulfill their duties;

- supporting the Company to assess the performance of the Board of Directors on a regular basis; and

- other powers authorised by the Board of Directors.

From the Listing Date to December 31, 2024, the Nomination Committee held one meeting and had reviewed the structure, size and composition of the Board.

Scientific Committee

The Scientific Committee comprises one executive Director, namely Dr. WU Yusheng, one non-executive Director, namely Dr. LI Jun, and one independent non-executive Director, namely Dr. XU Wenqing, with Dr. WU Yusheng serving as the chairperson of the Scientific Committee.

The primary duties of the Scientific Committee include, but are not limited to:

(i) identifying and discussing emerging trends in pharmaceutical science, technology and regulation, and ensuring that the Company makes informed choices when making investments in R&D resources;

(ii) reviewing, evaluating and providing recommendations to the Board of Directors on the quality, direction and competitiveness of the Company's R&D projects;

(iii) reviewing, evaluating and providing recommendations to the Board of Directors on the Company's progress towards achieving its long-term strategic R&D goals and mission;

(iv) reviewing and providing recommendations to the Board of Directors on the Company's internal and external science and technology projects and investments. For any external R&D investments (e.g., potential acquisitions, collaborations, equity investments, contracts and grants) that require approval by all members of the Board of Directors, the Scientific Committee shall provide its recommendations to the Board of Directors before the Board of Directors takes action, unless time does not permit; and

(v) reviewing the Company and its R&D capabilities (quality) and its organizational capabilities, including product development processes.

Director Nomination Policy

The Company has established the rules of work of the Nomination Committee of the Board of Directors, which ensures that the Board has a balance of skills, experience and diversity of perspectives to meet the requirements of the Company's business. The procedures for nominating Directors are also stipulated in the Articles of Association of the Company.

In reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience and/or length of service before making recommendations to the Board.

Corporate Governance Function

The Board is responsible for the fulfilment of the terms of reference set out in Rules A.2.1 of part 2 of the Corporate Governance Code.

As of the date of this annual report, the Board of Directors has fulfilled the following responsibilities:

(i) formulating and reviewing the Company's corporate governance policies and practices;

(ii) reviewing and monitoring the training and continuous professional development of Directors and senior management;

(iii) reviewing and monitoring the Company's policies and practices in relation to compliance with legal and regulatory requirements;

(iv) developing, reviewing and monitoring codes of conduct and compliance manuals for employees and Directors; and

(v) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

Board Diversity Policy

We have complied with the requirements relating to Board Diversity in the Corporate Governance Code to enhance the effectiveness of the Board and to maintain a high standard of corporate governance. Pursuant to the requirements, in reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience and/or length of service.

The Directors have a balanced mix of knowledge and skills, including but not limited to R&D, management, finance, audits and accounting, risk management, teaching and academia. They obtained degrees in various majors including chemistry, finance, organic chemistry, business administration, biology, biochemistry, pharmacology, investment economics, and clinical medicine. Furthermore, as of December 31, 2024, the Board has a relatively wide range of ages, ranging from 37 years old to 62 years old, and consists of eight male members and three female members. The Board of Directors is of the view that the Board satisfies the Board Diversity Policy and the Board targets to maintain at least the current level of female representation and will continue to take steps to promote gender diversity at the Board of our Company in the coming years. The Nomination Committee is responsible for reviewing the diversity of the Board, reviewing the Board Diversity Policy from time to time, developing and reviewing measurable objectives for implementing the Board Diversity Policy, and monitoring the progress on achieving these measurable objectives in order to ensure that the policy remains effective. The Group will take opportunities to increase the proportion of female members of the Board when selecting and recommending suitable candidates for Board appointments to help enhance gender diversity in accordance with stakeholder expectations and recommended best practices. The Group also intends to promote gender diversity when recruiting staff at the mid to senior level so that the Company will have a pipeline of female senior management and potential successors to the Board. We believe that such merit-based selection process with reference to the Board Diversity Policy and the nature of our business will be in the best interests of the Group and Shareholders as a whole.

Gender Diversity

The Company has taken and will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to the Board and senior management. For gender diversity at the Board level, please refer to the "Board Diversity Policy" section above. The Group also intends to promote gender diversity in the recruitment of middle and senior staff, with a view to building a pipeline of female senior management and potential Board successors.

As of December 31, 2024, the Group had 153 employees, 70 of whom (45.75%) were male and 83 (54.25%) were female. Additional information on the Group's gender diversity at various level, including amongst different ranking employees are detailed in our Environmental, Social and Governance Report. The Board believes that the Company has achieved gender diversity in its employees and as of the date of this annual report, no gender diversity plans or measurable targets have been developed and it is not aware of any factors that would make achieving gender diversity more challenging or less important for the Group. For details on gender ratio and initiatives to promote gender diversity, please refer to the Environmental, Social and Governance Report disclosed in this annual report.

The Board members of the Company changes as follows: Dr. DING Zhao resigned as a non-executive Director of the Company on March 27, 2025 and there was no change in other Board members.

Dividend Policy

The Company attaches importance to the reasonable return on investment to shareholders, and the profit distribution should follow the principle of paying attention to the reasonable return on investment to shareholders and benefiting the long-term development of the Company. The Company's profit distribution policy should maintain continuity and stability, and comply with the relevant provisions of laws and regulations. The Company may distribute dividends in cash or stock.

We did not declare or pay any dividend during the Reporting Period. We do not currently have a formal dividend policy or a fixed dividend payout ratio. We currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business and we do not anticipate paying any cash dividends in the foreseeable future. Investors should not purchase our ordinary shares with the expectation of receiving cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors and may be based 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. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make, as determined in accordance with its articles of association and the accounting standards and regulations in China. As advised by our PRC legal adviser, taking into account the aforesaid, we may not have sufficient or any distributable profits to make dividend distributions to our Shareholders in a given year, in view of our accumulated losses, or even if we become profitable, as we will only be able to declare or pay dividends out of our distributable profits until (i) the accumulated losses are covered by our after-tax profits, and (ii) sufficient statutory and other reserves are drawn in accordance with the relevant laws, regulations and our constitutional documents. In light of our accumulated losses as disclosed in this annual report, it is unlikely that we will be eligible to pay dividends out of our profits in the foreseeable future.

Whistleblowing Policy

The Company has adopted a whistleblowing policy (the "**Whistleblowing Policy**"). The Whistleblowing Policy is designed to raise awareness of internal corporate justice and is part of the Group's general internal control mechanisms. It provides channels and guidance for employees and those who have business relationship with the Group (including but not limited to customers and suppliers) to anonymously report possible misconducts to Board members of the Group and to head of audit of the Group. The whistleblower policy aims to encourage whistleblowers to report internal issues in a responsible and effective manner, rather than ignoring issues or resorting to external whistleblowing.

During the year ended December 31, 2024, no incidents of fraud or misconduct were identified that had a material adverse impact on the Group's financial statements or overall operations. The Audit Committee and/or the Board regularly review the whistleblowing policy to ensure its effectiveness.

Anti-Corruption Compliance Policy

The Company has adopted anti-corruption regulations (the "**Anti-Corruption Regulations**"). The Group is committed to integrity and ethical conduct in conducting business. The Anti-Corruption Regulations are an integral part of the Group's corporate governance framework. The Anti-Corruption Regulations set out specific code of conduct that must be followed by all employees of the Group in combating corruption. They demonstrate the Group's commitment to ethical business conduct and compliance with anti-corruption laws and regulations in applicable jurisdictions. To aligning with this commitment and ensure transparency in Group practices, the Anti-Corruption Regulations have been developed to guide the conduct of all Group employees in the performance of their duties. The Anti-Corruption Regulations are regularly reviewed and updated to align with applicable laws, regulations and industry best practices.

In addition, as part of our risk management measures, we implement specific measures against corruption and bribery, including providing business ethics and anti-corruption training for Directors and senior management to enhance their understanding of applicable laws and regulations. We require employees, particularly those involved in procurement and other business functions that are more vulnerable to bribery and corruption, to comply with our compliance requirements. We have also established a monitoring system that allows the reporting of non-compliance conducted by internal employees to the Company.

Directors' Continuous Professional Development

Directors should keep abreast of regulatory developments and changes in order to discharge their responsibilities effectively and ensure that their contributions to the Board remain informed and relevant.

Directors should participate in continuous professional development to develop and refresh their knowledge and skills.

During the Reporting Period, each Director (namely, Dr. WU Yusheng, Dr. JIANG Mingyu, Dr. LI Jun, Dr. GU Eric Hong, Dr. MENG Xiaoying, Mr. HE Chao, Dr. DING Zhao, Mr. ZHANG Senquan, Dr. LENG Yuting, Dr. XU Wenqing and Dr. SHEN Xiuhua) met the requirements of continuous professional development by attending training courses and/or reading relevant materials.

Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for the preparation of the Company's financial statements for the year ended December 31, 2024. The Directors are not aware of any events or circumstances that may cast significant doubt upon the Company's ability to continue as a going concern.

The auditor's statement of their reporting responsibilities on the financial statements are set out on pages 127 to 128 of the Independent Auditor's Report in this annual report.

Risk Management and Internal Control

The Board acknowledges its responsibility for risk management and internal control systems, as well as for reviewing their effectiveness annually. These systems are designed to manage, rather than eliminate, the risks that may prevent the achievement of business targets, and provide reasonable, rather than absolute, assurance against material misstatements or losses.

In order to monitor the continued implementation of risk management and corporate governance measures after the listing, we have adopted, among others, risk management measures as follows:

The Audit Committee oversees and manages the overall risks associated with our business operations, including (i) reviewing the risk management and internal control systems of the Company; (ii) discussing the risk management system with the management and ensure that the management has fulfilled its responsibilities in setting up effective systems; (iii) conducting study on major investigation findings on risk management and internal monitoring matters as well as the management's feedback on those findings, on its own initiative or as delegated by the Board.

The Board is responsible for (i) continuously overseeing the Company's risk management systems; (ii) reviewing, at least annually, the effectiveness of the risk management systems of the Company and its subsidiaries; and (iii) ensuring that the Company has adequate resources, staff qualifications and experience, training programs, and relevant budgets related to accounting, internal audit, financial reporting functions, as well as the Company's environmental, social, and governance (ESG) performance and reporting during such annual review.

The relevant departments of the Company, including but not limited to the finance, legal, and human resources departments, are responsible for implementing our risk management policies, internal audit function and carrying out day-to-day risk management practices. In order to formalize risk management within the Group and establish common levels of transparency and performance of risk management, the relevant departments will (i) gather risk information related to their operations or functions; (ii) conduct risk assessments, including the identification, prioritization, measurement, and classification of all key risks that may affect their objectives; (iii) continuously monitor key risks associated with their operations or functions; (iv) implement appropriate risk mitigation measures when necessary; and (v) develop and maintain appropriate mechanisms to facilitate the application of our risk management framework.

The Board is responsible for establishing our internal control systems and reviewing their effectiveness. We have engaged an independent internal control consultant (the "**Internal Control Consultant**") to perform certain agreed-upon procedures regarding the internal controls of the Company and our key operating subsidiaries (the "**Internal Control Review**"), including the overall corporate governance environment, entity-level controls, and operational controls such as expenditure to payment cycles, fixed asset management, human resources and payroll management, connected transactions and account management cycles with connected persons, and other procedures within our operations. The Internal Control Consultant conducted the Internal Control Review, identified deficiencies in internal control, and provided corresponding recommendations. We have implemented corresponding remedial measures to enhance the effectiveness of the internal control systems. The Internal Control Consultant has followed up on the actions we have taken, and no further significant issues were identified during the follow-up review. As of the date of this annual report, there are no material unresolved issues with the Group's internal control.

The following is a summary of the internal control policies, measures and procedures that we have implemented or plan to implement across various aspects of our business operations:

We have implemented a range of measures and procedures across all aspects of our business operations. Our dedicated inspection personnel will monitor the execution of our internal control policies, report any identified weaknesses to our management and the Audit Committee, and ensure that corrective actions are promptly followed up.

Our Directors, who are responsible for overseeing the corporate governance of the Group, will, with the assistance of legal advisors, review our compliance with all relevant laws and regulations on a regular basis after listing.

We have established the Audit Committee which (i) makes recommendations to our Directors on the appointment and removal of the external auditor; and (ii) reviews the financial statements and makes recommendations on financial reporting and oversight of the Group's internal control procedures.

We have engaged external legal advisers to advise our Directors and management team on matters relating to the Listing Rules.

We plan to provide a variety of ongoing training from time to time to update the understanding of our Directors, senior management and relevant employees on the latest PRC laws and regulations in order to proactively identify any concerns and issues related to potential non-compliance.

Prior to initiating any drug candidate or technology development project proposal or undertaking a technology modification, we will conduct thorough public literature searches and analyses in accordance with our internal policies to detect potential intellectual property disputes. We will also engage outside experts, such as legal advisers, to prepare and negotiate agreements on our behalf when entering into collaborations.

With regard to anti-corruption, we have established anti-corruption regulations. We also provide compliance training to our employees and have a system for reporting compliance violations and a process for dealing with them in place.

The Board believes that our risk management and internal control systems are effective and adequate.

The Board is responsible for the handling and disclosure of inside information. In order to ensure that the market and stakeholders are fully informed of significant developments in the Company's business in a timely manner, the Board has complied with the relevant regulations on disclosure of inside information to ensure that unauthorised access to and use of inside information is strictly prohibited.

Joint Company Secretaries

Dr. JIANG Mingyu and Ms. WONG Wing Yee are the joint company secretaries of the Company. Ms. WONG Wing Yee is an external secretarial services provider and her primary contact person at the Company is Dr. JIANG Mingyu, the other joint company secretary of the Company.

During the Reporting Period, Dr. JIANG Mingyu and Ms. WONG Wing Yee took no less than 15 hours of relevant professional training, respectively, in compliance with Rule 3.29 of the Listing Rules.

Scope of Work of the Auditor

The auditor's statement regarding its reporting responsibilities is set out in the section headed "Independent Auditor's Report" in this annual report.

Auditor's Remuneration

Details of the remuneration paid to the auditor for audit services provided to the Company for the year ended 31 December 2024 are as follows:

Type of Services	Fees Paid *(RMB'000)*
Audit services	
– Annual Audit Service	**2,100**
Non-audit services	
– Continuing Connected Transactions Report Service	**100**
Total	**2,200**

Shareholders' Rights

Right to Convene an Extraordinary General Meeting

To safeguard shareholders' interests and rights, the Company encourages Shareholders to participate and vote at the general meetings. The Company holds once a year an annual general meeting at a venue determined by the Board. All general meetings other than an annual general meeting shall be extraordinary general meetings.

The Company's annual general meetings provide a platform for communication between the Board and Shareholders. The Board will respond to Shareholders' questions during the annual general meetings.

Pursuant to Article 51 of the Articles of Association, Shareholders individually or collectively holding 10% or more of the voting rights attached to the Company's share capital have the right to request the Board to convene an extraordinary shareholders' general meeting by way of written request(s). The Board shall reply in writing regarding the acceptance or refusal to convene an extraordinary shareholders' general meeting within 10 days upon receiving the request in accordance with the requirements of the laws, administrative regulations, securities regulatory rules for the place where the Company's shares are listed and the Articles of Association. If the Board agrees to convene an extraordinary shareholders' general meeting, notice convening the meeting shall be issued within 5 days after the Board resolved to do so. If the Board makes alterations to the original proposal in the notice, consent has to be obtained from the related shareholders. If the Board does not agree to convene the extraordinary shareholders' general meeting, or does not reply within 10 days upon receiving the request, Shareholders individually or collectively holding 10% or more of voting rights attached to the Company's share capital have the right to request the Supervisory Committee to convene an extraordinary shareholders' general meeting by way of written request(s).

Procedures for Putting Forward Proposals at General Meetings

Pursuant to Article 56 of the Articles of Association, Shareholders individually or collectively holding 1% or more of voting rights attached to the Company's share capital shall have the right to propose proposals. Shareholders individually or collectively holding 1% or more of voting rights attached to the Company's share capital shall be entitled to propose provisional proposals and submit the same to the Board in writing 10 days prior to date of the meeting. Provisional proposals shall have clear agenda and specific resolutions. The Board shall dispatch a supplementary notice of the shareholders' general meeting and advise the contents of such provisional proposal within 2 days upon receipt of the proposal, unless the provisional proposal violates the laws, administrative regulations or provisions of the Articles of Association, or does not fall within the scope of the shareholders' general meeting. The Company shall not increase the shareholding of shareholders who submit the provisional proposal.

Procedures for Shareholders to Nominate a Candidate for Election as a Director

Shareholders may propose a person for election as a director, the procedures for which are available on the Company's website.

Putting Forward Enquiries to the Board

Shareholders may put forward their enquiries in writing to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders should send their enquiries regarding shareholdings and other related matters to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at the following address:

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

Shareholders and the investment community may contact the Company's Investor Relations Department at any time regarding information released by the Company.

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

Communication with Shareholders and Investors Relations

The Company believes that effective communication with the Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make informed investment decisions.

The Company has established a range of communication channels with the Shareholders, investors and other stakeholders, including: (i) publication of interim and annual reports and/or dispatching of circulars, notices and other announcements; (ii) the annual general meetings or extraordinary general meetings as a forum for the Shareholders to exchange views with the Board; (iii) latest updates and key information about the Group available on the respective websites of the Company and the stock exchange; (iv) the Company's website which offers communication channels between the Company and its stakeholders; and (v) the Company's H Share Registrar in Hong Kong to serve the Shareholders with respect to all share registration matters.

Having considered the multiple channels of communication in place, the Board is satisfied that the Shareholders' communication policy of the Company has facilitated sufficient communication and has been properly implemented and effective during 2024.

Material Changes to Constitutional Documents

The Company adopted a revised articles of association in connection with the listing and Global Offering in August 2024 and proposed to make certain amendments to its articles of association in December 2024 which was subsequently approved by the Shareholders in January 2025. Saved as disclosed above, there were no other material changes to the articles of association of the Company between the Listing Date and the end of the Reporting Period. The latest Articles of Association is available on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company's website at http://www.tykmedicines.com/.

Other Information

Interest Disclosure

Directors', Supervisors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporations

As of December 31, 2024, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO), which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director/Supervisor/ chief executive	Capacity/Nature of interest [1]	Class of Shares	Number of Shares	Approximate percentage of shareholding in the relevant class of Shares[2]	Approximate percentage of shareholding in the total share capital of the Company [3]
Dr. Wu[4] *(Executive Director, Chairman of the Board and Chief Executive Officer)*	Interest in controlled corporations	H Shares	45,937,500	23.85%	12.39%
		Unlisted Shares	85,312,500	47.86%	23.01%
Dr. GU Eric Hong[5] *(Non-executive Director)*	Interest in controlled corporations	H Shares	2,887,500	1.50%	0.78%
		Unlisted Shares	5,362,500	3.01%	1.45%
Mr. HE Chao[6] *(Non-executive Director)*	Interest in controlled corporations	H Shares	6,791,629	3.53%	1.83%
		Unlisted Shares	12,613,025	7.08%	3.40%
Dr. DING Zhao[7] *(Non-executive Director) (resigned on March 27, 2025)*	Interest in controlled corporations	H Shares	3,664,004	1.90%	0.99%
		Unlisted Shares	6,804,580	3.82%	1.83%

Notes:

(1) All interests stated are long position.

(2) The calculation is based on the total number of 178,249,645 Unlisted Shares and 192,586,173 H Shares in issue as of December 31, 2024.

(3) The calculation is based on the total number of 370,835,818 Shares in issue as of December 31, 2024.

(4) Tetranov Pharmaceutical beneficially owns 35,000,000 H Shares and 65,000,000 Unlisted Shares. As of December 31, 2024, Tetranov Pharmaceutical was held as to approximately 30.66% by Dr. Wu, approximately 20.15% by Zhengzhou Hongnuo and approximately 3.02% by Zhengzhou Derui, respectively. Zhengzhou Hongnuo is managed by its executive partner, Huzhou Derui, which is in turn owned as to 99% by Zhengzhou Derui. Zhengzhou Derui is wholly owned by Dr. Wu. As such, under the SFO, Dr. Wu is deemed to be interested in the 35,000,000 H Shares and 65,000,000 Unlisted Shares held by Tetranov Pharmaceutical.

Changxing Liyuan beneficially owns 7,934,500 H Shares and 14,735,500 Unlisted Shares. As of December 31, 2024, Changxing Liyuan is managed by its executive partner, Zhengzhou Derui, which is wholly owned by Dr. Wu.

Each of Changxing Caiyuan and Changxing Gangyuan is our ESOP Platform. Changxing Caiyuan beneficially owns 1,323,000 H Shares and 2,457,000 Unlisted Shares. Changxing Gangyuan beneficially owns 1,680,000 H Shares and 3,120,000 Unlisted Shares. As of December 31, 2024, each of Changxing Caiyuan and Changxing Gangyuan is managed by its executive partner, Huzhou Derui, which is owned as to 99% by Zhengzhou Derui. Zhengzhou Derui is wholly owned by Dr. Wu.

As such, under the SFO, Dr. Wu is deemed to be interested in (i) the 7,934,500 H Shares and 14,735,500 Unlisted Shares held by Changxing Liyuan; (ii) the 1,323,000 H Shares and 2,457,000 Unlisted Shares held by Changxing Caiyuan; and (iii) the 1,680,000 H Shares and 3,120,000 Unlisted Shares held by Changxing Gangyuan.

(5) Pivot Pharma Tech (Shanghai) Co., Ltd. (貝沃特醫藥技術(上海)有限公司) ("**Pivot Pharma**") beneficially owns 2,887,500 H Shares and 5,362,500 Unlisted Shares. Pivot Pharma is wholly owned by Dr. GU Eric Hong (顧虹). As such, under the SFO, Dr. GU Eric Hong is deemed to be interested in 2,887,500 H Shares and 5,362,500 Unlisted Shares held by Pivot Pharma.

(6) Ningbo Meishan Bonded Port Area Houji Tongnuo Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區厚紀通諾投資管理合夥企業(有限合夥)) ("**Houji Tongnuo**") beneficially owns 4,951,317 H Shares and 9,195,302 Unlisted Shares. Ningbo Meishan Bonded Port Area Houyang Tongchi Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區厚揚通馳投資管理合夥企業(有限合夥)) ("**Houyang Tongchi**") beneficially owns 1,840,312 H Shares and 3,417,723 Unlisted Shares. As of December 31, 2024, each of Houji Tongnuo and Houyang Tongchi is managed by its executive partner, Beijing Houji Jingqiao Venture Capital Co., Ltd. (北京厚紀景橋創業投資有限公司), which is in turn wholly owned by Beijing Rongchen Houji Investment Management Co., Ltd. (北京融辰厚紀投資管理有限公司) ("**Rongchen Houji**"). Rongchen Houji is owned as to approximately 83% by Mr. HE Chao (何超), our non-executive Director. As such, under the SFO, Mr. HE Chao (何超) is deemed to be interested in (i) the 4,951,317 H Shares and 9,195,302 Unlisted Shares held by Houji Tongnuo; and (ii) the 1,840,312 H Shares and 3,417,723 Unlisted Shares held by Houyang Tongchi.

(7) Sichuan Huiyu Pharmaceutical Co., Ltd. (四川匯宇製藥股份有限公司) ("**Huiyu Pharmaceutical**") beneficially owns 3,664,004 H Shares and 6,804,580 Unlisted Shares. Huiyu Pharmaceutical is controlled by Dr. DING Zhao (丁兆). As such, under the SFO, Dr. DING Zhao (丁兆) is deemed to be interested in 3,664,004 H Shares and 6,804,580 Unlisted Shares.

Save as disclosed above, as of December 31, 2024, so far as it was known to the Directors, Supervisors or chief executive of the Company, none of the Directors, Supervisors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations as recorded in the register required to be kept, pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

As of December 31, 2024, so far as the Directors are aware, the following persons had or were deemed or taken to have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which were 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[1]	Class of Shares	Number of Shares	Approximate percentage of shareholding in the relevant class of Shares[2] *(%)*	Approximate percentage of shareholding in the total share capital of the Company[3] *(%)*
Dr. Wu[4][5]	Interest in controlled corporations	H Shares	45,937,500	23.85	12.39
		Unlisted Shares	85,312,500	47.86	23.01
Ms. Zhu[4][5]	Interest of spouse	H Shares	45,937,500	23.85	12.39
		Unlisted Shares	85,312,500	47.86	23.01
Tetranov Pharmaceutical[4]	Beneficial owner	H Shares	35,000,000	18.17	9.44
		Unlisted Shares	65,000,000	36.47	17.53
Changxing Liyuan[5]	Beneficial owner	Unlisted Shares	14,735,500	8.27	3.97
Jiangsu Addor Equity Investment Fund Management Co., Ltd. (江蘇毅達股權投資基金管理有限公司) ("**Addor Capital Fund Management**")[6]	Interest in controlled corporations	H Shares	20,400,000	10.59	5.50
Nanjing Addor Capital Management Enterprise (Limited Partnership) (南京毅達資本管理企業(有限合夥))[6]	Interest in controlled corporations	H Shares	20,400,000	10.59	5.50
Nanjing Addor Investment Management Co., Ltd. (南京毅達投資管理有限公司) ("**Nanjing Addor Management**")[6]	Interest in controlled corporations	H Shares	20,400,000	10.59	5.50
Houji Tongnuo[7]	Beneficial owner	Unlisted Shares	9,195,302	5.16	2.48
Yantai Huayan Trading Co., Ltd. (煙台華衍商貿有限公司) ("**Yantai Huayan**")[7]	Interest in controlled corporations	Unlisted Shares	9,195,302	5.16	2.48
MOU Yanmin (牟衍敏)[7]	Interest in controlled corporations	Unlisted Shares	9,195,302	5.16	2.48
Beijing Houji Jingqiao Venture Capital Co., Ltd. (北京厚紀景橋創業投資有限公司) ("**Huge Capital**")[7]	Interest in controlled corporations	Unlisted Shares	12,613,025	7.08	3.40

Name of Shareholder	Capacity/Nature of interest[1]	Class of Shares	Number of Shares	Approximate percentage of shareholding in the relevant class of Shares[2] *(%)*	Approximate percentage of shareholding in the total share capital of the Company[3] *(%)*
Mr. HE Chao (何超)[7]	Interest in controlled corporations	Unlisted Shares	12,613,025	7.08	3.40
Changxing Guohai Donghu Equity Investment Partnership (Limited Partnership) (長興國海東湖股權投資合夥企業(有限合夥)) ("**Changxing Guohai**")[8]	Beneficial owner	Unlisted Shares	9,139,200	5.13	2.46
Changxing Donghu Industrial Co., Ltd. (長興東湖實業有限公司) ("**Donghu Industrial**")[8]	Interest in controlled corporations	Unlisted Shares	9,139,200	5.13	2.46
Sealand Innovation Capital Investment Management Co., Ltd. (國海創新資本投資管理有限公司) ("**Sealand Innovation**")[8]	Interest in controlled corporations	Unlisted Shares	13,747,200	7.71	3.71
Sealand Securities Co., Ltd. (國海證券股份有限公司) ("**Sealand Securities**")[8]	Interest in controlled corporations	Unlisted Shares	13,747,200	7.71	3.71

Notes:

(1) All interests stated are long position.

(2) The calculation is based on the total number of 178,249,645 Unlisted Shares and 192,586,173 H Shares in issue as of December 31, 2024.

(3) The calculation is based on the total number of 370,835,818 Shares in issue as of December 31, 2024.

(4) Tetranov Pharmaceutical beneficially owns 35,000,000 H Shares and 65,000,000 Unlisted Shares. As of December 31, 2024, Tetranov Pharmaceutical was held as to approximately 30.66% by Dr. Wu, approximately 20.15% by Zhengzhou Hongnuo and approximately 3.02% by Zhengzhou Derui, respectively. Zhengzhou Hongnuo is managed by its executive partner, Huzhou Derui, which is in turn owned as to 99% by Zhengzhou Derui. Zhengzhou Derui is wholly owned by Dr. Wu. As such, under the SFO, Dr. Wu is deemed to be interested in the 35,000,000 H Shares and 65,000,000 Unlisted Shares held by Tetranov Pharmaceutical. Ms. Zhu is spouse of Dr. Wu. Therefore, under the SFO, Ms. Zhu is deemed to be interested in the same number of Shares in which Dr. Wu is interested in.

(5) Changxing Liyuan beneficially owns 7,934,500 H Shares and 14,735,500 Unlisted Shares. As of December 31, 2024, Changxing Liyuan is managed by its executive partner, Zhengzhou Derui, which is wholly owned by Dr. Wu.

Each of Changxing Caiyuan and Changxing Gangyuan is our ESOP Platform. Changxing Caiyuan beneficially owns 1,323,000 H Shares and 2,457,000 Unlisted Shares. Changxing Gangyuan beneficially owns 1,680,000 H Shares and 3,120,000 Unlisted Shares. As of December 31, 2024, each of Changxing Caiyuan and Changxing Gangyuan is managed by its executive partner, Huzhou Derui, which is owned as to 99% by Zhengzhou Derui. Zhengzhou Derui is wholly owned by Dr. Wu.

As such, under the SFO, Dr. Wu is deemed to be interested in (i) the 7,934,500 H Shares and 14,735,500 Unlisted Shares held by Changxing Liyuan; (ii) the 1,323,000 H Shares and 2,457,000 Unlisted Shares held by Changxing Caiyuan; and (iii) the 1,680,000 H Shares and 3,120,000 Unlisted Shares held by Changxing Gangyuan. Ms. Zhu is spouse of Dr. Wu. Therefore, under the SFO, Ms. Zhu is deemed to be interested in the same number of Shares in which Dr. Wu is interested in.

(6) Addor Capital Fund Management is the executive partner of Jiangsu Addor Capital Results Innovation Venture Capital Fund (Limited Partnership) (江蘇毅達成果創新創業投資基金(有限合夥)) ("**Addor Results**") and Jiangsu Small and Medium Enterprises Development Fund (Limited Partnership) (江蘇中小企業發展基金(有限合夥)) ("**Jiangsu SME**"). Addor Capital Fund Management is owned as to approximately 43% by Nanjing Addor Capital Management Enterprise (Limited Partnership) (南京毅達資本管理企業(有限合夥)), the executive partner of which is Nanjing Addor Management. Addor Capital Fund Management is also the executive partner of Nanjing Addor Equity Investment Management Enterprise (Limited Partnership) (南京毅達股權投資管理企業(有限合夥)), which in turn is the executive partner of Jiangsu Talent Innovation Venture Capital Fund IV (Limited Partnership) (江蘇人才創新創業投資四期基金(有限合夥)) ("**Jiangsu Talent**"). Each of Addor Results, Jiangsu SME and Jiangsu Talent beneficially owns 9,600,000 H Shares, 7,200,000 H Shares and 3,600,000 H Shares, respectively. As such, under the SFO, Nanjing Addor Management is deemed to be interested in the 9,600,000 H Shares, 7,200,000 H Shares and 3,600,000 H Shares held by Addor Results, Jiangsu SME and Jiangsu Talent, respectively.

(7) Huge Capital is the executive partner of Houji Tongnuo and Houyang Tongchi. It is ultimately controlled by Mr. HE Chao (何超), our non-executive Director. As such, Huge Capital and Mr. HE Chao (何超) are deemed to be interested in the 9,195,302 Unlisted Shares and 3,417,723 Unlisted Shares held by Houji Tongnuo and Houyang Tongchi under the SFO.

As of December 31, 2024, Yantai Huayan held approximately 50.29% interest in Houji Tongnuo as a limited partner. It is wholly owned by MOU Yanmin (牟衍敏). As such, each of Yantai Huayan and MOU Yanmin (牟衍敏) is deemed to be interested in the 9,195,302 Unlisted Shares held by Houji Tongnuo under the SFO.

(8) Sealand Innovation is the executive partner of Changxing Guohai and Zhuzhou Guohai Guochuang Qianjin Pharmaceutical Venture Capital Partnership (Limited Partnership) (株洲市國海國創千金醫藥創業投資合夥企業(有限合夥)) ("**Guohai Guochuang**"). It is wholly owned by Sealand Securities, a company listed on the Shenzhen Stock Exchange (stock code: 000750). As such, Sealand Innovation and Sealand Securities are deemed to be interested in the 9,139,200 Unlisted Shares and 4,608,000 Unlisted Shares held by Changxing Guohai and Guohai Guochuang under the SFO.

As of December 31, 2024, Donghu Industrial held approximately 83.33% interest in Changxing Guohai as its limited partner. As such, it is deemed to be interested in the 9,139,200 Unlisted Shares held by Changxing Guohai under the SFO.

Save as disclosed above, as of December 31, 2024, apart from the Directors and the chief executive of the Company, the Company has not been informed of any other relevant interests or short positions in the issued share capital of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which are required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About This Report

The *Environmental, Social, and Governance Report* (hereinafter referred to as "the Report" or "ESG report") is the first ESG report published by TYK Medicines, Inc. (hereinafter referred to as "TYK Medicines", "we" or "the Company"). This Report aims to objectively and truthfully present the Company's strategies, policies, measures, and achievements in sustainable development, with a focus on disclosing relevant information regarding the Company's environmental, social, and governance (hereinafter referred to as "ESG").

Preparation Basis

This Report is prepared in accordance with *Appendix C2 Environmental, Social, and Governance Reporting Code* of the *Main Board Listing Rules* of the Hong Kong Exchanges and Clearing Limited (hereinafter referred to as the HKEX).

Reporting Period

This Report covers the period from January 1, 2024, to December 31, 2024 (hereinafter referred to as "the Reporting Period" or "this year"). Some information may relate to periods outside the Reporting Period.

Reporting Scope

The scope of disclosure in this Report covers TYK Medicines, Inc. (02410.HK) and is consistent with the scope of our 2024 Annual Report.

Data Source and Reliability Assurance

Unless otherwise specified, the data in this Report comes from the Company's internal materials, interview records, and relevant documents. The Company's Board of Directors assures that this Report does not contain any false information or misleading statements, and is responsible for the truthfulness, accuracy, and completeness of its content.

Confirmation and Approval

This Report was confirmed by the management and approved by the Board of Directors on March 27, 2025.

Report Access

This Report is included in the Company's 2024 annual report. To protect the environment, we recommend reading the electronic version of the Report, which can be accessed on the website of HKEX (www.hkexnews.hk) and the Company's official website (https://www.tykmedicines.com/).

1. ESG Governance

A sound ESG governance system can solidify the foundation for the Company's sustainable development. We actively fulfill our social responsibilities, fully integrating ESG concepts into our operations and continuously elevating our ESG governance level. Meanwhile, we actively communicate with stakeholders, listen to their opinions and expectations, and provide strong support for achieving sustainable development.

1.1 ESG Management System

TYK Medicines has established a clearly defined and coordinated ESG management structure to help the Company systematically implement various ESG tasks and improve ESG performance. The Board of Directors is the highest responsibility and supervisory body for the Company's ESG governance, responsible for the overall coordination of ESG matters. The Board of Directors authorizes the general manager to establish ESG management committee, which serves as the executive body for ESG management, reporting to the Board and responsible for implementing the ESG policies and strategies set by the Board.

ESG Governance Framework

Board Statement

Board Responsibilities	The Board, as the decision-making body, is responsible for reviewing the ESG governance strategies, policies, and implementation plans. The Board authorizes the general manager to establish ESG management committee, responsible for executing the ESG policies and management strategies reviewed by the Board and regularly reporting to the Board based on the Company's ESG performance.
ESG Risk Management	To effectively prevent and control various potential risks that may hinder the Company's sustainable development, the Board is responsible for the overall supervision of the implementation of the ESG management strategy, and regularly reviews and assesses ESG risks and opportunities, ensuring that ESG risk management is closely integrated with the Company's business to safeguard sustainable business development.
Material Issues Analysis	The Company regularly identifies, assesses, and follows up on the important ESG-related demands of stakeholders. We have established stable and transparent engagement channels and feedback mechanisms with stakeholders, and regularly conduct materiality assessments to further understand and respond accurately to stakeholders' demands and expectations.

1.2 Stakeholder Engagement

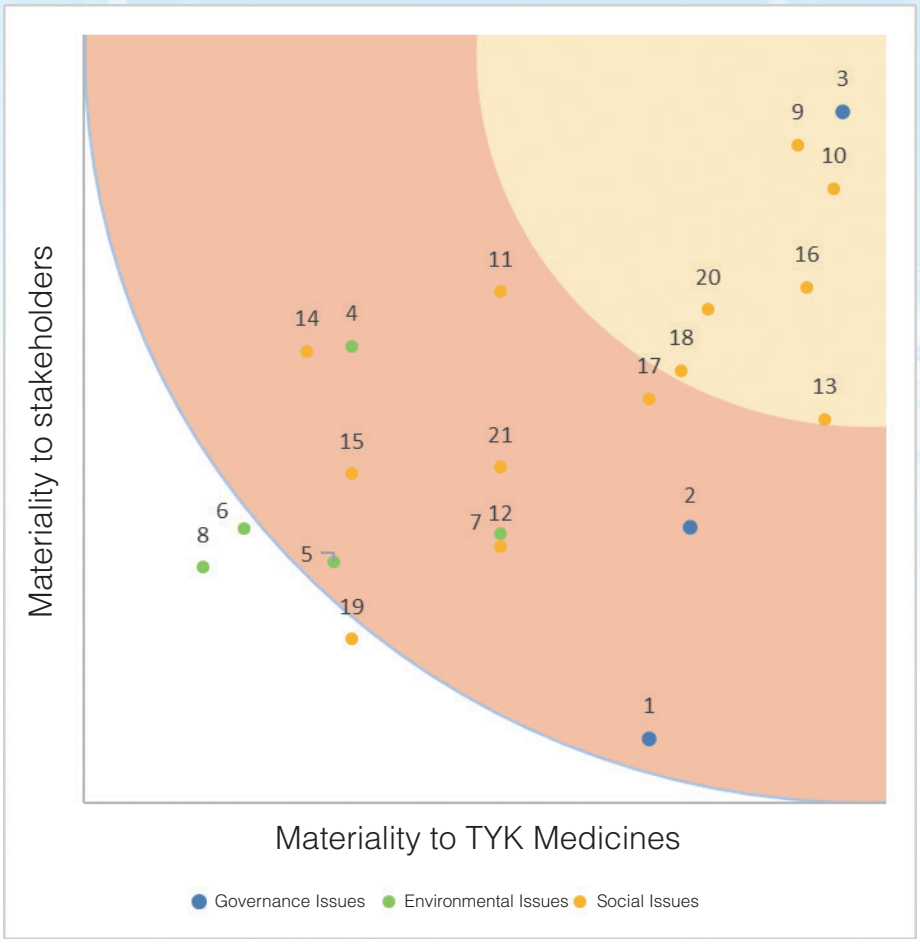
TYK Medicines values building a positive and interactive relationship with its stakeholders. We continuously improve our regular communication mechanisms and establish diversified engagement channels to better understand stakeholders' demands and concerns, thereby providing a solid foundation and reference for the orderly implementation of our ESG initiatives.

During the Reporting Period, the Company's main stakeholders included: shareholders (investors), creditors, employees, partners, customers, suppliers, community organizations, and relevant government departments, among others. We sort out and respond to their expectations and demands as follows:

Stakeholder Identification	Sustainable Development Issues of Concern	Engagement Channels
Shareholders (Investors)/ Creditors	ESG Governance Risk Management R&D Innovation Product Quality and Safety Business Ethics and Anti-Corruption	Information Disclosure Shareholders' Meeting Company Announcements
Government and Regulatory Agencies	Environmental Management Community Co-construction Anti-corruption and Anti-bribery Climate Change Energy Management Resource Management Waste Management	Regular Communication News Media Communication and Cooperation
Customers	Information Security Protection Product and Service Quality Responsible Marketing Inclusive Healthcare	Customer Service and Complaint Handling Customer Satisfaction Survey Official Social Media Official Website Company Hotline (Email and Tel.)
Employees	Compliant Employment Talent Development Occupational Health and Safety Remuneration and Benefits	Employee Interviews Internal Emails Employee Care Activities Employee Training and Promotion Employee Satisfaction Survey Corporate Culture Activities
Suppliers	Responsible Supply Chain	Supplier Communication and Training Supplier Evaluation
Partners	Community Co-construction R&D Innovation	Industry Communication and Cooperation
Community and Public	Volunteer Service Community Activities Public Welfare and Charity Environmental Management Climate Change	Community Activities Volunteer Services Energy Management Resource Management Waste Management

1.3 Materiality Analysis

To clarify the Company's ESG management priorities and to focus resources effectively, TYK Medicines has assessed and identified material ESG issues based on the actual business operations of the Company. Based on the assessment results, we have prioritized the materiality to our company and stakeholders regarding 21 material issues and formed the 2024 material ESG issues matrix. For highly material ESG issues, we focus on management efforts and provide concentrated disclosures on related work in the ESG report.



Materiality Matrix

Governance Dimension	1.	ESG Governance
	2.	Risk Management
	3.	Business Ethics and Anti-Corruption
Environmental Dimension	4.	Environmental Management and Compliance
	5.	Energy Utilization
	6.	Water Resource Management
	7.	Emission Management
	8.	Climate Risk Management
Social Dimension	9.	Product Quality and Safety
	10.	Technology and Innovation
	11.	Intellectual Property Protection
	12.	Responsible Marketing
	13.	Supply Chain Management
	14.	Privacy Protection
	15.	Community Contribution
	16.	Occupational Health and Safety
	17.	Employee Rights and Interests
	18.	Employee Development
	19.	Public Welfare and Charity
	20.	Inclusive Healthcare
	21.	Industry Cooperation

2. Lean Governance

TYK Medicines is committed to building a comprehensive corporate governance structure and management system, continuously strengthening internal risk control and integrity management, and striving to maintain a high standard of corporate governance to ensure the sustainable, stable, and healthy development of the Company.

2.1 Corporate Governance

TYK Medicines complies with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Provisional Measures for the Administration of Overseas Securities Offering and Listing by Domestic Companies*, and the HKEX's *Corporate Governance Code* and other relevant laws, regulations and regulatory requirements to ensure that the Company adheres to high standards of compliance in all its business activities.

2.1.1 Corporate Governance Structure

Our Board of Directors, as the core governance body, is responsible for business management and strategy formulation and monitors the Company's operational performance to ensure the soundness and compliance of the internal control and risk management systems. The Company's Board of Directors consists of the Audit Committee, the Nomination Committee, the Remuneration and Assessment Committee, and the Science Committee. The four committees oversee the Company's relevant operations and management based on their professional functions. We are devoted to continuously improving our governance model, enhancing the diversity and professionalism of our governance, thereby better empowering company development.

2.1.2 Board Diversity

We understand that the diversity of Board members can bring a more balanced perspective to corporate governance and decision-making. We take the compatibility of the candidate's abilities with the Company's development needs as the core criterion for selection, incorporating diversity (including but not limited to gender, age, nationality, religion, etc.) into the appointment considerations, and comprehensively weighing factors such as candidates' educational background, industry experience, skill expertise, professional knowledge, and years of Board service.

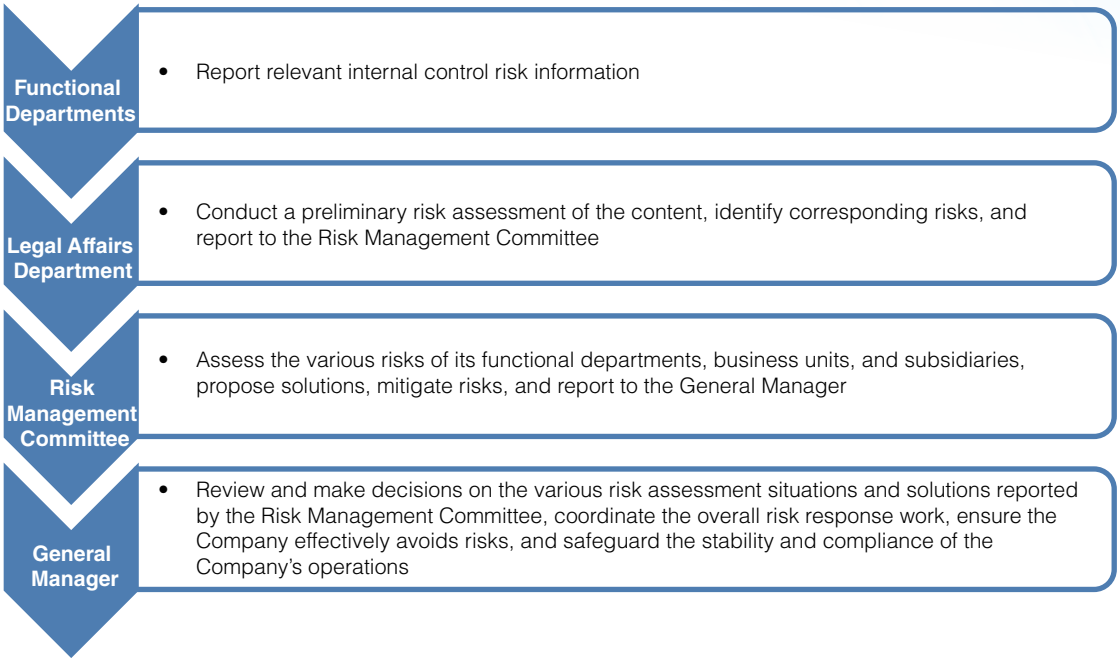
As of the end of the Reporting Period, the Board of Directors of TYK Medicines consisted of 11 directors, including three female directors, two executive directors, five non-executive directors, and four independent non-executive directors, among which non-executive director Dr. Ding Zhao resigned on March 27, 2025.

2.2 Compliant Operation

TYK Medicines upholds the principles of integrity in its operations and adheres to a "compliance-first" business philosophy. By prioritizing risk management and anti-fraud measures, the Company fosters sustainable and healthy development. Integrating business ethics and legal compliance into every aspect of its operations, we continuously refine our internal control and audit framework, supported by a robust risk management system. This enables proactive identification, prevention, and mitigation of potential risks while enhancing corporate compliance and transparency. The Company also rigorously implements anti-corruption policies, cultivating a corporate culture of integrity and honesty.

2.2.1 Risk Management

The Company adopts a comprehensive risk management strategy, formulates and implements policies and systems related to risk management, establishes a clear risk governance structure with defined responsibilities, and actively identifies, assesses, supervises, and responds to various risks arising from its operations.



Risk Management Structure and Responsibilities

TYK Medicines has established a comprehensive compliance and risk management system, strictly adhering to relevant laws and regulations such as the *Company Law of the People's Republic of China*, the *Basic Norms for Internal Control of Enterprises*, and the *Compliance Management Norms for the Pharmaceutical Industry*. The Company has developed a series of internal risk management systems, including the *Comprehensive Risk Management Guidelines (Trial)* and the *Risk Management System*, covering risk identification, assessment, response, monitoring, and reporting, ensuring the systematic and effective nature of risk management.

2.2.2 Anti-corruption

The Company always adheres to the bottom line of integrity and self-discipline, strictly complying with relevant laws and regulations such as the *Criminal Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, and has established a series of internal systems including the *Anti-Fraud Management Measures* and the *Anti-Corruption Regulations*, clearly defining behavioral standards and disciplinary requirements. When signing cooperation agreements with partners, the Company includes anti-commercial bribery clauses, clearly defining the compliance responsibilities and obligations of both parties, and prohibiting any commercial bribery during the cooperation process.

In adherence to the work policy of "focus on both punishment and prevention with prevention as the priority", we established a comprehensive anti-corruption governance structure. The Board of Directors is responsible for supervising and managing anti-corruption affairs and has authorized the Legal Affairs Department to handle daily anti-corruption matters. The Legal Affairs Department of the Company works under the leadership of the Board of Directors, with the Finance Department and other relevant departments sharing responsibilities and collaborating.

In addition, we place great emphasis on building a corporate culture of integrity and honesty, conducting annual internal campaigns to promote anti-corruption and anti-unfair competition in business ethics. During the Reporting Period, we organized anti-corruption training for employees and Board members. The Company explained the domestic anti-corruption laws and the anti-corruption system within the Company and explained in detail how to identify corruption risk points in business activities.

Reporting Channels and Whistleblower Protection

The Company has established a diverse and sound reporting and complaint mechanism along with communication channels, and strictly implements a whistleblower protection mechanism, clearly stating in the *Anti-corruption Regulations* that retaliation against whistleblowers and witnesses is strictly prohibited. Those who retaliate against whistleblowers or related witnesses will face corresponding disciplinary actions according to relevant regulations. In severe cases that violate the law, the matter will be referred to judicial authorities for legal processing. The Company actively encourages employees and enterprises or individuals with whom it has business dealings to make reports under their real names. If the reports are found to be true, the Company will punish the real-name reporters in accordance with relevant regulations.

Anti-corruption Reporting Process

The Legal Affairs Department rewards qualified whistleblowers with mental and material incentives based on the investigation results and the Company's relevant regulations and imposes corresponding disciplinary actions on violators. In severe cases that violate criminal law, the matter will be referred to judicial authorities.

During the Reporting Period, the Company is not aware of any lawsuits or cases related to corruption or unfair competition brought against the Company or its employees.

3. Product Responsibility

TYK Medicines focuses on R&D innovation as its core strategy, driving the rapid development of the Company and promoting the efficient transformation of innovative achievements through systematic intellectual property layout. Meanwhile, the Company has established a quality management system for the entire product lifecycle, strictly controlling product quality, and strengthening information security and privacy protection, demonstrating our social responsibility and steadily achieving sustainable development goals.

3.1 Product Innovation

The Company actively engages in product innovation, building a high-level R&D talent team to drive the Company's high-quality development. In addition, the Company continuously improves its intellectual property protection system, injecting strong momentum into R&D innovation and achievement protection, promoting the transformation of R&D results to benefit more patients.

3.1.1 R&D Innovation System

TYK Medicines has established a comprehensive governance structure for R&D innovation and continuously optimizes its R&D management system. We have set up a scientific committee composed of Board members, responsible for identifying and discussing emerging trends in pharmaceutical science, reviewing and evaluating R&D projects, providing recommendations to the Board regarding progress in achieving long-term strategic R&D goals and tasks, reviewing and providing recommendations on technology projects and investments, and assessing the Company's R&D capabilities and organizational capacity. In addition, the Company's project department conducts feasibility studies for specific R&D projects, and multiple departments jointly evaluate and validate the feasibility and market potential of the projects, with final decisions made by the executive team to ensure the orderly operation of the R&D innovation system.

TYK Medicines adheres to the development vision of "innovative drugs to make a meaningful difference in people's lives", establishing a rich product pipeline layout, continuously promoting independent R&D innovation, and accelerating the transformation of achievements. During the Reporting Period, we made significant R&D progress in both preclinical and clinical projects, and we are committed to providing scientific and effective medical solutions for more patients.

Main Progress in Innovation and R&D of TYK Medicines in 2024

TYK Medicines values the introduction and cultivation of high-quality talents, continuously improving the construction of an innovative talent team to effectively support product development and technology transfer. As of the end of the Reporting Period, we have 110 R&D personnel, accounting for approximately 72% Among them, there are 5 national experts, more than 10 provincial experts, more than 20 returnee experts, and doctors with experience in new drug R&D of well-known multinational pharmaceutical companies, and 57% of the R&D personnel have a master's degree or above, forming a high-level international R&D team with strong strength and covering many aspects.

TYK Medicines continues to improve the independent training mechanism for innovative talents and provides equity incentives to key R&D personnel, driving the Company's innovation and development. In addition, we continue to increase investment in R&D and innovation to promote the transformation of research results. During the Reporting Period, the Company's total R&D investment amounted to RMB235 million.

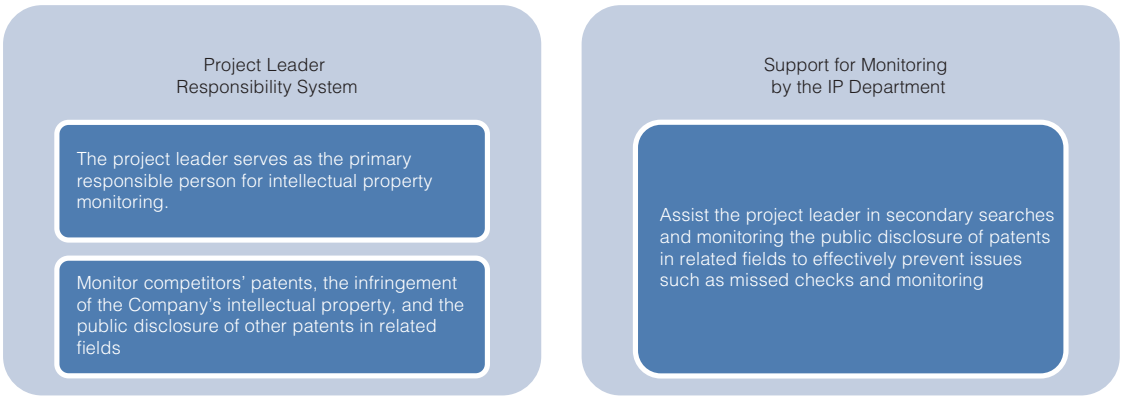
As of the end of the Reporting Period:

- Three employees at TYK Medicines obtained senior professional titles, three employees obtained intermediate professional titles, and one employee obtained an associate senior professional title.
- Four PhD candidates are being trained at the provincial postdoctoral workstation of TYK Medicines, and two PhD candidates have completed their training after passing the assessment.
- Two recipients of the national overseas youth talent program have officially joined the Company's pharmaceutical chemistry and biology departments.

3.1.2 Intellectual Property Protection

TYK Medicines places great importance on intellectual property protection and continuously improves its intellectual property management system. The Company adheres to laws and regulations such as the *Patent Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*, and has developed a series of internal normative documents including the *Intellectual Property Management Measures* and the *Intellectual Property Risk Management Control Procedures* to promote standardized management of the Company's intellectual property.

TYK Medicines has established a comprehensive intellectual property monitoring mechanism, which includes a project leader responsibility system and support from the IP department for monitoring, regularly conducting patent risk assessments to provide solid legal protection for the Company's continuous innovation.



Intellectual Property Monitoring Mechanism

The Company continuously strengthens the culture of intellectual property protection, regularly organizing training for all R&D personnel and management on intellectual property protection, timely sharing updates on legal and regulatory changes, and providing guidance and support on patent searches, writing, applications, and responses to examination opinions. In addition, the Company gradually improves its intellectual property incentive measures, establishing various forms of rewards for R&D personnel who achieve intellectual property results, effectively stimulating employees' enthusiasm for innovation.

As of the end of the Reporting Period, TYK Medicines has accumulated 248 patents and 25 trademarks, with no litigation cases related to intellectual property.

3.2 Quality Management

TYK Medicines strictly adheres to product quality standards, continuously improving its quality and safety management system, and rigorously implementing information security and privacy protection measures, contributing reliable pharmaceutical solutions to human health and demonstrating the Company's social responsibility and commitment.

3.2.1 Product Quality and Safety

TYK Medicines always regards product quality and patient safety as the cornerstone of the Company's development, strictly regulating the quality and safety control procedures throughout the entire product lifecycle, providing safe and reliable products for patients, building a responsible corporate image, and effectively enhancing market competitiveness.

Quality Management System

The Company has established a dedicated pharmacovigilance department, equipped with a professional team responsible for clinical safety monitoring, and clarifies departmental and job responsibilities based on the *Responsibilities of the Pharmacovigilance Department* and *Responsibilities of the Pharmacovigilance Officer* to ensure that pharmacovigilance activities comply with ICH guidelines and regulatory requirements from the National Medical Products Administration (NMPA), the U.S. Food and Drug Administration (FDA), and the European Medicines Agency (EMA).

The Company has developed 28 pharmacovigilance system procedures, including the *Standard Operating Procedures for Drug Risk Analysis and Management*, *Standard Operating Procedures for Drug Risk Measures Management*, and *Standard Operating Procedures for Internal Audits of the Pharmacovigilance System*, as well as four job responsibility documents for pharmacovigilance, covering the entire process of pharmacovigilance activities such as handling safety reports from clinical trials and post-marketing, safety signal detection, risk monitoring and control, and writing and submitting periodic reports, creating a standardized and regulated product quality management system.

The Company conducts internal and external quality audits regularly and takes necessary corrective measures promptly to ensure the effectiveness of the quality management system. During the Reporting Period, the Company conducted more than 10 quality audits. Meanwhile, we regularly organize quality training for our employees. Strengthening the construction of quality culture, effectively improving employees' quality awareness and capabilities.

Product Safety Control

TYK Medicines has established a comprehensive safety monitoring and risk assessment mechanism. Based on the *Standard Operating Procedures for Safety Signal Detection and Evaluation Management*, the Company conducts periodic detection of product safety signals, promptly analyzes and evaluates any identified safety signals, and initiates risk management processes for necessary items.

To ensure the safety of clinical trials, in addition to the collection and handling of serious adverse events during routine clinical trials, the Company regularly conducts safety event analysis and evaluation, prepares Development Safety Update Reports (DSUR) during the research phase, and updates the investigator's brochure for the clinical trial drug in a timely manner based on the risk assessment results to ensure that all parties involved in the clinical trial are promptly informed of the safety-related information of the trial drug.

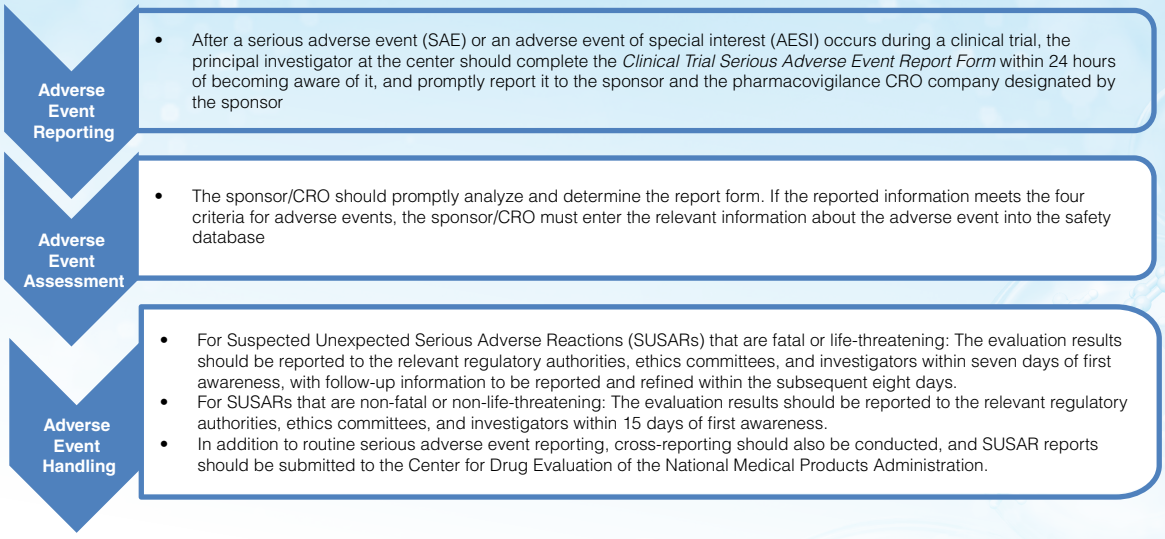
In addition, TYK Medicines actively promotes the construction of a digital quality management system. The Company uses the eSafety system as the core safety database to integrate safety information from multiple sources, including clinical trials, non-interventional studies, and patient support programs. We require CRO companies to strictly adhere to the requirements of clinical trial projects and related operating procedures to ensure the completeness and accuracy of data entry.

Product Recall

TYK Medicines complies with the laws and regulations of the place where it operates, establishes a product recall management mechanism, and clarifies the product recall conditions and processing procedures. The Company continuously improves the product recall system to ensure timely and effective responses and recalls for products that may have quality issues or other risks, minimizing potential adverse impacts. During the Reporting Period, the Company had no product recall incidents.

Pharmacovigilance

TYK Medicines attaches great importance to the safety and protection of subjects in clinical trials. By establishing relevant systems and a clinical trial safety management plan (SMP), all parties involved in clinical trials can standardize the adverse events that occur to subjects in the trial.



Adverse Event Management Process

3.2.2 Research Ethics

While the Company continues to innovate and develop, bringing more hope for cures to patients, it also pays attention to ethical issues in the R&D process. In the early stages of clinical trials, we conduct ethical animal experiments, actively responding to animal ethics policies and animal welfare protection requirements, scientifically and humanely raising and using experimental animals, and actively improving the living conditions of these animals to ensure their rights.

TYK Medicines has established a comprehensive review mechanism to ensure the compliance and safety of the trial process. Before initiating clinical research, the Company must submit research proposals, informed consent forms, and other project and ethical review materials, obtain project approval from hospitals and ethics committee review, and sign agreements with hospitals, ultimately receiving approval and public disclosure from regulatory agencies. Any protocol deviations and serious adverse events discovered during the clinical trial process must be promptly reported to the ethics committee, which conducts annual reviews of the project and performs strict audits at the end of the project.

3.2.3 Data Security and Privacy Protection

To enhance the security of the Company's information systems, TYK Medicines strictly adheres to relevant laws and regulations, continuously improves its data security management system, strengthens data security protection and privacy management, and effectively safeguards the security of the Company's data assets.

In drug clinical trials, we follow the *Good Clinical Practice* and the *Declaration of Helsinki* to establish a comprehensive mechanism for protecting the privacy of participants, ensuring that their privacy is not violated during the collection, storage, and use of information.

Informed Consent of Participants

- The confidentiality provisions for personal information are clearly stated in the informed consent form, and participants are required to sign the informed consent form before the trial begins.

EDC Database Management

- It is strictly prohibited to collect personal information unrelated to the research purpose, and participant information will be anonymized when entered into the EDC database.
- Access permissions are set for the EDC database, and confidentiality agreements and data transfer agreements are signed with partners who need to share data.

Regulatory Agency Review

- CRAs, ethics committee representatives of hospitals, and the National Medical Products Administration must strictly comply with GCP and the *Personal Information Protection Law* when handling participants' personal information and sign source data verification agreements.

Participant Privacy Protection Mechanism

4. Win-win Development

We continuously improve our supply chain management system, strengthen sustainable procurement practices, and are committed to building a safe and stable supply chain. In addition, the Company values cooperation and communication with industry peers to jointly create a good industry ecosystem. We are willing to work hand in hand with partners and all sectors of society to jointly outline a sustainable future for the industry and value chain.

4.1 Responsible Supply Chain

A responsible and sustainable supply chain is crucial for the Company's development. TYK Medicines adheres to the laws and regulations of its operating locations, establishing internal policies and systems such as the *Supplier Management System* and the *Supplier Selection Criteria* to standardize supplier resource management and promote friendly communication and long-term cooperation with suppliers. In addition, the Company continuously improves its supplier governance structure, with the procurement department primarily responsible for supplier development, maintenance, and management, clarifying responsibilities and work content to ensure the effective operation of the supplier management system.

The Company has established a supplier development, evaluation, and grading management mechanism to enhance supply security and reliability, ensuring that the suppliers introduced can provide high-quality products and services, and implementing differentiated management strategies to improve supplier management efficiency.

Supplier Management Mechanism

The Company gradually integrates ESG requirements into supply chain management to enhance suppliers' sustainable development standards. We only cooperate with qualified and trustworthy suppliers that comply with relevant regulations and industry standards, purchasing raw materials that meet environmental protection requirements. In addition, we establish smooth communication mechanisms through email, WeChat, phone calls, and on-site visits to build solid and good supplier partnerships, ensuring that suppliers meet our ESG management requirements.

As of the end of the Reporting Period, the number of supplier collaborations for TYK Medicines is as follows:

Indicator		**Unit**	**2024**
Total number of suppliers		/	27
Number of suppliers by region	East China	/	23
	South China	/	1
	Central China	/	0
	North China	/	3
	Northwest	/	0
	Northeast	/	0
	Southwest	/	0
	Overseas	/	0

4.2 Industry Communication and Cooperation

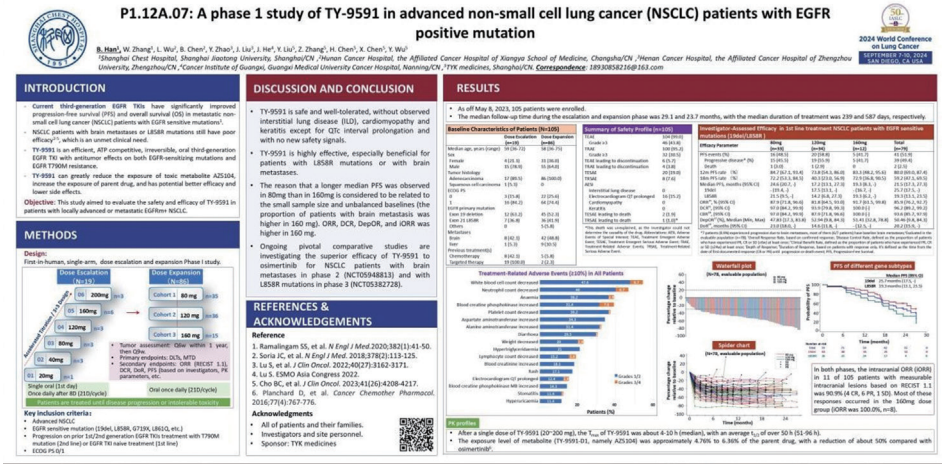
TYK Medicines values cooperation and communication with industry peers while seeking its development. It actively participates in domestic and international industry conferences to share research progress and collaboratively build a healthy industry ecosystem.

- In January 2024, experts from TYK Medicines attended the 2024 Huzhou Spring Networking Gathering for High-Level Talents.
- In April 2024, several experts from TYK Medicines participated in the Symposium for Biopharmaceutical Companies in Changxing County.
- In May 2024, TYK Medicines assisted in hosting the "Talent Gathering in Changxing: Biopharmaceutical Industry Investment Promotion Conference".
- In May 2024, TYK Medicines participated in the Launch Ceremony of the Zhejiang United Front's Action to Deepen Innovation and Make Contributions, as well as the "Zhijiang Tongxin: Biopharmaceutical Special Matchmaking Conference".
- In May 2024, TYK Medicines attended the Second Xisai Mountain Capital Forum organized by the Huzhou Municipal Government.
- In June 2024, TYK Medicines participated in the Special Research Seminar on the Transformation of Scientific and Technological Achievements of New R&D Institutions at the Ninth Huzhou Municipal People's Congress.
- In July 2024, TYK Medicines participated in the "Seeing Beautiful China in Huzhou" Talent Salon (Issue 87).
- In September 2024, several researchers from TYK Medicines attended the 2024 CSCO Annual Meeting held in Xiamen.
- In September 2024, the research results of the innovative drug Asandeutertinib Tablets (TY-9591) developed by TYK Medicines were showcased at the 2024 World Conference on Lung Cancer (WCLC) held in San Diego, USA.
- In October 2024, TYK Medicines engaged in interactive exchanges with experts from the Changxing County Traditional Chinese Medicine Hospital.
- In November 2024, TYK Medicines participated in the 2024 Zhijiangnan Forum.
- In December 2024, TYK Medicines attended the Inauguration Ceremony of the Expert Committee for the High-quality Development of the Biopharmaceutical Industry in Changxing County, and became an honorary chairman and a chairman unit.

Industry Communication Activities

Showcase of R&D Achievements at the 2024 World Conference on Lung Cancer

In September 2024, the International Lung Cancer Research Association successfully held the 2024 World Conference on Lung Cancer in San Diego, USA. At this annual conference in the field of lung cancer, TYK Medicines shared the results of the Phase I clinical study of the innovative drug Eltrombopag Tablets (TY-9591) for advanced EGFR mutation-positive non-small cell lung cancer (NSCLC). The study results showed that TY-9591 has good safety and tolerability, with no specific safety signals identified. In first-line treatment for NSCLC patients with EGFR sensitive mutations (19del or L858R), the median progression-free survival (PFS) of TY-9591 reached 21.5 months, and it was particularly effective for NSCLC patients with brain metastases and those with EGFR/L858R mutations.



Presentation of TYK Medicines's Research Results on Eltrombopag Tablets (TY-9591)

TYK Medicines Actively Participated in Industry Communication Activities

In May 2024, TYK Medicines actively participated in the Launch Ceremony of the Zhejiang United Front's Action to Deepen Innovation and Make Contributions, as well as the "Zhijiang Tongxin: Biopharmaceutical Special Matchmaking Conference (Biopharmaceutical Special Session)", discussing collaborative innovation models among government, industry, academia, and research with various partners, providing strong support for cultivating high-level innovative talent and entrepreneurial teams, developing new quality productivity, and shaping new advantages for high-quality development.

Communication Activity

5. Harmonious Ecology

TYK Medicines adheres to the concept of green development, actively responds to climate change challenges, continuously improves its environmental management system, ensures compliance with pollutant emissions, and enhances energy and resource utilization efficiency. We practice environmental protection responsibilities to promote the sustainable development of the Company.

5.1 Addressing Climate Change

Addressing climate change has become a global consensus. TYK Medicines lays emphasis on the risks and opportunities brought by climate change, actively takes measures to respond, engages in carbon reduction practices, mitigates the potential impact of climate change on the Company, and contributes to global climate action.

5.1.1 Governance

The Company continuously improves its climate management system, gradually establishing a climate change governance framework, with the Board of Directors leading the Company's climate management efforts, overseeing climate-related strategies, policies, progress towards goals, and the execution of strategies to address climate-related risks and opportunities, ensuring the effectiveness of climate risk management.

5.1.2 Strategy

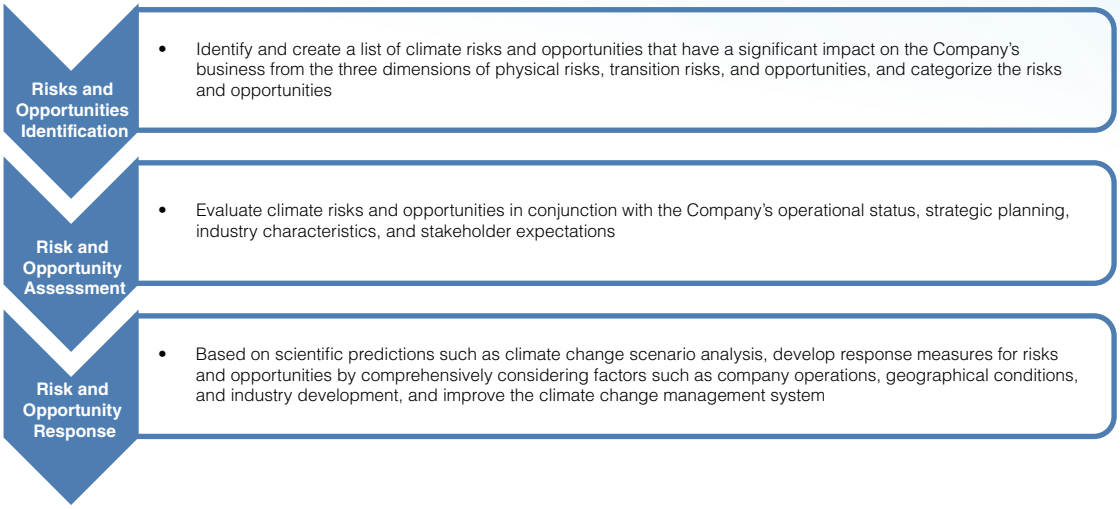
TYK Medicines, in accordance with the HKEX's *Enhancement of Climate-related Disclosures under the Environmental, Social and Governance Framework*, comprehensively considers various factors such as operational conditions, geographical factors, and industry development to preliminarily form a list of climate change-related risks and opportunities, and develop response measures to effectively manage the impact of climate risks and opportunities on the Company's business.

Types of Climate Change Risks/Opportunities		**Potential Impact**	**Response Measures**
Physical Risks	Acute Physical Risks	The increasing frequency of natural disasters such as typhoons, floods, and droughts, as well as extreme weather events like high temperatures, may affect the operational stability of the Company's infrastructure, thereby impacting business continuity.	• Establish an *Emergency Plan Management System* to standardize responses to climate disasters; • Actively respond to relevant local government policies and develop emergency plans to ensure employee safety and provide relevant insurance for employees.
	Chronic Physical Risks	The rise in global average temperatures requires the Company to use more energy to maintain the desired indoor environmental temperature at operational sites.	• Improve the Company's energy management system to enhance energy efficiency; • Actively promote the use of renewable energy to ensure a stable energy supply system for production and operations, reduce overall energy consumption, and lower costs.

Types of Climate Change Risks/Opportunities		Potential Impact	Response Measures
Transition Risks	Policies and Laws	Increasingly stringent climate change policies and regulatory requirements may raise the Company's compliance operating costs.	• Monitor the latest climate-related laws and regulations in the operating area and take necessary energy-saving and carbon-reduction measures; • Timely optimize the Company's system to ensure compliance in production and operations.
	Reputation	Stakeholders are increasingly concerned about the Company's actions and progress in addressing climate change, and slow progress may impact the Company's reputation.	• Implement diverse energy-saving and carbon-reduction measures to strive to reduce the Company's environmental impact and contribute effectively to global climate change efforts; • Enhance communication with stakeholders through ESG reports, investor relations work, and other means.
Opportunities	Resource Efficiency	We can improve energy and resource use efficiency and reduce operating costs through the implementation of process optimization, equipment upgrades, and other measures.	• Improve energy efficiency through equipment transformation and technology upgrades, reducing energy consumption intensity and operating costs; • Reduce operating costs by minimizing resource usage (such as water resources, packaging materials, etc.) and promoting recycling.
	Energy Sources	To achieve the dual carbon goals, the national strong promotion of new energy and the establishment of a carbon market bring changes in energy usage structure and opportunities for carbon market trading.	• Actively explore the use of renewable energy, selecting types of renewable energy that align with the Company's actual situation and future development; • Closely monitor national and local policy dynamics, fully utilize policy dividends, and strive for various support measures such as subsidies and tax incentives.

5.1.3 Risk Management

TYK Medicines incorporates climate change into its risk management system and continuously strengthens its risk management capabilities. The Company establishes mechanisms for identifying, assessing, and responding to climate change risks and opportunities, and regularly reports relevant performance and goal achievement to the Board of Directors, effectively mitigating the risks and impacts brought by climate change.



Management Process for Climate Change-Related Risks and Opportunities

To address physical risks that may significantly impact business continuity, TYK Medicines has established an *Emergency Response Management System* to implement unified leadership, organization, rapid response, and coordinated action in the event of emergencies caused by extreme weather and other natural disasters, ensuring adequate human, material, and financial resources for emergency response.

In managing transition risks and opportunities, TYK Medicines actively practices the concept of green development. We have developed an energy management plan to continuously improve energy efficiency, promote energy conservation and emission reduction practices, and facilitate the Company's sustainable development.

Application of Energy-saving Equipment	Energy Saving Management and Awareness Promotion
• Install energy-saving devices such as variable frequency air conditioners, and reasonably control the air conditioning temperature to avoid excessive energy use	• Require employees to promptly turn off unused electrical appliances and conduct manual inspections to reduce energy waste • Post energy-saving signs in public places to strengthen employees' awareness of conservation and environmental protection

Energy Management Measures

5.1.4 Metrics and Targets

In the face of the severe challenges posed by global climate change, TYK Medicines has set GHG reduction targets and continuously tracks our climate action progress and effectiveness to promote the Company's sustainable development.

GHG Emissions	• By the end of 2026, we aim to reduce the GHG emission intensity per employee by approximately 3% to 5% compared to the consumption level in 2023.

GHG Emission Reduction Target

Energy Consumption Reduction	• By the end of 2026, we aim to reduce the electricity consumption intensity per employee by approximately 3% to 5% compared to the consumption level in 2023.

Energy Management Target

During the Reporting Period, TYK Medicines's GHG emissions[1] and energy consumption[2] The indicators are as follows:

Indicator	Unit	2024
Total GHG emissions (Scope 1)	tCO_2e	52.89
Total GHG emissions (Scope 2)	tCO_2e	933.21
Total GHG emissions (Scope 1 + Scope 2)	tCO_2e	986.10
GHG emission intensity (Scope 1 + Scope 2)	tCO_2e/person	6.45
Total direct energy consumption	MWh	349.91
Direct energy consumption intensity	MWh/person	2.29
Total indirect energy consumption	MWh	1,739.12
Indirect energy consumption intensity	MWh/person	11.37

5.2 Environmental Management

TYK Medicines strictly complies with laws and regulations, continuously improves its environmental management system, strengthens environmental risk and emergency management mechanisms, and works hand in hand with employees to promote the Company's green operations and sustainable development.

5.2.1 Environmental Management System

The Company strictly adheres to the *Environmental Protection Law of the People's Republic of China* and other laws and regulations, formulates the *Public Environmental Sanitation Management System Norms*, and gradually improves internal policies and systems for environmental management, standardizing environmental management procedures to prevent various environmental risks.

The Company has established a sound ESG governance framework. The Board of Directors supervises and guides environmental management work, and sets up an ESG Management Committee as the executive body to coordinate the promotion of various policies and measures. Meanwhile, an Environmental, Health, and Safety (EHS) Management Committee composed of heads of various departments was established to be responsible for the daily management and implementation of various environmental protection measures to ensure the effective implementation of laws, regulations, and internal systems.

1 The Company's Scope 1 GHG emissions originate from gasoline and natural gas usage in its owned vehicles; Scope 2 GHG emissions stem from purchased electricity and steam consumption. The calculation of GHG emissions refers to the *Guidelines for the Accounting and Reporting of GHG Emissions from Enterprises of Other Industries (Trial)* published by the National Development and Reform Commission of the People's Republic of China. The electricity emission factor for 2024 is calculated based on the *Announcement on the Release of the 2022 Carbon Dioxide Emission Factor for Electricity* published by the Ministry of Ecology and Environment of the People's Republic of China, where the grid emission factor is adjusted to 0.5366 tCO_2/MWh.

2 Energy consumption: calculated in accordance with the *General Rules for Calculation of the Comprehensive Energy Consumption* (GB2589-2020).

In addition, the Company pays great attention to the prevention and response to sudden environmental incidents, formulates system documents such as the *EHS Emergency Management Implementation Outline* and the *Laboratory Emergency Incident Management Norms*, and establishes an EHS Safety Committee responsible for the Company's environmental emergency management. We have established a comprehensive routine management and emergency mechanism for environmental risks, promoting standardized management and effective response to environmental risks through regular hazard inspections and organizing emergency drills for sudden incidents.

Emergency Drill for Sudden Incidents

TYK Medicines is committed to deeply embedding green and environmental awareness in all aspects of the Company's operations and actively advocates for green office practices. This includes posting water and electricity conservation signs, turning off unnecessary lighting, encouraging paperless offices, and promoting resource conservation and recycling, thereby practicing green concepts through small actions and working together with employees to promote the Company's sustainable development.

The Company conducts awareness campaigns on green office practices for new employees and regularly organizes training on environmental management themes, sharing changes in environmental protection policies and technical cases to enhance employees' knowledge and strengthen their awareness of green and environmental protection.

During the Reporting Period, the Company did not have any major environmental risk incidents, nor did it violate any environmental protection laws and regulations.

5.2.2 Emission Management

TYK Medicines actively fulfills its environmental protection responsibilities, committed to achieving a win-win situation of ecological sustainability and economic benefits. We continuously strengthen emission management to ensure the compliant discharge of various pollutants and explore emission reduction practices to mitigate adverse impacts on the environment.

Wastewater Management

TYK Medicines strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Water Pollution* and other relevant laws, regulations, and discharge standards in its operating locations, establishing a management system for wastewater pollutants to achieve standardized management of wastewater discharge. During the Reporting Period, the Company achieved 100% compliant discharge of wastewater pollutants.

The types of wastewater generated by TYK Medicines mainly include domestic sewage and a small amount of R&D wastewater, which are centrally treated by the park's sewage treatment station and discharged into the municipal pipeline after meeting standards. We actively explore emission reduction practices by optimizing reaction conditions to reduce the amount of cleaning water used, thereby decreasing wastewater generation at the source. In addition, we standardize the storage and use of materials to prevent spills and leaks, minimizing the burden on the environment.

During the Reporting Period, the wastewater discharge indicators of TYK Medicines are as follows:

Indicator	Unit	2024
Total wastewater discharge	tonnes	1,563.84
Wastewater discharge intensity	tonnes/person	10.22

Air Emission Management

TYK Medicines strictly implements the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* and other laws, regulations, and standards of the operating location, and has established air emission management specifications to ensure the compliant discharge of air emission. During the Reporting Period, 100% of the Company's air emission met the standards.

The air emission from TYK Medicines mainly comes from processes such as R&D, animal husbandry, and equipment operation. To effectively reduce the emission of exhaust gas pollutants, the Company optimizes reaction conditions and regularly maintains and tests exhaust gas treatment facilities to reduce the generation of air emission at the source and improve treatment efficiency.

Pollutant Reduction	Air Emission Treatment
• Optimize reaction conditions, reduce the use of organic solvents, and lower the generation of exhaust gas pollutants	• Adopt the "Activated Carbon Adsorption + UV Photolysis" process to reduce exhaust gas pollutants • Conduct regular inspections, timely replacement of activated carbon and equipment updates • Regularly invite qualified third-party organizations to conduct exhaust outlet testing

Exhaust Gas Management Measures

Activated Carbon Replacement

During the Reporting Period, the air emission indicators of TYK Medicines are as follows:

Indicator	Unit	2024
Total nitrogen oxide (NO_x) emissions	tonnes	0
Total sulfur oxide (SO_x) emissions	tonnes	0
Total particulate matter emissions	tonnes	0
Total volatile organic compounds (VOCs) emissions	tonnes	0.18

Waste Management

TYK Medicines strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and other laws and regulations of the operating location. Based on its operational situation, it has developed a series of internal documents such as *Waste Management Procedures*, *Laboratory Hazardous Waste Management Norms*, *Biological Laboratory Waste Management System*, and *Animal Experiment Waste and Carcasses Disposal Management System*, clearly defining the management specifications for the entire lifecycle of hazardous waste.

Hazardous Waste Disposal	• We will continue to comply with relevant laws and regulations when disposing of hazardous waste.

Hazardous Waste Disposal Target

TYK Medicines's hazardous waste includes organic waste liquids, spent activated carbon, laboratory utensils, and consumables, while non-hazardous waste mainly consists of daily garbage. The Company implements a principle of classified collection for solid waste and has established a complete processing mechanism and procedures to ensure that all types of waste are properly and legally disposed of, effectively controlling pollution caused by waste.

Hazardous Waste

- Entrust qualified third-party hazardous waste disposal units for harmless treatment.
- Collaborate with hazardous waste disposal units to carry out improvement projects, effectively reducing exhaust emissions during transportation and the use of disposal bags by compressing and packaging waste first
- Establish a hazardous waste management ledger and terminal system, and connect it to the Zhejiang Province hazardous waste lifecycle monitoring system to implement lifecycle management.

Non-hazardous Waste

- Daily garbage and other waste are regularly collected and processed by sanitation departments

Waste Management Measures

Standardized Transfer of Hazardous Waste

During the Reporting Period, the waste emission indicators of TYK Medicines are as follows:

Indicator	Unit	2024
Total amount of hazardous waste discharge	tonnes	72.63
Hazardous waste discharge intensity	tonnes/person	0.47
Total non-hazardous waste discharge	tonnes	1,010.01
Non-hazardous waste discharge intensity	tonnes/person	6.60

5.2.3 Resource Protection

TYK Medicines adheres to the concept of green development, committed to exploring conservation and recycling practices, improving resource utilization efficiency, and achieving sustainable development goals.

Water Resource Usage

TYK Medicines strictly complies with the *Water Law of the People's Republic of China* and applicable laws and regulations in various operating locations. Based on its operational situation, the Company continuously optimizes its water resource management system to ensure the rational use and effective protection of water resources. The Company has set water resource management goals, aiming to continuously improve water resource utilization efficiency and effectively assess the performance and progress of its water resource management.

Water Resource Consumption Reduction	• By the end of 2026, we strive to reduce the water consumption intensity per employee by approximately 3% to 5% compared to the consumption level in 2023.

Water Resource Management Target

TYK Medicines's daily water usage mainly comes from the municipal water supply. In 2024, the Company has implemented a series of water resource management measures to ensure the stable and efficient operation of its water resource management system. We continue to carry out water usage inspections and control, promptly addressing issues of leaks and drips, and improving equipment cleaning processes to effectively reduce water resource consumption.

During the Reporting Period, the water resource consumption indicators for TYK Medicines are as follows:

Indicator	Unit	2024
Total water resource consumption	m^3	5,872.74
Water resource consumption intensity	m^3/person	38.38

Packaging Material Management

TYK Medicines advocates the concept of a circular economy, promoting awareness of reduction, recycling, and circulation, and emphasizes the implementation of these principles in daily work. In addition, we will gradually establish and improve the packaging material management system in line with the Company's business development and operational situation, exploring practices for material conservation and recycling, thereby effectively improving resource utilization efficiency and promoting the circular economy and sustainable development.

6. Talent Attraction

TYK Medicines always regards talent as the Company's most valuable asset, providing employees with a broad development platform and establishing a smooth career development pathway to drive the Company's growth.

6.1 Talent Development

TYK Medicines is committed to creating a fair, open, and diverse working environment, ensuring employees' rights and benefits through a fair hiring process, a comprehensive employee development system, and generous welfare benefits, enhancing employees' sense of value, security, fairness, and recognition.

6.1.1 Compliance Hiring

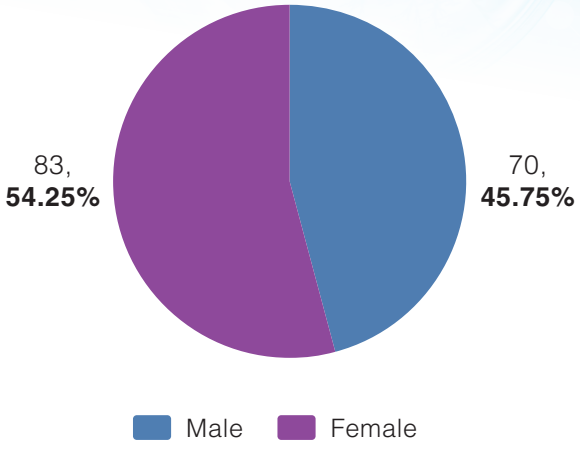
The Company strictly complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Law on the Protection of Minors of the People's Republic of China*, and the labor rights protection laws and regulations of the operating location ensuring compliance in the hiring process. To attract more outstanding talent, we actively broaden our recruitment channels, including job websites, recruitment agencies, and internal referrals. We ensure that the recruitment process is fair, just, transparent, and comprehensive at all stages, including job posting, resume screening, and interviews. With the consent of the candidates, we conduct background checks and information verification to mitigate the potential risks of forced labor or hiring child labor.

The Company is committed to building a diverse team that attracts talent from different countries and cultures, and we look forward to fostering diverse exchanges and interactions. We uphold the principles of equality, inclusivity, and equal pay for equal work, and we are committed to not discriminating against or treating employees differently based on race, ethnicity, gender, religion, place of origin, marital status, age, sexual orientation, or gender identity. We have established policies regarding equal opportunity and anti-discrimination. If employees encounter any form of unequal discrimination, they can immediately seek assistance from their department supervisor, the human resources department, or our management team. We will promptly follow up, investigate, and report to law enforcement if necessary.

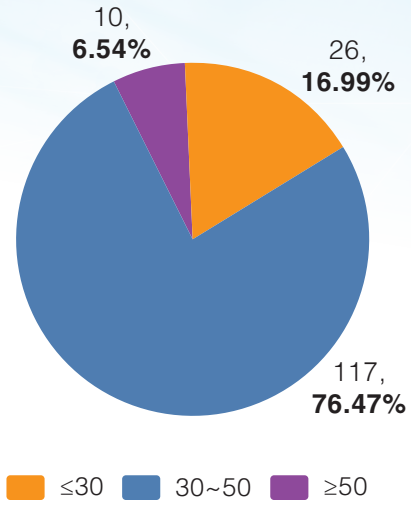
As of the end of the Reporting Period, TYK Medicines had a total of 153 employees, with full-time employees accounting for 100%.

Employment

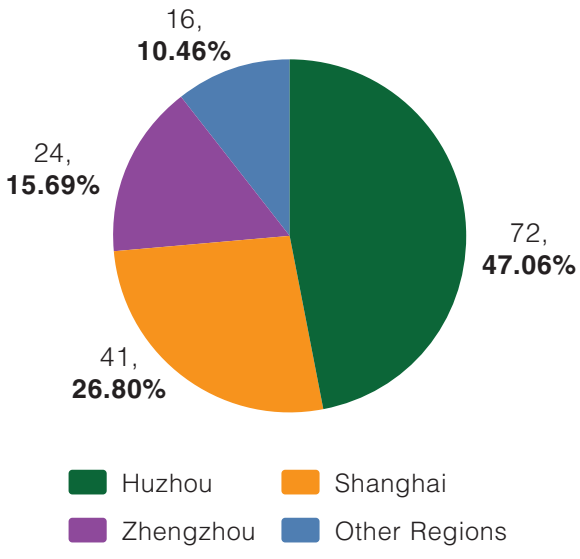
Gender Distribution



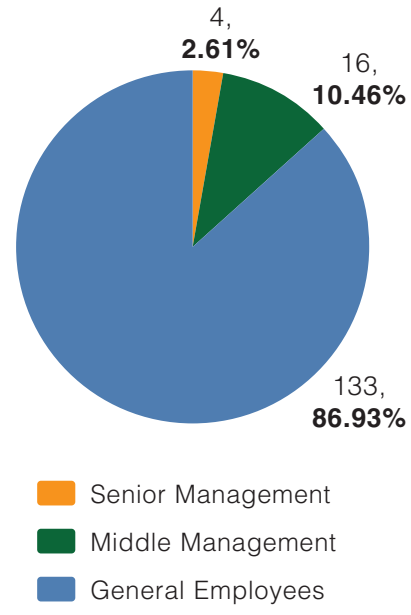
Age Distribution



Region Distribution



Rank Distribution



6.1.2 Remuneration and Promotion

Based on a fair and transparent remuneration and benefits system, TYK Medicines is committed to ensuring that employees' contributions are matched by their rewards, while also establishing diverse and smooth promotion channels to assist employees in achieving personal career development.

Employee Remuneration and Benefits

TYK Medicines has established a fair, reasonable, and market-competitive remuneration and benefits system. By creating internal policy documents such as the *Remuneration Management System*, we clarify the components of employee remuneration and evaluation criteria, standardize the remuneration management workflow, and ensure that employee remuneration and benefits are fair and reasonable.

We continuously conduct remuneration monitoring and analysis, developing remuneration strategies that align with market trends through market research and job value assessment, and providing rewards based on individual employee performance and contributions to ensure internal fairness and external competitiveness. We also continue to improve our employee welfare system. In addition to statutory benefits, we provide employees with various additional subsidies, allowances, insurance, and other benefits to comprehensively enhance employees' sense of happiness and sense of belonging.

Statutory Benefits	Additional Benefits	Family Benefits
• Pension Insurance • Unemployment Insurance • Health Insurance • Work-related Injury Insurance • Maternity Insurance • Housing Provident Fund	• Critical Illness Death Insurance • Major Illness Insurance • Accidental Injury Insurance • Aviation Accident Insurance • Group Medical Outpatient and Emergency Insurance • Group Hospitalization Allowance • Group Medical Hospitalization • Housing Subsidy • Transportation Subsidy • Catering Subsidy • Holiday Subsidy	• Statutory Paid Annual Leave • Company Benefits Leave • Marriage Leave • Maternity Leave • Paternity Leave

Benefits System of TYK Medicines

Talent Incentive Mechanism

TYK Medicines understands the significant importance of a fair and competitive incentive mechanism in stimulating employee potential, enhancing work efficiency, and promoting corporate development. The Company stimulates employees' enthusiasm and creativity through diversified incentive measures.

Equity Incentive Plan

- We align employee interests closely with the Company's long-term development to motivate them to create greater value for the Company

Annual Performance Bonus

- The distribution of bonuses is closely linked to the overall performance of the Company and individual performance for motivating employees to strive to achieve the Company's strategic goals and efficiently complete their work tasks

Diverse Incentive Measures

Talent Assessment and Evaluation

TYK Medicines has established a comprehensive evaluation system, implementing differentiated assessment methods for employees at different levels to comprehensively evaluate their work performance and contributions.

Senior Management

- **Strategic goal achievement rate:** evaluate senior management's performance in developing and executing the Company's strategic goals
- **Financial indicators:** involves revenue growth rate, profit margin, cost control, etc.
- **Leadership assessment:** understand the leadership capabilities and team management effectiveness of senior management through 360-degree assessment

Middle Management and General Employees

- **Personal KPI:** evaluate employees' performance in terms of personal work goals, task completion, work efficiency, etc.
- **Project evaluation:** evaluate the contribution and performance in the project for employees involved in the project
- **Behavioral assessment:** involves work attitude, teamwork, innovation ability, etc.

Performance Evaluation System

Employee Promotion Path

TYK Medicines places great importance on the career development path planning of its employees. A comprehensive evaluation is conducted based on factors such as work performance, achievement results, leadership abilities, and teamwork to ensure that every employee can receive corresponding promotion opportunities based on their individual capabilities and performance. The promotion process includes self-assessment, supervisor evaluation, HR review, and general manager assessment to ensure the fairness and transparency of the promotion process. Meanwhile, it provides employees with dual career paths in both technical and management areas, encouraging long-term development.

6.1.3 Talent Development

TYK Medicines has established a scientific and reasonable employee training system. By regularly conducting various training activities and inviting industry experts and experienced internal employees to teach, we ensure that employees' professional skills and overall quality continue to improve. During the Reporting Period, the Company's training programs covered all employees.

New Employee Training

- **Coverage:** it is provided to all new employees, covering company culture, rules and regulations, job responsibilities, etc.
- **Frequency:** based on the Company's recruitment situation, it may be conducted monthly, quarterly, or semi-annually.
- **Training duration:** the duration is usually half a day, and the specific time will be adjusted according to job requirements.
- **Training content:** company introduction, corporate culture, career development, etc. Were covered.
- **Results:** we help new employees quickly integrate into the Company, understand the work process, and improve work efficiency.

Department Business Training

- **Coverage:** training is conducted by each department based on business needs, usually for internal employees.
- **Frequency:** depending on business needs, it may be conducted quarterly or semi-annually.
- **Training duration:** each training session may last 1-3 days.
- **Training content:** technology (internal and external), business process optimization, industry trend analysis, etc.are covered.
- **Results:** we improve employees' professional skills, enhance team collaboration, and drive business development.

Online Training and Learning Platform

- **Coverage:** they are provided to all employees.
- **Frequency:** they are conducted continuously throughout the year.
- **Training duration:** employees can arrange their studies according to their personal schedule.
- **Training content:** they include online courses, video tutorials, e-books, etc., covering multiple fields such as technology, management, communication, etc.
- **Results:** we improve employees' autonomous learning ability and meet their personalized learning needs.

Training Outcome Assessment

The Company uses various assessment methods to comprehensively measure training effectiveness, including exams, project practice, and feedback surveys. The exam assesses employees' theoretical understanding of the training content, while project practice observes their application abilities in real work situations, and feedback surveys collect employees' subjective evaluations and suggestions regarding the training. After the training, employees are able to complete work tasks more efficiently, their professional skills have significantly improved, and team collaboration has become more harmonious. In addition, some employees have successfully obtained promotion opportunities or taken on more important responsibilities, contributing greater strength to the Company's development.

Employee Training System of TYK Medicines

6.2 Occupational Health and Safety

TYK Medicines places great importance on employee occupational health and safety, and has established comprehensive health and safety policies and measures. The Company provides a good working environment and necessary labor protection measures for employees, ensuring their health and safety during work processes, and regularly conducts health and safety training to enhance employees' safety awareness and emergency response capabilities.

Health and Safety Management System

The Company conducts health and safety management through the EHS Management Committee. The main members of the EHS Committee are the heads of various departments. The head of the operations department serves as the overall coordinator for EHS affairs, coordinating the Company's safety, health, and environmental matters. Meanwhile, they are responsible for the safety and regulations of warehouses, office areas, and other public areas. The head of the biology department is responsible for the safety and regulations of the biological laboratory and related areas. The head of the pharmaceutical and chemical department is responsible for the safety and regulations of the pharmaceutical and chemical laboratory, analysis laboratory, and related areas. Each responsible head is also the primary person accountable for their respective areas.

The Company strictly abides by the *Labor Law of the People's Republic of China*, the *Production Safety Law of the People's Republic of China*, the *Occupational Disease Prevention and Control Law of the People's Republic of China* and other laws and regulations, and has formulated A series of internal policies, such as the *EHS Emergency Management Implementation Outline* and the *Laboratory Emergency Incident Management Specifications*, which clearly stipulate matters such as safe work procedures, accident prevention and emergency response to reduce the risk of accidental contamination of facilities and personal injury. We strictly implement the *Regulations on the Use and Management of Hazardous Chemicals in Laboratories*, *Regulations on the Use and Management of Precursor Chemicals*, and *Regulations on the Use and Management of Highly Toxic Chemicals*, among others, to achieve standardized management of hazardous sources and risk factors.

For each of the three year up to and including the Reporting Period, TYK Medicines had no work-related fatalities.

Health and Safety Management Measures

The Company has implemented a series of health and safety management measures, including regular maintenance of facilities and equipment to ensure site safety. Employees responsible for specific tasks (including operating low-temperature liquid nitrogen, high-temperature sterilizers, conducting animal research, and using toxic chemicals) are required to hold relevant qualifications and wear appropriate safety protective equipment while working to ensure the safety of personnel on site.

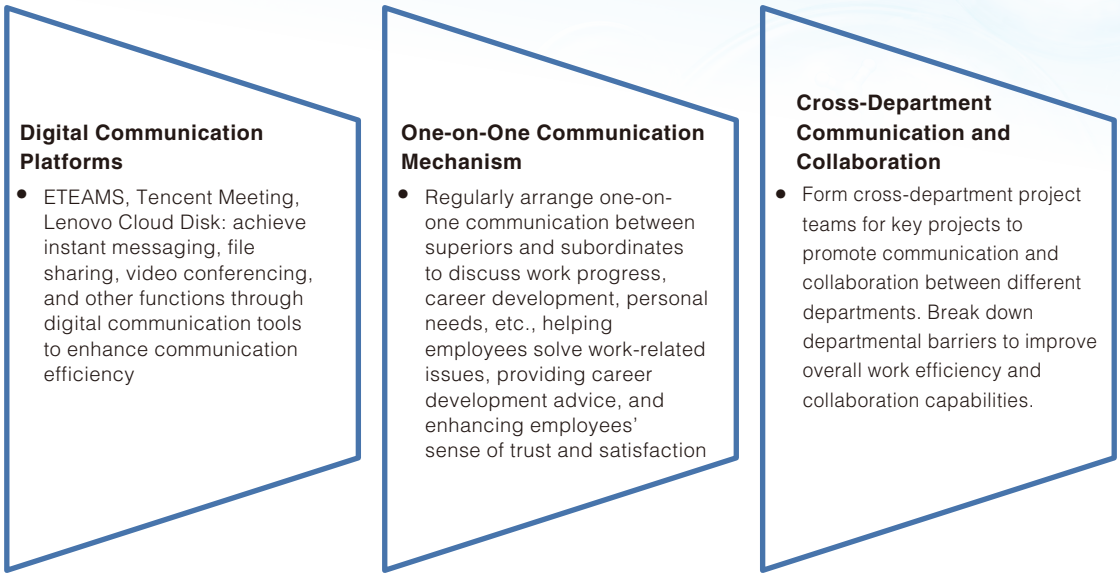
The Company regularly conducts health and safety training and organizes safety production, fire safety training, and emergency evacuation drills for employees.

6.3 Considerate Care

TYK Medicines is committed to creating a warm and harmonious working environment, enhancing employees' sense of belonging and team cohesion through diverse communication channels and a variety of caring activities. The Company has established a multi-dimensional employee communication mechanism and regularly organizes team-building and employee care activities to further improve employee satisfaction and happiness.

6.3.1 Employee Communication

The Company has established diverse employee communication channels, including online communication platforms, one-on-one communication mechanisms, and cross-departmental communication and collaboration, to ensure timely information transmission and enhance employee engagement.



Employee Communication Channels

6.3.2 Care for Employees

TYK Medicines cares about employees' physical and mental health, advocates work-life balance, actively organizes a variety of employee activities, and regularly holds team-building and care activities, such as holiday celebrations and outdoor team-building, effectively enhancing employees' sense of belonging and team cohesion.

Annual Dinner

Employee Team Building Activities

7. Giving Back to Society

TYK Medicines actively fulfills its social responsibilities and gives back to society through practical actions. The Company pays close attention to social needs and contributes to society through inclusive healthcare and charitable activities.

7.1 Inclusive Healthcare

During the Reporting Period, TYK Medicines actively conducted public welfare product trial activities and engaged in good interactions with patients. Out of concern for the subjects and to maximize clinical benefits, the Company commits to continue providing research drugs free of charge to subjects who are still undergoing treatment or patients who, regardless of disease progression, are deemed by researchers to benefit from clinical treatment after the clinical study closes. To ensure compliance with the drug donation process, the Company has drafted a series of related documents, including clinical trial termination instructions, drug donation plans, informed consent forms for drug donation plans, processes for continued drug supply, distribution and recovery forms for research drugs (donated drugs), arrangements for visits during the donation phase, explanations of examination costs, and explanations of informed consent for the drug donation plan. After obtaining ethical approval from the research center, these documents will be managed by designated personnel to ensure the standardization and transparency of the donation process.

7.2 Public Welfare and Charity

TYK Medicines continues to pay attention to community needs and gives back to society through diverse public welfare activities. The Company has launched a variety of public welfare projects in community interaction and charitable donations, demonstrating its care and commitment to society.

Community Co-construction

TYK Medicines is actively engaged in community interaction, establishing close relationship with local schools and hospitals, and conducting a variety of exchange activities that promote the sharing of educational resources and the development of scientific education, while also facilitating the exchange of medical technology and the advancement of research projects.

During the Reporting Period, the Company received visits from many schools and helped school teachers understand the Company's R&D and production processes while providing support for the school's scientific activities.

Receiving the Visiting School Teachers

Charitable Donations

TYK Medicines actively engages in charitable donations to give back to society, demonstrating the Company's social responsibility and commitment.

"One-Day Charitable Donation" Event

On the afternoon of August 31, 2024, the Changxing County Charity Promotion Conference for Common Prosperity and the 2024 "One-Day Charitable Donation" event were held at the Changxing County Administrative Conference Center, where TYK Medicines pledged a donation of RMB200,000.

"Academician Wu Yangjie Scholarship"

On the 2025 New Year's Day, Dr. Wu Yusheng, Chairman of TYK Medicines, donated RMB five million to Zhengzhou University to establish the "Academician Wu Yangjie Scholarship." Academician Wu Yangjie is a renowned organic chemist in China, elected as an academician of the Chinese Academy of Sciences in 2003, and is the first academician cultivated in Henan. This scholarship will be used as financial aid and scholarships for undergraduate and graduate students at the School of Chemistry of Zhengzhou University, aiming to cultivate and inspire more young students to engage in the field of chemistry and strive for scientific excellence.

APPENDIX 1 KEY PERFORMANCE TABLE

Indicator		Unit	2024
Social KPIs			
Total number of employees	/	Person	153
By gender	Male	Person	70
	Female	Person	83
By employment type	Full-time	Person	153
	Part-time	Person	0
By age	30 and below	Person	26
	31 to 49	Person	117
	50 and above	Person	10
By geographic region	Huzhou	Person	72
	Shanghai	Person	41
	Zhengzhou	Person	24
	Other regions	Person	16
By rank	Senior management	Person	4
	Middle management	Person	16
	General employees	Person	133
Employee turnover rate[3]	%	%	6.54
By gender	Male	%	4.29
	Female	%	8.43
By age	30 and below	%	11.54
	31 to 49	%	4.27
	50 and above	%	20.00
By geographic region	Huzhou	%	2.78
	Shanghai	%	12.20
	Zhengzhou	%	4.17
	Other regions	%	12.50
Number of work-related fatalities[4]		Person	0
Rate of work-related fatalities		%	0
Lost days due to work injury		Day	27
Proportion of employees trained		%	100
Total number of suppliers		/	27
Number of suppliers by geographic region	Mainland China	/	27
	China's Hong Kong, Macao and Taiwan, and Overseas	/	0
Percentage of total products sold or shipped subject to recalls for safety and health reasons		%	0
Number of products and service-related complaints received		/	0
Number of concluded legal cases regarding corrupt practices brought against the Company or its employees		/	0
Total number of patent/trademark applications during the Reporting Period	Patent	/	85
	Trademark	/	1
Total number of patent/trademark obtained during the Reporting Period	Patent	/	11
	Trademark	/	1
Cumulative number of patent/trademark	Patent	/	248
	Trademark	/	25

[3] Employee turnover rate is calculated as the number of employees left/the number of employees at the end of the year.

[4] Statistics on work-related fatalities covers cases of such incidents for the three preceding years.

Indicator	Unit	2024
Environmental KPIs		
Total GHG emissions (Scope 1)	tCO_2e	52.89
Total GHG emissions (Scope 2)	tCO_2e	933.21
Total GHG emissions (Scope 1 + Scope 2)	tCO_2e	986.10
GHG emission intensity (Scope 1 + Scope 2)	tCO_2e/person	6.45
Total direct energy consumption	MWH	349.91
Direct energy consumption intensity	MWH/person	2.29
Total indirect energy consumption	MWH	1,739.12
Indirect energy consumption intensity	MWH/person	11.37
Total wastewater discharge	tonne	1,563.84
Wastewater discharge intensity	tonne/Person	10.22
Total nitrogen oxide (NO_x) emissions	tonne	0
Total sulfur oxide (SO_x) emissions	tonne	0
Total particulate matter emissions	tonne	0
Total volatile organic compounds (VOCs) emissions	tonne	0.18
Total amount of hazardous waste discharge	tonne	72.63
Hazardous waste discharge intensity	tonne/person	0.47
Total non-hazardous waste discharge	tonne	1,010.01
Non-hazardous waste discharge intensity	tonne/person	6.60
Total water consumption	m^3	5,872.74
Water consumption intensity	m^3/Person	38.38

APPENDIX 2 INDEX OF THE HKEX ESG REPORTING CODE

Subject Areas, Aspects, General Disclosures and KPIs			Chapters
Environmental			
Aspect A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Harmonious Ecology – Environmental Management
	A1.1	The types of emissions and respective emissions data.	Harmonious Ecology – Environmental Management
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and where appropriate, intensity (e.g., per unit of production volume, per facility).	Harmonious Ecology – Addressing Climate Change
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Harmonious Ecology – Environmental Management
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Harmonious Ecology – Environmental Management
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	Harmonious Ecology – Addressing Climate Change, Environmental Management
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Harmonious Ecology – Environmental Management

Subject Areas, Aspects, General Disclosures and KPIs			Chapters
Aspect A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Harmonious Ecology – Environmental Management
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Harmonious Ecology – Environmental Management
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Harmonious Ecology – Environmental Management
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Harmonious Ecology – Environmental Management
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Harmonious Ecology – Environmental Management
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Harmonious Ecology – Environmental Management
Aspect A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Harmonious Ecology – Environmental Management
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Harmonious Ecology – Environmental Management
Aspect A4: Climate Change	General Disclosure	Identification of and measures to address climate change-related policies that had and may have a significant impact on the issuer.	Harmonious Ecology – Addressing Climate Change
	A4.1	Description of significant subsequent issues that have and may have an impact on the issuer, and actions to address them.	Harmonious Ecology – Addressing Climate Change

Subject Areas, Aspects, General Disclosures and KPIs			Chapters
Social			
Aspect B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Talent Attraction – Talent Development
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Talent Attraction – Talent Development
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix 1 Key Performance Table
Aspect B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Talent Attraction – Occupational Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix 1 Key Performance Table
	B2.2	Lost days due to work injury.	Appendix 1 Key Performance Table
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Talent Attraction – Occupational Health and Safety
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent Attraction – Talent Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix 1 Key Performance Table
	B3.2	The average training hours completed per employee by gender and employee category.	Not yet disclosed[4]

[4] The Company organizes training individually by each department, which has covered all employees. It is not possible to compile statistics on the average number of hours of training by gender and employee category.

Subject Areas, Aspects, General Disclosures and KPIs			Chapters
Aspect B4: Labor Standards	General Disclosure	Information on: the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Talent Attraction – Talent Development
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	Talent Attraction – Talent Development
	B4.2	Description of steps taken to eliminate such practices when discovered.	Talent Attraction – Talent Development
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Win-win Development – Responsible Supply Chain
	B5.1	Number of suppliers by geographical region.	Appendix 1 Key Performance Table
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Win-win Development – Responsible Supply Chain
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Win-win Development – Responsible Supply Chain
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Win-win Development – Responsible Supply Chain
Aspect B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility – Quality Management
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Giving Back to Society
	B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility – Quality Management
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Quality Management
	B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Quality Management
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Quality Management

Subject Areas, Aspects, General Disclosures and KPIs			Chapters
Aspect B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Lean Governance – Compliant Operation
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Lean Governance – Compliant Operation
	B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Lean Governance – Compliant Operation
	B7.3	Description of anti-corruption training provided to directors and staff.	Lean Governance – Compliant Operation
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Giving Back to Society
	B8.1	Focus areas of contribution	Giving Back to Society
	B8.2	Resources contributed to the focus area.	Giving Back to Society

INDEPENDENT AUDITOR'S REPORT

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the shareholders of TYK Medicines, Inc
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of TYK Medicines, Inc (the "Company") and its subsidiaries (the "Group") set out on pages 129 to 204, 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 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 HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

INDEPENDENT AUDITOR'S REPORT (Continued)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Recognition and measurement of research and development expenses	
The Group incurred research and development ("R&D") expenses of RMB235,446,000 in the consolidated financial statements for the year ended 31 December 2024. These expenses primarily comprise staff expenses, material and consumable costs, and service fees paid to contract research organisations, clinical site management operators and clinical trial centres (collectively referred to as "Outsourced Service Providers"). R&D activities involving these Outsourced Service Providers are governed by detailed agreements and typically span extended periods. The related expenses are recognised in profit or loss based on the progress of the respective R&D projects. We identified the recognition and measurement of R&D expenses as a key audit matter due to the significance of these expenses and the risk of misallocation in the appropriate financial reporting periods. Related disclosures are included in notes 2.4 and 3 to the financial statements.	Our procedures in relation to R&D expenses included the following: We obtained an understanding of key controls over the recognition and measurement process of R&D expenses; We inquired of management regarding periodical fluctuations in R&D expenses and assessed their reasonableness; We, on a sampling basis, selected R&D expenses to i) review key terms in related agreements with Outsourced Service Providers; ii) inquired of R&D personnel and inspected supporting documents to verify the progress of the R&D projects; and iii) recalculated the allocation of R&D expenses based on the progress of the R&D projects; We performed cut-off tests on a sample basis and reviewed supporting documents to assess the recognition of R&D expenses in the appropriate periods; We conducted procedures to search for unrecorded liabilities subsequent to the year ended 31 December 2024; and We reviewed and assessed the Group's disclosures related to R&D expenses.

INDEPENDENT AUDITOR'S REPORT (Continued)

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 above when it becomes available 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 HKFRS Accounting Standards as issued by the HKICPA 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

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.

INDEPENDENT AUDITOR'S REPORT (Continued)

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.

Certified Public Accountants
Hong Kong
27 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

31 December 2024

	Notes	2024	2023
		RMB'000	RMB'000
REVENUE	5	**107**	–
Cost of sales		**(93)**	–
Gross profit		**14**	–
Other income and gains	6	**30,542**	25,428
Research and development costs		**(235,446)**	(249,252)
Administrative expenses		**(108,332)**	(59,306)
Other expenses and losses	7	**(1,131)**	(15)
Finance costs	9	**(12,817)**	(22,236)
Change in fair value of redemption liabilities on equity shares	22	**(60,758)**	(77,790)
LOSS BEFORE TAX	8	**(387,928)**	(383,171)
Income tax expense	12	**–**	–
LOSS FOR THE YEAR		**(387,928)**	(383,171)
Attributable to:			
Owners of the Company		**(386,955)**	(382,427)
Non-controlling interests		**(973)**	(744)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(387,928)**	(383,171)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (expressed in RMB)			
Basic and diluted	14	**(1.15)**	(1.32)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024	2023
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Restricted bank deposit		**–**	4,683
Property, plant and equipment	15	**159,575**	157,510
Right-of-use assets	16	**50,260**	92,335
Intangible assets	17	**62,412**	68,071
Prepayments and other receivables	18	**74,471**	16,830
Total non-current assets		**346,718**	339,429
CURRENT ASSETS			
Prepayments and other receivables	18	**76,175**	40,387
Financial assets at fair value through profit or loss ("FVTPL")	19	**–**	6,001
Restricted bank deposit		**–**	491
Cash and bank balances	20	**460,463**	186,830
		536,638	233,709
Assets of a disposal company classified as held for sale	29	**32,337**	–
Total current assets		**568,975**	233,709
CURRENT LIABILITIES			
Trade and other payables	21	**118,706**	133,429
Redemption liabilities on equity shares	22	**–**	1,145,324
Interest-bearing bank and other borrowings	23	**144,175**	–
Lease liabilities	16	**26,188**	22,226
		289,069	1,300,979
Liabilities directly associated with the assets classified as held for sale	29	**12**	–
Total current liabilities		**289,081**	1,300,979
NET CURRENT ASSETS/(LIABILITIES)		**279,894**	(1,067,270)
TOTAL ASSETS LESS CURRENT LIABILITIES		**626,612**	(727,841)

continued/···

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 December 2024

	Notes	2024	2023
		RMB'000	RMB'000
NON-CURRENT LIABILITIES			
Deferred income	24	**44,360**	48,281
Other long-term payables	25	**103,205**	84,408
Lease liabilities	16	**6,485**	19,503
Total non-current liabilities		**154,050**	152,192
Net assets/(liabilities)		**472,562**	(880,033)
EQUITY/(DEFICIENCY IN EQUITY)			
Equity attributable to owners of the Company			
Share capital	26	**370,836**	307,356
Reserves	27	**98,252**	(1,191,836)
		469,088	(884,480)
Non-controlling interests		**3,474**	4,447
Total equity/(deficits)		**472,562**	(880,033)

Name of director
Director

Name of director
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 December 2024

Year ended 31 December 2023

		Attributable to owners of the parent							
	Notes	Share capital	Share premium*	Share-based payment reserve*	Other reserves*	Accumulated losses*	Total	Non-controlling interests	Total deficits
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023		287,989	602,711	–	(769,970)	(626,670)	(505,940)	5,191	(500,749)
Issue of new shares	26,27	19,367	165,633	–	–	–	185,000	–	185,000
Recognition of redemption liabilities on Series D Shares	22	–	–	–	(185,000)	–	(185,000)	–	(185,000)
Share-based payment compensation	28	–	–	3,887	–	–	3,887	–	3,887
Total comprehensive loss for the year		–	–	–	–	(382,427)	(382,427)	(744)	(383,171)
At 31 December 2023		307,356	768,344	3,887	(954,970)	(1,009,097)	(884,480)	4,447	(880,033)

Year ended 31 December 2024

		Attributable to owners of the parent							
	Notes	Share capital	Share premium*	Share-based payment reserve*	Other reserves*	Accumulated losses*	Total	Non-controlling interests	Total equity/ (deficits)
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024		**307,356**	**768,344**	**3,887**	**(954,970)**	**(1,009,097)**	**(884,480)**	**4,447**	**(880,033)**
Issue of new shares	26,27	**63,480**	**458,494**	**–**	**–**	**–**	**521,974**	**–**	**521,974**
Automatic conversion of equity shares with redemption features upon the global offering	22	**–**	**254,282**	**–**	**951,800**	**–**	**1,206,082**	**–**	**1,206,082**
Share-based payment compensation	28	**–**	**–**	**12,467**	**–**	**–**	**12,467**	**–**	**12,467**
Total comprehensive loss for the year		**–**	**–**	**–**	**–**	**(386,955)**	**(386,955)**	**(973)**	**(387,928)**
At 31 December 2024		**370,836**	**1,481,120**	**16,354**	**(3,170)**	**(1,396,052)**	**469,088**	**3,474**	**472,562**

* These reserve accounts comprise the consolidated reserves of RMB(1,191,836,000) and RMB98,252,000 in the consolidated statement of financial position as at 31 December 2023 and 2024.

CONSOLIDATED STATEMENT OF CASH FLOWS

31 December 2024

	Notes	2024	2023
		RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(387,928)**	(383,171)
Adjustments for:			
Investment income on financial assets at FVTPL	6	**(1,264)**	(3,025)
Finance costs	9	**12,817**	22,236
Bank interest income	6	**(2,017)**	(700)
Listing expenses	8	**27,229**	8,004
Foreign exchange gains, net		**(246)**	(7)
Charge of share-based payment compensation expenses	8	**12,467**	3,887
Depreciation of property, plant and equipment	8	**9,272**	7,798
Depreciation of right-of-use assets	8	**14,393**	14,185
Amortisation of intangible assets	8	**5,659**	5,659
Fair value loss on financial assets at FVTPL	6	**1**	726
Change in fair value of redemption liabilities on equity shares	22	**60,758**	77,790
(Gain)/loss on disposal of items of property, plant and equipment	7	**(40)**	10
Gain on termination of a lease contract	6	**(2)**	(8)
Government grants related to interest-free financing	6	**(7,291)**	(6,075)
Increase in trade and other receivables		**(46,491)**	(11,270)
(Decrease)/increase in trade and other payables		**(7,111)**	62,317
Cash used in operating activities		**(309,794)**	(201,644)
Interest received		**1,542**	700
Net cash flows used in operating activities		**(308,252)**	(200,944)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(73,622)**	(76,378)
Purchases of financial assets at FVTPL		**(767,168)**	(609,000)
Disposal of financial assets at FVTPL		**774,432**	758,025
Prepayment for acquisition of a land use right		**–**	(876)
Advance receivable from disposing a subsidiary		**10,000**	–
Withdrawal of restricted bank deposits		**491**	1,170
Proceeds from disposal of items of property, plant and equipment		**5,009**	67
Placement of pledged time deposits		**(25,000)**	–
Proceeds from withdrawal of time deposits with original maturity of more than three months		**60,475**	–
Purchases of time deposits with original maturity of more than three months		**(120,475)**	–
Net cash flows (used in)/from investing activities		**(135,858)**	73,008

continued/···

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

31 December 2024

	Notes	2024	2023
		RMB'000	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**580,683**	185,000
Payment of issue cost of redemption liabilities on equity shares		**(13,753)**	–
Payment of listing expenses		**(82,210)**	(9,527)
Financing from non-controlling shareholder of a subsidiary		**17,000**	65,000
New bank loans		**154,150**	–
Repayment of bank loans		**(10,120)**	–
Interest paid		**(3,306)**	–
Lease payments, including related interest	16(b)	**(10,364)**	(16,476)
Net cash flows from financing activities		**632,080**	223,997
NET INCREASE IN CASH AND CASH EQUIVALENTS		**187,970**	96,061
Cash and cash equivalents at beginning of year		**186,830**	90,762
Effect of foreign exchange rate changes, net		**246**	7
CASH AND CASH EQUIVALENTS AT END OF YEAR	20	**375,046**	186,830
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	**460,463**	186,830
Pledged deposits	20	**(25,000)**	–
Bank deposits with original maturity of more than three months when acquired	20	**(60,475)**	–
Cash and cash equivalents attributable to a discontinued operation		**58**	–
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS		**375,046**	186,830

NOTES TO FINANCIAL STATEMENTS

31 December 2024

1. CORPORATE AND GROUP INFORMATION

TYK Medicines, Inc (the "Company") was incorporated in Mainland China on 2 November 2017. The registered office address of the Company is Room 1403-2, 14th Floor, Tower A, Changxing World Trade Building, No.1278 Mingzhu Road, Changxing Economic Development Zone, Huzhou, Zhejiang Province, the PRC.

The Company is a drug discovery research and development centre. The Company and its subsidiaries (the "Group") are principally engaged in the research, development and commercialisation of pharmaceutical products. The Group completed its initial public offering on the Main Board of the Hong Kong Stock Exchange on 20 August 2024.

As at the date of this report, the Company had direct interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are as follows:

Name	Place and date of incorporation/registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
TYK Medicines (Shanghai) Co., Ltd. * (上海同源康醫藥有限公司) (Note a)	People's Republic of China ("PRC")/Mainland China, 25 May 2020	RMB100,000,000	100%	–	Administrative headquarters
TYK Medicines (Zhengzhou) Co., Ltd.* (鄭州同源康醫藥有限公司) (Note a)	PRC/Mainland China, 28 October 2020	RMB45,000,000	100%	–	Research and development
Kangyuan Pharmaceuticals (Changxing) Co., Ltd. * (長興康源製藥有限公司) (Note a) ("Changxing KY")	PRC/Mainland China, 25 March 2021	RMB20,000,000	70%	–	Research and development
TYK Medicines USA, Inc	United States of America ("USA"), 16 May 2023	US$1,000,000	100%	–	Research and development

* These entities are limited liability enterprises established under the PRC law. The English names of these companies represent the best effort made by the directors of the Company (the "Directors"), as none of them have been registered with official English names.

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, except for redemption liabilities on equity shares and wealth management products which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These financial statements are presented in Renminbi ("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 (collectively referred to as the "Group") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (Continued)

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

a) Amendments to HKFRS 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 HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and the impact of the revised HKFRSs are described below: (Continued)

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

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

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

These new and revised HKFRS Accounting Standards are not expected to have any significant impact on the Group's financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures its financial instruments 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 statement 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.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Related parties

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

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

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

  (ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

2.4 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. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". 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. The principal annual rates used for this purpose are as follows:

Furniture and equipment	20% to 33%
Leasehold improvements	Shorter of remaining lease terms and estimated useful lives

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

An item of property, plant and equipment 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Intangible assets (other than goodwill)

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

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

Intellectual property	13 to 20 years

Intellectual property is recognised as intangible assets at historical cost and amortised using the straight-line method over its estimated useful life of 13 to 20 years, which is determined by reference to the authorised useful life and management's estimation. The estimation is made considering the protection period of the intellectual property. It is subsequently carried at cost less accumulated amortisation and impairment losses.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Research and development costs

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

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

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Office premises	2 to 5 years
Land use right	20 to 50 years

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

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

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.

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 used to determine such lease payments) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are presented in a separate line on the consolidated statement of financial position.

(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 office premises (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 is 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.

2.4 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 and fair value through profit or loss.

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

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

General approach

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

General approach (Continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

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

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

Subsequent measurement

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

Financial liabilities at amortised cost

After initial recognition, financial liabilities 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 costs in profit or loss.

Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL include redemption liabilities on equity shares.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss 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.

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

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

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

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.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

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

- when the deferred tax liability 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 difference; 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 difference; and

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

The carrying amount of deferred tax assets is reviewed at the end of the 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 the 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

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 Group receives government loans granted with no or at a below-market rate of interest, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for “Financial liabilities” above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to profit or loss over the period of the loan.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer 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.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Collaboration revenue

At contract inception, the Group analyses the collaboration arrangements to assess whether they are within the scope of HKFRS 11 *Joint Arrangements* to determine whether such arrangements involve joint operating activities performed by parties that are both active participants in the activities and are exposed to significant risks and rewards dependent on the commercial success of such activities.

In determining the appropriate amount of revenue to be recognised as the Group fulfils its obligations under each of the collaboration agreements, the management of the Company performs the five-step model under HKFRS 15. The collaboration arrangements may contain more than one unit of account or performance obligation, including grants of licences to intellectual property rights (the "Licences"), agreements to provide research and development services and other deliverables. The collaborative arrangements typically do not include a right of return for any deliverable. In general, the consideration allocated to each performance obligation is recognised when the obligation is satisfied either by delivering a good or rendering a service, limited to the consideration that is not constrained. Non-refundable payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as contract liabilities.

Licences of intellectual property

Upfront non-refundable payments for the Licences are evaluated to determine if they are distinct from the other performance obligations identified in the arrangements. For the Licences determined to be distinct, the Group recognises revenues from non-refundable upfront fees allocated to the Licences at the point in time, when the Licences are transferred to the licensee and the licensee is able to use and benefit from the Licences.

Research and development services

The Group provides research and development services that are either rendered separately or bundled together with the Licences to a customer.

For contracts for bundled research and development services and the Licences, the portion of the transaction price allocated to research and development service performance obligations is deferred and recognised as collaboration revenue at the point in time when the research and development services are rendered to customers.

For the research and development services which the customers cannot control the services or consume the benefit or have no enforceable obligation to pay for the services provided to date, the Group concluded that the research and development services can be identified as a performance obligation satisfied at a point in time. The stand-alone selling prices is recognised as revenue when the customers accept and can benefit from those services.

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Milestone payments

At the inception of each arrangement that includes development milestone payments, the management of the Company evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestones related to development-based activities may include initiation of various phases of clinical trials. Due to the uncertainty involved in meeting these development-based targets, they are generally fully constrained at contract inception. The management of the Company will assess whether the variable consideration is fully constrained for each reporting period based on the facts and circumstances surrounding the clinical trials. Upon changes to constraint associated with the developmental milestones, variable consideration will be included in the transaction price when a significant reversal of revenue recognised is not expected to occur and allocated to the separate performance obligations. Due to the inherent uncertainty with the approval process, regulatory milestones are fully constrained until the period in which those regulatory approvals are achieved. Regulatory milestones are included in the transaction price in the period regulatory approval is obtained.

Royalties

For arrangements that include sales-based royalties, including milestone payments based on the level of sales, and the Licences that are deemed to be the predominant items to which the royalties relate, the Group recognises revenue at the later of (i) when the related sales occur, and (ii) when the performance obligation to which some or all of the royalties have been allocated is satisfied (or partially satisfied).

Other income

Bank 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.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Share-based payments

The Group operates a restricted share scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer, further details of which are given in note 28 to the financial statements.

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Other employee benefits

Pension scheme

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

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

Housing fund – Mainland China

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. The Group and their employees are each required to make contributions which are in proportion to the salaries and wages of the employees to housing fund administered by the government agencies in Mainland China. Contributions to this plan by the Group are expensed as incurred.

Foreign currencies

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

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

The functional currencies of certain overseas subsidiary 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.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. 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 the overseas subsidiary are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the reporting period are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Research and development expenses

All research expenses are charged to profit or loss as incurred. Expenses incurred on each pipeline to develop new products are capitalised and deferred in accordance with the accounting policy for research and development expenses in note 2.4 to the financial statements. Determining the amounts to be capitalised requires management to make judgements on the technical feasibility of existing pipelines to be successfully commercialised and bring economic benefits to the Company.

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.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as a subsidiary's stand-alone credit rating).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Impairment of non-financial assets (other than goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of non-financial assets is estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Fair value of financial instruments

The redemption liabilities on equity shares issued by the Group are not traded in an active market and the respective fair values are calculated as the highest of (i) the original investment principal from investors, plus an annual simple rate of 10% of the original investment principal for a period of time commencing from the delivery date to the actual payment date of the settlement (referred to as "P+I"); (ii) the net assets of the Company audited by an accountant firm with experience in securities practice that is selected by the Company and approved by the investors at the time of transfer held by the investors; and (iii) the investment principal plus the increase of the shareholders' equity of the Company held by the investors in proportion to the shareholding period.

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Fair value of financial instruments (Continued)

The fair values of redemption liabilities on equity shares of the Group as at 31 December 2023 and 2024 were RMB1,145,324,000 and nil, respectively. Further details are set out in note 22 to the financial statements.

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised in respect of deductible temporary differences and unused tax losses. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the losses can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

4. OPERATING SEGMENT INFORMATION

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

Geographical information

Since all of the Group's non-current assets were located in Mainland China, no geographical information in accordance with HKFRS 8 *Operating Segments* is presented.

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

5. REVENUE

An analysis of revenue is as follows:

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024	2023
	RMB'000	*RMB'000*
Type of services		
Research and development services	**107**	–
Timing of revenue recognition		
Transferred at a point in time	**107**	–

(b) Performance obligations

Research and development services

The revenue from research and development services is expected to be recognised during the period in which the services are being rendered.

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

6. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2024	2023
	RMB'000	*RMB'000*
Other income		
Government grants related to income	**19,675**	16,245
Government grants related to interest-free financing	**7,291**	6,075
Bank interest income	**2,017**	700
Gains		
Investment income on financial assets at FVTPL	**1,264**	3,025
Fair value loss on financial assets at FVTPL	**(1)**	(726)
Gain on termination of a lease contract	**2**	8
Foreign exchange gains, net	**294**	101
Total	**30,542**	25,428

7. OTHER EXPENSES AND LOSSES

	2024	2023
	RMB'000	*RMB'000*
(Gain) /loss on disposal of items of property, plant and equipment	**(40)**	10
Donation to not-for-profit organisations	**1,100**	5
Others	**71**	–
Total	**1,131**	15

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

8. LOSS BEFORE TAX

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

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Cost of services provided		**93**	–
Depreciation of property, plant and equipment*	15	**9,272**	7,798
Depreciation of right-of-use assets**		**14,393**	14,185
Amortisation of intangible assets***	17	**5,659**	5,659
Research and development costs:			
Current year expenditure		**170,353**	185,408
(Gain) /loss on disposal of items of property, plant and equipment	7	**(40)**	10
Expenses relating to short-term leases	16	**955**	923
Listing expenses		**27,229**	8,004
Staff costs (including directors' emoluments)****:			
– Salaries, discretionary bonuses, allowances and benefits in kind		**57,696**	63,918
– Pension scheme contributions		**2,615**	3,026
– Share-based payment compensation	28	**12,467**	3,887
		72,778	70,831

* The depreciation of property, plant and equipment is included in "Cost of sales", "Research and development costs" and "Administrative expenses" in profit or loss.

** The depreciation of right-of-use assets is included in "Research and development costs" and "Administrative expenses" in profit or loss.

*** The amortisation of intellectual property is included in "Research and development costs" in profit or loss.

**** The staff costs are included in "Cost of sales", "Research and development costs" and "Administrative expenses" in profit or loss.

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

9. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest on lease liabilities (note 16)	**1,509**	2,358
Interest expenses on government funding	**7,612**	6,370
Interest on bank loans	**3,451**	–
Transaction cost on issue of redemption liabilities on equity shares	**245**	13,508
Total	**12,817**	22,236

10. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors', supervisors' 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	2023
	RMB'000	*RMB'000*
Fees	**460**	–
Other emoluments:		
Salaries, allowances and benefits in kind	**5,013**	3,764
Performance related bonuses	**1,136**	2,114
Pension scheme contributions	**163**	100
Housing funds, medical insurance and other social insurance	**174**	93
Share-based payment compensation	**4,673**	670
Total	**11,619**	6,741

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

10. DIRECTORS', SUPERVISORS' 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	2023
	RMB'000	*RMB'000*
Mr. Zhang Senquan	**115**	–
Dr. Leng Yuting	**115**	–
Dr. Xu Wenqing	**115**	–
Dr. Shen Xiuhua	**115**	–
Total	**460**	–

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

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

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

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

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment compensation	Housing funds, medical insurance and other social insurance	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2024						
Executive Directors:						
Dr. Wu Yusheng (Chief executive officer)	1,816	541	1,717	–	–	4,074
Dr. Jiang Mingyu (Note (i))	625	252	2,500	76	71	3,524
Directors:						
Dr. Sun Feng (Note (c))	–	–	–	–	–	–
Dr. Li Li (Note (d))	–	–	–	–	–	–
Dr. Jiang En (Note (f))	–	–	–	–	–	–
Dr. Gao Tianhua (Note (h))	–	–	–	–	–	–
Non-executive directors:						
Dr. Li Jun (Note (a))	1,029	–	–	–	–	1,029
Dr. Gu Eric Hong (Note (b))	–	–	–	–	–	–
Dr. Meng Xiaoying (Note (e))	–	–	–	–	–	–
Mr. He Chao (Note (g))	–	–	–	–	–	–
Dr. Ding Zhao (Note (j))	–	–	–	–	–	–
Supervisors:						
Dr. Niu Chengshan	961	216	166	12	13	1,368
Dr. Liang Apeng	582	127	290	86	79	1,164
Ms. Shang Jing	–	–	–	–	–	–
Dr. Li Jun (Note (k))	–	–	–	–	–	–
Dr. Liu Xingyu (Note (l))	–	–	–	–	–	–
Total	5,013	1,136	4,673	174	163	11,159

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

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

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

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment compensation	Housing funds, medical insurance and other social insurance	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2023						
Executive director:						
Dr. Wu Yusheng (Chief executive officer)	1,400	960	510	3	4	2,877
Directors:						
Dr. Li Jun (Note (a))	900	–	–	1	1	902
Dr. Gu Eric Hong (Note (b))	–	–	–	–	–	–
Dr. Sun Feng (Note (c))	–	–	–	–	–	–
Dr. Li Li (Note (d))	–	–	–	–	–	–
Dr. Meng Xiaoying (Note (e))	–	–	–	–	–	–
Dr. Jiang En (Note (f))	–	–	–	–	–	–
Mr. He Chao (Note (g))	–	–	–	–	–	–
Dr. Gao Tianhua (Note (h))	–	–	–	–	–	–
Supervisors:						
Dr. Niu Chengshan	906	504	58	13	20	1,501
Dr. Liang Apeng	558	650	102	76	75	1,461
Ms. Shang Jing	–	–	–	–	–	–
Dr. Li Jun (Note (k))	–	–	–	–	–	–
Dr. Liu Xingyu (Note (l))	–	–	–	–	–	–
Total	3,764	2,114	670	93	100	6,741

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

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

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

Notes:

(a) Dr. Li Jun was appointed as a director with effect from January 2021 and was appointed as a non-executive director with effect from January 2024.

(b) Dr. Gu Eric Hong was appointed as a director with effect from November 2017 and was appointed as a non-executive director with effect from January 2024.

(c) Dr. Sun Feng was appointed as a director with effect from May 2019 and resigned in January 2024.

(d) Dr. Li Li was appointed as a director with effect from January 2021 and resigned in January 2024.

(e) Dr. Meng Xiaoying was appointed as a director with effect from January 2021 and was appointed as a non-executive director with effect from January 2024.

(f) Dr. Jiang En was appointed as a director with effect from July 2021 and resigned in January 2024.

(g) Mr. He Chao was appointed as a director with effect from June 2022 and was appointed as a non-executive director with effect from January 2024.

(h) Dr. Gao Tianhua was appointed as a director with effect from June 2023 and resigned in January 2024.

(i) Dr. Jiang Mingyu was appointed as an executive director with effect from January 2024.

(j) Dr. Ding Zhao was appointed as a non-executive director with effect from January 2024 and resigned in March 2025.

(k) Dr. Li Jun was appointed as a supervisor with effect from July 2021 and resigned in January 2024.

(l) Dr. Liu Xingyu was appointed as a supervisor with effect from July 2021 and resigned in January 2024.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

11. FIVE HIGHEST PAID EMPLOYEES

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

	2024	2023
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**4,625**	5,040
Performance related bonuses	**1,232**	3,530
Pension scheme contributions	**83**	119
Housing funds, medical insurance and other social insurance	**86**	132
Share-based payment compensation	**5,704**	2,478
Total	**11,730**	11,299

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

	2024	2023
HK$2,000,001 to HK$2,500,000	**1**	1
HK$2,500,001 to HK$3,500,000	**–**	1
HK$3,500,001 to HK$4,000,000	**1**	2
HK$6,000,001 to HK$6,500,000	**1**	–

During the years ended 31 December 2023 and 2024, no highest paid employees waived or agreed to waive any remuneration and no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

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/or operate.

Mainland China

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the Enterprise Income Tax ("EIT") rate of the PRC subsidiaries was 25% during the year except for the Company which was subject to tax concession as set out below.

The Company was accredited as a "High and New Technology Enterprise" ("HNTE") in 2022. Therefore, the Company was entitled to a preferential EIT rate of 15% for a three-year period since 2022. The qualification as an HNTE is subject to review by the relevant tax authority in the PRC every three years.

	2024	2023
	RMB'000	*RMB'000*
Loss before tax	**(387,928)**	(383,171)
Tax at the statutory tax rate (15%)	**(58,189)**	(57,476)
Effect of different tax rates enacted by local authorities	**(7,317)**	(5,413)
Additional deductible allowance for research and development expenses	**(36,202)**	(40,030)
Deductible temporary difference and tax losses not recognised	**101,166**	102,537
Expenses not deductible for tax	**542**	382
Tax charge at the Group's effective rate	**–**	–

The Group has unused tax losses of RMB1,874,874,000 available for offset against future profits as of 31 December 2024 (2023: RMB1,267,691,000). The tax losses of the entity will expire in one to ten years for offsetting against taxable profits of the companies in which the losses arose.

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

According to the EIT Law, an additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable income effective from 1 October 2022.

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

13. DIVIDENDS

No dividend was paid or declared by the Company during the year (2023: nil).

14. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

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 of 288,774,000 and 337,616,000 outstanding for the years ended 31 December 2023 and 2024, respectively.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2024.

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

	2024	2023
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent	**(386,955)**	(382,427)
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic loss per share calculation	**337,616,000**	288,774,000
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Expressed in RMB)		
Basic and diluted	**(1.15)**	(1.32)

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

15. PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024				
At 1 January 2024:				
Cost	**18,629**	**15,377**	**139,166**	**173,172**
Accumulated depreciation	**(8,786)**	**(6,876)**	**–**	**(15,662)**
Net carrying amount	**9,843**	**8,501**	**139,166**	**157,510**
At 1 January 2024, net of accumulated depreciation	**9,843**	**8,501**	**139,166**	**157,510**
Additions	**1,482**	**261**	**14,789**	**16,532**
Assets included in a discontinued operation	**–**	**–**	**(225)**	**(225)**
Disposal	**(159)**	**(4,811)**	**–**	**(4,970)**
Transfer	**–**	**10,349**	**(10,349)**	**–**
Depreciation provided during the year	**(3,585)**	**(5,687)**	**–**	**(9,272)**
At 31 December 2024, net of accumulated depreciation	**7,581**	**8,613**	**143,381**	**159,575**
At 31 December 2024:				
Cost	**19,952**	**21,131**	**143,381**	**184,464**
Accumulated depreciation	**(12,371)**	**(12,518)**	**–**	**(24,889)**
Net carrying amount	**7,581**	**8,613**	**143,381**	**159,575**

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture and equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023				
At 1 January 2023:				
Cost	17,027	8,866	64,997	90,890
Accumulated depreciation	(5,163)	(3,079)	–	(8,242)
Net carrying amount	11,864	5,787	64,997	82,648
At 1 January 2023, net of accumulated depreciation	11,864	5,787	64,997	82,648
Additions	1,751	6,817	74,169	82,737
Disposal	(10)	(67)	–	(77)
Depreciation provided during the year	(3,762)	(4,036)	–	(7,798)
At 31 December 2023, net of accumulated depreciation	9,843	8,501	139,166	157,510
At 31 December 2023:				
Cost	18,629	15,377	139,166	173,172
Accumulated depreciation	(8,786)	(6,876)	–	(15,662)
Net carrying amount	9,843	8,501	139,166	157,510

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

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

16. LEASES

The Group as a lessee

The Group has lease contracts for land use right and various items of office premises used in its operations. Land use right has a term for usage of approximately 20 to 50 years and leases of office premises generally have lease terms between 2 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the year are as follows:

	Land use right	Office premises	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	55,913	51,635	107,548
Depreciation charge	(2,037)	(13,081)	(15,118)
Lease termination	–	(95)	(95)
As at 31 December 2023 and 1 January 2024	53,876	38,459	92,335
Assets included in a discontinued operation	(26,950)	–	(26,950)
Depreciation charge	(2,037)	(12,889)	(14,926)
Lease termination	–	(199)	(199)
As at 31 December 2024	**24,889**	**25,371**	**50,260**

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

16. LEASES (CONTINUED)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024	2023
	RMB'000	*RMB'000*
Carrying amount at 1 January	**41,729**	55,950
Accretion of interest recognised during the year	**1,509**	2,358
Lease termination	**(201)**	(103)
Payments	**(10,364)**	(16,476)
Carrying amount at 31 December	**32,673**	41,729
Analysed into:		
Current portion	**26,188**	22,226
Non-current portion	**6,485**	19,503

The maturity analysis of lease liabilities is disclosed in note 35 to the financial statements.

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

	2024	2023
	RMB'000	*RMB'000*
Depreciation of right-of-use assets	**14,393**	14,185
Interest on lease liabilities	**1,509**	2,358
Lease termination	**(2)**	(8)
Expenses relating to short-term leases	**955**	923
Total amount recognised in profit or loss	**16,855**	17,458

(d) The total cash outflow for leases is disclosed in note 30(c) to the financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

17. INTANGIBLE ASSETS

	Intellectual property
	RMB'000
31 December 2024	
At 1 January 2024:	
Cost	**100,000**
Accumulated amortisation	**(31,929)**
Net carrying amount	**68,071**
At 1 January 2024, net of accumulated amortisation	**68,071**
Amortisation provided during the year	**(5,659)**
At 31 December 2024, net of accumulated amortisation	**62,412**
At 31 December 2024:	
Cost	**100,000**
Accumulated amortisation	**(37,588)**
Net carrying amount	**62,412**

	Intellectual property
	RMB'000
31 December 2023	
At 1 January 2023:	
Cost	100,000
Accumulated amortisation	(26,270)
Net carrying amount	73,730
At 1 January 2023, net of accumulated amortisation	73,730
Amortisation provided during the year	(5,659)
At 31 December 2023, net of accumulated amortisation	68,071
At 31 December 2023:	
Cost	100,000
Accumulated amortisation	(31,929)
Net carrying amount	68,071

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

17. INTANGIBLE ASSETS (CONTINUED)

Intangible assets are tested for impairment based on the recoverable amount of the cash-generating unit ("CGU") to which the intangible asset is related. The appropriate CGU is at the product level. The intangible assets represent intellectual property and technologies for TY-302, a product of CDK4/6 inhibitor indicated for prostate cancer and breast cancer, at the end of each reporting period. The recoverable amount of TY-302 CGU was determined based upon its fair value less costs of disposal. The fair value was estimated using the market approach.

The estimated revenue of TY-302 is based on peak-sales multiple and management's expectations of timing of commercialisation and success rate of commercialisation of TY-302. The management of the Company estimated that TY-302 will be able to generate revenue from 2029 to 2039, with a growing trend in its revenue in the first six years, and reach its peak sales in 2035 and 2036. The peak-sales multiple, ranging from 3.3 to 3.4, was calculated based on comparable transactions and the expected peak sales and market penetration of the product. The expected success rate of commercialisation of TY-302, ranging from 21.6% to 54.9%, was determined based on market practices in the pharmaceutical industry, development of technologies and related regulations from authorities. The post-tax discount rate used, ranging from 13.7% to 14.4%, reflects specific risks relating to TY-302.

Below is a summary of key parameters to the valuation of intangible assets together with a quantitative sensitivity analysis and headroom at the end of the reporting period.

As at 31 December 2024

Key parameters		Sensitivity for fair value to the input	Headroom
			RMB'000
Peak-sales multiple	**3.3**	5% increase/(decrease) in the peak-sales multiple would result in increase/(decrease) in fair value by RMB12,659 thousand.	
Expected success rate of commercialisation of TY-302 (Breast cancer (2L+))	**54.9%**	5% increase/(decrease) in the expected success rate of commercialisation of TY-302 would result in increase/(decrease) in fair value by RMB12,659 thousand.	**78,248**
Expected success rate of commercialisation of TY-302 (Prostate cancer (1L))	**21.6%**		
Post-tax discount rate	**13.7%**	5% increase/(decrease) in the post-tax discount rate would result in (decrease)/increase in fair value by RMB (9,135)/9,743 thousand.	

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

17. INTANGIBLE ASSETS (CONTINUED)

As at 31 December 2023

Key parameters		Sensitivity for fair value to the input	Headroom
			RMB'000
Peak-sales multiple	3.4	5% increase/(decrease) in the peak-sales multiple would result in increase/(decrease) in fair value by RMB10,573 thousand.	
Expected success rate of commercialisation of TY-302 (Breast cancer (2L+))	54.9%	5% increase/(decrease) in the expected success rate of commercialisation of TY-302 would result in increase/(decrease) in fair value by RMB10,573 thousand.	51,513
Expected success rate of commercialisation of TY-302 (Prostate cancer (1L))	21.6%		
Post-tax discount rate	14.4%	5% increase/(decrease) in the post-tax discount rate would result in (decrease)/increase in fair value by RMB(16,105)/17,549 thousand.	

The management believes that, any reasonably possible change in the key parameters would not cause the CGU's carrying amount to exceed its recoverable amount.

Based on the result of the impairment tests on TY-302 CGU, the intangible assets were not impaired during the year.

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

18. PREPAYMENTS AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Non-current:		
Value-added tax recoverable	**20,589**	14,975
Prepayments for long-term assets	**53,027**	274
Rental deposits	**855**	1,581
Total	**74,471**	16,830
Current:		
Prepayments for research and development services and other expenses	**60,274**	33,202
Deferred listing expense	**–**	5,391
Amounts due from grantees of restricted share scheme (Note a)	**12,430**	–
Others	**3,471**	1,794
Total	**76,175**	40,387

The financial assets included in the above balances relate to receivables for which there was 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 directors of the Company are of the opinion that the ECLs in respect of these balances are minimal. The balances are interest-free and are not secured with collateral.

Note:

(a) In connection with the vesting of restricted shares upon completion of public offering, the Company was obligated to pay individual income tax on behalf of grantees including directors, senior management and employees to tax authorities and these amounts were expected to be collected from grantees upon trading those shares via open market.

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

19. FINANCIAL ASSETS AT FVTPL

	2024	2023
	RMB'000	RMB'000
Wealth management products	**–**	6,001

These wealth management products were issued by banks in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

The fair values are based on cash flows discounted using the expected yield rate and are within Level 2 of the fair value hierarchy.

20. CASH AND BANK BALANCES

	2024	2023
	RMB'000	RMB'000
Cash and bank balances	**460,463**	186,830
Less:		
Pledged deposits (i)	**(25,000)**	–
Bank deposits with original maturity of more than three months when acquired (ii)	**(60,475)**	–
Cash and cash equivalents	**374,988**	186,830

(i) They represent pledged deposits in a commercial bank for a bank loan. None of these deposits are either past due or impaired. Further details are set out in note 23 to the financial statements.

(ii) They represent time deposits with initial terms of over three months when acquired in commercial banks with annual return rates ranging from 1.45% and 1.55% (2023: nil). None of these deposits are either past due or impaired. None of these deposits are pledged.

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

21. TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**19,642**	32,167
Payroll payables	**4,251**	10,253
Accrued expenses for research and development services	**41,463**	36,688
Accrued listing expense	**2,204**	3,868
Other taxes payable	**6,975**	459
Other payables		
– Payables for property, plant and equipment	**29,299**	32,671
– Payables for transaction cost on issue of redemption liabilities on equity shares	**–**	13,508
– Advance receivable from disposing a subsidiary	**10,000**	–
– Others	**4,872**	3,815
Total	**118,706**	133,429

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

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**15,115**	28,406
3 to 6 months	**3,297**	3,403
6 months to 1 year	**1,202**	356
Over 1 year	**28**	2
Total	**19,642**	32,167

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

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

22. REDEMPTION LIABILITIES ON EQUITY SHARES

From April 2018 to December 2023, the Company had received several rounds of investments as follows:

In April 2018, the Company issued 20,000,000 angel round equity shares with a par value of RMB1.00 per share ("Angel Round Shares") to several independent investors for a cash consideration of RMB20,000,000 or RMB1.00 per share.

In April 2019, the Company issued 12,600,000 series pre-A equity shares with a par value of RMB1.00 per share ("Series Pre-A Shares") to one independent investor for a cash consideration of RMB30,000,000 or RMB2.38 per share.

In December 2020, the Company issued 55,200,000 series B equity shares with a par value of RMB1.00 per share ("Series B Shares") to several independent investors for a cash consideration of RMB230,000,000 or RMB4.17 per share.

In April 2021, the Company issued the first tranche of series B2 equity shares of 9,216,000 with a par value of RMB1.00 per share ("Series B2 Shares") to several independent investors for a cash consideration of RMB45,000,000 or RMB4.88 per share.

In May 2021, the Company issued the second tranche of series B2 equity shares of 23,285,760 with a par value of RMB1.00 per share ("Series B2 Shares") to several independent investors for a cash consideration of RMB113,700,000 or RMB4.88 per share.

In November 2021, the Company issued the first tranche of series C equity shares of 18,778,698 with a par value of RMB1.00 per share ("Series C Shares") to several independent investors for a cash consideration of RMB150,000,000 or RMB7.99 per share. The Company received RMB145,000,000 with 18,152,741 of the first tranche of Series C Shares issued.

In December 2021, the Company issued the second tranche of Series C Shares of 22,534,437 to Series C holders and several independent investors for a cash consideration of RMB180,000,000 or RMB7.99 per share. The cash consideration for Series C Shares was received in 2022.

In August 2023, the Company issued the first tranche of series D equity shares of 8,898,296 with a par value of RMB1.00 per share ("Series D Shares") to several independent investors for a cash consideration of RMB85,000,000 or RMB9.55 per share.

In December 2023, the Company issued the second tranche of Series D Shares of 10,468,584 to Series D holders and an independent investor for a cash consideration of RMB100,000,000 or RMB9.55 per share.

Angel Round Shares, Series Pre-A Shares, Series A Shares. Series B Shares, Series B2 Shares, Series C Shares and Series D Shares are collectively referred to as "Shares".

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

22. REDEMPTION LIABILITIES ON EQUITY SHARES (CONTINUED)

Details of the key terms of the above Shares were set out in note 22 of Appendix I in the prospectus published on 29 July 2024.

The Group have recognised the Shares as redemption liabilities on equity shares. The change in fair value of the Shares is charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income. Management considered that the fair value change in the Shares attributable to changes of own credit risk is not significant.

All issued Shares had been automatically converted into ordinary shares upon the successful global offering of the Company on 20 August 2024 and then fair value of financial liabilities of RMB1,206,082,000 had been reclassified to equity accordingly

The movements in redemption liabilities on equity shares are set out as follows:

	Angel Round Shares	Series Pre-A Shares	Series B Shares	Series B2 Shares	Series C Shares	Series D Shares	Total Shares
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	29,173	41,145	275,537	186,747	349,932	–	882,534
Change in fair value	2,000	3,000	23,000	16,180	32,500	1,110	77,790
Issuance for cash	–	–	–	–	–	185,000	185,000
At 31 December 2023 and 1 January 2024	31,173	44,145	298,537	202,927	382,432	186,110	1,145,324
Change in fair value	**1,276**	**1,915**	**14,682**	**10,330**	**20,746**	**11,809**	**60,758**
Automatic conversion of equity shares with redemption features upon the global offering	**(32,449)**	**(46,060)**	**(313,219)**	**(213,257)**	**(403,178)**	**(197,919)**	**(1,206,082)**
At 31 December 2024	**–**	**–**	**–**	**–**	**–**	**–**	**–**

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

23. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – unsecured	**3.45-3.90**	**2025**	**120,404**
Bank loans – secured (b)	**3.20**	**2025**	**23,771**
Total			**144,175**

	2024
	RMB'000
Analysed into:	
Bank loans:	
Within one year	**144,175**

(a) All bank loans are denominated in RMB.

(b) Certain of the Group's bank loans are secured by the pledge of certain of the Group's time deposits amounting to RMB25,000,000.

24. DEFERRED INCOME

	2024	2023
	RMB'000	RMB'000
Government grants related to interest-free financing (note 25)	**43,821**	45,299
Government grants related to income*	**539**	2,982
Total	**44,360**	48,281

24. DEFERRED INCOME (CONTINUED)

* The movements in deferred income during the years ended 31 December 2023 and 2024 are as follows:

	2024	2023
	RMB'000	RMB'000
At beginning of the year	**2,982**	–
Grants received during the year	**4,540**	6,300
Amounts released to profit or loss during the year	**(6,983)**	(3,318)
At end of the year	**539**	2,982

The grants were government subsidies received from local government authorities to support the Group's research and development activities and will be recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

25. OTHER LONG-TERM PAYABLES

	2024	2023
	RMB'000	RMB'000
Government funding	**103,205**	84,408

In March 2021, the Company entered into an investment agreement (the "Changxing Investment Agreement") with the Administrative Committee of Changxing Economic and Technological Development Zone (長興經濟技術開發區管理委員會). Pursuant to the Changxing Investment Agreement, Changxing Xingkang Equity Investment Partnership (Limited Partnership) (長興興康股權投資合夥企業(有限合夥)) ("CX Xingkang") subscribed for 6,000,000 equity shares in Changxing KY with interest-free repayable financing, which would not exceed RMB220,000,000 in aggregate. In July 2021, June 2022, January 2023, February 2024 and December 2024, Changxing KY received financing of RMB26,860,000, RMB40,000,000, RMB65,000,000, RMB12,000,000 and RMB5,000,000 respectively, from CX Xingkang. The financing is repayable within seven and a half years from the date of the land transfer. The equity shares held by CX Xingkang would be cancelled upon repayment of the financing.

The financing received by Changxing KY is recorded as financial liabilities measured at the present value of the repayment amount. As the financing received in July 2021, June 2022, January 2023, February 2024 and December 2024 was interest-free, the differences between the initial carrying values of the financing and the proceeds received of RMB26,546,00 and RMB5,815,000 were recognised as government grants in the years ended 31 December 2023 and 2024, respectively.

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

26. SHARE CAPITAL

The Company was incorporated on 2 November 2017 as a limited company under the laws of the PRC with authorised share capital of RMB370,835,818.

Shares

	2024	2023
	RMB'000	*RMB'000*
Issued and fully paid:		
370,835,818 (2023: 307,355,818) shares	**370,836**	307,356

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital
	'000	*RMB'000*
As at 1 January 2023	287,989	287,989
Series D Shares	19,367	19,367
As at 31 December 2023 and 1 January 2024	307,356	307,356
Series Pre-A Shares (note a)	8,400	8,400
Series B Shares (note a)	7,200	7,200
Shares from initial public offering (note b)	47,880	47,880
As at 31 December 2024	**370,836**	**370,836**

Notes:

(a) In January 2024, the consideration for 8,400,000 Series Pre-A Shares of RMB20,000,000, and the consideration for 7,200,000 Series B Shares of RMB30,000,000, were settled by Changxing Liyuan Enterprise Management Partnership (Limited Partnership) (長興利源企業管理合夥企業(有限合夥)), Changxin Caiyuan and Changxin Gangyuan.

(b) In connection with the Company's Hong Kong Public Offering and the International Offering on 20 August 2024, 47,880,000 ordinary shares of RMB1.00 each were issued and allotted at an offer price of HK$12.10 per share for a total gross consideration of HK$579,348,000 (equivalent to RMB530,682,768). As at 31 December 2024, the registered share capital of the Company was RMB370,835,818 and fully paid.

27. RESERVES

The amounts of the Group's share premium and other reserves and the movements therein for the year are presented in the consolidated statement of changes in equity.

(a) Share premium

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

(b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 28 to the financial statements.

(c) Other reserves

Other reserves of the Group represent the carrying amount of the equity shares held by CX Xingkang as stipulated in note 25 to the financial statements.

28. SHARE-BASED PAYMENTS

The Group adopted a restricted share scheme ("Employee Incentive Scheme") which became effective in 2023, for the purpose of attracting and retaining directors, senior management and employees who promote the success of the Group's operations. Changxing Caiyuan Enterprise Management Partnership (Limited partnership)(長興彩源企業管理合夥企業(有限合夥))("Changxing Caiyuan") and Changxing Gangyuan Enterprise Management Partnership (Limited partnership)(長興罡源企業管理合夥企業(有限合夥))("Changxing Gangyuan") are used as restricted share platforms to facilitate the administration of the Employee Incentive Scheme. 8,580,000 shares of the Company, of which 3,780,000 were held by Changxing Caiyuan and 4,800,000 were held by Changxing Gangyuan, were authorised and approved under the Employee Incentive scheme. Pursuant to the Employee Incentive Scheme, the subscription prices are RMB2.38 per share and RMB4.17 per share for restricted shares held by Changxing Caiyuan and Changxing Gangyuan, respectively.

The restricted shares granted to grantees have been vested upon the completion of public offering on 20 August 2024.

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

28. SHARE-BASED PAYMENTS (CONTINUED)

Details of the granted shares are as follows:

Date of grant	Number of shares	Subscription price per share	Fair value of the underlying shares at grant date per share
19 October 2023	3,780,000	RMB2.38	RMB5.29
19 October 2023	4,800,000	RMB4.17	RMB5.29

The following restricted shares were outstanding under the Employee Incentive Scheme during the year:

	Number of restricted shares
As at 1 January 2023	–
Granted during the year	8,580,000
As at 31 December 2023 and 1 January 2024	8,580,000
Vested during the year	(8,580,000)
As at 31 December 2024	–

During the years ended 31 December 2023 and 2024, share-based payment compensation expenses of RMB3,887,000 and RMB12,467,000 were charged to profit or loss.

The fair value of the restricted shares as at the grant date was determined with reference to the fair value of ordinary shares on the grant date, using the backsolve method. Major inputs used for the determination of the fair value of ordinary shares are listed as follows:

	At grant date
Expected volatility	66.15%-69.52%
Risk-free interest rate	2.16%
Discount for lack of marketability	5.00%-24.00%

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

29. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

The Group has entered into an equity transfer agreement dated 18 December 2023 and supplemental agreements dated 13 March 2024 and 5 June 2024 to transfer the entire equity interest of Yabao Biotechnology (Shanghai) Co., Ltd. (上海雅葆生物科技有限公司) ("Shanghai Yabao") to an independent third party. In January 2025, the Group has obtained regulatory approval by relevant authorities and completed business registration changes. As at 31 December 2024, Shanghai Yabao was classified as a disposal group held for sale.

The major classes of assets and liabilities of Shanghai Yabao classified as held for sale as at 31 December 2024 are as follows:

	2024
	RMB'000
Assets	
Restricted bank deposit	**4,692**
Property, plant and equipment	**225**
Right-of-use assets	**26,949**
Prepayments and other receivables	**413**
Cash and cash equivalents	**58**
Assets classified as held for sale	**32,337**
Liabilities	
Trade and other payables	**(12)**
Liabilities directly associated with the assets classified as held for sale	**(12)**
Net assets directly associated with the disposal group	**32,325**

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023 and 2024, the Group had non-cash additions to right-of-use assets of nil and nil, and non-cash additions to lease liabilities of nil and nil, respectively, in respect of lease arrangements for office premises.

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Changes in liabilities arising from financing activities

	Lease liabilities	Other long-term payables	Accrued listing expenses included in trade and other payable	Accrued transaction cost on issue of redemption liabilities on equity shares in trade and other payables	Interest-bearing bank and other borrowings
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	55,950	39,584	–	–	–
Changes from financing cash flows	(16,476)	65,000	(9,527)	–	–
Additions	–	–	13,395	–	–
Transaction cost on issue of redemption liabilities on equity shares	–	–	–	13,508	–
Recognition of government grants related to interest-free financing	–	(26,546)	–	–	–
Lease termination	(103)	–	–	–	–
Accretion of interest	2,358	6,370	–	–	–
At 31 December 2023 and 1 January 2024	41,729	84,408	3,868	13,508	–
Changes from financing cash flows	(10,364)	17,000	(82,210)	(13,753)	140,724
Additions	–	–	80,546	–	–
Transaction cost on issue of redemption liabilities on equity shares	–	–	–	245	–
Recognition of government grants related to interest-free financing	–	(5,815)	–	–	–
Lease termination	(201)	–	–	–	–
Accretion of interest	1,509	7,612	–	–	3,451
At 31 December 2024	**32,673**	**103,205**	**2,204**	**–**	**144,175**

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Total cash outflow for leases

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

	2024	2023
	RMB'000	*RMB'000*
Within operating activities	**(955)**	(923)
Within financing activities	**(10,364)**	(16,476)
Total	**(11,319)**	(17,399)

31. COMMITMENTS

The Group had the following contractual commitments at the end of the year:

	2024	2023
	RMB'000	*RMB'000*
Property, plant and equipment	**36,433**	15,540

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

32. RELATED PARTY TRANSACTIONS

(a) Name and relationship

The directors of the Group are of the opinion that the following companies are related parties that had transactions or balances with the Group during the year.

Name of related parties	Relationship with the Group
LeadMed (Zhejiang) Co., Ltd. ("LeadMed ZJ")	Controlled by Dr. Wu Yusheng
Tetranov Pharmaceutical (Zhengzhou) Co.,Ltd. ("Tetranov")	Controlled by Dr. Wu Yusheng
Sichuan Huiyu Pharmaceutical Co., Ltd.("Sichuan Huiyu")	Shareholder
Dr. Jiang Mingyu	Executive director

(b) The Group had the following transactions with related parties during the year:

	2024	2023
	RMB'000	*RMB'000*
Purchase of goods		
Sichuan Huiyu	**1,062**	–
LeadMed ZJ	**91**	–
Provision of services		
Sichuan Huiyu	**3,236**	–
Rental fee		
Tetranov	**1,186**	1,186
Total	**5,575**	1,186

The purchases of goods and provision of services from the related parties were made according to the published prices and conditions agreed by the Group and the related parties.

32. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Outstanding balances with related parties:

	2024	2023
	RMB'000	RMB'000
Amounts due from the related party:		
Amounts due from grantees of restricted share scheme (non-trade in nature) (Note 18):		
Dr. Jiang Mingyu	**3,101**	–
Amounts due to related parties:		
Other payables and accruals (trade in nature):		
Sichuan Huiyu	**469**	–
LeadMed ZJ	**91**	–
Lease liabilities		
Tetranov	**2,517**	3,361
Total	**3,077**	3,361

The amounts due to related parties is unsecured, non-interest-bearing and repayable on demand.

The outstanding balance represents payables for the purchase of goods and provision of services.

(d) Compensation of key management personnel of the Group

	2024	2023
	RMB'000	RMB'000
Salaries, bonuses, allowances and benefits in kind	**2,357**	2,360
Share-based payment compensation	**1,717**	510
Pension scheme contributions	**–**	4
Housing funds, medical insurance and other social insurance	**–**	3
Total	**4,074**	2,877

Further details of directors' and the chief executive's emoluments are included in note 10 to the financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the year are as follows:

Financial assets

	2024	2023
	RMB'000	RMB'000
Financial assets at FVTPL		
Wealth management products	**–**	6,001
Financial assets at amortised cost		
Restricted bank deposits	**–**	5,174
Financial assets included in prepayments and other receivables	**16,756**	3,375
Cash and bank balances	**460,463**	186,830
Total	**477,219**	195,379

Financial liabilities

	2024	2023
	RMB'000	RMB'000
Financial liabilities at FVTPL		
Redemption liabilities on equity shares	**–**	1,145,324
Financial liabilities at amortised cost		
Trade and other payables	**107,480**	122,717
Interest-bearing bank and other borrowings	**144,175**	–
Other long-term payables	**103,205**	84,408
Total	**354,860**	207,125

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted bank deposit (in the current portion), financial assets included in prepayments and other receivables (in the current portion), and financial liabilities included in trade and other payables approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair values of other non-current financial assets and financial liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of the year, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

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 Group invests in financial assets at fair value through profit or loss, which represent wealth management products issued by banks. The fair values are based on cash flows discounted using the expected yield rate.

The fair values of the redemption liability on equity shares are determined using the discounted cash flow method. Further details are set out in note 22 to the financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

34. 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 measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023				
Wealth management products	–	6,001	–	6,001

Liabilities measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023				
Redemption liabilities on equity shares	–	–	1,145,324	1,145,324

During the years ended 31 December 2023 and 2024, 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.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances, restricted deposits, interest-bearing bank and other borrowings, redemption liabilities on equity shares, other long-term payables and lease liabilities. 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 financial assets included in prepayments and other 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 credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the head of credit control.

Management has assessed that during the year, prepayments and other receivables have not had a significant increase in credit risk since initial recognition. Thus, ECLs are provided for credit losses that are resulted from default events that are possible within the next 12 months. The management of the Company expects the occurrence of losses from non-performance by counterparties of other receivables to be remote and a loss allowance provision for other receivables to be immaterial.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of the year.

The amounts presented are gross carrying amounts for financial assets.

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2024

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments and other receivables	**16,756**	**–**	**–**	**16,756**
Cash and bank balances	**460,463**	**–**	**–**	**460,463**
Total	**477,219**	**–**	**–**	**477,219**

As at 31 December 2023

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments and other receivables	3,375	–	–	3,375
Restricted deposits	5,174	–	–	5,174
Cash and bank balances	186,830	–	–	186,830
Total	195,379	–	–	195,379

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of the year, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2024			
	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities included in trade and other payables	**107,480**	**–**	**–**	**107,480**
Interest-bearing bank and other borrowings	**145,605**	**–**	**–**	**145,605**
Other long-term payables	**–**	**148,860**	**–**	**148,860**
Lease liabilities	**27,015**	**6,707**	**–**	**33,722**
Total	**280,100**	**155,567**	**–**	**435,667**

	As at 31 December 2023			
	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities included in trade and other payables	122,717	–	–	122,717
Redemption liabilities on equity shares	1,145,324	–	–	1,145,324
Other long-term payables	–	–	131,860	131,860
Lease liabilities	23,742	20,553	–	44,295
Total	1,291,783	20,553	131,860	1,444,196

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

35. 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 year.

36. 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	2023
	RMB'000	*RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**12,068**	23,808
Right-of-use assets	**17,412**	25,986
Intangible assets	**62,412**	68,071
Prepayments and other receivables	**30,821**	7,352
Investments in subsidiaries	**159,000**	199,000
Amount due from subsidiaries	**56,266**	–
Total non-current assets	**337,979**	324,217
CURRENT ASSETS		
Prepayments and other receivables	**74,959**	38,774
Amounts due from a subsidiary	**18,438**	7,617
Cash and bank balances	**449,610**	139,748
	543,007	186,139
Assets of a disposal company classified as held for sale	**34,900**	–
Total current assets	**577,907**	186,139

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

36. STATEMENTS OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Information about the statement of financial position of the Company at the end of the reporting period is as follows: (continued)

	2024	2023
	RMB'000	*RMB'000*
CURRENT LIABILITIES		
Trade and other payables	**86,157**	96,186
Redemption liabilities on equity shares	**–**	1,145,324
Amount due to a subsidiary	**28,700**	–
Interest-bearing bank and other borrowings	**124,156**	–
Lease liabilities	**14,462**	14,463
Total current liabilities	**253,475**	1,255,973
NET CURRENT ASSETS/(LIABILITIES)	**324,432**	(1,069,834)
TOTAL ASSETS LESS CURRENT LIABILITIES	**662,411**	(745,617)
NON-CURRENT LIABILITIES		
Deferred income	**539**	2,982
Lease liabilities	**5,846**	14,499
Total non-current liabilities	**6,385**	17,481
Net assets/(liabilities)	**656,026**	(763,098)
EQUITY/(DEFICIENCY IN EQUITY)		
Share capital	**370,836**	307,356
Reserves (note)	**285,190**	(1,070,454)
Total equity/(net deficits)	**656,026**	(763,098)

NOTES TO FINANCIAL STATEMENTS (Continued)

31 December 2024

36. STATEMENTS OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Information about the statement of financial position of the Company at the end of the reporting period is as follows: (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium	Share-based payment reserve	Other reserves	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	602,711	–	(766,800)	(561,757)	(725,846)
Issue of new shares	165,633	–	–	–	165,633
Recognition of redemption liabilities on Series D Shares	–	–	(185,000)	–	(185,000)
Share-based payment compensation	–	3,887	–	–	3,887
Total comprehensive loss for the year	–	–	–	(329,128)	(329,128)
At 31 December 2023 and 1 January 2024	768,344	3,887	(951,800)	(890,885)	(1,070,454)
Issue of new shares	458,494	–	–	–	458,494
Automatic conversion of equity shares with redemption features upon the global offering	254,282	–	951,800	–	1,206,082
Share-based payment compensation	–	12,467	–	–	12,467
Total comprehensive loss for the year	–	–	–	(321,399)	(321,399)
At 31 December 2024	**1,481,120**	**16,354**	**–**	**(1,212,284)**	**285,190**

37. EVENT AFTER THE REPORTING PERIOD

There was no material subsequent event undertaken by the Company or by the Group after 31 December 2024 and up to the date of approval of these financial statements.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2025.

DEFINITIONS

"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"Board of Supervisors"	the board of Supervisors
"CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Changxing Caiyuan"	Changxing Caiyuan Enterprise Management Partnership (Limited Partnership)* (長興彩源企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on July 19, 2023, one of our ESOP Platforms and one of our Controlling Shareholders
"Changxing Gangyuan"	Changxing Gangyuan Enterprise Management Partnership (Limited Partnership)* (長興罡源企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on July 18, 2023, one of our ESOP Platforms and one of our Controlling Shareholders
"Changxing Liyuan"	Changxing Liyuan Enterprise Management Partnership (Limited Partnership)* (長興利源企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on June 29, 2018 and one of the Controlling Shareholders
"China" or "PRC"	the People's Republic of China excluding, for the purposes of this annual report, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Company" or "our Company"	TYK Medicines, Inc (浙江同源康醫藥股份有限公司), a joint stock company incorporated in the PRC with limited liability on November 2, 2017
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Dr. Wu, Ms. Zhu, Tetranov Pharmaceutical, Zhengzhou Derui, Huzhou Derui, Zhengzhou Hongnuo, Tetranov International Inc, Changxing Liyuan, Changxing Caiyuan and Changxing Gangyuan

"Core Product"	has the meaning ascribed thereto under Chapter 18A of the Listing Rules and in this context, refers to TY-9591
"Directors"	the director(s) of the Company
"Dr. Wu"	Dr. WU Yusheng (吳豫生), the chairperson of our Board, our executive Director, chief executive officer and one of our Controlling Shareholders
"EGFR"	epidermal growth factor receptor
"Employee Incentive Scheme"	the employee equity incentive scheme of our Company which was adopted on May 19, 2023
"ESOP Platforms"	Changxing Caiyuan and Changxing Gangyuan
"FDA"	the United States Food and Drug Administration
"Global Offering"	the Hong Kong Public Offering and the International Offering as defined in the Prospectus
"Group", "our Group", "our", "we", or "us"	the Company and its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"H Share(s)"	ordinary share(s) in the ordinary share capital of our Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huzhou Derui"	Huzhou Derui Medical Technology Co., Ltd.* (湖州德瑞醫藥科技有限公司), a company incorporated in the PRC with limited liability on March 3, 2020 and one of our Controlling Shareholders
"HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"IND"	investigational new drug or investigational new drug application
"Listing"	listing of the H Shares on the Main Board of the Stock Exchange

"Listing Date"	August 20, 2024, on which the H Shares were listed and dealings in the H Shares commenced on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated 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
"Ms. Zhu"	Ms. ZHU Ming Julia, spouse of Dr. Wu and one of our Controlling Shareholders
"Nomination Committee"	the nomination committee of the Board
"NDA"	new drug application
"NMPA"	National Medical Products Administration of China
"NSCLC"	non-small cell lung cancer
"Prospectus"	Prospectus of the Company dated August 12, 2024
"R&D"	research and development
"Reporting Period"	the year ended December 31, 2024
"RMB"	Renminbi, the lawful currency of the PRC
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the 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 capital of the Company with nominal value of RMB1.00, comprising Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Scientific Committee"	the scientific committee of the Board
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	the supervisor(s) of the Company
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Tetranov Pharmaceutical"	Tetranov Pharmaceutical (Zhengzhou) Co., Ltd.* (鄭州泰基鴻諾醫藥股份有限公司) (formerly known as Tetranov Pharmaceutical Technology (Zhengzhou) Co., Limited* (鄭州泰基鴻諾藥物科技有限公司)), a company incorporated in the PRC with limited liability on November 26, 2007 and one of the Controlling Shareholders
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Unlisted Share(s)"	ordinary share(s) issued by the Company with a nominal value of RMB1.00 each and are not listed on any stock exchange
"US$" or "US$"	United States dollars, the lawful currency of the United States
"Zhengzhou Derui"	Zhengzhou Derui Medical Technology Co., Ltd.* (鄭州德瑞醫藥科技有限公司), a company incorporated in the PRC with limited liability on December 20, 2017 and one of our Controlling Shareholders
"Zhengzhou Hongnuo"	Zhengzhou Hongnuo Enterprise Management Consulting Center (Limited Partnership)* (鄭州鴻諾企業管理諮詢中心(有限合夥)), a limited partnership established in the PRC on April 26, 2016 and one of our Controlling Shareholders
"%"	per cent